

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM**

Independent Auditor's Report,
Financial Statements, Supplementary Information and
Other Reports
For the Year Ended June 30, 2020

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure BB Direct Local Distribution Program (the Program) of the San Joaquin Regional Rail Commission (Commission), which comprise the balance sheet as of June 30, 2020, and the related statement of revenues, expenditures, and changes in program balance for the year then ended, and the related notes to the financial statements.

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. 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 respective financial position of the Measure BB Direct Local Distribution Program of the San Joaquin Regional Rail Commission, as of June 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Individual Program Financial Statements

As discussed in Note 1, the financial statements present only the Measure BB Direct Local Distribution Program and do not purport to, and do not, present fairly the financial position of the San Joaquin Regional Rail Commission, as of June 30, 2020, and the changes in its financial position, for the year then ended in conformity 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

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Program’s financial statements. The Supplemental Schedule of Revenues and Expenditures is presented for purposes of additional analysis and is not a required part of the financial statements. The Supplemental Schedule of Revenues and Expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the 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 December 16, 2020, on our consideration of the Commission’s internal control over financial reporting 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 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 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 Commission’s internal control over financial reporting and compliance.

Kemper CPA Group LLP

Kemper CPA Group LLP
Certified Public Accountants and Consultants

Stockton, California
December 16, 2020

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
BALANCE SHEET
JUNE 30, 2020**

ASSETS

Cash and cash equivalents	\$ 209,052
Interest receivable	1,470
Intergovernmental receivable - Alameda CTC	<u>243,932</u>
Total Assets	<u><u>\$ 454,454</u></u>

LIABILITIES AND PROGRAM DEFICIT

LIABILITIES

Accounts payable	\$ 348,416
Intergovernmental payable - ACE	<u>111,484</u>
Total Liabilities	459,900

PROGRAM DEFICIT

Restricted for:	
Altamont Corridor Express operations	<u>(5,446)</u>
Total Liabilities and Program Deficit	<u><u>\$ 454,454</u></u>

The accompanying notes are an integral part of the financial statements.

**ALTAMONT CORRIDOR EXPRESS
 MEASURE BB
 DIRECT LOCAL DISTRIBUTION PROGRAM
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN PROGRAM BALANCE
 FOR THE YEAR ENDED JUNE 30, 2020**

REVENUES

Intergovernmental - Measure BB sales tax	\$ 1,472,268
Investment income, net	<u>4,553</u>
 Total Revenues	 <u>1,476,821</u>

EXPENDITURES

Mass transit program costs	1,450,607
Administrative expenditures	15,000
Maintenance - Alameda Co. ACE stations	15,510
Professional services	<u>6,150</u>
 Total Expenditures	 <u>1,487,267</u>
 Revenues Under Expenditures	 (10,446)
 Program Balance - Beginning	 <u>5,000</u>
 Program Deficit - Ending	 <u><u>\$ (5,446)</u></u>

The accompanying notes are an integral part of the financial statements.

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The San Joaquin Regional Rail Commission (Commission) is a joint powers Commission 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 implement and expand passenger rail service, which will provide regional economic and environmental benefits, as well as manage the Altamont Corridor Express (ACE) Service. The Commission was established on April 1, 1995. On November 2, 2012, the Board of Commissioners of the San Joaquin Regional Rail Commission approved a resolution adopting a new ACE acronym – Altamont Corridor Express and new ACE logo. The ACE Service had previously been called the Altamont Commuter Express.

Effective July 1, 2003, the Commission became the designated owner, operator, and policymaking body for the ACE Service in accordance with the Cooperative Services Agreement. This agreement supersedes and rescinds the prior Joint Exercise of Powers Agreement of May 15, 1997, which created the Altamont Commuter Express Commission. The designated owner of the ACE Service, the Commission, took title to all the assets and assumption of the liabilities that were previously under ownership of the Altamont Commuter Express Joint Powers Commission, which had been dissolved. The ACE Service is reported as an enterprise fund in the Commission's financial statements.

In 2014, Alameda County voters approved Measure BB, authorizing an extension and augmentation of the existing transportation sale tax (Measure B). Measure BB is projected to generate approximately \$8 billion in revenues from April 2015 to March 2045 for transportation improvements throughout Alameda County.

All transactions of the Alameda County Transportation Commission (ACTC) – Measure BB Direct Local Distribution Program (Program) of the Commission, are included as a separate enterprise fund in the financial statements of the Commission.

Measure BB Funds are used to account for the Commission's share of revenues earned and expenses under the Commission's transit program. The accompanying financial statements are for Measure BB Funds only and are not intended to fairly present the financial position of the Commission and the results of its operations.

B. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are presented using the *current financial resources measurement focus* and the *modified accrual basis of accounting*.

The Measure BB Direct Local Distribution Program is included as a component of the ACE Enterprise Fund, a proprietary fund, in the financial statements of the Commission. The accompanying financial statements of the Measure BB Direct Local Distribution Program present the activities of the Commission's agreement with ACTC. These financial statements are not intended to present the financial position and results of operations of the Commission, ACE, or ACTC.

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities and Fund Balance

Intergovernmental

These amounts represent receivables and payables which are due to/from other local governments.

Program Balance

In the financial statements, the Program reports a restricted program balance for amounts that are not available for appropriation or are legally restricted for a specific purpose.

As of June 30, 2020, restrictions of the program balance are described below:

- *Restricted for Altamont Corridor Express - Operations* - to reflect portion of program balance related to the sales tax set aside to assist with the ACE operations and is not available for appropriation.

D. Cash and Cash Equivalents

The Program considers all highly liquid investments, with a maturity of three months or less when purchased, and their equity in the San Joaquin County Treasurer's investment pool, to be cash equivalents. The Commission participates in the common investment pool of San Joaquin County.

E. Revenues

Amounts received from ACTC to fund the operations of the ACE Service and capital project activity that is approved in the Baseline Service Plan.

F. 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.

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Date of Managements Review

The Commission has evaluated subsequent events through December 16, 2020 the date which financial statements were available to be issued.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Commission follows the practice of pooling cash and investments of all funds except for those required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on the pooled cash and investments is allocated monthly to the various funds based on monthly cash balances.

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

Cash and cash equivalents	\$ 209,052
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Cash and investments as of June 30, 2020 consist of the following:

Cash and investments held in county pool	\$ 209,052
Total cash and investments	\$ 209,052

Investments Authorized by the California Government Code

The table below identifies the investment types that are authorized for the Commission by the California Government Code.

Investment Types Authorized by State Law	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities/Mortgage Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	N/A	None	None
Medium-Term Notes/Corporate Bonds	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75,000,000

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

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value will be to changes in market interest rates. One of the ways the Commission manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Commission's investment policy, which conforms to the San Joaquin County investment policy, states that investment decisions are made with the intention of retaining the investment until maturity, thereby negating the ill effects of market interest rate fluctuations.

Information about the sensitivity of the fair values of the Commission's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Commission's investments by maturity:

Investment Type	Fair Value	Remaining Maturity (in months)		
		12 months or less	13 - 24 months	25 - 60 months
Held by fiscal agent:				
San Joaquin County Investment Pool	\$ 209,052	\$ 209,052	\$ -	\$ -
Total	\$ 209,052	\$ 209,052	\$ -	\$ -

Disclosure Related to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the Commission's investment policy, or debt agreements, and the actual rating as of June 30, 2020, for each investment type:

Investment Type	Standard & Poor's Rating			Total
	AA+	AAAm	Not rated	
Held by fiscal agent:				
San Joaquin County Investment Pool	\$ -	\$ -	\$ 209,052	\$ 209,052
Total	\$ -	\$ -	\$ 209,052	\$ 209,052

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (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 and 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 County Board of Supervisors and causes an audit of investments to occur annually. 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 Commission had a total of \$209,052 invested in the San Joaquin County Investment Pool at June 30, 2020 for Measure BB funds.

Fair Value Measurements

The Commission categorizes the fair value measurements within 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Commission has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Commission's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Commission's own data.

Deposits and withdrawals in governmental investment pools are made on the basis of \$1 and not fair value. Accordingly, the Commission's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

NOTE 3 – MEASURE BB DIRECT LOCAL DISTRIBUTION PROGRAM RECEIVABLES

The Measure BB Direct Local Distribution Program Receivables represent the Measure BB sales tax revenues for the fiscal year received from the Alameda County Transportation Commission after June 30, 2020.

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Commission receives significant financial assistance from the Federal, State, and Local Governments in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal, state, and local agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Commission expects such amounts, if any, to be immaterial.

NOTE 5 – RECONCILIATION TO BASELINE SERVICE PLAN

For the 2019-20 fiscal year the adopted Baseline Service Plan limit for annual expenditures of Alameda County Measure B and BB funds totaled \$4,545,440. An analysis of the Commissions expenditures of Measure B and BB funds is provided below. Only expenditures for Measure BB are presented in this financial statement. The baseline calculation below does not include amounts expended from prior year's fund balance or ACE station costs and is summarized on page 13. Unexpended balances are programmed and budgeted into the next fiscal year for operations and approved capital projects.

Baseline Service Plan Operations:

2019-20 Baseline Service Plan operations spending limit	\$ 4,514,420
Add: Administrative allowance	31,020
Net available for operations & maintenance expenses	4,545,440
Measure B operations expenditures	(3,066,411)
Measure BB operations expenditures	(1,471,757)
Net measure expenditures	(4,538,168)
Net amount over operations limit	\$ 7,272

NOTE 6 – RECENT ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board Statement No. 91

In August 2018, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for fiscal years beginning after December 15, 2021. The impact of the implementation of this Statement to the Commissions financial statements has not been assessed at this time.

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of previous guidance. Certain provisions of this Statement are effective for fiscal years beginning after June 15, 2021. Other provisions are effective for reporting periods beginning after June 15, 2021. The impact of the implementation of this Statement to the Commissions financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 93

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The provisions of this Statement are effective for fiscal years beginning after June 15, 2021. The impact of the implementation of this Statement to the Commissions financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Partnerships*. The primary objectives of this Statement is to improve financial reporting by addressing issues related to these arrangements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2022. The impact of the implementation of this Statement to the Commissions financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 95

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain pronouncements. The provisions of this Statement are effective immediately.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The provisions of this Statement are effective for fiscal years beginning after June 15, 2022. The impact of the implementation of this Statement to the Commissions financial statements has not been assessed at this time.

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 – RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Certain provisions are effective immediately (no effect on the 2020 financial statements). Other provisions of this Statement are effective for fiscal years beginning after June 15, 2021. The impact of the implementation of this Statement to the Commission's financial statements has not been assessed at this time.

NOTE 7 – ECONOMIC OUTLOOK

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Commission could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The Commission has not included any contingencies in the financial statements specific to this issue.

SUPPLEMENTAL INFORMATION

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES
JUNE 30, 2020**

Measure BB Revenues from ACTC:

<u>Date Paid</u>	<u>For Month</u>	<u>Amount</u>
September 30, 2019	July 2019	\$ 130,542
October 30, 2019	August 2019	147,227
December 3, 2019	September 2019	123,061
January 2, 2020	October 2019	122,453
January 30, 2020	November 2019	127,155
March 2, 2020	December 2019	181,444
March 31, 2020	January 2020	108,617
April 30, 2020	February 2020	102,206
June 3, 2020	March 2020	83,203
June 30, 2020	April 2020	102,426
July 29, 2020	May 2020	141,150
August 28, 2020	June 2020	102,784
	Measure BB Revenues	<u>\$ 1,472,268</u>

Expenditures - Altamont Corridor Express:

<u>Date Paid</u>	<u>For Month</u>	<u>Amount</u>
October 31, 2019	October 2019	\$ 211,050
December 31, 2019	December 2019	150,000
January 31, 2020	January 2020	180,000
April 30, 2020	April 2020	480,168
May 31, 2020	May 2020	170,303
June 30, 2020	June 2020	259,086
	Total Program Costs	1,450,607

Administrative expenditures:

<u>Date Paid</u>	<u>For Period</u>	<u>Amount</u>
June 30, 2020	July 1, 2019 - June 30, 2020	<u>21,150</u>
	Total Operations Expenditures	<u>1,471,757</u>

Alameda County Station Maintenance expenditures - ACE:

<u>Date Paid</u>	<u>For Period</u>	<u>Amount</u>
June 30, 2020	July 1, 2019 - June 30, 2020	<u>15,510</u>
	Total Measure BB Expenditures	<u>\$ 1,487,267</u>

OTHER REPORTS



**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***

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

We have audited, in accordance with the 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 Measure BB Direct Local Distribution Program (the Program) of the San Joaquin Regional Rail Commission (Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 16, 2020. Our report included an emphasis of matter paragraph regarding that the financial statements present only the Measure BB Direct Local Distribution Program and do not purport to, and do not, present fairly the financial position of the Commission.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Kemper CPA Group LLP
Certified Public Accountants and Consultants

Stockton, California
December 16, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH MEASURE BB REQUIREMENTS

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

We have audited the Measure BB Direct Local Distribution Program (the Program) of the San Joaquin Regional Rail Commission's (Commission) compliance with the requirements described in the Measure BB Master Program Funding agreement (Agreement) between the Commission and the Alameda County Transportation Commission (ACTC) that could have a direct and material effect to its Measure BB Direct Local Distribution Program for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its Measure BB Direct Local Distribution Program.

Auditors' Responsibility

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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Agreement. Those standards and the Agreement require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Measure BB Direct Local Distribution Program occurred. 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 on compliance. However, our audit does not provide a legal determination on the Commission's compliance with those requirements.

Opinion

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to its Measure BB Direct Local Distribution Program for the year ended June 30, 2020.

The purpose of this report on compliance is solely to describe the scope of our testing over compliance and the results of that testing based on Measure BB Master Program Funding agreement between the Commission and the Alameda County Transportation Commission (ACTC). Accordingly, this report is not suitable for any other purpose.

Kemper CPA Group LLP

Kemper CPA Group LLP
Certified Public Accountants and Consultants

Stockton, California
December 16, 2020