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

Sonoma-Marin 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

**Mar.–May**
Audit Planning and Risk Assessment

**June–Aug.**
District closes the books and makes final preparations

**Sep.–Oct.**
Audit fieldwork

**Nov.–Dec.**
Reporting
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
Financial Statements present fairly, in all material respects, the respective financial position of the passenger and freight enterprise fund of SMART
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 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%
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?
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