

**Peninsula Corridor Joint Powers Board
Staff Report**

To: JPB Citizens Advisory Committee
Through: Michelle Bouchard, Executive Director
From: Kathleen Kelly, Interim Chief Financial Officer
Subject: **Financial Audit of Measure RR Funds for the Fiscal Year Ended June 30, 2022**

Action

Staff proposes the JPB Citizens Advisory Committee (CAC):

1. Receive the Financial Audit of Measure RR Funds (Measure RR Audit) for the Fiscal Year ended June 30, 2022; and
2. Conduct a public hearing on the Measure RR Audit and receive public comments; and
3. Provide direction on the report to be drafted on behalf of the CAC to provide the public with information regarding how Measure RR tax proceeds are being spent.

Significance

On August 6, 2020, the JPB adopted and sought voter approval to implement a resolution imposing a one-eighth of one percent retail transactions and use tax to fund operating and capital expenses of the JPB's rail service (Measure RR Resolution). The voters in the City and County of San Francisco, and the Counties of San Mateo and Santa Clara approved Measure RR on November 3, 2020. The Measure RR Resolution requires the JPB to have an independent auditor annually audit the receipts and expenditures of Measure RR tax proceeds. Under the CAC's charter, as amended by the JPB through Resolution No. 2022-03, the CAC serves as the independent oversight committee for the Measure RR sales tax. In its capacity as the independent oversight committee, the CAC is responsible for verifying that the tax proceeds are invested in a way that is consistent with the purpose of the tax by: (1) receiving the annual independent audit of the receipt and expenditure of tax proceeds; (2) holding a public hearing; and (3) issuing an annual report to provide the public with information regarding how the tax proceeds are being spent.

Budget Impact

There is no impact on the Budget.

Background

The JPB contracts with an independent auditor, Brown Armstrong, CPAs to conduct the Measure RR 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 of America.

The Measure RR Audit is prepared in accordance with the guidelines set forth by the Government Accounting Standards Board and consists of an Independent Auditor's Report, Financial Statements, Notes to Financial Statements and Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. The Independent Auditor's Report has an unmodified "clean" audit opinion. The Financial Statements and Notes to Financial Statements provide the detail as well as the perspective with which to assess the Measure RR Funds' financial condition and project expenses.

Notice of this public hearing was posted at the JPB's administrative offices and on the JPB's web page, sent out via press release, and distributed via the JPB's social media accounts. Public input was invited for submittal in advance and will also be accepted during the hearing.

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Director, Accounting

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Peninsula Corridor Joint Powers Board

FY22 Measure RR Audit

JPB Citizen Advisory Committee

March 15, 2023



Auditor's Communication

- Report on the Measure RR Fund Financial Statements
- Brown Armstrong Audit opinion - unmodified “clean” opinion
- Management's Responsibilities
- Auditor's Responsibilities
- Significant accounts – Cash, A/R and Revenue, A/P and Project Expenditures
- No difficulties or disagreements were encountered in the performance of the audit



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Auditor's Communication

- Management Representations
- Other Matters – Stand-alone report on Measure RR
- Report on Internal Control and Compliance-No Findings or Questioned Costs noted



Contents of the CAC's Annual Report (Proposed)

- Introduction of the CAC
- Purpose of Measure RR
- Receipts & Expenditures of Measure RR
- Conclusions from the CAC

Questions

FOR MORE INFORMATION

WWW.CALTRAIN.COM

