Sonoma-Marin Area Rail Transit District

Fiscal Year 2025 Required Auditor Communication

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

New Accounting Standard

- GASB Statement No. 101, *Compensated Absences* was implemented as of July 1, 2024:

    - Modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability across governments.

    - Examples of compensated absences include sick leave, paid time off (PTO), and comp time.

    - Most significant change for SMART is the recognition of "Sick" leave when *earned* rather than when *used*.

- As a result, expenses of the passenger fund are "overstated" (*accelerated*) by $519 thousand and for the freight fund by approximately $7 thousand.

- There is no change to employment policies or amounts actually paid by SMART.
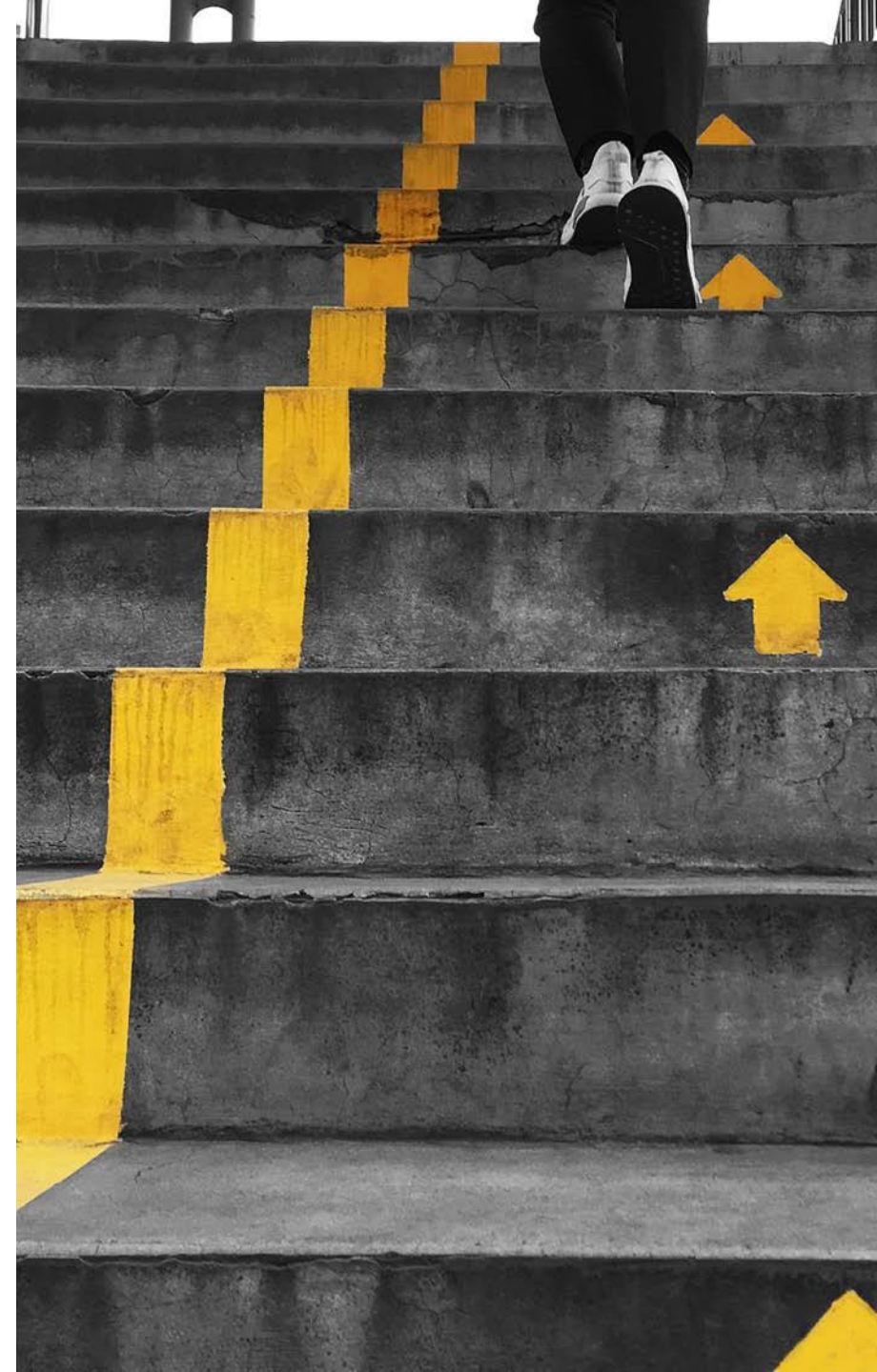
Scope of the Audit

Auditor's responsibilities

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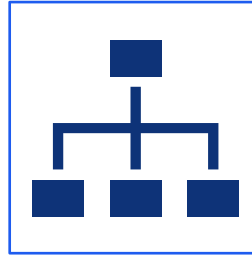
Management's Responsibilities

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

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.

3 **Federal compliance**

Separately issued as soon as feasible following released of the OMB Compliance Supplement.

Thank you

Nathan Edelman