

**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**

TABLE OF CONTENTS

	Page(s)
Independent Auditors' Report	1
Fund Financial Statements:	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Program Balance	5
Notes to the Financial Statements.....	6
Supplementary Information:	
Supplementary Schedule of Revenues and Expenditures	14
Other Reports:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
Independent Auditors' Report On Compliance with <i>Measure BB</i> Requirements	17

**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	67,338
	<u>3,863,715</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	6,615
	<u>531,653</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		<u>1,631,220</u>
Measure B expenditures		(1,097,501)
Measure BB expenditures		<u>(531,653)</u>
Net Measure expenditures		<u>(1,629,154)</u>
Net Amount Under Operations Limit	<u>\$</u>	<u>2,066</u>

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