



Peninsula Corridor Joint Powers Board

**Citizens Advisory Committee**

**Report on Measure RR Tax Revenues and Expenses**

Fiscal Year 2022 (July 2021 – June 2022)

The Citizens Advisory Committee (CAC) of the Peninsula Corridor Joint Powers Board (JPB) is pleased to provide its annual report on the expenditure of tax proceeds from the Measure RR Funds. This report covers the Fiscal Year 2022, from July 1, 2021, through June 30, 2022. With regard to Measure RR, the principal duties of the CAC are to ensure that the tax proceeds have been expended for the purpose set forth in the Measure RR ballot language and to provide a report on the independent audit conducted pursuant to the ballot language and the JPB Resolution which placed Measure RR on the ballot.

The CAC is composed of nine members representing the City and County of San Francisco and the Counties of San Mateo and Santa Clara. 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 providing information to the taxpayers of the three counties in the following ways:

- Receive the JPB's annual audit report on receipts and expenditures of Measure RR tax proceeds
- Hold an annual public hearing on the audit report
- Issue an annual report of the CAC on the audit results to provide the public with information regarding how the tax proceeds are being spent.

The Board of Directors of the JPB is responsible for the prioritization and distribution of funds received pursuant to the provisions of Measure RR. The independent audit conducted by the JPB and the CAC's report are intended to provide additional accountability with respect to the expenditure of these proceeds by the JPB.

The JPB's annual audit report on receipts and expenditures of Measure RR tax proceeds for the Fiscal Year ended June 30, 2022, was conducted by Brown Armstrong, CPAs, an independent accounting firm. This firm has several years of experience in conducting independent audits of the financial statements of the JPB. In its audit, Brown Armstrong, CPAs provided what is known as an unmodified opinion (often referred to as a "clean" opinion) on the Measure RR financial statements as prepared by the JPB staff. The CAC held a public hearing on the audit report on March 15, 2023. A copy of the audit report is attached as Appendix A.

## Section 1. Measure RR Funding Priorities

In 2020, voters in the City and County of San Francisco, County of San Mateo, and County of Santa Clara approved Measure RR, which levies a one-eighth (1/8) of one percent (0.125%) retail transactions and use tax for a period of thirty (30) years in all three areas. This tax provides the first and only dedicated funding source for Caltrain. The purpose of Measure RR is to fund the operating and capital expenses of the JPB rail service and to support the operating and capital needs required to implement the Service Vision adopted by the JPB on October 3, 2019, as part of the Caltrain Business Plan.

In accordance with the Board of Directors of the JPB's Resolution No. 2020-41, the tax revenues from Measure RR will be prioritized as follows

- To support the operation of Caltrain service levels throughout the corridor from San Francisco to Gilroy as necessary to sustain and expand the service.
- To support the infrastructure, rolling stock, and capital projects necessary to advance the expansion of the Caltrain peak hour service.
- To develop and implement programs to expand access to the Caltrain service and facilitate the use of the system by passengers of all income levels.
- To help leverage other local, regional, state, and federal investments to advance capital projects necessary to implement the Caltrain Business Plan's 2040 Service Vision, adopted by the JPB on October 3, 2019.
- To provide the JPB with a steady stream of funding to support the annual operating, maintenance, and capital needs of an electrified Caltrain service with increased frequency and capacity.

## Section 2. Overview of Caltrain Funding Sources

In fiscal year 2019, prior to the pandemic, Caltrain received \$103 million from fare revenue, about 72% of its total revenue base. This made Caltrain one of the nation's transit systems with the highest farebox recovery. In the past, farebox revenue, though affected by downturns in the economy, was a more stable revenue source for transit agencies than sales tax, which is a major revenue source for many transit agencies in the Bay Area. However, during and since the pandemic, transit systems that used to rely heavily on ridership and fare revenues have been hit the hardest in the Bay Area, and have yet to see their revenue base return.

Caltrain's farebox revenue in 2021 and 2022 dropped to around \$33 million, less than 20% of total expenses. During that same time period, from 2020 – 2022, the federal government provided critical operating assistance to transit agencies across the nation, allowing them to continue providing service for those who needed it. In 2022, federal assistance to Caltrain totaled nearly \$116 million, more than the total annual fare revenue before the pandemic. As a result, Caltrain was able to budget a significant portion of the new Measure RR revenues for two critical capital reserves described in more detail below.

Unfortunately, federal funding for transit operations stopped after FY 2022. For Caltrain, passage of Measure RR, while not originally intended as the primary source of operating funds, has replaced fare revenue as the largest revenue component. Without Measure RR, the system could not operate even lifeline service. Since many office jobs have not yet returned to in-person work at pre-pandemic levels many people riding Caltrain rely on the system as their only means of transportation to jobs, school, and appointments.

While this audit covers Fiscal Year 2022, it is important to note that this trend continues and for Fiscal Years 2023, 2024 and 2025, all of the Measure RR revenues are dedicated to the Operating Budget to help cover expenses.

## Section 3. FY 2022 Revenues and Expenses

### **A. Measure RR Revenues**

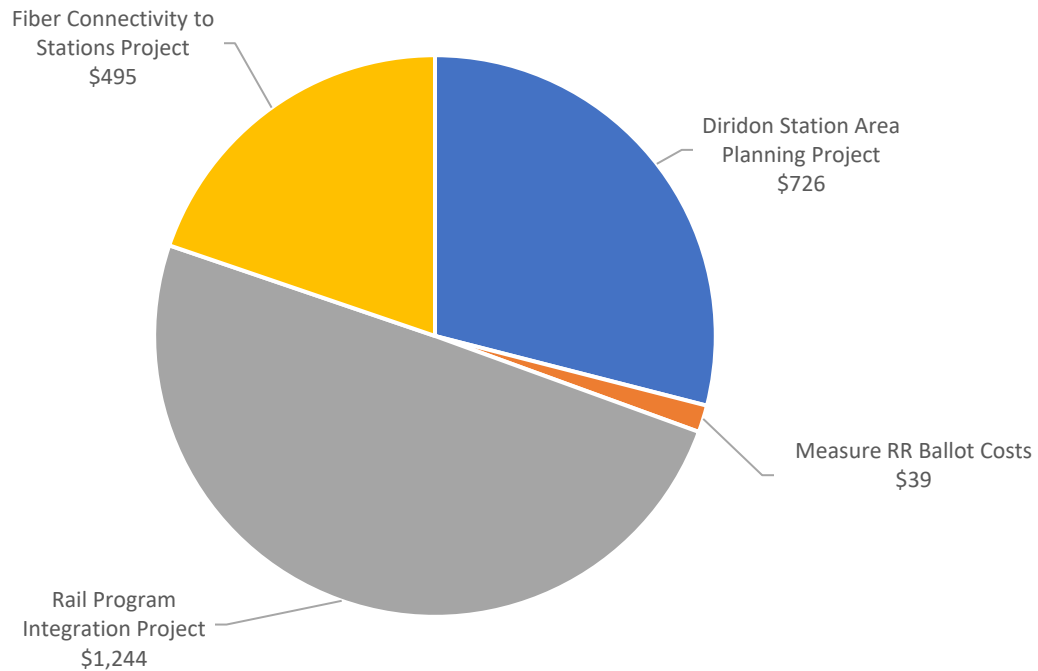
A total of \$112.6 million in Measure RR transaction and use tax was realized and recorded in Fiscal Year 2022. Of that, \$91.0 million was received prior to June 30, 2022, and \$21.6 million was received in July and August of 2022.

### **B. Measure RR Allocations and Expenditures**

The \$112.6 million in Measure RR funds received in 2022 were used as follows:

1. \$60 million was reserved for the Peninsula Corridor Electrification Project (PCEP), while waiting for the state to allocate the necessary funding to complete the project (in early 2023 the state allocated sufficient funding, so the \$60 million reserved funds will be used for future operating expenses);
2. \$20 million was reserved for undesignated future capital expenditures;
3. \$17.3 million was allocated for FY 2023 Operations;
4. \$12.9 million was committed for capital projects but as of yet is unspent. Those capital projects include costs for the Rail Integration Project Program (\$3.4 million), State of Good Repair (SOGR) projects (\$2.0 million), and Grade Crossing Improvement Construction (\$1.0 million); and
5. \$2.5 million was spent during Fiscal Year 2022 for five capital programs, as shown in the figure below.

**Figure 1: Measure RR expenditures (in thousands)**



**C. Expenditure Detail and Consistency with Measure RR Core Principles**

The expenditures listed below adhere to the principles of Measure RR.

1. Rail Program Integration and Transition (\$1.2 million). The objective of this program is to focus on identifying, defining, and implementing the integration of work necessary to support Caltrain's transition to electrified service. As part of the Program Integration, the Rail Activation effort will ensure that each element of the activation work is accomplished in accordance with the following phases: commissioning, acceptance, pre-revenue service, safety certification, and overall Electrified Revenue Service plan and objectives. Additional funds for this program were committed in 2022 but not spent.
2. Diridon Station Area Planning (\$0.7 million). The objective of this plan is to continue to advance the study of the Diridon Integrated Station Concept Plan (DISC). This is a collaborative effort among Caltrain, the California High-Speed Rail Authority, Santa Clara Valley Transportation Authority, Metropolitan Transportation Commission, and the City of San Jose, to establish an implementation plan that charts out a strategy for the program of projects that will comprise and enable DISC to develop the Diridon Station as a world-class transit center.
3. Fiber Connectivity to Stations (\$0.5 million). This program will connect Caltrain's passenger stations with a Very High Frequency (VHF) voice radio system to Caltrain's Fiber Backbone network. Currently, Caltrain is using AT&T leased line for the VHF voice

radio system to communicate to the train engineer and conductors. By migrating these communication lines to Caltrain stations and radio system from AT&T's system to Caltrain Fiber Backbone network, it enables Caltrain to reduce expenditures and increase reliability.

4. Measure RR Ballot Costs (\$39k) – A small amount of funds were spent for remaining costs related to putting Measure RR on the ballot.

#### Section 4. Future Measure RR Allocations

As mentioned previously, for the next three fiscal years, likely through FY 2025, Caltrain anticipates that all Measure RR proceeds will be needed to subsidize the operating costs of the railroad. Without passage of Measure RR and the ability to use the funds for operating service, the agency would not be able to continue to operate, even as the long-awaited electrification of the railroad is anticipated by September 2024. Using the funds to subsidize the operating budget, at least in the short-term, will allow Caltrain to continue to provide much needed service for those who have no choice, and to meet the changing needs of commuters who come back to the service as in-person work policies evolve and commute traffic increases. Like other Bay Area operators, Caltrain staff continues to advocate for external funding from the state and to consider other potential regional solutions.

Attachment: FY2022 Measure RR audit (Appendix A)

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**PENINSULA CORRIDOR JOINT POWERS BOARD**  
**FINANCIAL STATEMENTS**  
**MEASURE RR FUNDS**  
**JUNE 30, 2022**

**PENINSULA CORRIDOR JOINT POWERS BOARD**

**MEASURE RR FUNDS**

**JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Peninsula Corridor Joint Powers Board  
San Carlos, California

### Opinion

We have audited the accompanying financial statements of Peninsula Corridor Joint Powers Board's (the JPB) Measure RR Funds, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Measure RR Funds' 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 financial position of the Measure RR Funds as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof 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 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 JPB 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

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 Measure RR Funds' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 JPB's internal control relating to the Measure RR 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Measure RR Funds' 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**

As discussed in Note 1, the financial statements of the Measure RR Funds are intended to present the financial position and the changes in financial position attributable to the transactions of those funds. They do not purport to, and do not, present fairly the financial position of the JPB as of June 30, 2022, or the results of its operations for the year then ended in accordance 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the JPB's internal control over financial reporting relating to the Measure RR Funds 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 relating to the Measure RR Funds and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JPB's internal control over financial reporting or on compliance relating to the Measure RR Funds. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the JPB's internal control over financial reporting and compliance relating to the Measure RR Funds.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California  
December 22, 2022

**PENINSULA CORRIDOR JOINT POWERS BOARD  
MEASURE RR FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

**ASSETS**

Cash and Cash Equivalents	\$ 89,053,950
Receivables - Transaction and Use Tax	<u>21,618,546</u>
Total Assets	<u><u>\$ 110,672,496</u></u>

**LIABILITIES AND NET POSITION**

Liabilities	
Accounts Payable and Accrued Liabilities	<u>\$ 534,148</u>
Total Liabilities	<u>534,148</u>
Net Position	
Restricted for Measure RR Projects	<u>110,138,348</u>
Total Net Position	<u>110,138,348</u>
Total Liabilities and Net Position	<u><u>\$ 110,672,496</u></u>

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

**PENINSULA CORRIDOR JOINT POWERS BOARD  
MEASURE RR FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2022**

Revenues	
Measure RR Transaction and Use Tax	<u>\$ 112,619,647</u>
Total Revenues	<u>112,619,647</u>
Expenses	
Diridon Station Area Planning Project	726,427
Rail Program Integration Project	1,244,085
Fiber Connectivity to Stations Project	494,578
Program Administration	<u>39,063</u>
Total Expenses	<u>2,504,153</u>
Operating Income	110,115,494
Nonoperating Revenues	
Interest Income	<u>22,854</u>
Total Nonoperating Revenues	<u>22,854</u>
Change in Net Position	110,138,348
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ 110,138,348</u></u>

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

**PENINSULA CORRIDOR JOINT POWERS BOARD  
MEASURE RR FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from California Department of Tax and Fee Administration	\$ 91,001,101
Payments to Vendors for Goods and Services	(1,967,493)
Payments to Employees	<u>(2,512)</u>
Net Cash Provided by Operating Activities	<u>89,031,096</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income Received	<u>22,854</u>
Net Cash Provided by Investing Activities	<u>22,854</u>
Net Change in Cash and Cash Equivalents	89,053,950
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 89,053,950</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 110,115,494
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Accounts Receivable	(21,618,546)
Accounts Payable and Accrued Liabilities	<u>534,148</u>
Net Cash Provided by Operating Activities	<u><u>\$ 89,031,096</u></u>

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

**PENINSULA CORRIDOR JOINT POWERS BOARD  
MEASURE RR FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Financial Reporting Entity

Under Measure RR, approved by the voters in the City and County of San Francisco, and the Counties of San Mateo and Santa Clara in November 2020, Peninsula Corridor Joint Powers Board (JPB) receives a share of the sales tax of 0.125% to fund operating and capital expenses of the JPB's rail service. The duration of the sales tax is for a period of 30 years, beginning on July 1, 2021, and ending June 30, 2051.

The financial statements of the Measure RR Funds do not purport to, and do not, present the financial position of the JPB as of June 30, 2022, or the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. The activities of the Measure RR Funds are reported within the JPB's enterprise fund. The projects funded by Measure RR Funds represent a portion of the activities of the JPB and, as such, are included in the JPB's financial statements.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

C. Net Position

Net position is reported on the statement of net position as "restricted net position." This category represents net position that may only be used to support activities and costs allowable per the Measure RR Funds enabling legislation.

D. Spending Order

The accounting policy is to first consume the most restricted resources when multiple resources are available for the same purpose.

E. Cash and Cash Equivalents

For purpose of the statement of cash flows, the JPB considers all highly liquid investments with an initial maturity of 90 days or less when purchased to be cash equivalents.

F. Investments

The JPB's investments are generally carried at fair value, as required by accounting principles generally accepted in the United States of America. The JPB adjusts the carrying value of its investments to reflect their fair value at each fiscal year end and includes the effects of these adjustments as a component of interest and investment income for that fiscal year.

G. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

## **NOTE 2 – CASH AND INVESTMENTS**

### **A. Policies**

All of the Measure RR Funds' cash and investments are deposited in the JPB's Treasury pool managed by the JPB staff. The pool is unrated. Investments in the pool are made in accordance with the JPB's investment policy as approved by the Board of Directors. Investments are stated at fair value. However, the value of the pool shares in the JPB's Treasury pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the Measure RR Funds' position in the pool.

### **B. Investments Authorized by the California Government Code and the JPB's Investment Policy**

The table below identifies the investment types that are authorized for the JPB by the California Government Code or the JPB's investment policy, whichever is more restrictive, that addresses interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the JPB, rather than the general provisions of the JPB's investment policy.

<u>Authorized Investment Type</u>	<u>Minimum Credit Rating</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	15 years	100%	N/A
U.S. Agency Securities	None	15 years	100%	N/A
Bankers' Acceptances	None	180 days	40%	30%
Commercial Paper (\$500 Mil. Min. Assets)	A1/P1/F1	270 days	40%	10%
Negotiable Certificates of Deposit	None	5 years	30%	N/A
Repurchase Agreements	None	1 year	100%	N/A
Reverse Repurchase Agreements	None	92 days	20%	N/A
Medium-Term Notes	A	5 years	30%	10%
Shares of Beneficial Interest Issued by Diversified Management Companies	None	N/A	20%	10%
Local Government Investment Pools	None	N/A	100%	N/A
Asset-Backed and Mortgage-Backed Securities	AA	5 years	20%	N/A
Municipal Obligations	None	10 years	100%	N/A
Supranational Obligations	AA	5 years	30%	N/A
Local Agency Investment Fund (LAIF)	None	N/A	None	\$75M
County Investment Pool	None	Up to the current state limit		

### **C. Interest Rate Risk**

Interest rate risk is the risk incurred when market interest rates adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the JPB manages its exposure to interest rate risk is by purchasing a combination of short-term and long-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.

## **NOTE 3 – SUBSEQUENT EVENTS**

Subsequent events were evaluated by management through December 22, 2022, which is the date of issuance.



**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**

Board of Directors  
Peninsula Corridor Joint Powers Board  
San Carlos, 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 Peninsula Corridor Joint Powers Board's (the JPB) Measure RR Funds, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Measure RR Funds' basic financial statements, and have issued our report thereon dated December 22, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the JPB's internal control over financial reporting (internal control) relating to the Measure RR 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 the JPB's internal control relating to the Measure RR Funds. Accordingly, we do not express an opinion on the effectiveness of the JPB's internal control relating to the Measure RR Funds.

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 Measure RR Funds' 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.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure RR Funds' financial statements are free from material misstatement, we performed tests of the JPB's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JPB's internal control or on compliance relating to the Measure RR Funds. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the JPB's internal control and compliance relating to the Measure RR Funds. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Bakersfield, California  
December 22, 2022

**PENINSULA CORRIDOR JOINT POWERS BOARD  
MEASURE RR FUNDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

None reported.

**Appendix B Caltrain Measure RR Expenditures**

<b>Description</b>	<b>Measure RR Allocations</b>	<b>FY22 Actuals</b>	<b>Remaining Balance</b>
Ticket Vending Machine Rehabilitation	\$ 208,000		\$ 208,000
Migration to Digital Voice Radio	166,400		166,400
Grade Crossing Safety Improvements	1,040,000		1,040,000
Clipper Next Generation Validators	312,000		312,000
Diridon Station Area Planning	1,040,000	726,427	313,573
Signal State Of Good Repair (SOGR)	249,600		249,600
Rail Program Integration	4,658,148	1,244,085	3,414,063
Predictive Train Arrival/Departure System Replacement	1,040,000		1,040,000
Fiber Connectivity to Stations	624,000	494,578	129,422
Operations Access Customer Interface Plan	260,000		260,000
Business Strategy and Policy Development	780,000		780,000
Electrification Expansion and Integration	520,000		520,000
Capital Planning Technology Support	286,000		286,000
Right of Way Fencing	156,000		156,000
Communications State Of Good Repair (SOGR)	77,533		77,533
Fiber Connectivity	114,400		114,400
Stations State Of Good Repair (SOGR)	208,000		208,000
Historic Stations State Of Good Repair (SOGR)	1,352,000		1,352,000
Hayward Park Remediation	51,000		51,000
Caltrain Voice Over Internet Protocol	520,000		520,000
Capital Program Management	1,660,000		1,660,000
<b>Sub-Total</b>	<b>15,323,081</b>	<b>2,465,089</b>	<b>12,857,992</b>
Reserve for Peninsula Corridor Electrification Program (if external funding not available)	60,000,000		60,000,000
Reserved for undesignated future capital expenditures	20,000,000		20,000,000
<b>Total FY22 Measure RR Capital Budget</b>	<b>\$ 95,323,081</b>	<b>\$ 2,465,089</b>	<b>\$ 92,857,992</b>
Allocated for Operations	17,296,566	39,063	17,257,503
<b>Total FY22 Measure RR Budget</b>	<b>\$ 112,619,647</b>	<b>\$ 2,504,153</b>	<b>\$ 110,115,494</b>