Annual Financial Report

- Auditor’s Governance Letter
- Annual Comprehensive Financial Report
- Annual 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

- Letter of Transmittal
- Independent Auditor’s Report
- Management’s Discussion and Analysis
- Statements
  - Net Position
  - Revenue, Expenses, and Changes in Net Position
  - Cash Flows
  - Notes
- Required Supplementary Information
- Statistical Section
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
Management’s 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
Passenger Revenues

FY 23 Total Passenger Revenues

- Fare Revenue: 63%
- Other Operating Revenue: 13%
- Sales & Use Tax: 5%
- State Operating Assistance: 1%
- Federal Operating Assistance: 1%
- Investment Earnings (loss): 1%
- Miscellaneous: 1%
- Capital Contributions: 0%
- Interest Earnings: 0%
- Gain on Sale of Asset: 2%
Management’s Discussion and Analysis

• Passenger Expenditures
  • Salaries and Benefits increased by 45%
  • Service and Supplies increased by 42%
  • Depreciation decreased by 7%
  • Interest expense increased by 6%
  • Miscellaneous decreased by 73%
Passenger Expenditures with Depreciation

FY 23 Passenger Expenses

- Salaries and Benefits: 32%
- Service and Supplies: 23%
- Depreciation: 42%
- Interest Expense: 3%
- Miscellaneous: 0%
Passenger Expenditures without Depreciation

Passenger Expenditures without Depreciation

- Salaries and Benefits: 65%
- Service and Supplies: 35%
- Miscellaneous: 0%

SMART
AREA RAIL TRANSIT
Management’s 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%
Freight Revenues

FY 23 Freight Revenues

- 70% Freight Movement Fees
- 15% Other Operating Revenue
- 10% State Operating Assistance
- 5% Miscellaneous
- 0% Capital Contributions
- 0% Interest Earnings
Management’s Discussion and Analysis

• Freight Expenditures
  • Salaries and Benefits are 23% of total expenditures
  • Service and Supplies are 77% of total expenditures
  • No depreciable assets
Freight Expenditures

FY 23 Freight Expenses

- Salaries and Benefits: 77%
- Service and Supplies: 22%
- Depreciation: 0%
- Interest Expense: 0%
- Miscellaneous: 1%
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 and OPEB
Annual Comprehensive Financial Report

• Statistical Section
  • Financial Trends
  • Revenue Capacity
  • Debt Capacity
  • Demographic and Economic Information
  • Operating Information
Single Audit

• Summary of Auditor’s Results

• Financial Statement Findings

• Federal Award Findings and Questioned Costs

• Schedule of Prior Audit Findings
Single Audit

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
Single Audit

• Financial Statement Findings
  • None

• Federal Award Findings and 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:
www.SonomaMarinTrain.org

Customer Service:
CustomerService@SonomaMarinTrain.org
(707) 794-3330