

# Agenda Item 8 - Annual Comprehensive Financial Report December 20, 2023

## Sonoma-Marín Area Rail Transit District 2023 Audited Financial Statements



# SCOPE OF THE AUDIT

- Audit of the District's financial statements
  - Amounts and disclosures in the financial statements
  - Accounting principles used
  - Significant estimates made by management
  - Overall financial statement presentation
- Federal single audit
- Reporting on identified internal control deficiencies, if any
  - Financial reporting
  - Compliance with laws and regulations



# SCOPE OF THE AUDIT



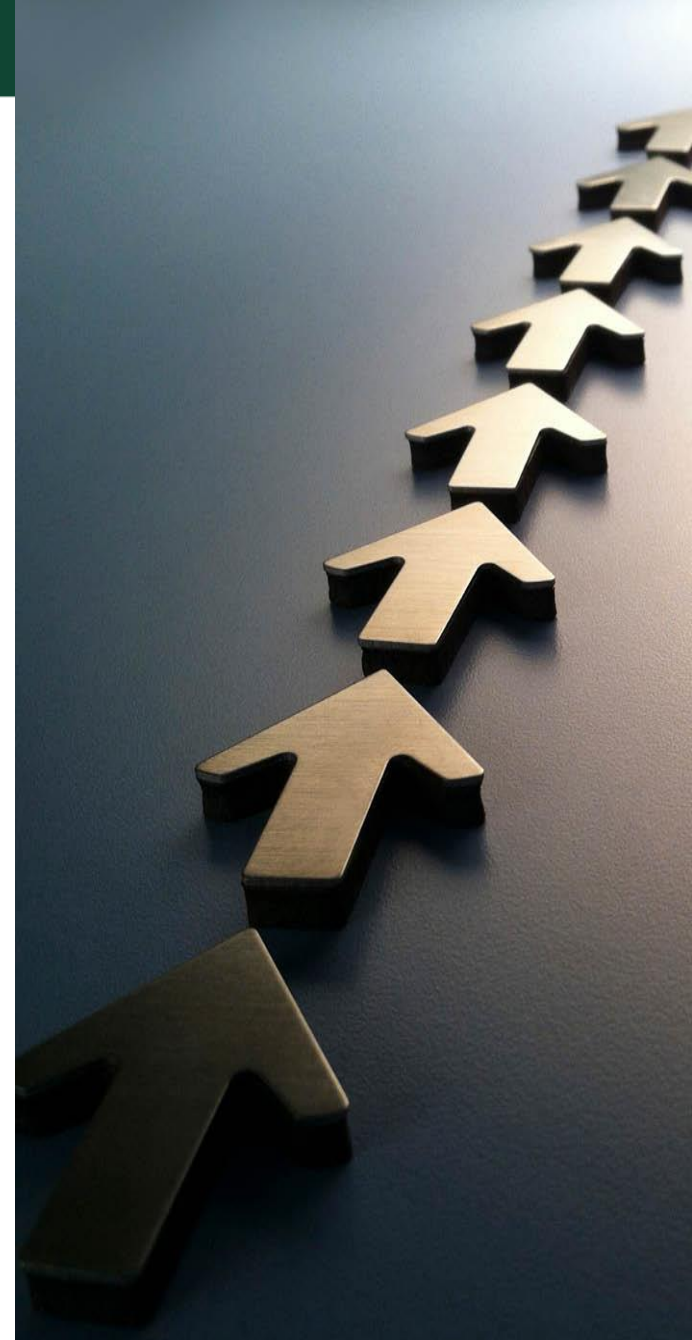
## Auditor's responsibilities

Forming and expressing opinions based on the results of our audit of the **financial statements**, and audit of **compliance**.

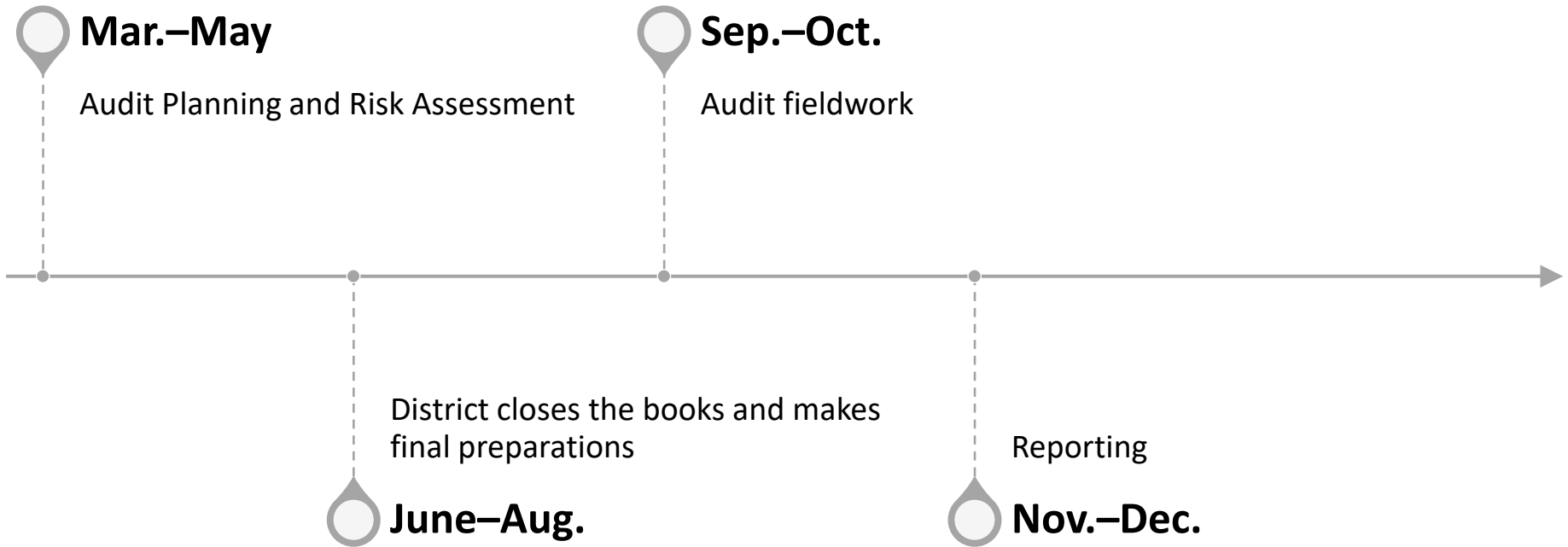


## Management's Responsibilities

Completeness and accuracy of the financial statements, maintenance of internal control over financial reporting, and compliance with laws and regulations.



# TIMING



# AUDIT RESULTS

**1** OPINION ON THE FINANCIAL STATEMENTS  
“...the financial statements referred to above present fairly, in all material respects, the financial position of the District...”

**2** INTERNAL CONTROL OVER FINANCIAL REPORTING  
No control deficiencies were identified  
No audit adjustments were necessary

**3** FEDERAL COMPLIANCE  
“...the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program...”



# Other matters



Uncorrected/immaterial accounting entries

CalPERS, estimate

Accounting policy change: new GASB 96, SBITA







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# Annual Financial Report

- Auditor's Governance Letter
- Annual Comprehensive Financial Report
- Federal Awards Reports in Accordance with the Uniform Guidance – Single Audit

# Auditor's Governance Letter

- Auditor's Communication to the Board
  - Auditor's Responsibilities
  - Significant Risks Identified
  - Accounting Practices
  - Corrected or Uncorrected Misstatements
  - Disagreements with Management
  - Significant Matters, Findings, or Issues
  - Other Information

# Auditor's Governance Letter

- Uncorrected and Corrected Misstatements
  - July 1, 2022, opening balance in accounts receivable contains grant amounts recognized prior to the execution of grant agreement of \$1,173,374
    - Ongoing issue with State AHSC grant for Windsor
  - June 30, 2023, ending balance of accounts receivable of the freight fund includes \$91,791 that has been determined to be uncollectible.
    - Lease - NCRA
- Both are determined to be immaterial to the financial statements

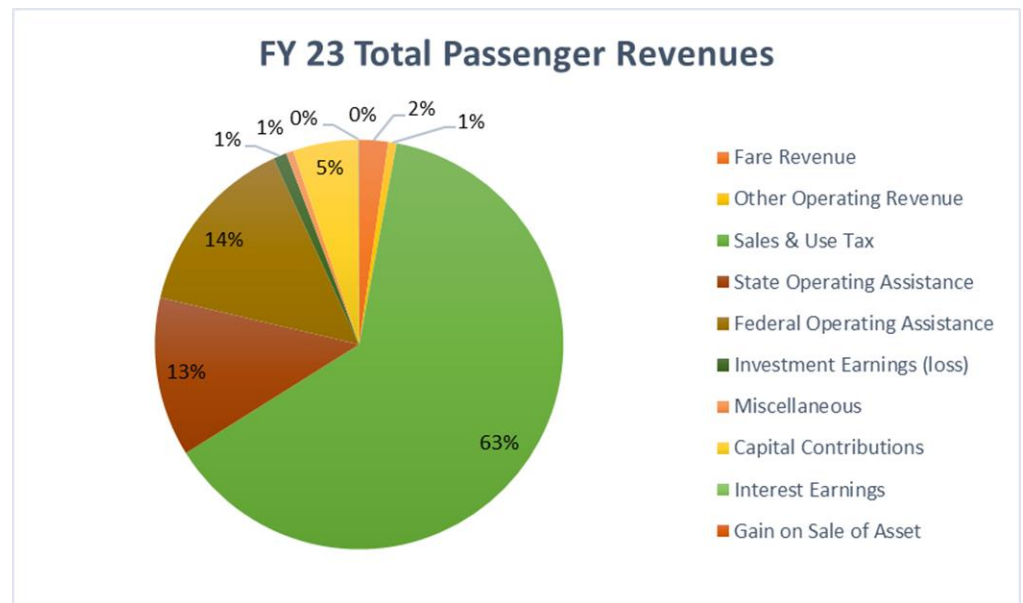
# Annual Comprehensive Financial Report Independent Auditor's Report

Financial Statements present fairly, in all material respects, the respective financial position of the passenger and freight enterprise fund of SMART

# Annual Comprehensive Financial Report - Management Discussion and Analysis

## Passenger Revenues

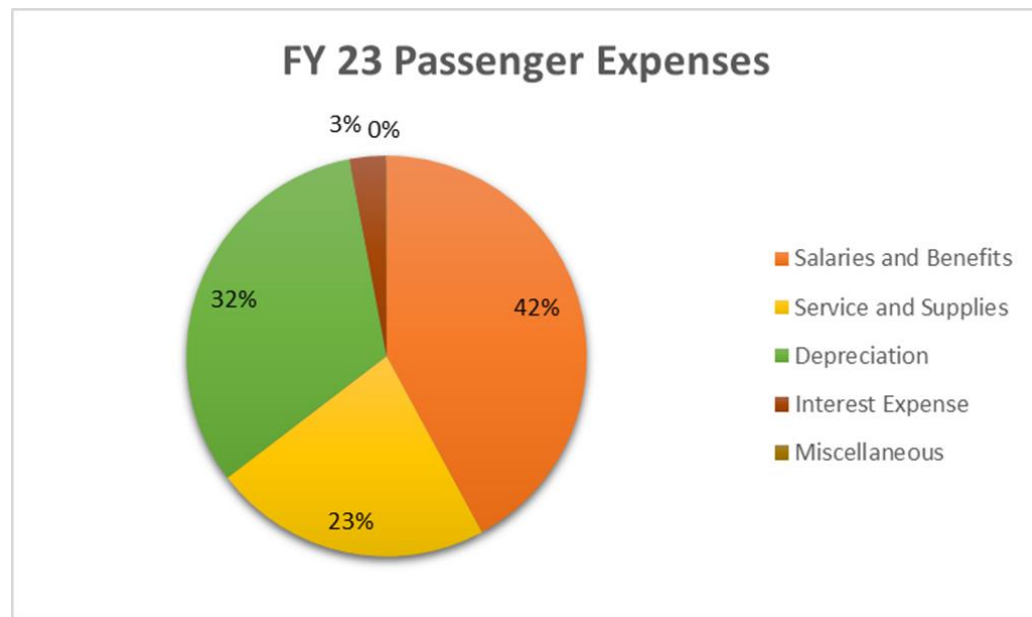
- Sales Tax was \$574,545 higher (1.2%) higher than FY 22
- State Revenues were 75% higher than FY 22
- Federal Funds were 7% higher than FY 22
- Fare Revenues was 40% higher than FY 22
- Investment earnings were \$2.8 million higher due to much higher interest rates



# Annual Comprehensive Financial Report - Management Discussion and Analysis

## Passenger Expenditures

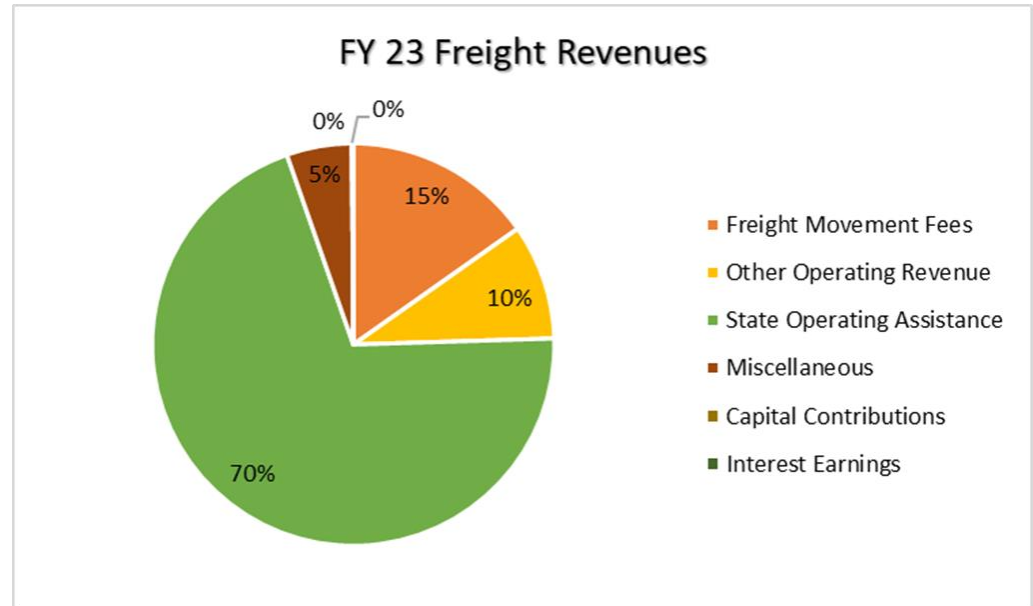
- Salaries & Benefits increased by 45%
- Service & Supplies increased by 42%
- Depreciation decreased by 7%
- Interest expense increased by 6%
- Miscellaneous decreased by 73%



# Annual Comprehensive Financial Report - Management Discussion and Analysis

## Freight Revenues

- State Assistance comprised 70% of total revenues for freight
- Freight movement fees increased by 152%
- Other Operating (Lease Income) increased by 35%
- Miscellaneous (Tax Credit Sale) increased by 100%

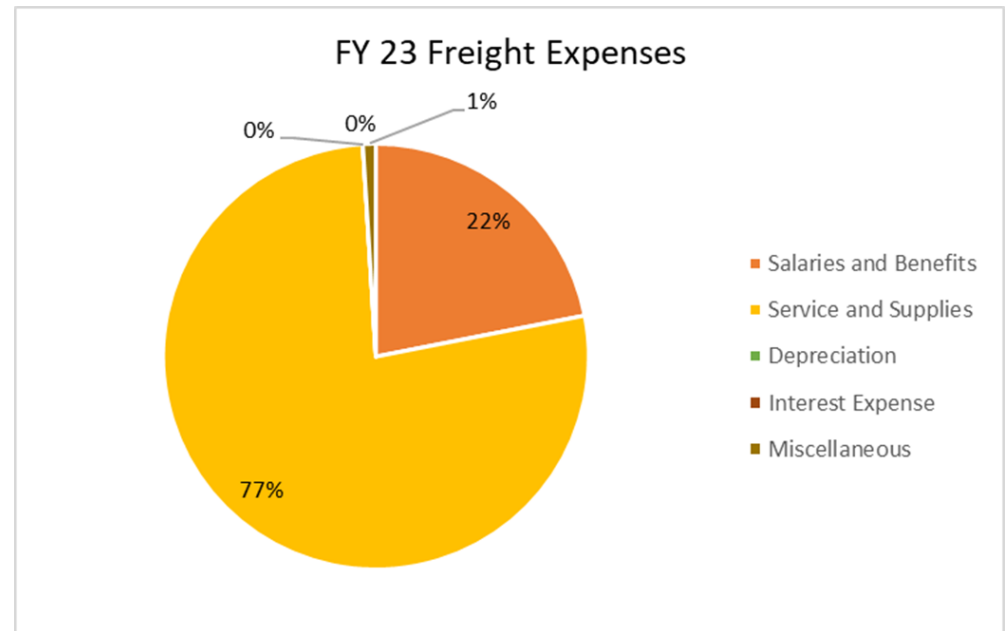




# Annual Comprehensive Financial Report - Management Discussion and Analysis

## Freight Expenditures

- Salaries & Benefits are 23% of total expenditures
- Service & Supplies are 77% of total expenditures
- No depreciable assets



# Annual Comprehensive Financial Report

- Statements
  - Net Position – (Balance Sheet)
  - Revenue, Expenses, and Changes in Net Position (Income Statement)
  - Cash Flows
  - Notes
- Required Supplementary Information
  - Additional information on Pension Plan & OPEB

# Annual Comprehensive Financial Report

- Statistical Section
  - Financial Trends
  - Revenue Capacity
  - Debt Capacity
  - Demographic & Economic Information
  - Operating Information

# Summary of Auditor's Results

- Internal Control
  - No material weaknesses identified
- Compliance
  - No instances of non-compliance or other matters that are required to be reported under Government Auditing Standards
- Major Federal Program
  - District complied in all material respects with the compliance requirements in OMB Compliance Supplement
- Opinion on Financial Statements
  - Unmodified

# Summary of Auditor's Results

- Financial Statement Findings
  - None
- Federal Award Findings & Questioned Costs
  - None
- Schedule of Prior Audit Findings
  - FY 2022 Finding Resolved
    - Value of capital assets received by freight fund
      - Recognized as donation valued at fair value vs transfer of operations which is valued at book value

# Questions?

# Connect with us:

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