



SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND,
MEASURE K AND LOW CARBON TRANSIT
OPERATIONS PROGRAM FUNDS PASSENGER
RAIL PURPOSES

INDEPENDENT AUDITORS' REPORTS, FUND
FINANCIAL STATEMENTS, REQUIRED
SUPPLEMENTARY INFORMATION, AND
COMPLIANCE REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Focused
on YOU



SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND, MEASURE K AND
LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDS
PASSENGER RAIL PURPOSES

Independent Auditors' Reports,
Fund Financial Statements,
Required Supplementary Information,
and Compliance Report

For the Year Ended June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
San Joaquin Council of Governments
Stockton, California

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Fund (TDA), Measure K Fund, and Low Carbon Transit Operations Program Fund (LCTOP), allocated for passenger rail purposes, (collectively the "Funds"), of the San Joaquin Regional Rail Commission (SJRRRC), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the SJRRRC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds of the SJRRRC, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with 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. 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 SJRRRC 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 opinions.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Funds, and do not purport to, and do not, present fairly the financial position of SJRRRC as of June 30, 2024, and the changes in its financial position for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States.

Responsibilities of Management for the Financial Statements

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.



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

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

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 SJRRC'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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 of SJRRC's internal control as it relates to the Funds. 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Directors
San Joaquin Council of Governments
Stockton, California

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

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 opinions on the basic financial statements are not affected by this missing information.

Summarized Comparative Information

We have previously audited SJRRC's financial statements of the Funds, for the year ended June 30, 2023, and expressed an unmodified audit opinion on those financial statements in our report dated February 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, on our consideration of the Funds of the SJRRC'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 the Funds of the SJRRC's 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 SJRRC's internal control over financial reporting and compliance, as it relates to the Funds.

LSL, LLP

Sacramento, California
March 31, 2025

**SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT, MEASURE K AND LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDS
PASSENGER RAIL PURPOSES
Balance Sheet
June 30, 2024, with Comparative Totals**

	Totals			
	Transportation Development Act Fund	Measure K Fund	LCTOP Fund	2023
	2024			2023
Assets:				
Cash and investments	\$ 13,659,164	\$ 1,059,062	\$ 426,745	\$ 21,418,435
Accounts receivable	-	-	-	46,693
Interest receivable	151,082	-	4,963	100,671
Prepaid expense	6,164	-	-	180,226
Due from other funds	1,969,836	-	-	411,737
Due from other agencies	3,809,825	428,246	-	649,789
Total Assets	\$ 19,596,071	\$ 1,487,308	\$ 431,708	\$ 22,807,551
4 Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,088,494	\$ 435,954	\$ 5,000	\$ 774,897
Accrued liabilities	109,746	79,755	-	167,339
Intergovernmental payables	2,119	-	4,493	587,299
Due to other funds	59,559	-	-	674,811
Unearned revenue	-	324,251	418,085	722,240
Total Liabilities	1,259,918	839,960	427,578	2,926,586
Fund Balances:				
Nonspendable	6,164	324,251	-	180,226
Restricted for passenger rail - operations and capital	18,329,989	323,097	4,130	19,700,739
Total Fund Balances	18,336,153	647,348	4,130	19,880,965
Total Liabilities and Fund Balances	\$ 19,596,071	\$ 1,487,308	\$ 431,708	\$ 22,807,551

See Notes to Financial Statements.

**SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT, MEASURE K AND LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDS
PASSENGER RAIL PURPOSES**

Statement of Revenues, Expenses, and Changes in Fund Balances
For the Year Ended June 30, 2024, with Comparative Totals

	Transportation Development Act Fund	Measure K Fund	LCTOP Fund	Totals	
				2024	2023
Revenues:					
Local Transportation Funds					
Passenger rail	\$ 6,795,800	\$ -	\$ -	\$ 6,795,800	\$8,322,205
State Transit Assistance Funds					
STA Operating	3,166,803	-	-	3,166,803	2,244,820
STA Capital	-	-	-	-	375,000
State of Good Repair (SGR)	290,805	-	-	290,805	406,532
Investment revenue (STA)	622,777	-	-	622,777	264,098
Measure K Funds					
SJRRRC operations	-	4,297,994	-	4,297,994	3,767,396
SJRRRC capital	-	1,404,825	-	1,404,825	3,327,251
LCTOP Funds					
SJRRRC operations	-	-	932,552	932,552	737,357
Investment revenue (LCTOP)	-	-	29,960	29,960	-
Total Revenues	10,876,185	5,702,819	962,512	17,541,516	19,444,659
Expenditures:					
Passenger rail - operations	8,837,675	6,421,484	962,512	16,221,671	12,898,017
Passenger rail - capital	808,353	1,049,846	-	1,858,199	5,583,773
Total Expenditures	9,646,028	7,471,330	962,512	18,079,870	18,481,790
Excess of Revenues Over Expenditures	1,230,157	(1,768,511)	-	(538,354)	962,869
Other Financing Uses:					
Intergovernmental transfers - Debt service match	-	(354,980)	-	(354,980)	-
Total Other Financing Uses	-	(354,980)	-	(354,980)	-
Net Change in Fund Balances	1,230,157	(2,123,491)	-	(893,334)	962,869
Fund Balances:					
Fund Balances, Beginning of Year	17,105,996	2,770,839	4,130	19,880,965	18,918,096
Fund Balances, End of Year	\$ 18,336,153	\$ 647,348	\$ 4,130	\$ 18,987,631	\$ 19,880,965

See Notes to Financial Statements.

**SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND, MEASURE K AND
LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDS PASSENGER RAIL PURPOSES
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 1: ORGANIZATION

The San Joaquin Regional Rail Commission (SJRRC) receives funds under the provisions of the Transportation Development Act (TDA) from the San Joaquin County (County) Local Transportation Fund (LTF) under Article 4, Section 99260 for passenger rail service operations and capital costs. The funds provided under Article 4 represent amounts available after the determination by the San Joaquin Council of Governments (SJCOG), the transportation planning agency administering TDA funds, of amounts needed to meet the unmet transportation needs of the County. The TDA funds received by the SJRRC for passenger rail purposes are reflected in these financial statements of the TDA Fund.

The SJRRC also receives funds under the provisions of the TDA from the State Transit Assistance (STA) Fund under Article 4 for public transportation. The STA funds are to be used for public transportation purposes only. The SJRRC STA Fund is used to account for these funds, which is reflected in these financial statements of the TDA Fund.

The SJRRC also receives funds from an ordinance (Measure K) passed by County voters resulting in a sales tax increase of one-half of one percent for transportation improvements. The SJCOG, acting as the Local Transportation Commission, oversees the collection and distribution of the sales tax in accordance with the twenty-year transportation expenditure plan. The plan calls for street repairs, safety and operational improvements on streets and roads, projects to reduce street and highway congestion, and the promotion of passenger rail and bus services as an alternative to travel by automobile. The SJRRC Measure K Transportation Fund is used to account for these funds, which is reflected in these financial statements of the Measure K Fund.

The SJRRC also receives funds from the Low Carbon Transit Operations Program (LCTOP) was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions. For agencies whose service area includes disadvantaged communities, at least 50 percent of the total money received shall be expended on projects that will benefit disadvantaged communities. Senate Bill 862 continuously appropriates five percent of the annual auction proceeds in the Greenhouse Gas Reduction Fund (Fund) for LCTOP, beginning in 2015-16.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the SJRRC TDA, Measure K and LCTOP Funds (collectively, the Funds), allocated for passenger rail purposes, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The financial statements are intended to present the financial position and results of operations of only those transactions recorded in the SJRRC's Funds. These Funds are included in the financial statements of the SJRRC.

C. Fund Accounting

The accounts of the SJRRC Funds, allocated for passenger rail purposes, are organized on the basis of funds or account groups. A fund or account group is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity.

**SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND, MEASURE K AND
LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDS PASSENGER RAIL PURPOSES
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The SJRRC utilizes the special revenue fund type of the governmental fund group to account for the activities of the Funds allocated for passenger rail purposes. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for special purpose.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. A special revenue fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

E. Fund Balance

The SJRRC follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Governmental funds report fund balance as non-spendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the SJRRC is bound to honor constraints on how specific amounts can be spent. At June 30, 2024, fund balance is categorized as follows:

- *Nonspendable fund balance* – consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must be maintained intact.
- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

F. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in financial position and operations of the SJRRC Funds allocated for passenger rail purposes.

G. 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. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

H. Interfund Activity

During the course of operations, numerous transactions occur between individual funds for funding purposes that are accounted for in other funds of the SJRRC not presented in these financial statements. These receivables and payables are classified as 'due from other funds' or "due to other funds" on the balance sheet.

NOTE 3: CASH AND INVESTMENTS

The cash and investment balances for the SJRRC's Funds, allocated for passenger rail purposes, are held in the County's cash and investment pool. The SJRRC maintains a cash and investment pool in order to facilitate the management of cash. Interest is allocated to its various funds based upon average cash balances. Investments held in the County's cash management pool are available on demand to the SJRRC Funds, allocated for passenger rail purposes, and are stated at cost, which approximates fair value. Information regarding categorization of investments can be found in the SJRRC's financial statements.

**SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND, MEASURE K AND
LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDS PASSENGER RAIL PURPOSES
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 4: STATE OF GOOD REPAIR (SGR)

The State of Good Repair & Accountability Act of 2017 was established to provide funds annually for aging infrastructure, investments in congested commute and freight corridors and to improve transit service. Caltrans is legislated to manage and administer the State of Good Repair (SGR) program. The State Controller’s Office publishes annually estimated funding according to population and farebox revenues. The State Controller’s Office issues quarterly payments to the Regional Transit Authority for allocation to the jurisdictions. The 99313 portion of the allocation is allocated based on a Board approved allocation formula for the fiscal year. The 99314 portion is allocated based on the SCO formula. The funds are held with the County Treasurer, and jurisdictions are allowed to draw down from available funds on a reimbursement basis. Caltrans requests that the jurisdictions fully expend the SGR funds within a seven-year period.

Amounts held by the County and available for draw as of June 30, 2024, are composed of the following:

	<u>TDA Fund</u>
Balance available for draw - beginning of the year	\$ 667,836
Revenue:	
SGR funds received and held by County	315,376
Expenses:	
Expenses	<u>(290,805)</u>
Balance available for draw - end of the year	<u>\$ 692,407</u>

NOTE 5: LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP)

Annual audits of public transportation operators required under the Transportation Development Act (TDA), per PUC 99245, must include verification of receipt and appropriate expenditure of funds. Lead Agencies receiving LCTOP funds in a fiscal year for which a TDA audit is conducted must submit a copy of the audit to Caltrans by December 31st, six months after the close of the fiscal year (closes June 30) Caltrans will make the audits available to the Legislature and the State Controller’s Office (SCO) as needed. Lead agencies may request a 90-day extension from the December 31st deadline to March 31st. They must notify Caltrans in writing via e-mail. Project leads who fail to submit an expanded TDA audit documenting all LCTOP funding allocated to date will not receive future LCTOP allocations until the required document(s) have been submitted to Caltrans.

Balance remaining at June 30, 2024 is composed of the following:

	<u>LCTOP Fund</u>
Balance available for draw - beginning of the year	\$ 726,371
Revenue:	
LCTOP funds received	622,987
Interest earned on LCTOP deposits through June 30, 2024	32,242
Expenses:	
ACE Means-Based Discounted Ticketing Program	(71,194)
ACE COVID-19 Operational Support Program	(622,987)
Lathrop/Manteca Station Improvements reclass to ACE Covid OSP	(238,371)
Lathrop/Manteca Station Improvements (interest) reclass to ACE Covid OSP	<u>(29,960)</u>
Balance available for draw - end of the year	<u>\$ 419,088</u>

**SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND, MEASURE K AND
LOW CARBON TRANSIT OPERATIONS PROGRAM FUNDS PASSENGER RAIL PURPOSES
Notes to the Financial Statements
For the Year Ended June 30, 2024**

NOTE 6: COMMITMENTS

A. Certificates of Participation

On November 4, 2010, in conjunction with the California Transit Finance Corporation, the SJRRC issued \$35,525,000 in Certificates of Participation of finance the construction of the SJRRC's new transit maintenance facility. On May 1, 2021, the San Joaquin Regional Rail Commission refunded Certificates of Participation in the aggregate principal amount of \$22,255,000. At June 30, 2024, principal on the certificates of participation was \$19,890,000. Measure K funds have been pledged, in conjunction with farebox revenues, for the repayment of said certificates. The liability, revenue, and expenditures related to this commitment are included in other funds of the SJRRC and are not included in these financial statements.

B. Consolidated Note Payable

At June 30, 2024, principal and accrued interest on the consolidated loan were \$12,464,462. In June 2017, SJCOG amended the loan terms to create a 20-year non-interest-bearing note with an initial balance including accrued interest of \$20,608,558. Principal payments are made each year on July 1 in the amount of \$1,118,012. Because these funds are presented on the modified accrual accounting basis, the liability related to this commitment is included in the government-wide financial statements of the SJRRC and is not included in these fund financial statements.

C. Litigation

The SJRRC is the defendant in various lawsuits and other claims arising in the ordinary course of its operations. It is the opinion of management and the SJRRC's legal counsel that the likelihood of the resolution of these matters resulting in a material adverse loss in the financial statements for the year ended June 30, 2024, is remote.

NOTE 7: SUBSEQUENT EVENTS

All other subsequent events have been evaluated through March 31, 2025, 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.

REQUIRED SUPPLEMENTARY INFORMATION

**SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND
PASSENGER RAIL PURPOSES*
Budgetary Comparison Schedule
For the Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local transportation funds	\$ 9,400,000	\$ 9,400,000	\$ 6,795,800	\$ (2,604,200)
State transit assistance - Passenger rail	5,462,082	5,462,082	3,166,803	(2,295,279)
Low Carbon Transit Operations Program (LCTOP)	892,000	892,000	932,552	40,552
Investment revenue (STA)	-	-	622,777	622,777
Investment revenue (LCTOP)	-	-	29,960	29,960
State of Good Repair (SGR)	759,582	759,582	290,805	(468,777)
Total Revenues	16,513,664	16,513,664	11,838,697	(4,674,967)
Expenditures:				
Local transportation funds	9,400,000	9,400,000	8,001,949	1,398,051
State transit assistance funds	5,462,082	5,462,082	1,362,265	4,099,817
Low Carbon Transit Operations Program (LCTOP)	1,117,000	1,117,000	962,512	154,488
State of Good Repair (SGR)	759,582	759,582	281,814	477,768
Total Expenditures	16,738,664	16,738,664	10,608,540	6,130,124
Excess of Revenues Over Expenditures	<u>\$ (225,000)</u>	<u>\$ (225,000)</u>	1,230,157	<u>\$ 1,455,157</u>
Fund Balances, Beginning of Year			17,105,996	
Fund Balances, End of Year			\$ 18,336,153	

*Includes LCTOP activity as adopted within City budget for TDA Fund.

**SAN JOAQUIN REGIONAL RAIL COMMISSION
MEASURE K FUND
PASSENGER RAIL PURPOSES
Budgetary Comparison Schedule
For the Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Measure K SJRRC operating funds	\$ 6,500,001	\$ 6,500,001	\$ 4,297,994	\$ (2,202,007)
Measure K SJRRC capital funds	3,261,550	3,261,550	1,404,825	(1,856,725)
Total Revenues	9,761,551	9,761,551	5,702,819	(4,058,732)
Expenditures:				
Passenger rail operating funds	6,500,001	6,500,001	6,421,484	78,517
Passenger rail capital funds	2,906,570	2,906,570	1,049,846	1,856,724
Total Expenditures	9,406,571	9,406,571	7,471,330	1,935,241
Excess of Revenues Over Expenditures	<u>\$ 354,980</u>	<u>\$ 354,980</u>	(1,768,511)	<u>\$ (2,123,491)</u>
Other Financing Uses:				
Intergovernmental transfers	(354,980)	(354,980)	(354,980)	-
Total Other Financing Uses	(354,980)	(354,980)	(354,980)	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(2,123,491)	<u>\$ (2,123,491)</u>
Fund Balances, Beginning of Year			<u>2,770,839</u>	
Fund Balances, End of Year			<u>\$ 647,348</u>	

**SAN JOAQUIN REGIONAL RAIL COMMISSION
TRANSPORTATION DEVELOPMENT ACT FUND
AND MEASURE K FUND PASSENGER RAIL PURPOSES
Notes to the Required Supplementary Information
For the Year Ended June 30, 2024**

NOTE 1: BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the Transportation Development Act Fund and Measure K Fund. All appropriations lapse at year-end. The appropriate budget is prepared by department, function, and fund. Additionally, the LCTOP activity is incorporated within the TDA budget within SJRRC, and therefore, evaluated collectively. The San Joaquin Regional Rail Commission Manager may make transfers of appropriations between departments within a fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Commissioners. The legal level of budgetary control is the object level within a fund.

OTHER REPORT



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 *GOVERNMENT AUDITING STANDARDS* AND TRANSPORTATION DEVELOPMENT ACT

To the Board of Directors
San Joaquin Council of Governments
Stockton, California

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 and the Transportation Development Act (TDA), the financial statements of the TDA, Measure K and Low Carbon Transit Operations Program (LCTOP) Funds, allocated for passenger rail purposes, (collectively the "Funds"), of the San Joaquin Regional Rail Commission (SJRRC), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SJRRC's internal control over financial reporting (internal control) as it relates to the Funds, as a basis for designing 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 SJRRC's internal control as it relates to the Funds. Accordingly, we do not express an opinion on the effectiveness of SJRRC'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 or significant deficiencies may exist that were not identified.



To the Members of the Board of Directors
San Joaquin Council of Governments
Stockton, California

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Funds' 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 relating to the Funds, and the results of that testing, and not to provide an opinion on the effectiveness of the SJRRC's internal control or on compliance relating to the Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SJRRC's internal control or on compliance relating to the Funds. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Sacramento, California
March 31, 2025



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Members of the Board of Directors
San Joaquin Council of Governments
Stockton, California

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

Opinion on Compliance with Transportation Development Act, Measure K and Low Carbon Transit Operations Program Requirements

We have audited the San Joaquin Regional Rail Commission's (SJRRRC) compliance with Transportation Development Act (TDA), Measure K and Low Carbon Transit Operations Program (LCTOP) requirements that funds allocated to and received by SJRRRC were expended in conformance with applicable statutes, rules, and regulations of the TDA, Measure K and LCTOP; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by Section 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2024.

In our opinion, SJRRRC, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the TDA, Measure K and LCTOP Funds, allocated for non-transit purposes, (collectively the "Funds"), of SJRRRC for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the applicable statutes, rules, and regulations of the TDA, Measure K and LCTOP; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by Section 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SJRRRC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of SJRRRC'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 the TDA, Measure K and LCTOP requirements applicable to SJRRRC's Funds.



To the Members of the Board of Directors
San Joaquin Council of Governments
Stockton, California

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

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, whether due to fraud or error, and express an opinion on SJRRC'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; *Government Auditing Standards*; the applicable statutes, rules, and regulations of the TDA, Measure K and LCTOP; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by Section 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations 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 SJRRC's compliance with the requirements of the TDA, Measure K and LCTOP requirements that funds allocated to and received by SJRRC were expended in conformance with applicable statutes, rules, and regulations of the TDA, Measure K and LCTOP; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by Section 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations.

In performing an audit in accordance with GAAS; *Government Auditing Standards*; the applicable statutes, rules, and regulations of the TDA, Measure K and LCTOP; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by Section 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations, 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 SJRRC'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 SJRRC'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 applicable statutes, rules, and regulations of the TDA, Measure K and LCTOP; and the allocation instructions and resolutions of the San Joaquin Council of Governments as required by Section 6666 and 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations, but not for the purpose of expressing an opinion on the effectiveness of SJRRC'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.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

LSL, LLP

Sacramento, California
March 31, 2025