

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

Independent Auditors' Report,
Financial Statements, Supplementary Information and
Other Reports
For the Year Ended June 30, 2023

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023**

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Independent Auditor's Report

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Altamont Corridor Express Measure BB Direct Local Distribution Program (Program) of the San Joaquin Regional Rail Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Program, as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Program's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter

Individual Fund Financial Statements

As discussed in Note 1, the financial statements present only the Altamont Corridor Express 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, 2023, 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.

Required Supplementary Information

Management has omitted 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Supplemental Schedule of Revenues and Expenditures but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023 on our consideration of the Program'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 solely 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 the effectiveness of 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 Program's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 20, 2023

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
BALANCE SHEET
JUNE 30, 2023**

ASSETS

Cash and cash equivalents	\$ 4,092,702
Interest receivable	32,191
Intergovernmental receivable - ACTC	<u>673,175</u>
Total assets	<u><u>\$ 4,798,068</u></u>

LIABILITIES AND PROGRAM BALANCE

LIABILITIES

Accounts payable	\$ -
Interfund activity	6,589
Intergovernmental payable - ACE	<u>15,000</u>
Total Liabilities	21,589

PROGRAM BALANCE

Restricted for:	
Altamont Corridor Express - Operations	<u>4,776,479</u>
Total Liabilities and Program Balance	<u><u>\$ 4,798,068</u></u>

The accompanying notes are an integral part of these 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, 2023**

REVENUES

Intergovernmental - Measure BB sales tax	\$ 3,796,377
Interest	<u>67,338</u>
Total Revenues	<u>3,863,715</u>

EXPENDITURES

Mass transit program costs	495,476
Maintenance - Alameda Co. ACE stations	14,562
Administrative expenditures	15,000
Professional services	<u>6,615</u>
Total expenditures	<u>531,653</u>
Revenues Over Expenditures	3,332,062
Program Balance - Beginning	<u>1,444,417</u>
Program Balance - Ending	<u><u>\$ 4,776,479</u></u>

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

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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 of 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 – Measure BB Funds (Program) of the Commission, are included as 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 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 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, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 Program Balance

Intergovernmental

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

Program Balance

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

As of June 30, 2023 restrictions of 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 fund 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.

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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	\$ 4,092,702
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Cash and investments as of June 30, 2023 consist of the following:

Cash and investments held in county pool	\$ 4,092,702
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Total Cash and Investments	\$ 4,092,702
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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	\$ 4,092,702	\$ 4,092,702	\$ -	\$ -
Total	\$ 4,092,702	\$ 4,092,702	\$ -	\$ -

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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
State Obligations- CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Securities/Mortgage Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper-Non-Pooled Funds (under \$100,000,000 of investments)	270 days or less	25% of the agency's money	Highest letter and number rating by an NRSRO
Commercial Paper-Non-Pooled Funds (min. \$100,000,000 of investments)	270 days or less	40% of the agency's money	Highest letter and number rating by an NRSRO
Commercial Paper-Pooled Funds	270 days or less	40% of the agency's money	Highest letter and number rating by an NRSRO
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposit	5 years	50%	None
Placement Service Certificates of Deposit	5 years	50%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes/Corporate Bonds	5 years	30%	None
Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5 years	None	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
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years or less	30%	"AA" rating category or its equivalent or better
Public Bank Obligations	5 years	None	None

* 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, 2023**

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

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, 2023 for each investment type:

Investment Type	Standard & Poor's Rating		Not Rated	Total
	AA+	AAAm		
Held by fiscal agent:				
San Joaquin County Investment Pool	\$ -	\$ -	\$ 4,092,702	\$4,092,702
Total	\$ -	\$ -	\$ 4,092,702	\$4,092,702

Investment in San Joaquin County Pool

The Commission maintains voluntary 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 \$4,092,702 invested in the San Joaquin County Investment Pool at June 30, 2023 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.

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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, 2023.

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.

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 – RECONCILIATION TO BASELINE SERVICE PLAN

For the 2022-23 fiscal year the adopted Baseline Service Plan limit for annual expenditures of Alameda County Measure B and BB funds totaled \$1,631,220. 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 years 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

2022-23 Baseline Service Plan Operations Spending Limit	\$	1,601,220
Add: Administrative Allowance		30,000
Net available for expenditures		1,631,220
Measure B expenditures		(1,097,501)
Measure BB expenditures		(531,653)
Net Measure expenditures		(1,629,154)
Net Amount Under Operations Limit	\$	2,066

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 20, 2023, the date these financial statements have been made available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

NOTE 7 – RECENT ACCOUNTING PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

Governmental Accounting Standards Board Statement No. 99

In April 2022 the GASB issued Statement No. 99, *Omnibus 2022*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. 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, 2023**

**NOTE 7 – RECENT ACCOUNTING PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE
(CONTINUED)**

Governmental Accounting Standards Board Statement No. 100

In June 2022 the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*: The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. 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. 101

In June 2022 the GASB issued Statement No. 101, *Compensated Absences*: The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurements guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The impact of the implementation of this Statement to the Commissions financial statements has not been assessed at this time.

SUPPLEMENTAL INFORMATION

**ALTAMONT CORRIDOR EXPRESS
MEASURE BB
DIRECT LOCAL DISTRIBUTION PROGRAM
SUPPLEMENTARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023**

Date Paid	For Month/Period	Amount
<u>Measure BB Revenues from ACTC:</u>		
September, 2022	July, 2022	\$ 274,408
October, 2022	August, 2022	286,293
December, 2022	September, 2022	401,279
December, 2022	October, 2022	283,031
January, 2023	November, 2022	266,914
March, 2023	December, 2022	452,323
March, 2023	January, 2023	273,411
April, 2023	February, 2023	254,794
June, 2023	March, 2023	353,993
June, 2023	April, 2023	276,757
July, 2023	May, 2023	332,244
September, 2023	June, 2023	340,930
	Measure BB Revenues	\$ 3,796,377
 <u>Expenditures - Altamont Corridor Express</u>		
July 31, 2022	July, 2022	\$ 76
August 31, 2022	August, 2022	76
September 30, 2022	September, 2022	6,693
October 31, 2022	October, 2022	-
November 30, 2022	November, 2022	203,778
December 31, 2022	December, 2022	5,677
January 31, 2023	January, 2023	(6,591)
February 28, 2023	February, 2023	-
March 31, 2023	March, 2023	29,126
April 30, 2023	April, 2023	256,641
May 31, 2023	May, 2023	-
June 30, 2023	June, 2023	-
	Program Costs	495,476
 <u>Administrative expenditures:</u>		
July 1, 2022- June 30, 2023	July 1, 2022- June 30, 2023	25,583
	Total Operations Expenditures	521,059
 Alameda County Station Maintenance expenditures - ACE		
July 1, 2022- June 30, 2023	July 1, 2022- June 30, 2023	10,594
	Total Measure BB Expenditures	\$ 531,653



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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

Independent Auditor's Report

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 the Altamont Corridor Express Measure BB Direct Local Distribution Program (Program) of the San Joaquin Regional Rail Commission as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated December 20, 2023. Our report included an emphasis of matter paragraph regarding that the financial statements present only the Program and do not purport to, and do not, present fairly the financial position of the San Joaquin Regional Rail Commission.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program'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 determination of financial statement amounts. 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 Program'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 Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 20, 2023



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REPORT ON COMPLIANCE WITH MEASURE BB REQUIREMENTS

Independent Auditor's Report

Board of Commissioners
San Joaquin Regional Rail Commission
Stockton, California

PARTNERS

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Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

Opinion on Compliance

We have audited the Altamont Corridor Express Measure BB Direct Local Distribution Program (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) with the types of compliance requirements that could have a direct and material effect on its Measure BB Direct Local Distribution Program for the year ended June 30, 2023.

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
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Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that are applicable Altamont Corridor Express Measure BB Direct Local Distribution Program for the year ended June 30, 2023.

Basis for Opinion on Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

We are required to be independent of the Program and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance with the requirements referred to above. Our audit does not provide a legal determination of the Program's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its Measure BB Direct Local Distribution Program.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Program's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Program's compliance with the requirements of the Agreement a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Program's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Program's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Agreement, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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. Accordingly, this report is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 20, 2023