

RIDERSHIP



EXTENSIONS



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT  
PETALUMA, CALIFORNIA

For Fiscal Year Ended June 30, 2023

FREIGHT



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**SONOMA-MARIN AREA RAIL  
TRANSIT DISTRICT  
PETALUMA, CALIFORNIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

**PREPARED BY THE FINANCE DEPARTMENT**

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# Sonoma-Marin Area Rail Transit District

## Table of Contents

June 30, 2023

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### Introductory Section

Letter of Transmittal .....	i
Government Finance Officers Association (GFOA) Certificate of Achievement .....	viii
Principal Officials.....	ix
Organization Chart .....	x
Sonoma-Marin Area Rail Transit District .....	xi
Map .....	xiii

### Financials

Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	4
Statement of Net Position .....	17
Statement of Revenue, Expenses, and Changes in Net Position .....	18
Statement of Cash Flows .....	19
Notes to the Financial Statements.....	21

### Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability – Pension Plan .....	47
Schedule of Contributions – Pension Plan .....	48
Schedule of Changes in the Total OPEB Liability and Related Ratios .....	49

### Statistical Section

#### Financial Trends

Net Position by Component.....	51
Changes in Net Position .....	52
Changes in Net Position .....	53
Non-Capital Expense by Category.....	54

#### Revenue Capacity

General Revenue by Source.....	55
Revenue Base and Revenue Rate.....	56
Overlapping Governments and Sales Tax Rates .....	57
Principal Revenue Payers.....	58

#### Debt Capacity

Debt Services Coverage-Pledged Sales Tax Revenue.....	59
Ratios of Outstanding Debt (Unaudited) .....	60

#### Demographic and Economic Information

Demographic and Economic Statistics (Unaudited) .....	61
Major Employers (Unaudited) .....	62

#### Operating Information

Operating Information (Unaudited).....	63
Employees-Full-Time Equivalent (Unaudited) .....	64

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**David Rabbitt, Chair**  
Sonoma County Board of Supervisors

**Barbara Pahre, Vice Chair**  
Golden Gate Bridge,  
Highway/Transportation District

**Judy Arnold**  
Marin County Board of Supervisors

**Melanie Bagby**  
Sonoma County Mayors' and  
Councilmembers Association

**Kate Colin**  
Transportation Authority of Marin

**Damon Connolly**  
Marin County Board of Supervisors

**Chris Coursey**  
Sonoma County Board of Supervisors

**Debora Fudge**  
Sonoma County Mayors' and  
Councilmembers Association

**Patty Garbarino**  
Golden Gate Bridge,  
Highway/Transportation District

**Dan Hillmer**  
Marin County Council of Mayors and  
Councilmembers

**Eric Lucan**  
Transportation Authority of Marin

**Chris Rogers**  
Sonoma County Mayors' and  
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**Eddy Cumins**  
General Manager

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November 17, 2023

To the Board of Directors, Residents, and Stakeholders of the  
Sonoma- Marin Area Rail Transit District:

State law requires that the Sonoma-Marín Area Rail Transit District {SMART} "cause a post audit of the financial transactions and records of the district to be made at least annually by a certified public accountant." Pursuant to that requirement, the Annual Comprehensive Financial Report of the District for the fiscal year end June 30, 2023, is hereby issued.

The report consists of management's representation concerning the finances of SMART. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of SMART's financial statements in conformity with generally accepted accounting principles (GAAP). The cost of internal controls should not outweigh the benefits, SMART's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As the General Manager, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

SMART's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of SMART for the fiscal year ending June 30, 2023, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that SMART's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP.

The report consists of three sections:

- The Introduction section includes this letter of transmittal, SMART's organization chart and officials, a map of the SMART system and certificate of achievement.
- The Financial section includes the report of the independent auditors, the Management's Discussion and Analysis (MD&A), SMART's basic financial statements and the accompanying notes to the financial statements. Required supplementary information other than the MD&A is also included in the financial section.
- The Statistical section includes selected financial and demographic information, on a multi-year basis.

The independent audit of the financial statements of SMART was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. SMART's MD&A can be found immediately following the report of the independent auditors.

### **SONOMA-MARIN AREA RAIL TRANSIT DISTRICT (SMART)**

The Sonoma Marin Area Rail Transit (SMART) District was established by the California Legislature through the enactment of AB 2224 in 2002. The SMART District includes both Sonoma and Marin Counties and was created for the purpose of providing unified and comprehensive structure for the ownership and governance of passenger and freight rail system within Sonoma and Marin Counties and to provide passenger and freight train service along the existing publicly owned railroad right-of-way.

SMART passenger rail service began in August of 2017 with two-way passenger train service on 43 miles to 10 stations between Downtown San Rafael in Marin County and Airport Boulevard in Sonoma County. In late 2019, two new stations were completed in Downtown Novato and Larkspur near the regional Ferry to San Francisco. These two stations in Marin County brought rail service to its current total of 45 miles with 12 passenger stations. SMART also manages approximately 12 miles of an ancillary bicycle/pedestrian pathway on its right of way connecting to the SMART's stations where cyclists can find secure parking at the station or on-board the train for their bikes.

Train service is provided in state-of-the-art diesel multiple unit (DMU) rail vehicles utilizing one of the first Positive Train Control systems for passenger rail.



## Freight

SMART owns the railroad from a place called "Brazos Junction" in American Canyon (East of the Napa River) west to the Ignacio Wye (Highway 101 and 37) in Novato and from there north to the Mendocino-Sonoma County Line.

On February 2, 2021, SMART filed a "Verified Notice of Exemption" with the Surface Transportation Board (STB) to exempt from regulation under U.S.C. Section 10902 SMART's acquisition of railroad, right-of-way and a freight rail operating easement from North Coast Railroad Authority and SMART's operation of the line. On February 12, 2021, the Notice of Exemption was approved by the STB. On March 26, a quit claim deed was executed that transferred the line of railroad and right-of-way between the Sonoma - Mendocino County border milepost 89 and Healdsburg at milepost 70.7 and the freight rail operating easement between Healdsburg milepost 68.2 and Brazos Junction at milepost SP 63.4.

On February 22, 2021, the freight operator, NWPCo, petitioned the STB for Discontinuance of Service Exemption (requesting authority to cease being the freight operator). On June 11, 2021, the STB approved NWPCo's petition for discontinuance of service and authorized SMART to assume freight operations and common carrier duties over the rail line which became final on July 11, 2021. NWPCo. provided interim service until SMART assumed full operational responsibility on March 1, 2022.

## **GOVERNANCE**

SMART is governed by a 12-member Board of Directors, made up of two Supervisors from each County, three City Council members from each County and two representatives from the Golden Gate Bridge, Highway and Transportation District. The Board has the authority under State law to own, operate, manage, and maintain a rail system within the territory of the SMART District.

SMART is primarily funded by a one-quarter of one cent sales tax approved by voters in the SMART District in 2008, a District which encompasses the two Counties of Sonoma and Marin.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the specific environment within which SMART operates.

SMART's passenger service and pathways currently operate in Marin and Sonoma Counties. These two counties are home to a mix of tourism, recreation, agriculture, and industry. The major population centers of Marin and Sonoma are located along the Highway 101 corridor and the parallel SMART rail line.

SMART's finances have relied on the strength of its voter-approved sales tax revenue which was approved in 2008 and in Fiscal Year 2023 provided more than 64% of SMART's annual revenues. Sales tax revenue is directly linked to local employment rates and median incomes. The district is home to a wealthy taxpayer base. The per capita income in Marin County is \$183,482 and Sonoma County is \$87,486. In addition, the most recent unemployment data shows Marin County's and Sonoma County's unemployment rate at 2.7% and 3.1% respectfully compared to the State of California at 4.2%. SMART also receives significant funding from the State of California for its transit services ultimately derived from State fuel and sales taxes.

Since the start of SMART service six years ago, there have been multiple federal disaster declarations in Sonoma and Marin counties, including wildfires, flooding, extended public utility shut offs and the COVID-19 pandemic. SMART has experienced service disruption in several of these events, including evacuation of SMART's rolling stock and temporary closure of the northernmost stations, along with service reductions due to COVID-19. The true impact of these events, however, has been to the people SMART serves. These events have caused significant loss of housing stock, massive evacuation efforts, and unprecedented disruption in the daily rhythm of people's lives. We are just starting to see the impact of these events and still don't know what the ultimate impact will be to work and school commute patterns, including the impact of regional relocation of workers from elsewhere in the Bay Area to Sonoma County during the COVID-19 pandemic.

Although COVID-19 was devastating from a ridership and fare collection perspective, the North Bay area has done considerably better than other parts of California and in particular San Francisco. As was mentioned previously sales and use tax, which is our largest funding source, has recovered much faster over the last several years.

In addition to the expedited recovery of sales tax, SMART has received over \$24 million in federal COVID relief funding since January of 2020. In addition, in Fiscal Year 2022, SMART applied for and received an additional \$7.47 million in discretionary federal COVID relief funds which was expended in Fiscal Year 2023. The federal funding received has allowed SMART to avoid layoffs, restore service, and decrease fares to encourage riders to return to transit.

SMART's ridership has been climbing steadily since service was restored in May 2021. In FY 23, ridership was 640,999 or 98% of 2019 levels and 8% higher than projected. In addition, SMART had the highest percentage return of ridership in the Bay Area for all of FY 23.

## **FINANCIAL PLANNING**

Every 5 years, SMART completes a Strategic Plan identifying future operational needs and capital plans. In the first half of Fiscal Year 2019-20, SMART completed a Strategic Plan that identified a future revenue and expenditure imbalance that could be addressed by debt refinancing or service reductions. The Board approved a plan to extend SMART's 20-year sales tax to provide for significant reductions in annual debt costs that would have addressed the imbalance. However, that measure failed to obtain the required 67% in the March 2020 election. SMART is currently in the process of updating the Strategic Plan which should be finalized and adopted in fiscal year 2024.

In April of 2021, the Board of Director's adopted the first Capital Plan. This plan forecasts revenues and expenditures related to capital expenditures for the period July 1, 2021-June 30, 2029. In addition, the Metropolitan Transportation Commission (MTC) requires each transit operator receiving federal funds to prepare, adopt, and submit a Short-Range Transit Plan.

The plan is required to clearly describe the basis for SMART's capital and operating budgets and provides MTC and the public with information on projects and programs of regional significance. The plan was submitted to MTC in November of 2021 and has been updated several times since.

## **FINANCIAL INFORMATION**

SMART's management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. SMART has designed its internal control structure to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

Single Audit: As a recipient of federal assistance, SMART is responsible for ensuring that an adequate internal control structure is instituted to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of SMART's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to evaluate SMART's compliance. SMART's single audit for the fiscal year ended June 30, 2023, found no instances of material weakness in the internal control structures or significant violations of applicable laws and regulations.

Independent Audit: SMART's enabling legislation requires an annual audit by an independent certified public accountant. The accounting firm of Eide Bailly, LLP, is performing the audit. This audit is also designed to meet the requirements of the Federal Single Audit 2 CFR 200.501, Uniform Grant Guidance and related 2 CFR 200, Uniform Grant Guidance - Uniform Administrative Requirements, Cost Principles, and Audit Requirements. The auditor's report on the financial statements and schedules are included in the Financial Section of this report.

Investment Policy: SMART's investment policy is intended to outline the guidelines and practices to be used in effectively managing SMART's available cash and investment portfolio. In accordance with California Government Code Section 53600.5, and in order of importance, the Chief Financial Officer of SMART is required to adhere to the following three criteria: (1) Safety of Principal (2) Liquidity (3) Return on Investment.

Risk Management: SMART purchases insurance in its efforts to protect assets and control and prevent losses. Commercial insurance policies provide coverage including Railroad Protective and Railroad Liability, Auto, General Liability, Property, Worker's Compensation, Crime, Public Officials Liability & Employment Practices, and Deadly Weapons Response Program. In fiscal year 2023, SMART hired a Risk Manager for the first time.

#### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Sonoma-Marin Area Rail Transit District (SMART) for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This is the tenth consecutive year that SMART has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

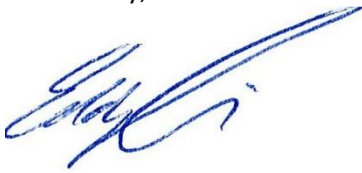
#### **CONCLUSION**

The financial statements presented here show the magnitude of the public assets that have resulted from the voters' approval of the SMART sales tax measure in 2008. Measure Q revenues have made possible not only the construction of a world-class transit system, but also the ongoing operation and maintenance of that system in the future. Certainly, the challenges of the COVID pandemic have had an impact on SMART and our customers but with continued leadership from the Board, ongoing vigilance on maintaining necessary reserves, and planning for future financial challenges, SMART's current and future operations will remain on solid footing.

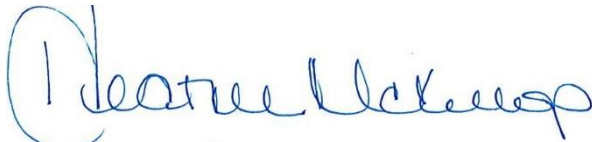
## ACKNOWLEDGEMENTS

Timely preparation of the annual comprehensive financial report was made possible by the dedicated service of the Finance Department led by Heather McKillop, Chief Financial Officer. Special thanks go to Kathy Holt, SMART's Accounting Manager. I extend my sincere appreciation to each of them for their contributions. Moreover, I thank the Board of Directors for its continued support and leadership.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Eddy Cumins', with a stylized flourish at the end.

Eddy Cumins General  
Manager

A handwritten signature in blue ink, appearing to read 'Heather McKillop', with a large initial 'H'.

Heather McKillop  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Sonoma-Marin Area Rail Transit District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

## Sonoma-Marín Area Rail Transit District

Principal Officials

June 30, 2023

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### Sonoma-Marín Area Rail Transit District

#### Board of Directors

Fiscal Year 2022 – 2023

Eric Lucan – Chair Marin County Board of Supervisors	Melanie Bagby – Vice Chair Sonoma County Mayors' and Councilmembers Association
Kate Colin Transportation Authority of Marin	Chris Coursey Sonoma County Board of Supervisors
Rachel Farac Transportation Authority of Marin	Debora Fudge Sonoma County Mayors' and Councilmembers Association
Patty Garbarino Golden Gate Bridge, Highway/Transportation District	Barbara Pahre Golden Gate Bridge, Highway/Transportation District
Gabe Paulson Marin County Council of Mayors and Councilmembers	David Rabbitt Sonoma County Board of Supervisors
Chris Rogers Sonoma County Mayors' and Councilmembers Association	Mary Sackett Marin County Board of Supervisors

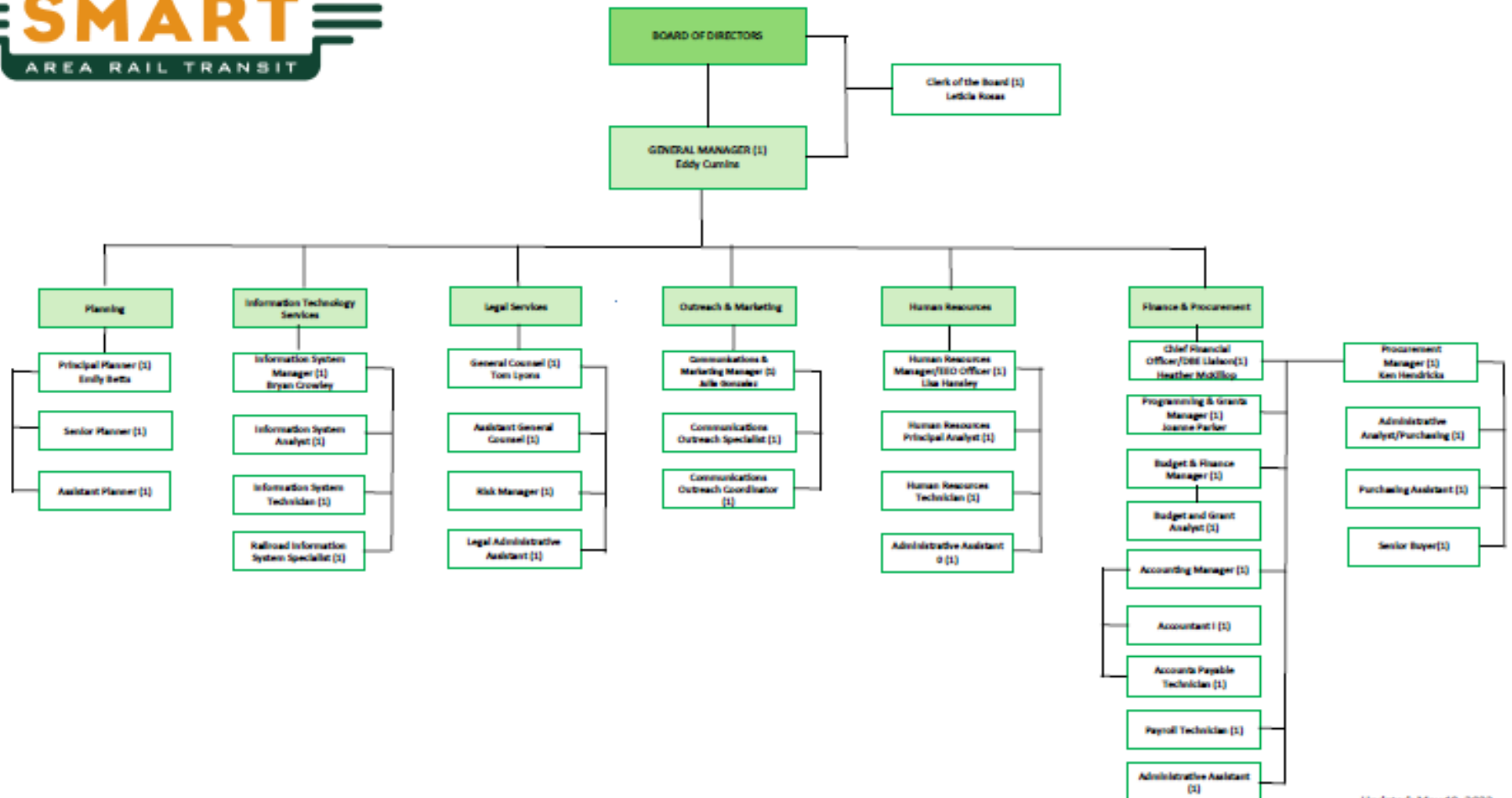
### Organizational Structure

The Board of Directors appoints a General Manager for the District. In addition, to the General Manager, the Board also appoints the Chief Financial Officer and the General Counsel.

General Manager – Eddy Cumins
Chief Financial Officer – Heather McKillop
General Counsel – Tom Lyons



# ADMINISTRATION/FINANCE ORGANIZATION CHART

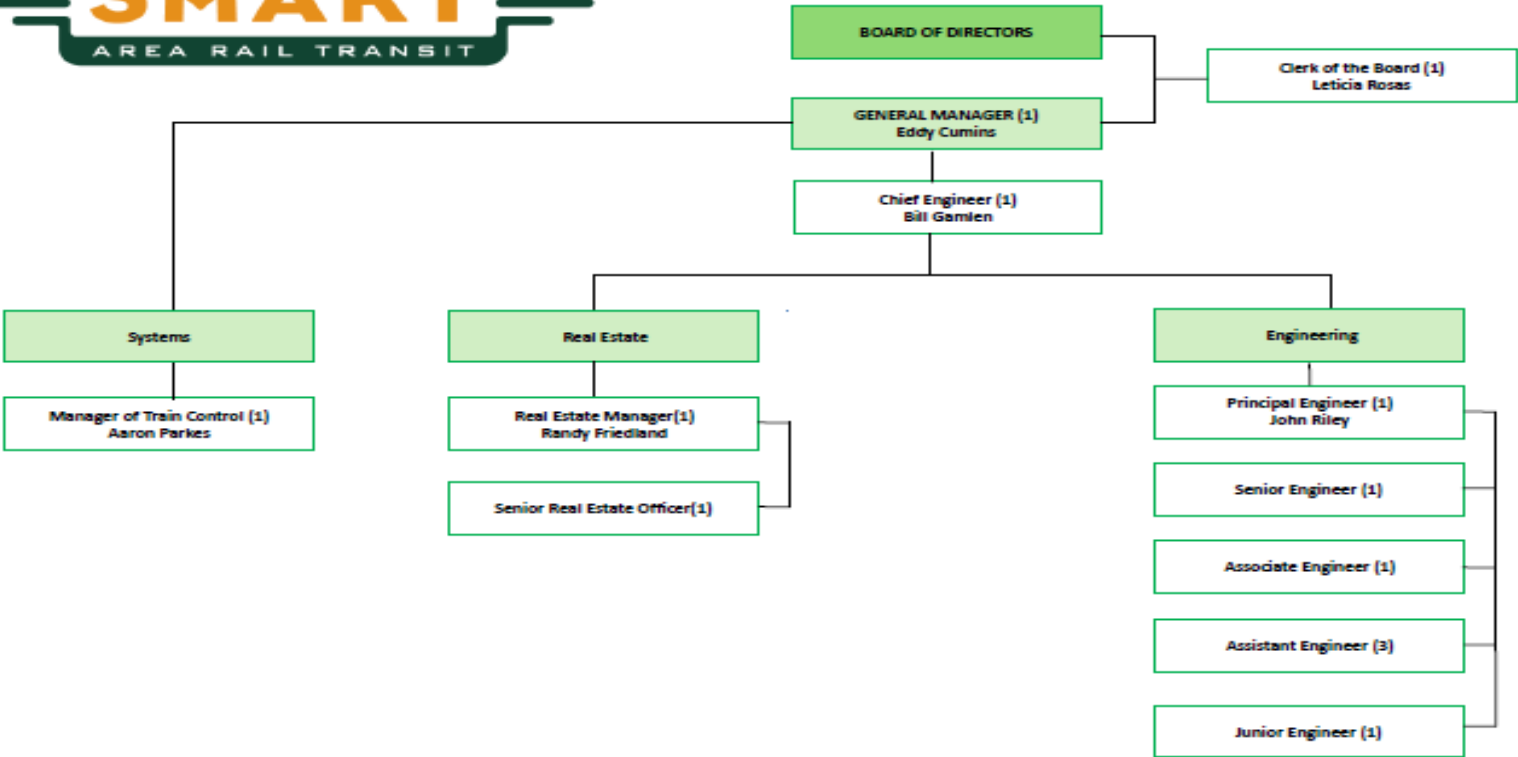


Updated: May 19, 2023



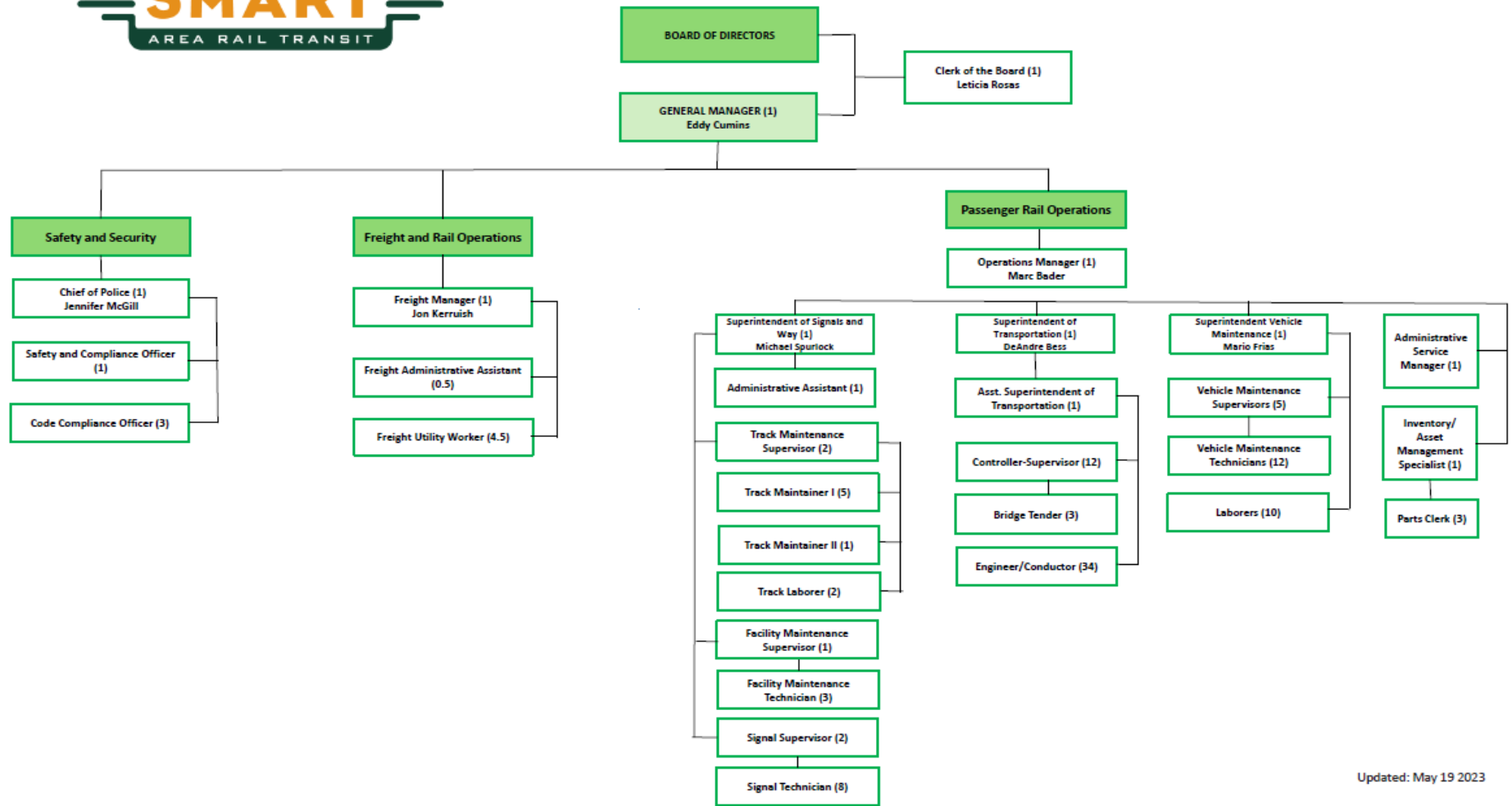


CAPITAL ORGANIZATION CHART

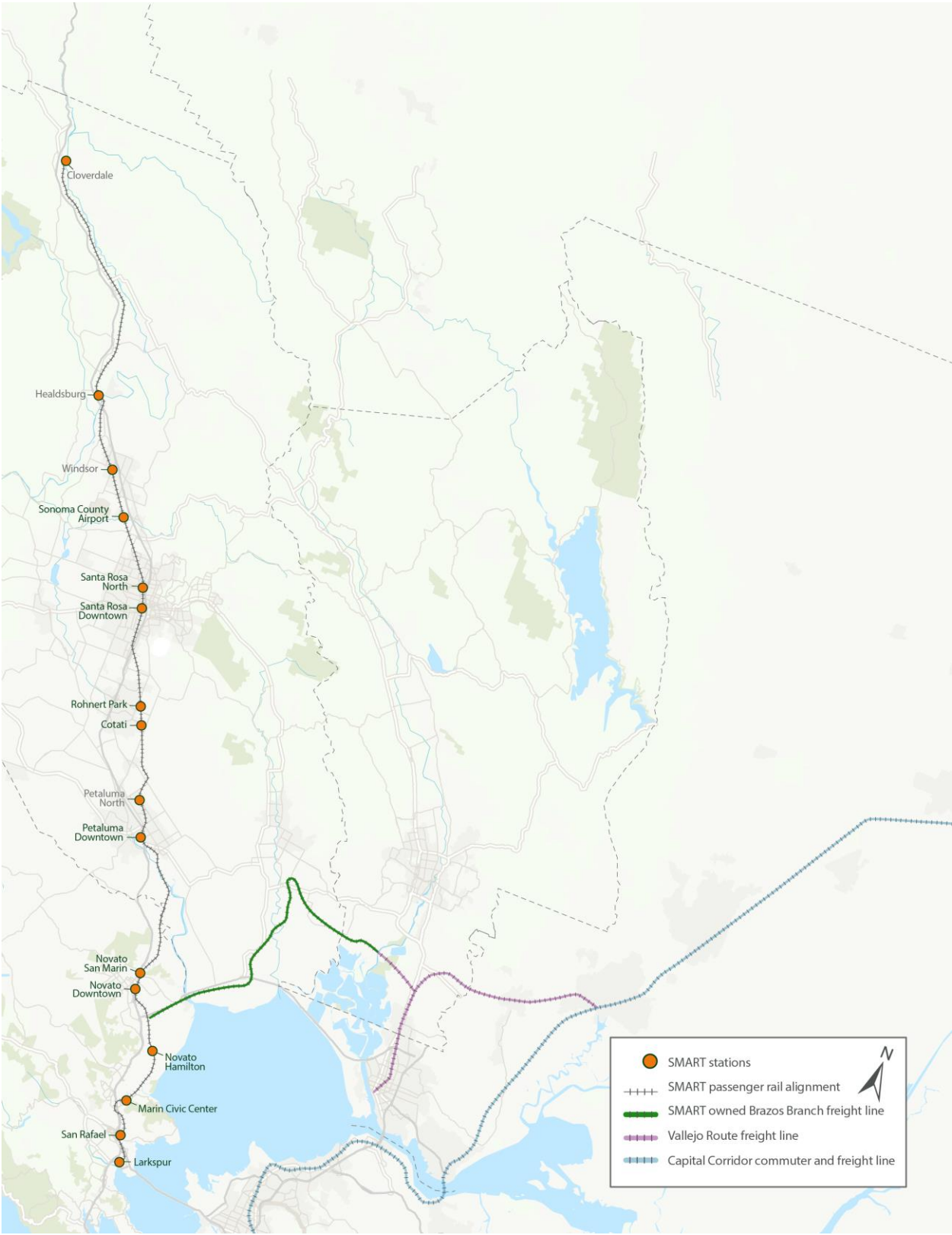




## OPERATIONS ORGANIZATION CHART



Updated: May 19 2023



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## Independent Auditor's Report

To the Governing Board of the  
Sonoma-Marín Area Rail Transit District  
Petaluma, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the passenger and freight enterprise funds of the Sonoma-Marín Area Rail Transit District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the passenger and freight enterprise fund of the District, as of June 30, 2023, 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 Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Sonoma-Marín Area Rail Transit District 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 opinions.

### ***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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 opinions. 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 GAAS 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 GAAS 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 District's internal control. 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 District's 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the district's proportionate share of the net pension liability, schedule of pension contributions, and a schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of the District's internal control over financial reporting 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



Menlo Park, California  
November 16, 2023

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Management's Discussion and Analysis  
June 30, 2023

# Sonoma-Marín Area Rail Transit District

## Management's Discussion and Analysis

As management of the Sonoma-Marín Area Rail Transit District (SMART or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2023. We encourage readers to combine the information presented here with the District's basic financial statements and the accompanying notes to the basic financial statements.

## Financial Highlights

### Passenger Service

In Fiscal Year 2023, SMART celebrated its fifth (5) year of passenger service. When SMART began revenue service in August of 2017, we ran 34 weekday trips and 10 weekend trips on 43 miles of track and 10 stations. In December of 2019, we expanded service to include 38 weekday trips and 10 weekend trips. We also opened a new segment down to Larkspur and opened two (2) new stations. The pandemic hit in March of 2020 at which time we reduced to 16 trips on the weekdays and suspended weekend service.

Starting in May of 2021, we began to bring back service by adding Saturdays, Sundays, and more service during the weekdays until we arrived at the current schedule which is 38 trips on weekdays and 16 trips on the weekends, which exceeds pre-pandemic levels of service by 17%.

SMART has the second highest ridership recovery rate of all commuter rail lines in the United States and the highest ridership recovery rate of any commuter rail line in the Bay Area.

The largest funding source for passenger rail is sales tax. Sales tax makes up approximately 63% of total revenues. SMART also received additional federal assistance related to COVID in the amount of \$7.4 million which allowed us to continue to add service back to meet or exceed pre-pandemic levels and keep fares down.

In order to assist in growing ridership in May of 2021, SMART decreased all fares by approximately 40%. Fare revenues for Fiscal Year 2023, were \$1,800,747 which was a 40% increase over Fiscal Year 2022.

### Financial Statistics - Passenger

- Net Sales tax collections were \$574,545 more in Fiscal Year 2023 for a total of \$49,649,375. This is a 1.2% increase over Fiscal Year 2022.
- Fare revenues were 40% higher than in Fiscal Year 2022.
- Operating expenses, excluding depreciation and amortization expense, were \$42.7 million in Fiscal Year 2023 which is a \$14.9 million increase over Fiscal Year 2022. Of the \$14.9 million, 60% was due to salaries and benefits, and 40% was services and supplies.
- Assets increased \$10 million or a 1.5% increase over Fiscal Year 2022.

- Assets exceeded liabilities at the close of the year ended June 30, 2023, by \$563.5 million (net position). Of this amount, \$124.3 million is unrestricted.

### Freight

California S.B. 1029 authorized SMART to operate freight service by rail. It also provided funding in the amount of \$4 million for the acquisition of freight rights and equipment from the Northwestern Pacific Railroad Company (NWPCo.). In July 2021, SMART officially became the freight common carrier for the rail line the runs from Novato (MP B25.6) to just east of the Napa River (MP B49.80) and from Larkspur (MP 15) to the Sonoma/ Mendocino County line (MP 89). NWPCo. continued to operate the line and collect the associated revenues until March 1, 2022, when final close took place. SMART hired a 3<sup>rd</sup> party operator to operate freight services on behalf of SMART until SMART could onboard the necessary employees to run the freight operations in-house. On July 1, 2022, SMART took over operations internally.

### Financial Statistics - Freight

- Total revenues for Freight service were \$4.9 million or \$3.4 million higher than Fiscal Year 2022. This was a result of operating freight for an entire year versus four months in Fiscal Year 2022.
- Operating expenses were \$3.9 million which were \$3.2 million higher than Fiscal Year 2022, again due to operating a full year in Fiscal Year 2023.
- Assets exceeded liabilities at the close of the year ended June 30, 2023, by \$13 million (net position). Of this amount, \$1.7 million is unrestricted.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements which are comprised of financial statements and the notes to the basic financial statements. the District provides its financial information utilizing enterprise fund reporting. This type of fund reporting is used for funds whose activities are financed with bonds secured solely by a pledge of net revenues from fees or charges of the activity and for which fees are designed to recover costs, as a matter of policy. These requirements apply to the District.

### **Basic Financial Statements**

The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflow of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected rental revenue and earned but unused vacation leave).

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 21-46 of this report.

### **Analysis of the Financial Statements**

The financial statements provide both short-term and long-term information about the District's overall financial condition. This analysis addresses the financial statements of the District as a whole. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position was \$576.4 million on June 30, 2023.

The largest portion of the District's net position (76.7%) reflects its investment in capital assets (e.g., land, stations, track and crossings, pathway, bridges and tunnels) net of capital related debt. The District uses these capital assets to provide passenger rail services to its customers and a pathway for the general public; consequently, these assets are not available for future spending.

Sonoma-Marin Area Rail Transit District  
Management's Discussion and Analysis  
Statement of Net Position  
For the Year Ended June 30, 2023

Passenger and Freight Combined - Statement of Net Position	Business-Type Activities			
	2023	2022	Inc/(Dec) \$	Inc/(Dec) %
<b>Assets</b>				
Current and Other Assets	\$ 148,653,566	\$ 123,633,266	\$ 25,020,300	20%
Capital Assets	\$ 536,761,589	\$ 549,080,781	\$ (12,319,192)	-2%
Net Pension Asset	\$ -	\$ 275,621	\$ (275,621)	-100%
Lease Receivable	\$ 1,925,885	\$ 1,971,683	\$ (45,798)	-2%
Total Assets	\$ 687,341,040	\$ 674,961,351	\$ 12,379,689	2%
Total Deferred Outflows of Resources	\$ 4,804,465	\$ 4,209,286	\$ 595,179	14%
<b>Liabilities</b>				
Long-Term Liabilities Outstanding	\$ 84,302,027	\$ 96,113,293	\$ (11,811,266)	-12%
Other Liabilities	\$ 24,874,421	\$ 22,820,804	\$ 2,053,617	9%
Total Liabilities	\$ 109,176,448	\$ 118,934,097	\$ (9,757,649)	-8%
Total Deferred Inflows of Resources	\$ 6,519,478	\$ 3,501,720	\$ 3,017,758	86%
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 442,223,308	\$ 442,201,252	\$ 22,056	0%
Restricted	\$ 8,244,508	\$ 7,440,671	\$ 803,837	11%
Unrestricted	\$ 125,981,763	\$ 107,092,897	\$ 18,888,866	18%
<b>Total Net Position</b>	<b>\$ 576,449,579</b>	<b>\$ 556,734,820</b>	<b>\$ 19,714,759</b>	<b>4%</b>

The District's net position increased \$19.7 million during the year ended June 30, 2023, due mainly to the increase in revenues and a decrease in bonds payable in passenger rail.

Sonoma-Marín Area Rail Transit District  
Management's Discussion and Analysis  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2023

Passenger and Freight Combined - Statement of Revenues, Expenses, and Changes in Net Position	Business-Type Activities			
	2023	2022	Inc/(Dec) \$	Inc/(Dec) %
<b>Operating Revenues</b>				
Passenger Fares	\$ 1,800,747	\$ 1,283,112	\$ 517,635	40%
Freight Movement Revenue	\$ 743,555	\$ 295,433	\$ 448,122	152%
Other Operating Revenue	\$ 972,974	\$ 1,149,008	\$ (176,034)	-15%
Total Operating Revenue	<u>\$ 3,517,276</u>	<u>\$ 2,727,553</u>	<u>\$ 789,723</u>	<u>29%</u>
<b>Operating Expenses</b>				
Salaries and Employee Benefits	\$ 26,041,905	\$ 17,437,640	\$ 8,604,265	49%
Depreciation and Amortization	\$ 19,377,343	\$ 20,877,284	\$ (1,499,941)	-7%
Other Operating Expenses	\$ 16,544,635	\$ 10,151,605	\$ 6,393,030	63%
Total Operating Expenses	<u>\$ 61,963,883</u>	<u>\$ 48,466,529</u>	<u>\$ 13,497,354</u>	<u>28%</u>
Operating Loss	\$ (58,446,607)	\$ (45,738,976)	\$ (12,707,631)	28%
<b>Nonoperating Revenues (Expenses)</b>				
Sales & Use Taxes	\$ 49,649,375	\$ 49,074,830	\$ 574,545	1%
State and Federal Operating Assistance	\$ 24,663,720	\$ 17,184,007	\$ 7,479,713	44%
Other Nonoperating Revenues and Expenses	\$ (193,798)	\$ (3,751,530)	\$ 3,557,732	-95%
Total Nonoperating Revenues (Expenses)	<u>\$ 74,119,297</u>	<u>\$ 62,507,307</u>	<u>\$ 11,611,990</u>	<u>19%</u>
Total Capital Contributions	<u>\$ 4,042,069</u>	<u>\$ 2,743,571</u>	<u>\$ 1,298,498</u>	<u>47%</u>
Excess Before Special Items	\$ 19,714,759	\$ 19,511,902	\$ 202,857	1%
Total Special Items	<u>\$ -</u>	<u>\$ 11,292,136</u>	<u>\$ (11,292,136)</u>	<u>-100%</u>
Change in Net Position	<u>\$ 19,714,759</u>	<u>\$ 30,804,038</u>	<u>\$ (11,089,279)</u>	<u>-36%</u>
Net Position - Beginning	<u>\$ 556,734,820</u>	<u>\$ 525,930,782</u>	<u>\$ 30,804,038</u>	<u>6%</u>
Net Position - Ending	<u>\$ 576,449,579</u>	<u>\$ 556,734,820</u>	<u>\$ 19,714,759</u>	<u>4%</u>

Sonoma-Marín Area Rail Transit District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

### Fiscal Year 2023 Revenues

The District's revenues are categorized as either operating or non-operating. The chart below shows total revenues for both passenger and freight for both Fiscal Year 2023 and Fiscal Year 2022. Overall revenues increased by \$13.7 million or 20% in Fiscal Year 2023.

Category	2023	2022	Inc/(Dec) \$	Inc/(Dec) %
Fare Revenue	\$ 1,800,747	\$ 1,283,112	\$ 517,635	40%
Freight Movement Fees	\$ 743,555	\$ 295,000	\$ 448,555	152%
Other Operating Revenue	\$ 972,974	\$ 1,149,441	\$ (176,467)	-15%
Sales & Use Tax	\$ 49,649,375	\$ 49,074,830	\$ 574,545	1%
State Operating Assistance	\$ 13,307,756	\$ 6,537,550	\$ 6,770,206	104%
Federal Operating Assistance	\$ 11,355,964	\$ 10,646,457	\$ 709,507	7%
Investment Earnings (loss)	\$ 839,529	\$ (2,023,805)	\$ 2,863,334	-141%
Miscellaneous	\$ 711,820	\$ 46,229	\$ 665,591	1440%
Capital Contributions	\$ 4,042,069	\$ 2,743,571	\$ 1,298,498	47%
Interest Earnings	\$ 41,136	\$ 10,461	\$ 30,675	293%
Gain on Sale of Asset	\$ 32,613	\$ -	\$ 32,613	100%
<b>Total Revenues</b>	<b>\$ 83,497,538</b>	<b>\$ 69,762,846</b>	<b>\$ 13,734,692</b>	<b>20%</b>

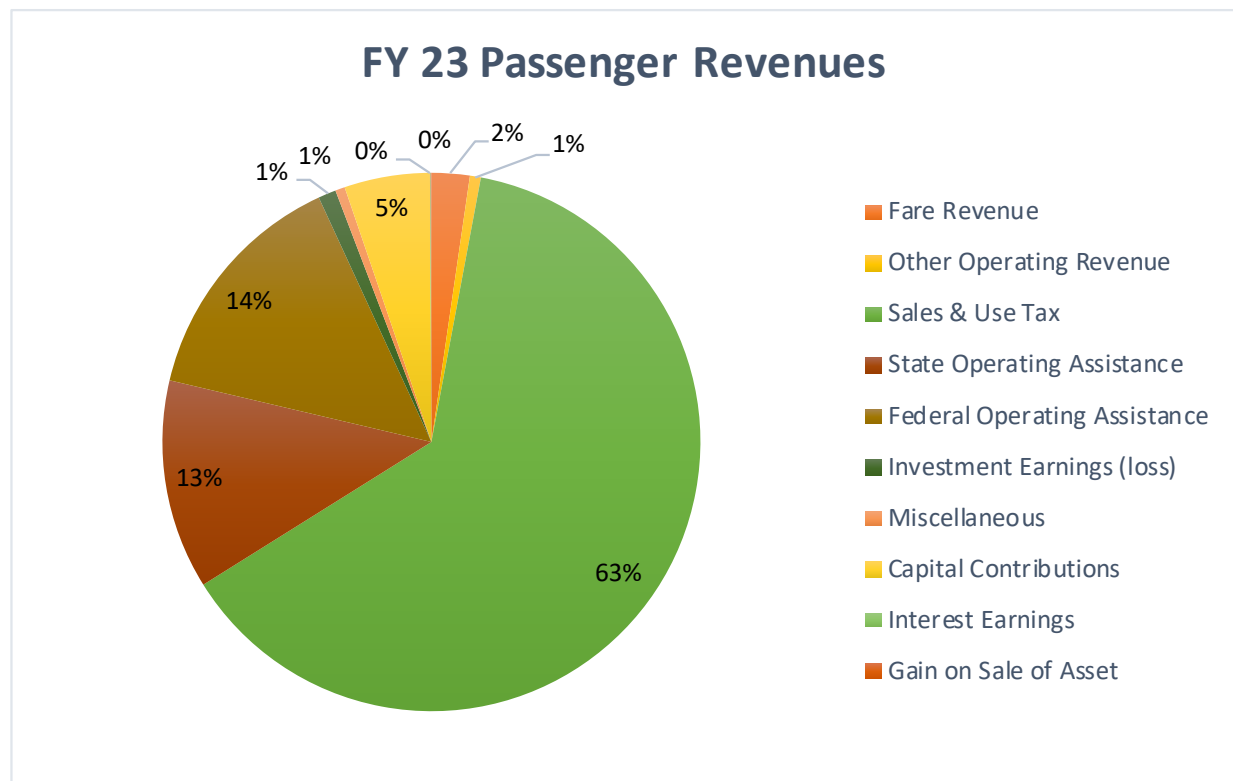
### Passenger

- Operating revenues of \$2,320,325 consisting of fare, advertising, parking, and other revenues are directly generated by operations and ownership of property within the District. This figure is \$223,939 higher than Fiscal Year 2022 which is due to an increase in fare revenue.
- Non-operating revenues of \$76,294,143 is comprised of sales tax, state and federal operating assistance, and miscellaneous revenue.
  - Sales tax, the District's single largest ongoing source of revenue increased by 1.2% over the previous year.
  - The District received \$7.4 million in discretionary American Rescue Plan Act federal operating assistance in Fiscal Year 2023 which is designed to offset revenue losses and support operations through the duration of the COVID-19 impacts.
  - Investment earnings were significantly higher \$839,529 in FY 23 verses FY 22 (\$2,023,805).

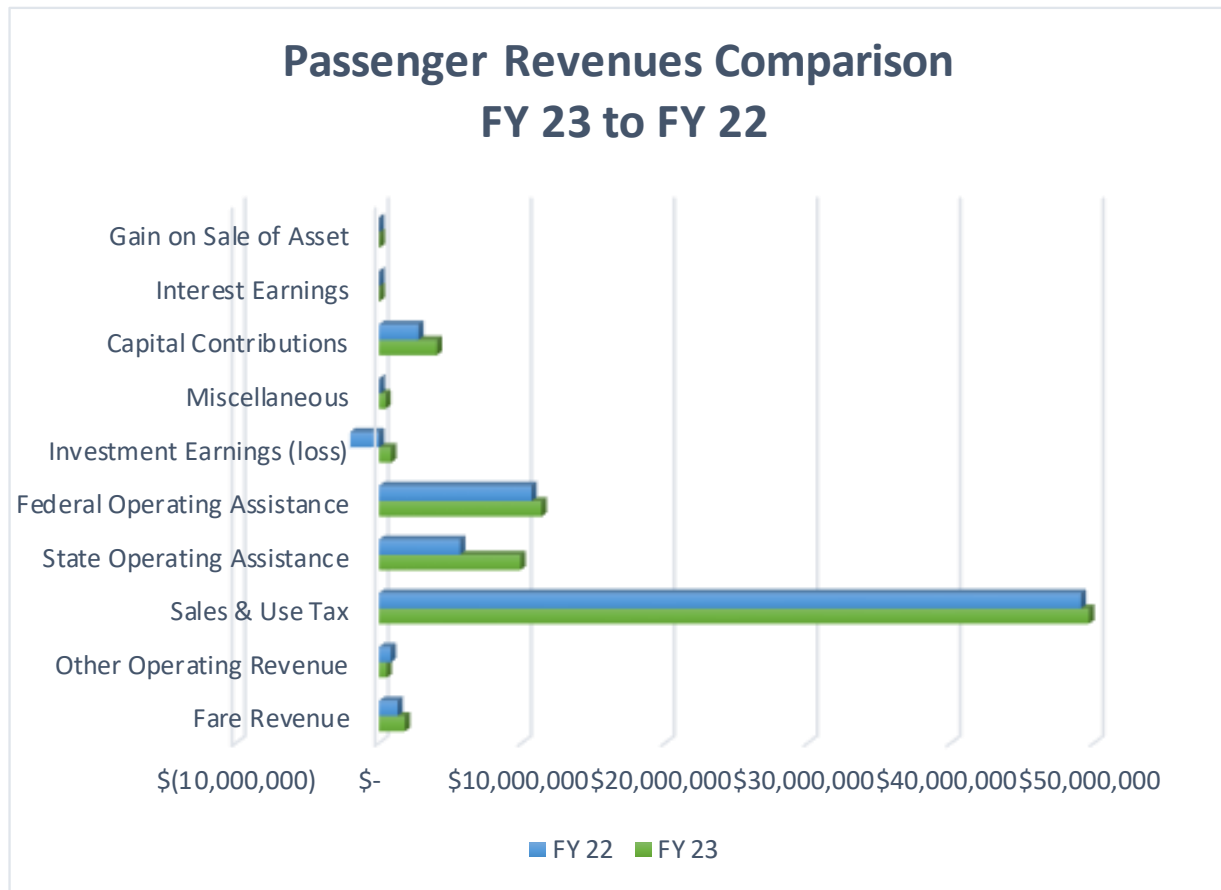
Capital contributions of \$4,042,069 are \$1,298,498 higher than the year ended June 30, 2022.

Sonoma-Marin Area Rail Transit District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

Category	2023	2022	Inc/(Dec) \$	Inc/(Dec) %
Fare Revenue	\$ 1,800,747	\$ 1,283,112	\$ 517,635	40%
Other Operating Revenue	\$ 519,578	\$ 813,274	\$ (293,696)	-36%
Sales & Use Tax	\$ 49,649,375	\$ 49,074,830	\$ 574,545	1%
State Operating Assistance	\$ 9,883,519	\$ 5,657,989	\$ 4,225,530	75%
Federal Operating Assistance	\$ 11,355,964	\$ 10,646,457	\$ 709,507	7%
Investment Earnings (loss)	\$ 839,529	\$ (2,023,805)	\$ 2,863,334	-141%
Miscellaneous	\$ 454,896	\$ 46,229	\$ 408,667	884%
Capital Contributions	\$ 4,042,069	\$ 2,743,571	\$ 1,298,498	47%
Interest Earnings	\$ 36,178	\$ 9,984	\$ 26,194	262%
Gain on Sale of Asset	\$ 32,613	\$ -	\$ 32,613	100%
<b>Total Revenues</b>	<b>\$ 78,614,468</b>	<b>\$ 68,251,641</b>	<b>\$ 10,362,827</b>	<b>15%</b>





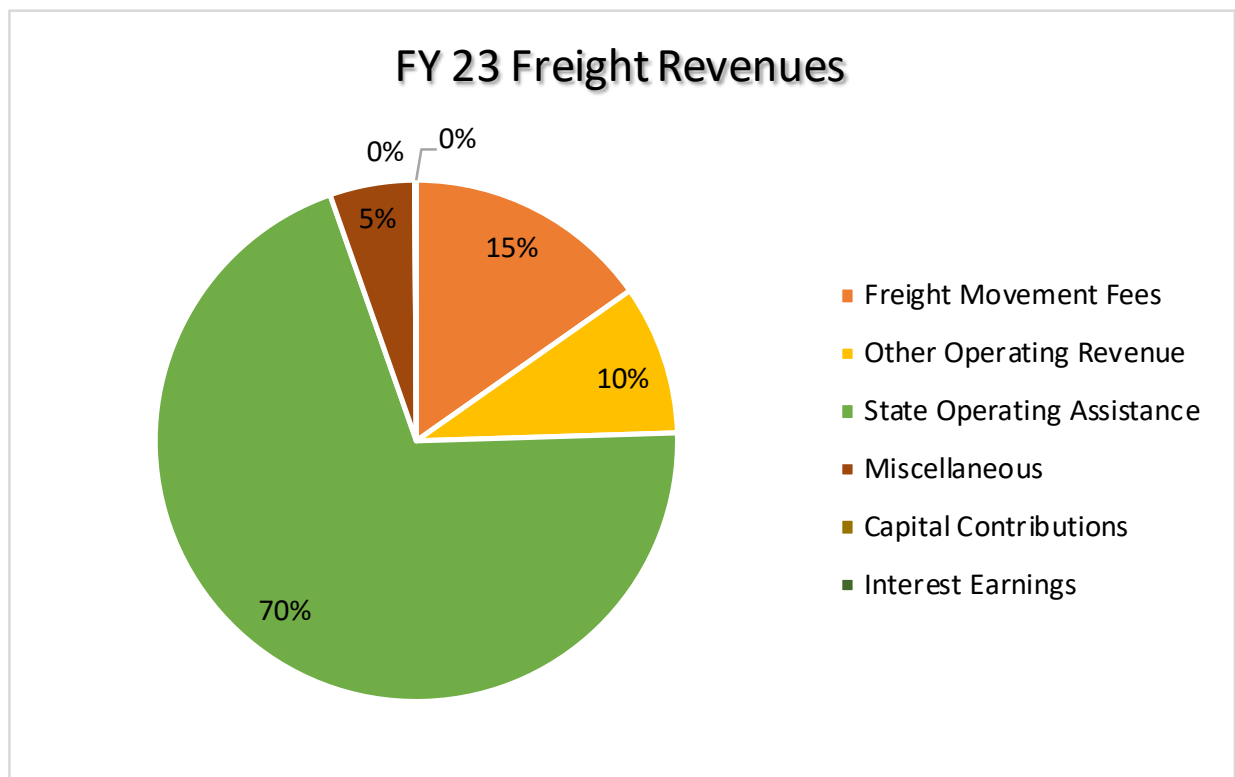


#### Freight

- Operating revenues of \$1,196,951 consisting of freight movement fees, storage fees, lease income, and other revenues are directly generated by operations. This figure is \$565,784 higher than Fiscal Year 2022. This is a result of operating a full year verses a partial year in Fiscal Year 2022.
- Non-operating revenues of \$3,647,115 is comprised of state grants and proceeds from the sale of 45(g) tax credits.
- There were no Capital contributions in Fiscal Year 2023.

Sonoma-Marin Area Rail Transit District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

Category	2023	2022	Inc/(Dec) \$	Inc/(Dec) %
Freight Movement Fees	\$ 743,555	\$ 295,000	\$ 448,555	152%
Other Operating Revenue	\$ 453,396	\$ 336,167	\$ 117,229	35%
State Operating Assistance	\$ 3,424,237	\$ 879,561	\$ 2,544,676	289%
Miscellaneous	\$ 256,924	\$ -	\$ 256,924	100%
Capital Contributions	\$ -	\$ -	\$ -	0%
Interest Earnings	\$ 4,958	\$ 477	\$ 4,481	939%
<b>Total Revenues</b>	<b>\$ 4,883,070</b>	<b>\$ 1,511,205</b>	<b>\$ 3,371,865</b>	<b>223%</b>



Sonoma-Marín Area Rail Transit District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

### Fiscal Year 2023 Expenses

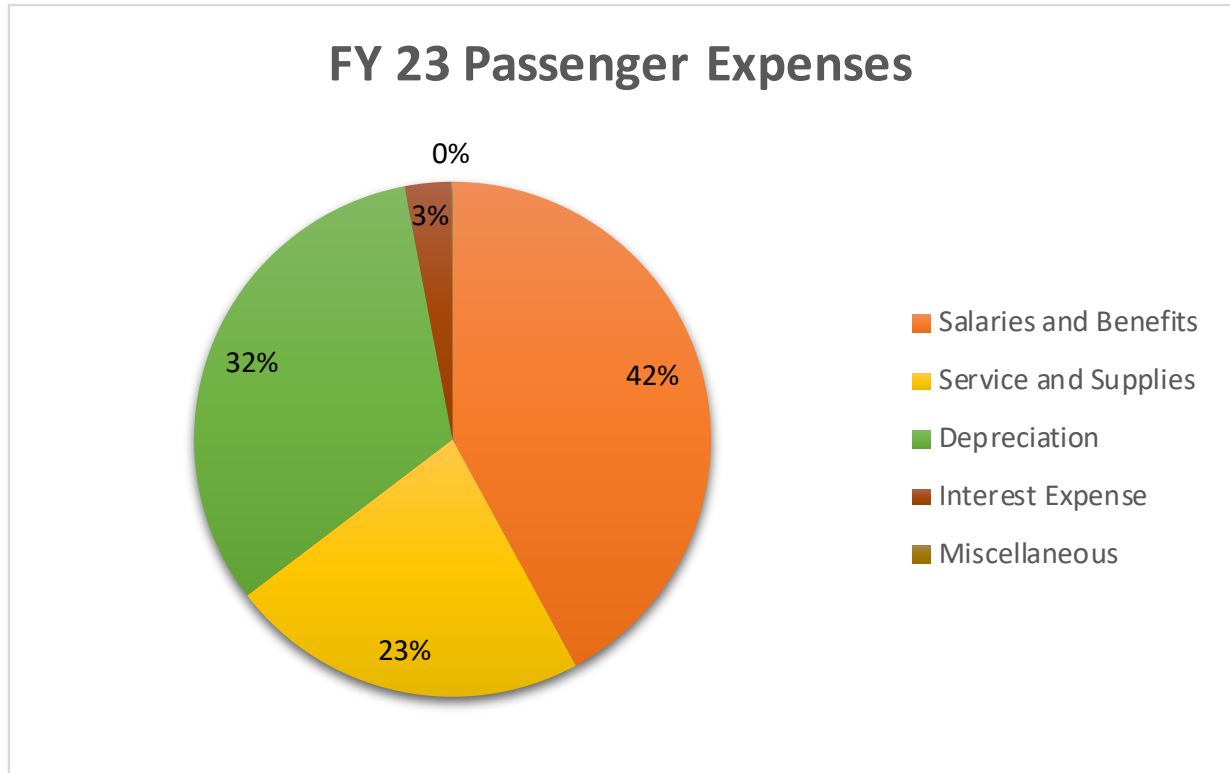
The District's largest expense is salaries and benefits which make up 61% of total expenses less depreciation and interest expense. The chart below shows total expenses for both passenger and freight for both Fiscal Year 2023 and Fiscal Year 2022. Overall expenditures (less depreciation and interest expense) increased by \$15 million or 54% in Fiscal Year 2023. See explanation below.

Category	2023	2022	Inc/(Dec) \$	Inc/(Dec) %
Salaries and Benefits	\$ 26,041,905	\$ 17,437,640	\$ 8,604,265	49%
Service and Supplies	\$ 16,544,635	\$ 10,144,193	\$ 6,400,442	63%
Miscellaneous	\$ 72,733	\$ 138,746	\$ (66,013)	-48%
<b>Total Expenses before Depreciation</b>	<b>\$ 42,659,273</b>	<b>\$ 27,720,579</b>	<b>\$ 14,938,694</b>	<b>54%</b>
Depreciation	\$ 19,377,343	\$ 20,877,284	\$ (1,499,941)	-7%
Interest Expense	\$ 1,746,163	\$ 1,653,081	\$ 93,082	6%
<b>Total Expenses</b>	<b>\$ 63,782,779</b>	<b>\$ 50,250,944</b>	<b>\$ 13,531,835</b>	<b>27%</b>

### Passenger

- The District's passenger operations had operating expenses of \$58,021,719 tied to salaries, benefits, services and supplies and depreciation and amortization.
- Salaries and benefits increased over the year ended June 30, 2022, by \$7,774,403 due to the addition of 8.5 new positions, actively filling positions (some were kept vacant in FY 22) and increases in pay for both bargaining and non-bargaining employees.
- Services and supplies increased by \$4,018,042 due to increases in service levels which increased expenditures.

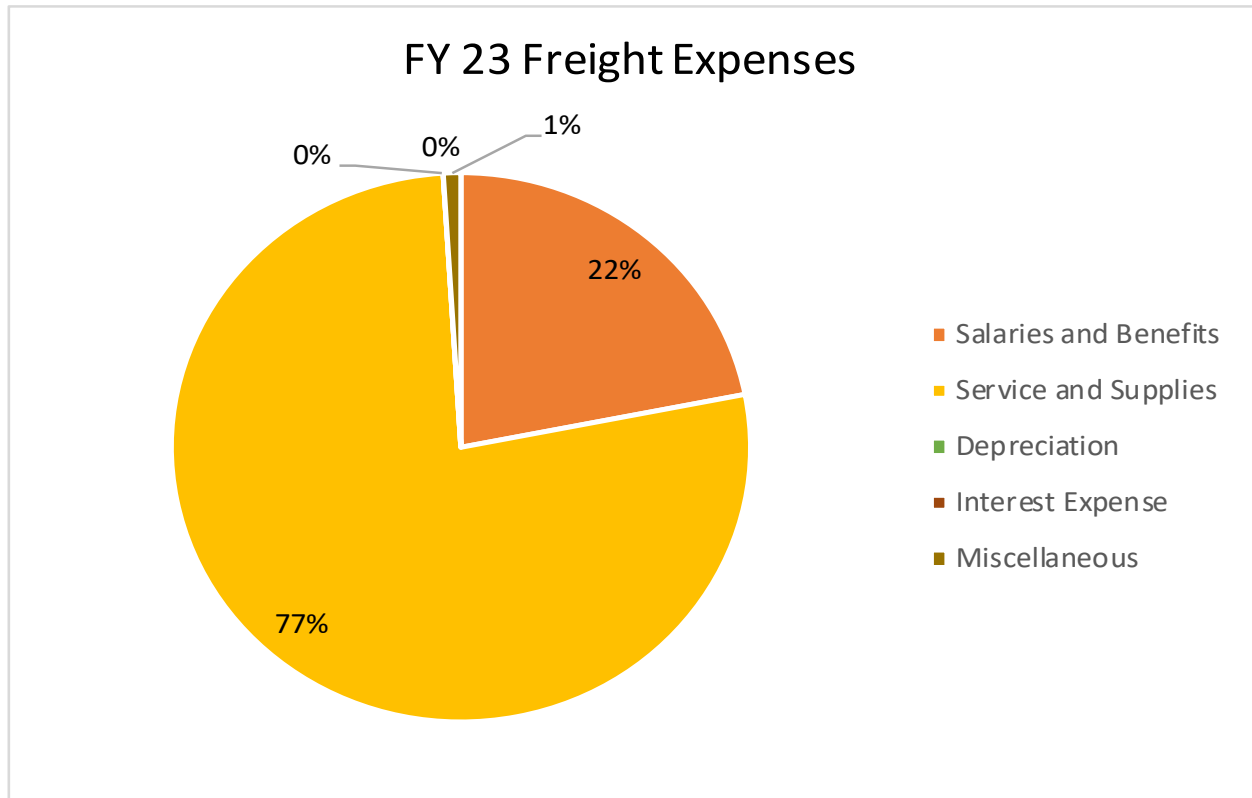
Category	2023	2022	Inc/(Dec) \$	Inc/(Dec) %
Salaries and Benefits	\$ 25,169,615	\$ 17,395,212	\$ 7,774,403	45%
Service and Supplies	\$ 13,474,761	\$ 9,456,719	\$ 4,018,042	42%
Depreciation	\$ 19,377,343	\$ 20,877,284	\$ (1,499,941)	-7%
Interest Expense	\$ 1,746,163	\$ 1,653,081	\$ 93,082	6%
Miscellaneous	\$ 33,729	\$ 126,778	\$ (93,049)	-73%
<b>Total Expenses</b>	<b>\$ 59,801,611</b>	<b>\$ 49,509,074</b>	<b>\$ 10,292,537</b>	<b>21%</b>



#### Freight

- The District's freight operations had expenses of \$3,981,168 tied to salaries, benefits, services, and supplies.
- Salaries and benefits increased over the year ended June 30, 2022, by \$829,862. In Fiscal Year 2022 freight was operated by SMART for only four (4) months. In Fiscal Year 2023, we operated an entire year.
- Services and supplies increased by \$2,382,400 due to an entire year of operations which included repairing infrastructure and rolling stock.

Category	2023	2022	Inc/(Dec) \$	Inc/(Dec) %
Salaries and Benefits	\$ 872,290	\$ 42,428	\$ 829,862	1956%
Service and Supplies	\$ 3,069,874	\$ 687,474	\$ 2,382,400	347%
Depreciation	\$ -	\$ -	\$ -	0%
Interest Expense	\$ -	\$ -	\$ -	0%
Miscellaneous	\$ 39,004	\$ 11,968	\$ 27,036	226%
<b>Total Expenses</b>	<b>\$ 3,981,168</b>	<b>\$ 741,870</b>	<b>\$ 3,239,298</b>	<b>437%</b>



### Capital Assets

The District's capital assets, as of June 30, 2023, are \$536,761,589 (net of accumulated depreciation and amortization) which is a decrease of \$12,319,192 over June 30, 2022.

Land increased by \$241,375. This increase was a result of a land purchase next to SMART's station in downtown Petaluma for future parking needs.

Sonoma-Marín Area Rail Transit District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

Passenger and Freight Combined - Capital Assets	2023	2022	Inc/(Dec) \$	Inc/(Dec) %
<b>Assets</b>				
Land	\$ 50,859,762	\$ 50,618,387	\$ 241,375	0%
Intangible Assets	\$ 4,019,770	\$ 4,019,770	\$ -	0%
Construction in Progress	\$ 31,562,371	\$ 29,523,391	\$ 2,038,980	7%
Total Nondepreciable Capital Assets	\$ 86,441,903	\$ 84,161,548	\$ 2,280,355	3%
Infrastructure	\$ 371,268,598	\$ 386,714,037	\$ (15,445,439)	-4%
Buildings and Improvements	\$ 19,092,717	\$ 19,716,094	\$ (623,377)	-3%
Equipment and Vehicles	\$ 7,018,053	\$ 6,105,554	\$ 912,499	15%
Rvenue Vehicles	\$ 50,688,174	\$ 51,776,630	\$ (1,088,456)	-2%
Intangible Assets	\$ 62,795	\$ 103,638	\$ (40,843)	-39%
Right-to-use Lease	\$ 2,189,349	\$ 503,280	\$ 1,686,069	335%
Total Net Depreciable Capital Assets	\$ 450,319,686	\$ 464,919,233	\$ (14,599,547)	-3%
<b>Total Capital Assets, Net of Depreciation</b>	<b>\$ 536,761,589</b>	<b>\$ 549,080,781</b>	<b>\$ (12,319,192)</b>	<b>-2%</b>

Additional information on the District's capital assets can be found in Note 3 of the notes to the basic financial statements.

### Debt

The District had \$92,310,000 in bonds outstanding June 30, 2023, compared to \$106,325,000 on June 30, 2022. Additional information on the District's long-term debt can be found in Note 4.

### Economy

The District operations rely directly on the strength of its designated Measure Q sales and use tax receipts which provide more than 63% of its total revenues on an ongoing basis. The strength of this revenue source is dependent on the economic health of the two counties of the District, particularly employment rates and job growth. Both counties have seen continued growth in sales tax receipts after the initial dip in revenues in Fiscal Year 2022. Increases in sales tax are expected to continue to occur only on a slower basis over the next several years.

### Request for Additional Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma-Marín Area Rail Transit District, Chief Financial Officer, 5401 Old Redwood Highway, Suite 200, Petaluma, CA 94954.

Sonoma-Marin Area Rail Transit District  
Statement of Net Position  
As of June 30, 2023

	Passenger	Freight	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalent	\$ 111,517,510	\$ 3,973,935	\$ 115,491,445
Restricted cash, cash equivalents, and investments	5,519,709	-	5,519,709
Sales tax receivables	8,818,330	-	8,818,330
Due from other governments	11,298,707	-	11,298,707
Lease receivables	72,025	104,239	176,264
Other receivables	1,817,100	384,399	2,201,499
Inventory	2,481,651	-	2,481,651
Interest receivable	2,843	1,267	4,110
Prepaid Expenses	2,551,592	110,259	2,661,851
<b>Total current assets</b>	<b>144,079,467</b>	<b>4,574,099</b>	<b>148,653,566</b>
<b>Noncurrent Assets</b>			
Lease receivables	1,630,216	295,669	1,925,885
Capital assets not depreciated	75,149,767	11,292,136	86,441,903
Capital assets, net of accumulated depreciation	448,130,337	-	448,130,337
Right of use assets, net of accumulated amortization	2,189,349	-	2,189,349
<b>Total noncurrent assets</b>	<b>527,099,669</b>	<b>11,587,805</b>	<b>538,687,474</b>
<b>Total assets</b>	<b>671,179,136</b>	<b>16,161,904</b>	<b>687,341,040</b>
<b>Deferred Outflows of Resources</b>			
Pension related	3,255,642	-	3,255,642
OPEB related	1,548,823	-	1,548,823
<b>Total deferred outflows of resources</b>	<b>4,804,465</b>	<b>-</b>	<b>4,804,465</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	3,877,915	444,161	4,322,076
Accrued liabilities	1,528,632	613,854	2,142,486
Bonds payable - current	14,765,000	-	14,765,000
Interest payable	500,734	-	500,734
Unearned revenue	6,262	1,705,675	1,711,937
Compensated absences	1,041,585	25,199	1,066,784
Leases payable	365,404	-	365,404
<b>Total current liabilities</b>	<b>22,085,532</b>	<b>2,788,889</b>	<b>24,874,421</b>
<b>Noncurrent Liabilities</b>			
Compensated absences	367,146	13,575	380,721
Bonds payable	77,545,000	-	77,545,000
Leases payable	1,756,409	-	1,756,409
Other noncurrent liabilities	159,597	-	159,597
Net Pension liability	2,227,040	-	2,227,040
Total OPEB liability	2,233,260	-	2,233,260
<b>Total noncurrent liabilities</b>	<b>84,288,452</b>	<b>13,575</b>	<b>84,302,027</b>
<b>Total liabilities</b>	<b>106,373,984</b>	<b>2,802,464</b>	<b>109,176,448</b>
<b>Deferred Inflows of Resources</b>			
Lease related	1,659,122	396,067	2,055,189
OPEB related	4,434,180	-	4,434,180
Pension related	30,109	-	30,109
<b>Total deferred inflows of resources</b>	<b>6,123,411</b>	<b>396,067</b>	<b>6,519,478</b>
<b>Net Position</b>			
Net investment in capital assets	430,935,348	11,287,960	442,223,308
Restricted for			
Debt service	5,018,975	-	5,018,975
Pensions	3,225,533	-	3,225,533
Unrestricted	124,306,350	1,675,413	125,981,763
<b>Total net position</b>	<b>\$ 563,486,206</b>	<b>\$ 12,963,373</b>	<b>\$ 576,449,579</b>

Sonoma-Marin Area Rail Transit District  
Statement of Revenue, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2023

	Passenger	Freight	Total
Operating Revenues			
Charges for services			
Passenger fares	\$ 1,800,747	\$ -	\$ 1,800,747
Rent income	390,448	444,360	834,808
Other services	129,130	9,036	138,166
Freight movement	-	743,555	743,555
Total Operating Revenues	<u>2,320,325</u>	<u>1,196,951</u>	<u>3,517,276</u>
Operating Expenses			
Salaries and employee benefits	25,169,615	872,290	26,041,905
Services and supplies	13,474,761	3,069,874	16,544,635
Depreciation and amortization	19,377,343	-	19,377,343
Total Operating Expenses	<u>58,021,719</u>	<u>3,942,164</u>	<u>61,963,883</u>
Operating Loss	<u>(55,701,394)</u>	<u>(2,745,213)</u>	<u>(58,446,607)</u>
Nonoperating Revenues (Expenses)			
Sales and use taxes	49,649,375	-	49,649,375
State operating assistance	9,883,519	3,424,237	13,307,756
Federal operating assistance	11,355,964	-	11,355,964
Rent expense	(33,729)	(39,004)	(72,733)
Investment earnings	839,529	-	839,529
Interest earnings	36,178	4,958	41,136
Miscellaneous revenues	454,896	256,924	711,820
Gain on sale of asset	32,613	-	32,613
Interest expense	(1,746,163)	-	(1,746,163)
Total Nonoperating Revenues (Expenses)	<u>70,472,182</u>	<u>3,647,115</u>	<u>74,119,297</u>
Income Before Capital Contributions	14,770,788	901,902	15,672,690
Capital Contributions			
State of California	1,618,691	-	1,618,691
State of Good Repair	316,906	-	316,906
Sonoma County Transportation Authority - Measure M	1,025,746	-	1,025,746
Federal	1,050,726	-	1,050,726
Other governmental agencies	30,000	-	30,000
Total Capital Contributions	<u>4,042,069</u>	<u>-</u>	<u>4,042,069</u>
Change In Net Position	<u>18,812,857</u>	<u>901,902</u>	<u>19,714,759</u>
Net Position-Beginning	<u>544,673,349</u>	<u>12,061,471</u>	<u>556,734,820</u>
Net Position-Ending	<u>\$ 563,486,206</u>	<u>\$ 12,963,373</u>	<u>\$ 576,449,579</u>



Sonoma-Marin Area Rail Transit District  
Statement of Cash Flows  
For the Year Ended June 30, 2023

	Passenger	Freight	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,800,747	\$ 661,910	\$ 2,462,657
Receipts from others	129,130	-	129,130
Cash received as lessor	361,674	441,688	803,362
Payments to suppliers for goods and services	(13,982,975)	(2,476,966)	(16,459,941)
Cash payments to employees for services	(20,987,851)	(833,516)	(21,821,367)
Net Cash Used For Operating Activities	(32,679,275)	(2,206,884)	(34,886,159)
Cash Flows from Noncapital Financing Activities			
Sales tax received	49,696,124	-	49,696,124
State operating assistance	3,872,367	4,206,000	8,078,367
Federal operating assistance	13,948,578	-	13,948,578
Cash paid on projects on behalf of other governments	32,613	-	32,613
Cash receipts for third party infrastructure	451,748	256,924	708,672
Net Cash Provided by Noncapital and Financing Activities	68,001,430	4,462,924	72,464,354
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(5,473,568)	-	(5,473,568)
Capital grants received restricted for capital purposes	4,042,069	-	4,042,069
Interest received as lessor	36,178	4,958	41,136
Cash paid as lessee	(114,708)	(39,004)	(153,712)
Principal payments on long-term debt	(14,015,000)	-	(14,015,000)
Interest paid on capital debt	(1,772,493)	-	(1,772,493)
Net Cash Used for Capital and Related Financing Activities	(17,297,522)	(34,046)	(17,331,568)
Cash Flows from Investing Activities			
Investment income (loss)	413,505	(1,267)	412,238
Net Cash (Used For) Provided by Investing Activities	413,505	(1,267)	412,238
Net Increase (Decrease) In Cash and Cash Equivalents	18,438,138	2,220,727	20,658,865
Cash And Cash Equivalents - Beginning	98,599,081	1,753,208	100,352,289
Cash And Cash Equivalents - Ending	<u>\$117,037,219</u>	<u>\$ 3,973,935</u>	<u>\$121,011,154</u>
Reconciliation to the Statement of Net Position			
Cash and cash equivalents	\$111,517,510	\$ 3,973,935	\$115,491,445
Restricted Cash, Cash Equivalents, and Investments with Trustee	<u>5,519,709</u>	<u>-</u>	<u>5,519,709</u>
Total cash and cash equivalents	<u>\$117,037,219</u>	<u>\$ 3,973,935</u>	<u>\$121,011,154</u>

Sonoma-Marin Area Rail Transit District  
Statement of Cash Flows  
For the Year Ended June 30, 2023

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Reconciliation of the Operating Loss to Net Cash			
Used for operating activities	Passenger	Freight	Total
Operating loss	<u>\$ (55,701,394)</u>	<u>\$ (2,745,213)</u>	<u>\$ (58,446,607)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation and amortization	19,377,343	-	19,377,343
Changes in operating assets, liabilities, deferred inflows of resources, and deferred outflows of resources			
(Increase) decrease in prepaid expenses	(279,836)	(79,687)	(359,523)
(Increase) decrease in lease receivables and related deferred inflow of resources	(28,774)	(2,672)	(31,446)
(Increase) decrease in accounts receivable	3,707	(90,681)	(86,974)
Increase (decrease) in accounts payable and other accrued liabilities	475,203	672,595	1,147,798
Increase (decrease) in compensated absences	(213,212)	38,774	(174,438)
Increase (decrease) in net post-employment benefits obligation	1,939,919	-	1,939,919
Increase (decrease) in net pension liability and related deferred outflow/inflow of resources	<u>1,747,769</u>	<u>-</u>	<u>1,747,769</u>
Net cash used by operating activities	<u><u>\$ (32,679,275)</u></u>	<u><u>\$ (2,206,884)</u></u>	<u><u>\$ (34,886,159)</u></u>
Schedule of Non-Cash Investing, Capital, and Financing Activities	Passenger	Freight	Total
Unrealized loss on investments	<u>\$ (742,569)</u>	<u>\$ -</u>	<u>\$ (742,569)</u>

**Note 1 - Summary of Significant Accounting Policies****A. Reporting entity**

The Sonoma-Marín Area Rail Transit District (District) was formed in January 2003 by provisions of the Sonoma-Marín Area Rail Transit District Act, as successor to the Sonoma-Marín Area Rail Transit Commission and the Northwestern Pacific Railroad Authority in the California Counties of Sonoma and Marin. Its purpose, as defined by the State, is to provide for a unified, comprehensive institutional structure for the ownership and governance of a passenger rail system within the Counties of Sonoma and Marin that shall operate in concert with existing freight service that operates upon the same rail line and serves the Counties of Humboldt, Marin, Mendocino, Napa and Sonoma. The District also owns and is constructing additional portions of a multiuse non-motorized pathway within its right-of-way. The District is governed by a 12-member Board of Directors consisting of two supervisors each from the counties of Marin and Sonoma, two members from the Golden Gate Bridge, Highway and Transportation District, and six members representing jurisdictions within the District.

**B. Fund Accounting**

The District uses proprietary (enterprise) funds to account for its activities. An enterprise fund may be used to report any activity for which a fee is charged to external users for goods or services. Enterprise funds are required for any activity whose principal external revenue sources meet any of the following criteria: (1) issued debt is backed solely by fees and charges, (2) the cost of providing services for any activity (including capital costs such as depreciation or debt service) must be legally recovered through fees or charges, or (3) if the government's policy is to establish activity fees or charges designed to recover the cost of providing services.

Proprietary funds distinguish operating from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges for services for transit fares and freight operations. Operating expenses for the District include operating and maintaining passenger railway and administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Basis of Presentation**

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recorded when earned and reported as non-operating revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**D. Cash Equivalents**

The District considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The District's cash and investments in the Sonoma County Treasury Pool (Treasury Pool) are, in substance, demand deposits and are considered cash equivalents.

**E. Investments**

The District measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, using observable market transactions or available market information. The District's investments in the Sonoma County investment pool are uncategorized because deposits to and from the pool are made on the basis of \$1 and not at fair value.

**F. Restricted Cash and Investments with Trustee**

Assets whose use is restricted to specific purposes by bond indenture or otherwise are segregated on the statement of net position. These assets are primarily restricted for direct project-related expenses and debt service purposes. Bond interest and redemption represent funds accumulated for debt service payments due in the next twelve months and reserve funds set aside to make up potential future deficiencies. Restricted accounts consisting of highly liquid investments with a maturity of three months or less when purchased are classified as cash equivalents.

**G. Receivables**

Receivables consist of amounts owed to SMART by other governmental agencies and the public. Amounts due from other governments are considered fully collectible. Accounts receivable from the public include reimbursements from other entities for services provided or for use of SMART owned assets. An allowance for doubtful accounts receivable is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection may not occur.

**H. Capital Assets**

Capital assets are tangible and intangible assets which include land, facilities, infrastructure, equipment, leases as lessee, easements, and construction in progress (CIP). It is the District's policy to capitalize qualifying assets with a cost of \$5,000 or more and a useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Betterments and major improvements that significantly increase value, change capacity, or extend the useful life are capitalized. Donated capital assets are recorded based on their market value at the date of acquisition.

Capital assets are depreciated using the straight-line method over their useful lives. The useful life for revenue and non-revenue vehicles is determined based on the Federal Transit Administration's Default Useful Life Benchmark. SMART uses the IRS Publication 946 for all other class lives. Land, CIP, and intangible assets with an indefinite useful life are not depreciated.

**I. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay reported in the basic financial statements is accrued when earned. Twenty-five percent of sick leave is payable on termination and is accrued as it is earned.

Employee compensated absences liabilities as of June 30, 2023 are as follows:

<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due in One Year</u>
<u>\$ 1,621,943</u>	<u>\$ 320,201</u>	<u>\$ (494,639)</u>	<u>\$ 1,447,505</u>	<u>\$ 1,066,784</u>

**J. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance, including, but not limited to, comprehensive railroad liability and other relevant liability policies, automobile, employment and workers compensation policies. In addition, the District has policies and procedures that ensure appropriate insurance coverage and risk procedures for third-party service providers doing work on behalf of the agency. The District did not settle any claims that exceeded the District's insurance coverage during the past three years, nor did it reduce its insurance coverage from the prior year.

**K. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**L. Deferred Inflow/Outflow of Resources**

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category; deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category; deferred amounts related to leases, pension and OPEB.

**M. Net Position**

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances of bonds, notes, lease liabilities and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**N. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**O. Leases and Subscription Based Information Technology Arrangements**

**As Lessee:** The District is a lessee for a noncancellable building lease. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statement.

At the commencement of a lease/subscription based information technology arrangement (SBITA), the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/subscription payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease asset/SBITA is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease/subscription payments to present value, (2) lease/subscription term, and (3) lease/subscription payments.

- The District uses its estimated bond borrowing rate as the discount rate for leases with adjustment for the applicable lease/subscription terms.
- The lease/subscription term includes the noncancellable period of the lease/SBITA. Lease/subscription payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amounts.

Lease/subscription assets are reported with noncurrent capital assets and lease/subscription liabilities are reported with long-term debt as current and noncurrent liabilities on the statement of net position.

**As Lessor:** The District is a lessor for 10 noncancellable land leases and infrastructure related sites. Accordingly, the District recognizes a lease receivable and a deferred inflow of resources.



At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses the U.S. Treasury state and local government securities (SLGS) rates as the discount rate for leases with adjustment for applicable lease terms.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### **P. Effects of New Pronouncements**

As of July 1, 2022, the District implemented the following GASB Statement:

**GASB Statement No. 96** – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 defines such arrangements as contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The standard clarifies measurement and recognition of capitalizable costs, intangible assets, and subscription liabilities for such arrangements and also requires additional disclosures related to such arrangements. The provisions of this statement have been implemented as of June 30, 2023 which did not have a material impact on the financial statements.

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

**GASB Statement No. 99** – In April 2022, GASB Issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and Subscription-Based Information Technology Arrangements (SBITA) are effective for fiscal years

beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**GASB Statement No. 100** – In June 2022, GASB Issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**GASB Statement No. 101** – In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

## Note 2 - Cash and Investments

Cash and investments are carried at fair value and are categorized as follows on June 30, 2023:

	Available for Operations	Held by Trustee	Total
Sonoma County Treasury Pool	\$ 84,847,595	\$ 5,519,709	\$ 90,367,304
Deposits with financial institutions	30,643,850	-	30,643,850
Total cash and investments	<u>\$ 115,491,445</u>	<u>\$ 5,519,709</u>	<u>\$ 121,011,154</u>

### A. Investments Authorized by the District's Investment Policy

Investments are guided by the District investment policy adopted each year with the budget. The policy outlines the guidelines and practices to be used in effectively managing the District's available cash and investment portfolio. District funds that are not required for immediate cash requirements are to be invested in compliance with the California Code Section 53600, et seq. In accordance with California Government Code Section 53600.5, and in order of importance, the Chief Financial Officer is required to adhere to the following three criteria: (a) Safety of Principal (b) Liquidity (c) Return on Investment.

The District's investments beyond those needed for near-term requirements are invested with the Sonoma County Treasury Pool which adheres to California Government Code.

# Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2023

## B. Investments Authorized by Debt Agreements

The District must maintain required amounts of cash and investments with fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds. The California Government Code requires these funds to be invested per the District's Policy, bond indentures or State Statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Remaining Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations: CA and Others	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers' Acceptances	180 days	None	40%
Commercial Paper: Non-pooled Funds (Under \$100k)	270 days	AAA	25%
Commercial Paper: Non-pooled Funds (Over \$100k)	270 days	AAA	40%
Commercial Paper: Pooled Funds	270 days	AAA	40%
Negotiable Certificates of Deposit	5 Years	None	30%
Non-negotiable Certificates of Deposit	5 Years	None	None
Placement Service Deposits	5 Years	None	50%
Placement Service Certificates of Deposit	5 Years	None	50%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	None	20%
Medium-term Notes	5 years	A	30%
Mutual Funds and Money Market Mutual Funds	N/A	Multiple	20%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-through and Asset Backed Securities	5 years	AA	20%
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	Multiple	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	AA	30%
Public Bank Obligations	5 years	None	None

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates may 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. The District manages its exposure to interest rate risk by investing in the County of Sonoma Treasury Investment Pool. The sensitivity of the fair values of the District's investments to market interest rate fluctuation is measured as the weighted average maturity of the investment portfolio, which was 539 days on June 30, 2023.

**D. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

**E. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, \$30,388,595 of depository balances were exposed to custodial credit risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**F. Fair Value Hierarchy**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

## Sonoma-Marin Area Rail Transit District

Notes to Financial Statements  
For the Year Ended June 30, 2023

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- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Commission's own data.

Deposits and withdrawals in the Sonoma County Treasury Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share of investments on June 30, 2023, is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

# Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2023

## Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

Passenger Fund	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets not being depreciated				
Land	\$ 43,326,251	\$ 241,375	\$ -	\$ 43,567,626
Intangible assets	19,770	-	-	19,770
Construction in progress	29,523,391	4,962,008	(2,923,028)	31,562,371
Total capital assets not being depreciated	72,869,412	5,203,383	(2,923,028)	75,149,767
Capital assets being depreciated				
Infrastructure	498,807,467	289,914	-	499,097,381
Buildings and improvements	24,868,302	-	-	24,868,302
Equipment and vehicles	10,284,223	1,522,454	(83,629)	11,723,048
Revenue vehicles	61,253,699	1,100,000	-	62,353,699
Intangible assets	387,672	-	-	387,672
Right-to-use lease - Building	934,903	1,865,427	-	2,800,330
Total capital assets being depreciated	596,536,266	4,777,795	(83,629)	601,230,432
Total capital assets	669,405,678	9,981,178	(3,006,657)	676,380,199
Accumulated depreciation and amortization				
Infrastructure	(112,093,430)	(15,735,353)		(127,828,783)
Buildings and improvements	(5,152,208)	(623,377)		(5,775,585)
Equipment and vehicles	(4,178,669)	(609,955)	83,629	(4,704,995)
Revenue vehicles	(9,477,069)	(2,188,456)	-	(11,665,525)
Intangible assets	(284,034)	(40,843)	-	(324,877)
Right-to-use lease - Building	(431,623)	(179,358)	-	(610,981)
Total accumulated depreciation and amortization	(131,617,033)	(19,377,342)	83,629	(150,910,746)
Capital assets, net	\$ 537,788,645	\$ (9,396,164)	\$ (2,923,028)	\$ 525,469,453
Freight Fund	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets not being depreciated				
Land	\$ 7,292,136	\$ -	\$ -	\$ 7,292,136
Intangible assets	4,000,000	-	-	4,000,000
Total capital assets not being depreciated	11,292,136	-	-	11,292,136
Capital assets, net	\$ 11,292,136	\$ -	\$ -	\$ 11,292,136

## Note 4 - Long Term Debt

### A. Composition and Changes

Long-term debt activity for the year ended June 30, 2023 was as follows:

	Original Borrowing	Balance July 1, 2022	Additions	Reductions	June 30, 2023	Due in One Year
Long-Term Liabilities						
Measure Q Sales Tax Revenue						
Refunding Bonds (Green Bonds)						
Series 2020A 0.45-2.09%, due 3/1/2029	\$ 122,970,000	\$ 106,325,000	\$ -	\$ 14,015,000	\$ 92,310,000	\$ 14,765,000
Leases	934,903	516,723	1,952,648	347,558	2,121,813	365,404
Total	<u>\$ 123,904,903</u>	<u>\$ 106,841,723</u>	<u>\$ 1,952,648</u>	<u>\$ 14,362,558</u>	<u>\$ 94,431,813</u>	<u>\$ 15,130,404</u>

### B. Description of District's Long-Term Debt Issues

**Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds) Series 2020A** – In October 2020, the District issued \$122,970,000 in variable rate Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds) Series 2020A. Although the Initial Series 2020A Bonds have a maturity date of March 1, 2029, they had certain provisions that allowed the District to remarket them. The Bonds will bear interest between 0.449%-2.088%% and mature by March 1, 2029.

The bonds are direct obligations and pledge the full faith and credit of the District. The total projected Measure Q sales tax revenue, as projected in the 2023 Capital Improvement Plan, is expected to approximate \$384 million over the eight-year life of the tax, which is sufficient to repay the estimated debt service, including interest. The Measure Q Sales Tax revenue recognized during the fiscal year ended June 30, 2023 was \$49,649,375 whereas debt service on the Measure Q bonds was \$14,015,000 for the fiscal year ended June 30, 2023.

# Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2023

The following table presents the District's aggregate annual amount of principal and interest payments required to amortize the outstanding debt as of June 30, 2023:

For The Year Ending June 30	Principal	Interest
2024	\$ 14,765,000	\$ 1,479,444
2025	15,580,000	1,324,116
2026	15,860,000	1,136,844
2027	16,105,000	893,869
2028	16,385,000	614,931
2029	13,615,000	284,281
	<u>\$ 92,310,000</u>	<u>\$ 5,733,485</u>

Sales tax revenues are 100% pledged to pay the scheduled principal and interest payments. If an event of default shall occur and be continuing, the District shall immediately transfer to the Trustee all revenue held by it and the Trustee shall apply all revenue and any other funds then held or thereafter received by the Trustee under any of the provisions of the indenture to protect the interests of the Holders of the Bonds.

## Note 5 - Lease

The District has several leasing arrangements, summarized below.

### A. Lessee Activities

The District has accrued liabilities for one building lease. The discount rate used in the calculation of the lease liability was 4.50%. The remaining liability for the lease is \$2,121,813 as of June 30, 2023. Right to use assets, net of amortization, for the lease is \$2,189,349 as of June 30, 2023. The District is required to make monthly principal and interest payments of \$37,697. Interest expense recognized on these leases was \$198,886 for the fiscal year ended June 30, 2023. Principal payments of \$451,637 were recognized in the years ended June 30, 2023. Final payment on these leases is expected in fiscal year 2029.



# Sonoma-Marin Area Rail Transit District

## Notes to the Financial Statements

For the Year Ended June 30, 2023

The District's schedule of future payments included in the measurement of the lease liability are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 365,404	\$ 86,956	\$ 452,360
2025	382,427	69,872	452,299
2026	399,998	52,239	452,237
2027	430,722	33,544	464,266
2028	463,589	13,393	476,982
2029	79,673	162	79,835
	<u>\$ 2,121,813</u>	<u>\$ 256,166</u>	<u>\$ 2,377,979</u>

### B. Lessor Activities

The District has accrued a receivable for ten land and infrastructure leases. The remaining receivable for these leases was \$2,102,149 for the year ended June 30, 2023. Deferred inflows related to these leases were \$2,055,189 as of June 30, 2023. Interest revenue recognized on these leases was \$41,136 for the year ended June 30, 2023. Principal receipts of \$165,134 were recognized as revenue during the fiscal year. Final receipt is expected in fiscal year 2047.

## Note 6 - Pension Plans

### A. General Information about the Pension Plans

#### Plan Description

All full-time and certain other qualifying employees are eligible to participate in the District's employee pension plan, a cost-sharing multiple employer defined benefit pension plan administered by California's Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by state statute and District resolution. CalPERS acts as a common investment and administrative agent for its participating member employers. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information which can be found on the CalPERS website.

## Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on the hire date, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by state statute and may be amended by the District's contract with the employees.

The Plans' provisions and benefits in effect on June 30, 2023, are summarized as follows:

	Miscellaneous		
	Tier I	Tier II	PEPRA
Hire date	Prior to September 1, 2011	On or after September 1, 2011	On or after January 1, 2013
Benefit formula	2% at 55	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Monthly benefits as a percentage of eligible compensation	1.426%-2.418%	1.426%-2.418%	1.000% - 2.500%
Required employee contribution rate	6.92%	6.93%	6.75%
Required employer contribution rate	10.32%	8.63%	7.47%

	Safety
	PEPRA
Hire date	On or after January 1, 2013
Benefit formula	2.7% at 57
Benefit vesting schedule	5 years of service
Benefit payments	Monthly for life
Retirement age	57
Monthly benefits as a percentage of eligible compensation	2.000%-2.700%
Required employee contribution rate	13.00%
Required employer contribution rate	12.78%

# Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements  
For the Year Ended June 30, 2023

## Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1, following notice of a change in the rate. Funding contributions for Plans are determined annually on an actuarial basis, as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2023, the employer contributions were \$1,143,753 for the miscellaneous plan and \$16,591 for the safety plan.

## B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

As of June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Miscellaneous	\$ 2,207,036	\$ 3,210,098	\$ 29,685	\$ 2,845,687
Safety	20,004	45,544	424	62,424
Total	<u>\$ 2,227,040</u>	<u>\$ 3,255,642</u>	<u>\$ 30,109</u>	<u>\$ 2,908,111</u>

The District's net pension liability is measured as the proportionate share of the collective Plan's net pension liability. The net pension liability of the plan is measured as of June 30, 2022, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the June 30, 2022, measurement date using standard update procedures. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan, relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2022, and 2023 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2021 measurement date	-0.013580%	-0.000510%
Proportion - June 30, 2022 measurement date	<u>0.047170%</u>	<u>0.000290%</u>
Change in proportion	<u>0.060750%</u>	<u>0.000800%</u>

Sonoma-Marin Area Rail Transit District  
Notes to the Financial Statements  
For the Year Ended June 30, 2023

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For the year ended June 30, 2023, the District recognized a pension expense of \$1,747,769. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the miscellaneous plan from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to measurement date	\$ 1,143,753	\$ -
Changes in proportion and differences between District contributions and proportionate share of contributions	894,345	-
Net differences between projected and actual earnings on pension plan investments	404,270	-
Differences between expected and actual experience	44,322	29,685
Adjustment due to differences in proportions	497,251	-
Changes of assumptions	226,157	-
Total	<u>\$ 3,210,098</u>	<u>\$ 29,685</u>

On June 30, 2023, the District reported \$1,143,753 as deferred outflows of resources related to contributions paid subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Miscellaneous Deferred Outflows/(Inflows) of Resources
2024	\$ 868,698
2025	621,064
2026	299,633
2027	247,265
Total	<u>\$ 2,036,660</u>

Sonoma-Marin Area Rail Transit District  
Notes to the Financial Statements  
For the Year Ended June 30, 2023

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On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the safety plan from the following sources:

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to measurement date	\$ 16,591	\$ -
Changes in proportion and differences between District contributions and proportionate share of contributions	16,988	-
Net differences between projected and actual earnings on pension plan investments	3,159	-
Differences between expected and actual experience	828	217
Adjustment due to differences in proportions	5,961	207
Changes of assumptions	2,017	-
	<u>\$ 45,544</u>	<u>\$ 424</u>
Total		

On June 30, 2023, the District reported \$16,591 as deferred outflows of resources related to contributions paid subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Safety Deferred Outflows/(Inflows) of Resources
2024	\$ 15,340
2025	7,975
2026	3,286
2027	1,928
	<u>\$ 28,529</u>
Total	

**Actuarial Assumptions** – The total pension liabilities was determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2022	June 30, 2022
Actuarial cost method	Entry age normal	Entry age normal
Discount rate	6.90%	6.90%
Investment rate of return	6.90%	6.90%

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

#### **Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 6.90% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90% is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

# Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements  
For the Year Ended June 30, 2023

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global equity	50%	4.80%	5.98%
Global Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

<sup>(a)</sup> An expected inflation of 2.00% used for this period.

<sup>(b)</sup> An expected inflation of 2.92% used for this period.

## Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset), as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount Rate	Miscellaneous Net Pension Liability	Safety Net Pension Liability (Asset)
1% decrease (5.90%)	\$ 4,656,184	\$ 57,614
Current discount rate (6.90%)	2,207,036	20,004
1% increase (7.90%)	191,993	(10,733)

**Pension Plan Fiduciary Net Position** – CalPERS issues a separate annual comprehensive financial report, copies of which may be obtained from the CalPERS Executive Offices, Lincoln Plaza East, 400 Q Street, Sacramento, California 95814.

**Note 7 - Other Post-Employment Health Care Benefits (OPEB)**

For the fiscal year ended June 30, 2023, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

<u>Total OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
<u>\$ 2,233,260</u>	<u>\$ 1,548,823</u>	<u>\$ (4,434,180)</u>	<u>\$ 1,939,919</u>

**A. General Information about the District's Other Post Employment Benefit (OPEB) Plan**

*Plan administration* The District's governing board administers the Postemployment Benefits Plan (Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. The Plan provides medical benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the District contributes to the cost of the plan as specified below. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

*Benefits provided* The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"). Participation in PEMHCA is financed in part by District contributions made to the plan. The District contributes a percentage of the PEMHCA minimum to eligible retirees.

The District contributed \$81.95 per month to PEMHCA on behalf of each eligible retiree in 2022. This amount increased to \$90.60 per month during 2023. Each year, this contribution is increased pursuant to the "unequal contribution method" under PEMHCA, whereby the District contribution for retirees equals 5% of the District's contribution for active employees multiplied by the number of years the District has participated in PEMHCA until such time as the contributions are equal. The PEMHCA minimum was \$149 in 2022 and \$151 for 2023 in which the District contribution to retirees was 55% and 60%, respectively. Additionally, the District pays the PEMHCA percentage-of-premiums admin fee for all retirees participating in PEMHCA.



## Sonoma-Marin Area Rail Transit District

### Notes to the Financial Statements

For the Year Ended June 30, 2023

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Employees Covered by Benefit Terms Membership in the plan consisted of the following at the measurement date of June 30, 2022:

Active employees	125
Inactive employees entitled to but not yet receiving benefits payments	-
Inactive employees or beneficiaries currently receiving benefits payments	<u>4</u>
Total	<u><u>129</u></u>

*Contributions* The benefit payment requirements of the Plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

#### **B. Total OPEB Liability**

The District's Total OPEB Liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

*Actuarial Assumptions* The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	2.50 percent
Healthcare cost trend rate	6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later years.
Preretirement Mortality	
Miscellaneous	Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Safety	Preretirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).
Postretirement Mortality	
Miscellaneous	Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Safety	Post-retirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).

Actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period June 30, 2021 to June 30, 2022.

*Discount rate* For OPEB plans that are not administered through trusts that meet the criteria in Paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to measure the District's Total OPEB liability is based on the Fidelity GO AA 20 Years Municipal Index which was 1.92% as of the June 30, 2021 measurement date and 3.69% as of the June 30, 2022 measurement date.

**C. Changes in Total OPEB Liability**

The changes in the total OPEB liability follows:

	Total OPEB Liability
Balance, June 30, 2022	\$ 3,533,684
Service cost	726,098
Interest	107,031
Difference between expected and actual experience	(1,899,309)
Changes of assumptions and other inputs	(230,572)
Benefit payments	(3,672)
Net change	(1,300,424)
Balance, June 30, 2023	\$ 2,233,260

**D. Sensitivity of the Total OPEB Liability to Change in the Discount Rate and Healthcare Cost**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.69%)	\$ 2,679,298
Current discount rate (3.69%)	2,233,260
1% increase (4.69%)	1,878,546

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend that is one percentage point lower or one percentage point higher than the current rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (5.50%)	\$ 1,768,340
Current healthcare cost trend rate (6.50%)	2,233,260
1% increase (7.50%)	2,859,337

**E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,939,919. On June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,672	\$ -
Differences between expected and actual experience	170,615	2,864,762
Changes of assumptions	1,374,536	1,569,418
	<u>1,548,823</u>	<u>4,434,180</u>
Total	<u>\$ 1,548,823</u>	<u>\$ 4,434,180</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$3,672, which will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (206,126)
2025	(206,126)
2026	(206,126)
2027	(206,126)
2028	(206,126)
Thereafter	(1,858,399)
Total	<u>\$ (2,889,029)</u>

**Note 8 - Commitments**

**A. Purchase Commitments**

At June 30, 2023, the District had outstanding purchase and contract commitments of \$5.3 million for passenger and \$687,313 for freight.



Required Supplementary Information  
June 30, 2023

## Sonoma-Marín Area Rail Transit District

Sonoma-Marin Area Rail Transit District  
Schedule of the District's Proportionate Share of the Net Pension Liability – Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalPERS (Miscellaneous Plan)									
Proportion of the net pension liability (asset)	0.0472%	-0.0136%	0.0349%	0.0281%	0.0231%	0.0238%	0.0214%	0.0281%	0.0102%
Proportionate share of the net pension liability (asset)	\$ 2,207,036	\$ (257,780)	\$ 1,473,514	\$ 1,126,646	\$ 870,893	\$ 936,778	\$ 742,146	\$ 585,152	\$ 633,530
Total	<u>\$ 2,207,036</u>	<u>\$ (257,780)</u>	<u>\$ 1,473,514</u>	<u>\$ 1,126,646</u>	<u>\$ 870,893</u>	<u>\$ 936,778</u>	<u>\$ 742,146</u>	<u>\$ 585,152</u>	<u>\$ 633,530</u>
Covered payroll	<u>\$ 12,545,318</u>	<u>\$ 12,561,577</u>	<u>\$ 13,265,008</u>	<u>\$ 12,916,529</u>	<u>\$ 11,175,297</u>	<u>\$ 9,930,773</u>	<u>\$ 6,017,592</u>	<u>\$ 3,572,374</u>	<u>3,073,231</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>17.59%</u>	<u>-2.05%</u>	<u>11.11%</u>	<u>8.72%</u>	<u>7.79%</u>	<u>9.43%</u>	<u>12.33%</u>	<u>16.38%</u>	<u>20.61%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78%</u>	<u>86%</u>	<u>74%</u>	<u>75%</u>	<u>75%</u>	<u>73%</u>	<u>74%</u>	<u>78%</u>	<u>20%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS (Safety Plan)									
Proportion of the net pension liability (asset)	0.0290%	-0.0051%	0.0349%	0.2813%	0.0000%				
Proportionate share of the net pension liability (asset)	<u>\$ 20,004</u>	<u>\$ (17,841)</u>	<u>\$ 10,982</u>	<u>\$ 4,177</u>	<u>\$ 709</u>				
Covered payroll	<u>\$ 130,891</u>	<u>\$ 122,516</u>	<u>\$ 211,670</u>	<u>\$ 195,041</u>	<u>180,138</u>				
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>15.28%</u>	<u>-14.56%</u>	<u>5.19%</u>	<u>2.14%</u>	<u>0.39%</u>				
Plan fiduciary net position as a percentage of the total pension liability	<u>76%</u>	<u>86%</u>	<u>74%</u>	<u>75%</u>	<u>75%</u>				
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018				

Note :

- 1 In the future, as data becomes available, ten years of information will be presented.
- 2 Significant changes in assumptions: The discount rate was changed from 7.65% in fiscal year 2017 to 7.15%.

Sonoma-Marin Area Rail Transit District  
Schedule of Contributions – Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>CalPERS - Miscellaneous Plan</b>									
Contractually required contribution	\$ 1,143,753	\$ 1,085,805	\$ 1,016,119	\$ 976,474	\$ 910,518	\$ 747,878	\$ 699,783	\$ 409,897	\$ 347,672
Less contributions in relation to the contractually required contribution	1,143,753	1,085,805	1,016,119	976,474	910,518	747,878	699,783	477,840	347,672
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (67,943)	\$ -
Covered payroll	\$15,310,263	\$12,545,318	\$12,561,577	\$13,265,008	\$12,916,529	\$11,175,297	\$ 9,930,773	\$ 6,017,592	\$ 3,572,374
Contributions as a percentage of covered payroll	7.47%	8.66%	8.09%	7.36%	7.05%	6.69%	7.05%	6.81%	9.73%
<b>CalPERS - Safety Plan</b>									
Contractually required contribution	\$ 16,591	\$ 16,551	\$ 16,454	\$ 27,589	\$ 23,680				
Less contributions in relation to the contractually required contribution	16,591	16,551	16,454	27,589	23,680				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered payroll	\$ 129,822	\$ 130,891	\$ 122,516	\$ 211,670	\$ 195,041				
Contributions as a percentage of covered payroll	12.780%	12.645%	13.430%	13.034%	12.141%				

*Note :* In the future, as data becomes available, ten years of information will be presented.

Sonoma-Marin Area Rail Transit District  
Schedule of Changes in the Total OPEB Liability and Related Ratios

Fiscal year	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 726,098	\$ 794,213	\$ 638,813	\$ 444,687	\$ 438,273	\$ 478,730
Interest	107,031	109,811	96,162	72,116	54,494	36,782
Changes of benefit terms	-	(1,316,588)	-	-	-	-
Difference between expected and actual experience	(1,899,309)	(1,290,966)	-	260,415	-	-
Changes of assumptions	(230,572)	760,464	682,576	308,419	(26,755)	(241,085)
Benefit payments	<u>(3,672)</u>	<u>(10,671)</u>	<u>(4,806)</u>	<u>(6,257)</u>	<u>(2,891)</u>	<u>(3,801)</u>
Net change in total OPEB liability	(1,300,424)	(953,737)	1,412,745	1,079,380	463,121	270,626
Total OPEB Liability - Beginning	<u>3,533,684</u>	<u>4,487,421</u>	<u>3,074,676</u>	<u>1,995,296</u>	<u>1,532,175</u>	<u>1,261,549</u>
Total OPEB Liability - Ending	<u>\$ 2,233,260</u>	<u>\$ 3,533,684</u>	<u>\$ 4,487,421</u>	<u>\$ 3,074,676</u>	<u>\$ 1,995,296</u>	<u>\$ 1,532,175</u>
Covered-employee Payroll	<u>\$ 14,074,763</u>	<u>\$ 12,684,093</u>	<u>\$ 13,476,678</u>	<u>\$ 18,840,794</u>	<u>\$ 11,175,297</u>	<u>\$ 9,930,773</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>16%</u>	<u>28%</u>	<u>33%</u>	<u>16%</u>	<u>18%</u>	<u>15%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup> No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75.

*Note:* In the future, as data becomes available, ten years of information will be presented.





Statistical Section  
June 30, 2023

## Sonoma-Marín Area Rail Transit District

This part of the District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

***Financial Trends***

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Table 1- Net Position by Component
- Table 2- Changes in Net Position
- Table 3- Non-Capital Expenditures by Category

***Revenue Capacity***

These schedules contain information to help the reader assess the District's most significant revenue source, capital grants and contributions. Also included in this section is current information on the District's ongoing significant source of revenues, the sales tax.

- Table 4- General Revenue by Source
- Table 5- Revenue Base and Revenue Rate
- Table 6- Overlapping Governments and Sales Tax Rates
- Table 7- Principal Revenue Payers

***Debt Capacity***

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

- Table 8- Debt Service Coverage Ratios
- Table 9- Ratios of Outstanding Debt

***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

- Table 10- Demographic and Economic Statistics
- Table 11- Principal Employers

***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

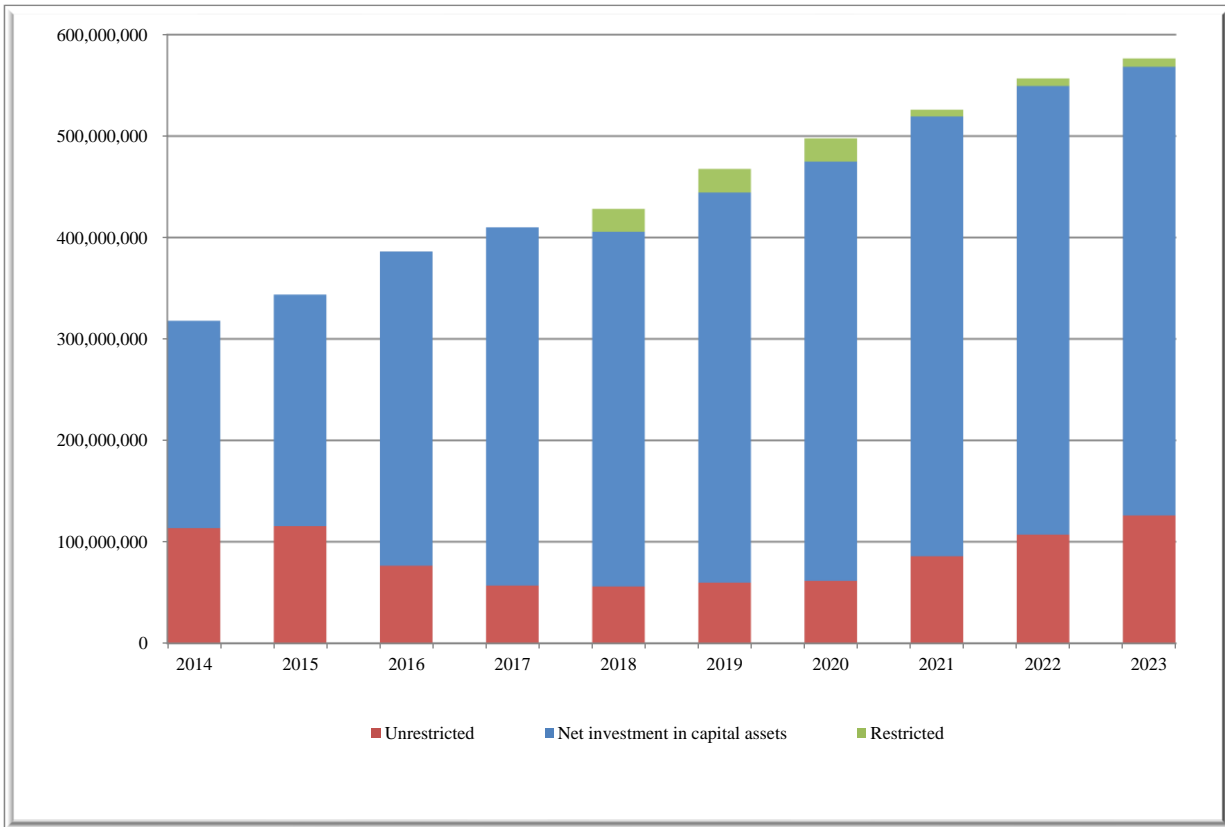
- Table 12- Operating Information
- Table 13- Employees – Full-Time Equivalent

***Sources***

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Sonoma-Marin Area Rail Transit District  
Net Position by Component  
Last Ten Years

Table 1  
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT  
NET POSITION BY COMPONENT  
Last Ten Fiscal Years



	2014	2015	2016	2017	2018
Net investment in capital assets	\$204,389,312	\$228,244,612	\$309,724,259	\$353,088,871	\$349,608,580
Restricted	\$0	\$0	\$0	\$0	22,575,206
Unrestricted	113,504,011	115,465,740	76,452,056	56,892,973	55,996,479
<b>Total net position</b>	<b>\$317,893,323</b>	<b>\$343,710,352</b>	<b>\$386,176,315</b>	<b>\$409,981,844</b>	<b>\$428,180,265</b>

	2019	2020	2021	2022	2023
Net investment in capital assets	\$384,506,952	\$413,213,191	\$433,487,686	\$442,201,252	\$442,223,308
Restricted	23,255,790	22,946,005	6,662,863	7,440,671	8,244,507
Unrestricted	59,801,398	61,548,911	85,779,768	107,092,897	125,981,765
<b>Total net position</b>	<b>\$467,564,140</b>	<b>\$497,708,107</b>	<b>\$525,930,317</b>	<b>\$556,734,820</b>	<b>\$576,449,580</b>

Sonoma-Marin Area Rail Transit District  
Changes in Net Position  
Last Ten Fiscal Years

**Table 2**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

	2014	2015	2016	2017	2018
<b>Operating revenues:</b>					
Charges for services	\$ 840,586	\$ 640,249	\$ 529,191	\$ 588,402	\$ 4,025,111
Total operating revenues	840,586	640,249	529,191	588,402	4,025,111
<b>Operating expenses:</b>					
Salaries and employee benefits	3,041,027	4,303,358	7,737,361	12,610,874	16,950,114
Services and supplies	4,466,562	5,275,106	5,252,012	6,717,902	8,080,825
Depreciation and amortization	4,473,500	4,575,530	4,610,295	4,716,779	17,800,126
Loss on impairment of assets	433,295	-	-	-	671,378
Miscellaneous expense	215,922	380,000	7,541	212	954
Total operating expenses	12,630,306	14,533,994	17,607,209	24,045,767	43,503,397
Operating income/(loss)	(11,789,720)	(13,893,745)	(17,078,018)	(23,457,365)	(39,478,286)
<b>Nonoperating revenues (expenses):</b>					
Sales and use taxes	32,473,329	33,845,426	34,776,012	36,061,895	37,135,476
Federal, state, and other operating assistance	-	-	-	-	3,701,366
Rent expense	-	-	(746,718)	(781,084)	(796,640)
Investment earnings (loss)	1,182,159	1,384,557	585,178	366,748	724,313
Miscellaneous revenues	65,638	49,351	2,264,334	438,639	2,236,508
Capital expense passed through to other agencies	-	(1,557,743)	(295,894)	(62,636)	(3,778,891)
Interest income	-	-	-	-	-
Interest expense	(4,420,558)	(2,761,502)	(805,558)	(1,164,558)	(5,819,778)
Total nonoperating revenues (expenses)	29,300,568	30,960,089	35,777,354	34,859,004	33,402,354
Income (loss) before capital contributions	17,510,848	17,066,344	18,699,336	11,401,639	(6,075,932)
<b>Capital contributions</b>					
State of California	4,295,318	3,381	284,094	458,549	837,950
Metropolitan Transportation Commission	35,500,504	7,119,973	2,683,108	5,007,846	9,939,309
Sonoma County Transportation Authority	5,136,487	35,358	47,780	33,440	356,219
Federal	2,562,581	500,595	3,779,595	2,750,431	9,450,100
Donated asset	-	-	16,222,106	1,116,726	-
Other governmental agencies	1,543,983	1,534,698	749,376	3,036,898	4,357,881
Total capital contributions	49,038,873	9,194,005	23,766,059	12,403,890	24,941,459
Change in net position before restatement	\$66,549,721	\$26,260,349	\$42,465,395	\$23,805,529	\$18,865,527
Restatement due to implementation of GASB 68 FY15	-	(443,320)	-	-	-
Restatement FY17	-	-	-	-	(666,637)
Special Item FY22	-	-	-	-	-
Change in net position, Restated	\$66,549,721	\$25,817,029	\$42,465,395	\$23,805,529	\$18,198,890

Source: SMART annual financial statements.

Continued

Sonoma-Marin Area Rail Transit District  
Changes in Net Position  
Last Ten Fiscal Years

**Table 2**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

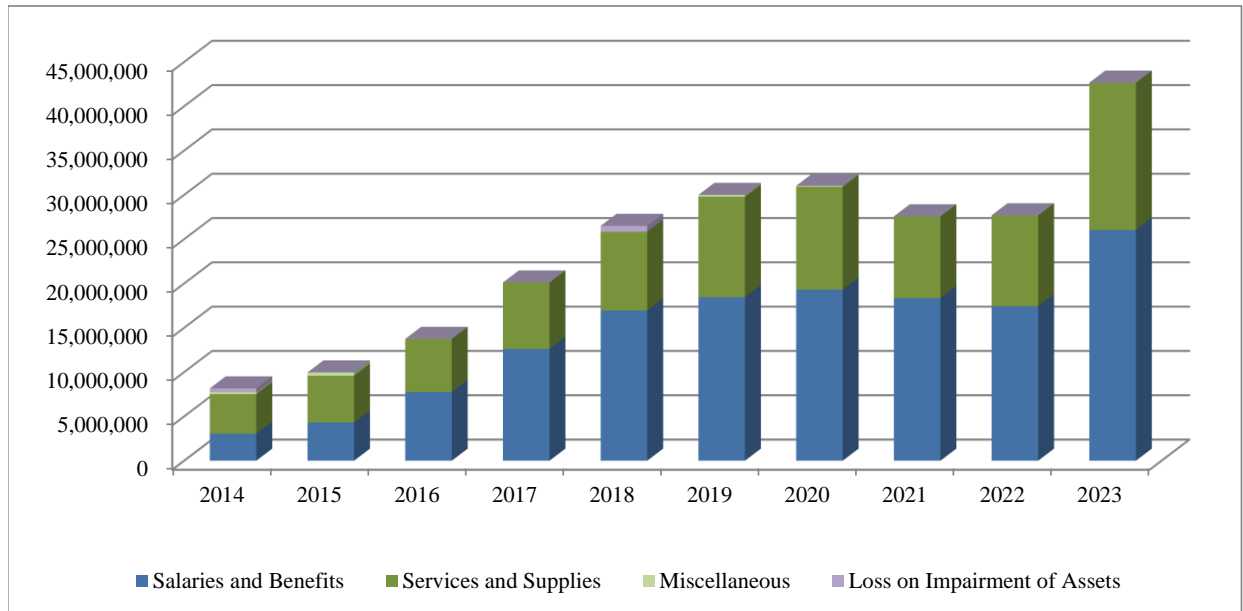
	2019	2020	2021	2022	2023
<b>Operating revenues:</b>					
Charges for services	\$ 5,036,875	\$ 3,965,115	\$ 1,271,706	\$ 2,727,553	\$ 3,517,277
Total operating revenues	5,036,875	3,965,115	1,271,706	2,727,553	3,517,277
<b>Operating expenses:</b>					
Salaries and employee benefits	18,453,125	19,295,606	18,354,310	17,437,640	26,041,905
Services and supplies	10,690,334	11,074,071	8,707,194	10,144,193	16,544,637
Depreciation and amortization	19,033,577	22,150,111	22,697,348	20,877,284	19,377,343
Loss on impairment of assets	-	-	-	-	-
Miscellaneous expense	203,883	100,000	416	7,412	-
Total operating expenses	48,380,919	52,619,788	49,759,268	48,466,529	61,963,885
Operating income/(loss)	(43,344,044)	(48,654,673)	(48,487,562)	(45,738,976)	(58,446,608)
<b>Nonoperating revenues (expenses):</b>					
Sales and use taxes	41,241,140	38,978,630	44,002,410	49,074,830	49,649,375
Federal, state, and other operating assistance	5,000,756	15,574,795	16,301,842	17,184,007	24,663,720
Rent expense	(646,236)	(550,406)	(510,370)	(103,576)	(72,732)
Investment earnings (loss)	1,974,246	338,227	628,728	(2,023,805)	839,528
Miscellaneous revenues	4,174,454	1,438,087	4,588,714	46,229	744,433
Capital expense passed through to other agencies	(770,156)	(918,506)	(3,673,565)	(27,758)	-
Interest income	-	-	-	10,461	41,137
Interest expense	(5,591,608)	(5,273,801)	(3,374,308)	(1,653,081)	(1,746,162)
Total nonoperating revenues (expenses)	45,382,596	49,587,026	57,963,451	62,507,307	74,119,299
Income (loss) before capital contributions	2,038,552	932,353	9,475,889	16,768,331	15,672,691
<b>Capital contributions</b>					
State of California	2,883,980	20,311,493	11,592,461	2,411,761	1,935,597
Metropolitan Transportation Commission	4,388,830	224,051	-	-	-
Sonoma County Transportation Authority	55,249	22,632	109,468	8,768	1,025,746
Federal	21,270,383	2,609,220	2,500,000	104,623	1,050,726
Donated asset	-	1,327,565	-	-	-
Other governmental agencies	8,746,881	4,716,659	4,544,490	218,419	30,000
Total capital contributions	37,345,323	29,211,620	18,746,419	2,743,571	4,042,069
Change in net position before restatement	\$39,383,875	\$30,143,973	\$28,222,308	\$19,511,902	\$19,714,760
Restatement due to implementation of GASB 68 FY15	-	-	-	-	-
Restatement FY17	-	-	-	-	-
Special Item FY22	-	-	-	11,292,136	-
Change in net position, Restated	\$39,383,875	\$30,143,973	\$28,222,308	\$30,804,038	\$19,714,760

Source: SMART annual financial statements.

Concluded

Sonoma-Marín Area Rail Transit District  
Non-Capital Expense by Category  
Last Ten Fiscal Years

**Table 3**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**NON-CAPITAL EXPENSE BY CATEGORY**  
**Last Ten Fiscal Years**

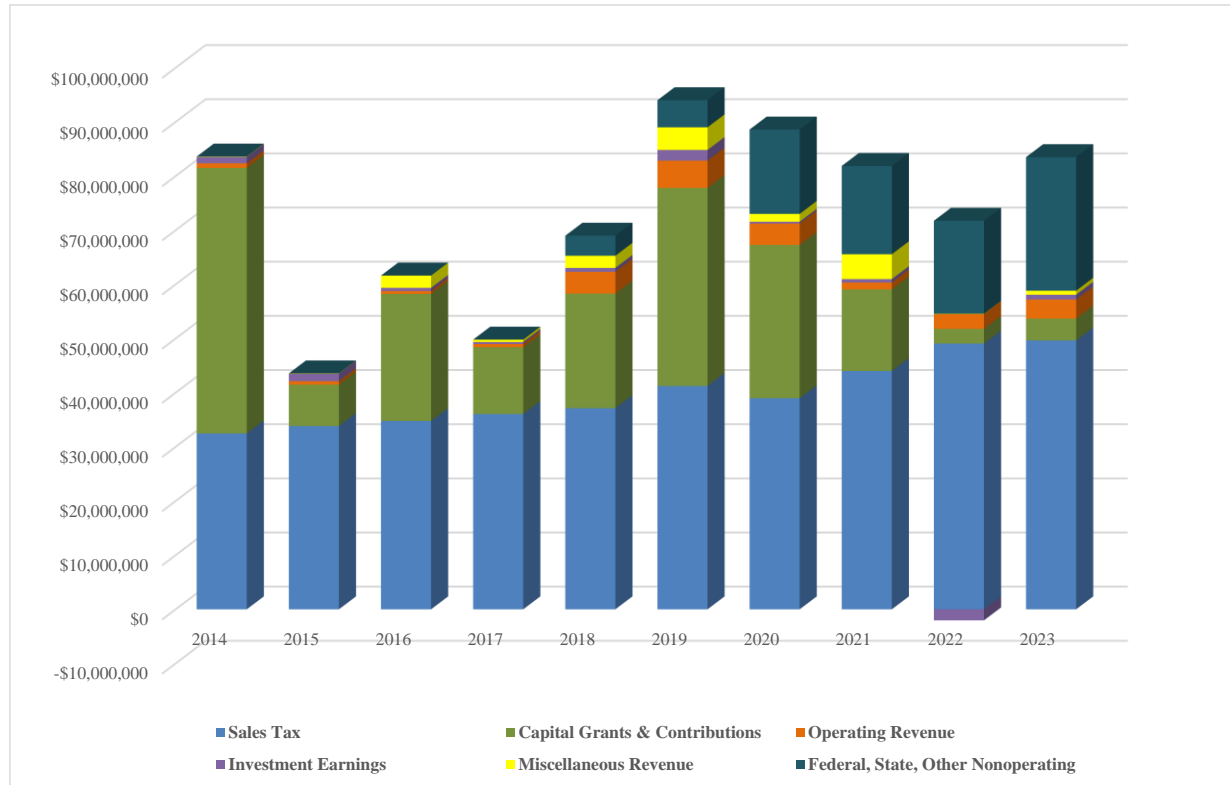


Fiscal Year Ended June 30	Salaries and Benefits	Services and Supplies	Miscellaneous	Loss on Impairment of Assets	Total
2014	3,041,027	4,466,562	215,922	433,295	8,156,806
2015	4,303,358	5,275,106	380,000	-	9,958,464
2016	7,737,361	5,998,730	7,541	-	13,743,632
2017	12,610,874	7,498,986	212	-	20,110,072
2018	16,950,114	8,877,465	954	671,378	26,499,911
2019	18,453,125	11,336,570	203,883	-	29,993,578
2020	19,295,606	11,624,477	100,000	-	31,020,083
2021	18,354,310	9,217,564	416	-	27,572,290
2022	17,437,640	10,247,769	7,412	-	27,692,821
2023	26,041,905	16,617,369	-	-	42,659,274

Source: Sonoma-Marín Area Rail Transit District Financial Statements  
2014 is the first year that the District presented financial reports in an enterprise format  
2018 is the first year of Operations; Other Charges Net of Non-cash adjustments

Sonoma-Marín Area Rail Transit District  
General Revenue by Source  
Last Ten Fiscal Years

**Table 4**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**GENERAL REVENUE BY SOURCE**  
**Last Ten Fiscal Years**



Source: Sonoma-Marín Area Rail Transit District Financial Reports  
Transit Operation began Fiscal Year 2018

Sonoma-Marin Area Rail Transit District  
Revenue Base and Revenue Rate  
Last Ten Fiscal Years

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**Table 5**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**REVENUE BASE AND REVENUE RATE**  
**Last Ten Fiscal Years**

Fiscal Year	SMART Sales Tax Rate	Total Sales Tax Revenue	Marin County Total Taxable Sales (In Thousands)	Sonoma County Total Taxable Sales (In Thousands)	SMART District Total Taxable Sales (In Thousands)
2014	0.25%	32,473,329	4,769,878	8,264,339	13,034,217
2015	0.25%	33,845,426	4,957,364	8,626,295	13,583,659
2016	0.25%	34,776,012	5,091,014	8,843,184	13,934,198
2017	0.25%	36,061,895	5,004,443	9,154,084	14,158,526
2018	0.25%	37,135,476	5,343,038	9,444,873	14,787,910
2019	0.25%	41,241,140	5,454,389	9,966,334	15,420,723
2020	0.25%	38,978,630	5,148,864	9,113,111	14,261,975
2021	0.25%	44,002,410	5,894,353	10,771,239	16,665,592
2022	0.25%	49,074,830	6,437,421	11,924,130	18,361,551
2023	0.25%	49,649,375	6,417,951	12,049,847	18,467,798

Source: [www.cdtfa.ca.gov/DataPortal/dataset.htm?url=TaxSalesByCounty](http://www.cdtfa.ca.gov/DataPortal/dataset.htm?url=TaxSalesByCounty)



**Table 6**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**OVERLAPPING GOVERNMENTS AND SALES TAX RATES**  
**Last Ten Fiscal Years\***

<b>Marin County</b>					
<b>Fiscal Year</b>	<b>State(a)</b>	<b>City</b>	<b>County(b)</b>	<b>SMART(d)</b>	<b>Total</b>
2014	7.50%	0 to 0.50%	0.75%	0.25%	8.5% to 9%
2015	7.50%	0 to 0.50%	0.75%	0.25%	8.5% to 9%
2016	7.50%	0 to 0.50%	0.75%	0.25%	8.5% to 9%
2017	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2018	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2019	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2020	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2021	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2022	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2023	7.25%	0.50% to 1.00%	1.00%	0.25%	8.25% to 9.25%

<b>Sonoma County</b>					
<b>Fiscal Year</b>	<b>State(a)</b>	<b>City</b>	<b>County( c)</b>	<b>SMART(d)</b>	<b>Total</b>
2014	7.50%	0 to 0.75%	0.50%	0.25%	8.25% to 9%
2015	7.50%	0 to 0.75%	0.50%	0.25%	8.25% to 9%
2016	7.50%	0 to 0.75%	0.50%	0.25%	8.25% to 9%
2017	7.25%	0 to 1.00%	0.625%	0.25%	8.125% to 9.125%
2018	7.25%	0 to 1.00%	0.625%	0.25%	8.125% to 9.125%
2019	7.25%	0 to 1.00%	0.625%	0.25%	8.125% to 9.125%
2020	7.25%	0 to 1.00%	0.750%	0.25%	8.25% to 9.25%
2021	7.25%	0 to 1.00%	1.00%	0.25%	8.50% to 9.50%
2022	7.25%	0 to 1.00%	1.00%	0.25%	8.50% to 9.50%
2023	7.25%	0.50% to 1.00%	1.00%	0.25%	8.50% to 9.50%

Source: [www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm](http://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm)

Sonoma-Marín Area Rail Transit District

Principal Revenue Payers  
Current Year and Nine Years Ago

**Table 7**  
**Sonoma-Marín Area Rail Transit District**  
**Principal Revenue Payers**

	<b>Fiscal Year 2023</b>	
<b>Principal Revenue Payers: Sales Tax Generators</b>	<b>Total Receipts</b>	<b>Percentage</b>
General Retail	\$ 14,232,366	29%
Transportation	\$ 10,030,745	20%
Food Products	\$ 9,392,183	19%
Business to Business	\$ 7,258,522	15%
Construction	\$ 6,320,535	13%
Miscellaneous	\$ 1,920,346	4%
<b>Total</b>	<b>\$ 49,154,697</b>	<b>100%</b>

	<b>Fiscal Year 2011*</b>	
<b>Principal Revenue Payers: Sales Tax Generators</b>	<b>Total Receipts</b>	<b>Percentage</b>
General Retail	\$ 7,978,547	31%
Transportation	\$ 5,597,576	21%
Food Products	\$ 4,972,020	19%
Business to Business	\$ 4,156,846	16%
Construction	\$ 2,796,876	11%
Miscellaneous	\$ 654,932	3%
<b>Total</b>	<b>\$ 26,156,797</b>	<b>100%</b>

\* First available year of SMART sales tax payer analysis

Source: MuniServices, Categorizations and totals may differ from State of California

**Table 8**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**DEBT SERVICE COVERAGE RATIOS**

LAST TEN YEARS

<b>Fiscal Year Ending</b>	<b>Interest</b>	<b>Principal</b>	<b>Total</b>	<b>Sales Tax Revenue Actual</b>	<b>Coverage Ratio</b>
6/30/2014	8,456,950	-	8,456,950	32,473,329	3.84
6/30/2015	8,456,950	-	8,456,950	33,845,426	4.00
6/30/2016	8,456,950	4,540,000	12,996,950	34,776,012	2.68
6/30/2017	8,275,350	5,325,000	13,600,350	36,061,895	2.65
6/30/2018	8,009,100	6,195,000	14,204,100	37,135,476	2.61
6/30/2019	7,730,850	8,365,000	16,095,850	41,241,140	2.56
6/30/2020	7,312,600	9,435,000	16,747,600	38,978,630	2.33
6/30/2021	3,987,001	3,365,000	7,352,001	44,002,410	5.99
6/30/2022	1,656,756	13,280,000	14,936,756	49,074,830	3.29
6/30/2023	1,581,193	14,015,000	15,596,193	49,649,375	3.18

Sonoma-Marin Area Rail Transit District  
Ratios of Outstanding Debt (Unaudited)  
Last Ten Fiscal Years

**Table 9**  
**Sonoma-Marin Area Rail Transit District**  
**Debt Per Capita/Debt to Personal Income/Debt Service to Non-Capital Expenditures**

Fiscal Year	Total Outstanding Debt	Personal Income	Population	Ratio of Debt to Personal	Total Debt Per Capita
2014	192,365,524	52,401,105,000	759,238	0.37%	\$ 253
2015	190,096,688	56,512,049,000	762,362	0.34%	\$ 249
2016	183,318,018	58,680,231,000	763,882	0.31%	\$ 240
2017	175,819,899	63,211,402,000	762,971	0.28%	\$ 230
2018	167,528,327	63,843,515,000	759,608	0.26%	\$ 221
2019	157,163,502	69,657,112,000	753,162	0.23%	\$ 209
2020	145,846,953	73,085,354,000	751,184	0.20%	\$ 194
2021	119,605,000	82,064,055,000	741,726	0.15%	\$ 161
2022*	106,325,000	89,483,266,000	741,905	0.12%	\$ 143
2023*	92,310,000	93,957,429,300	742,000	0.10%	\$ 124

\*2022 and 2023 personal income amount estimated.

Source: California Employment Development Department <https://labormarketinfo.edd.ca.gov/>

**Total Debt Service to Non-Capital Expenditures**

Fiscal Year	Total Debt Service	Non-Capital Expenditures Including Debt Service	Ratio Debt Service to Non-Capital
2014	8,456,950	16,613,756	51%
2015	8,456,950	18,415,414	46%
2016	12,996,950	26,740,582	49%
2017	13,600,350	33,710,422	40%
2018	14,204,100	40,704,011	35%
2019	16,095,850	46,089,428	35%
2020	16,747,600	47,767,683	35%
2021**	7,352,001	34,924,291	21%
2022	14,936,756	42,807,576	35%
2023	15,596,193	46,201,183	34%

\*\* SMART's 2011A bonds were refunded in October 2020 with the Series 2020A bonds part of debt service is from 2011A bonds

Source: Annual Comprehensive Financial Report

**Table 10**  
**Sonoma-Marín Area Rail Transit District**  
**Demographic and Economic Statistics**  
**Last Ten Years (Unaudited)**

<b>Marin County</b>				
		Personal Income	Per Capita	Unemployment
Year	Population	(in thousands)	Personal Income	Rate
2013	258,453	\$ 25,093,401	\$ 97,124	5.0%
2014	260,435	\$ 27,176,774	\$ 104,319	4.3%
2015	261,016	\$ 29,227,230	\$ 114,455	3.6%
2016	260,633	\$ 30,222,883	\$ 117,552	3.4%
2017	259,725	\$ 32,867,529	\$ 124,552	2.9%
2018	259,666	\$ 33,196,204	\$ 134,275	2.3%
2019	258,826	\$ 36,684,680	\$ 138,903	2.3%
2020	262,321	\$ 38,187,380	\$ 145,575	10.2%
2021	258,385	\$ 42,704,366	\$ 164,118	4.5%
2022*	256,018	\$ 46,974,803	\$ 183,482	2.7%
<b>Sonoma County</b>				
		Personal Income	Per Capita	Unemployment
Year	Population	(in thousands)	Personal Income	Rate
2013	494,243	\$ 24,905,827	\$ 50,312	6.7%
2014	498,803	\$ 25,224,331	\$ 50,533	5.6%
2015	501,346	\$ 27,284,819	\$ 55,445	4.5%
2016	503,249	\$ 28,457,348	\$ 57,264	4.1%
2017	503,246	\$ 30,343,873	\$ 60,286	3.4%
2018	499,942	\$ 30,647,311	\$ 64,501	2.7%
2019	494,336	\$ 32,972,432	\$ 64,869	2.7%
2020	488,863	\$ 34,897,974	\$ 71,386	11.4%
2021	483,341	\$ 39,359,689	\$ 81,006	5.5%
2022*	485,887	\$ 42,508,464	\$ 87,486	3.1%

\*2022 Personal Income and Per Capita Income estimated based on previous experience

Source: California Employment Development Department <https://labormarketinfo.edd.ca.gov/>

# Sonoma-Marin Area Rail Transit District

Major Employers (Unaudited)

Current Year\*

**Table 11**  
**Sonoma-Marin Area Rail Transit District**  
**Major Employers (Unaudited)**

<b>Marin County 2023</b>		
Employer	Number of Employees	Industry
Corrections Dept	1,000-4,999	Government Offices
Kaiser Permanente Novato	1,000-4,999	Clinics
Marinhealth Medical Center	1,000-4,999	Hospitals
Bay Equity	500-999	Real Estate Loans
Biomarin Pharmaceutical Inc	500-999	Laboratories - Research & Development
California Alpine Club	500-999	Clubs
College of Marin	500-999	Schools - Universities & Colleges
Glassdoor	500-999	Website Hosting
RH (restoration hardware)	500-999	Furniture
Braytom Purcell, LLP	250-499	Attorneys
Cagwin & Dorward	250-499	Landscape Contractors
Commnity Action Marin	250-499	Membership Organization
Hospice by the Bay Marin	250-499	Physicians & Surgeons
Kaiser Permanente San Rafael	250-499	Hospitals
Macy's	250-499	Department Stores
Managed Health Network	250-499	Health Plans
Marcolin USA, Inc	250-499	Districtuion Centers
Marin Center	250-499	Convention Information Bureaus
Marin Independent Journal	250-499	Newspapers
Nordstrom	250-499	Department Stores
San Rafael Human Services	250-499	City Government
Sutter Care At Home	250-499	Home Health Services
Township Building Svc Inc	250-499	Janitor Services
Westamerica Bancorporation	250-499	Holding Companies
Y YMCS San Francisco	250-499	Youth Organizations
<b>Sonoma County 2023</b>		
Employer	Number of Employees	Industry
Aabalat Fine & Rare Wines	1,000-4,999	Wineries
Medtronic	1,000-4,999	Physicians & Surgeons
Santa Rosa Memorial Hospital	1,000-4,999	Hospitals
Amy's Kitchen, Inc	500-999	Frozen Food Processors
County - Sonoma Trnsprtn-Pubc	500-999	Fire Departments
Fairmont Sonoma Msn Inn & Spa	500-999	Hotels & Motels
Mendocino Forest Products	500-999	Lumber
Protransport - 1	500-999	Transportation Services
Sonoma County Office of Education	500-999	County Government
Sonoma County Sheriff	500-999	County Government
Sutter Santa Rosa Regional Hospital	500-999	Hospitals
Army National Guard Recruiter	250-499	Government Offices - State
County of Sonoma	250-499	Government Offices - County
Flamingo Resort Hotel	250-499	Hotels & Motels
Freeman Toyota	250-499	Automobile Dealers
Ghilotti Construction	250-499	Road Building Contractors
H2Hotel	250-499	Hotels & Motels
Kaiser Permanente Santa Rosa	250-499	Hospitals
Keysight Technologies	250-499	Instruments - Measuring
Macy's	250-499	Department Stores
Petaluma Valley Hospital	250-499	Hospitals
Redwood Empire Recycling	250-499	Recycling Center
Santa Rosa Police Department	250-499	Police Departments
Solairus Aviation	250-499	Aircraft Charter Rental & Leasing
Walmart	250-499	Department Stores

Source: <https://labormarketinfo.edd.ca.gov/majorer>

Sonoma-Marín Area Rail Transit District  
Operating Information (Unaudited)  
Current Year

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**Table 12**  
**Sonoma-Marín Area Rail Transit District**  
**Operation Information (Unaudited)**

Fiscal Year	Ridership	Fare Revenue	Average Fare	Revenue Vehicle Hours	Revenue Vehicle Miles	Annual Passenger Miles
2018	636,029	3,315,274	\$ 5.21	43,959	766,833	16,174,174
2019	716,847	4,094,540	\$ 5.71	32,890	923,002	18,371,183
2020	567,103	3,091,660	\$ 5.45	28,993	82,145	13,516,234
2021	122,849	706,938	\$ 5.75	13,298	398,291	3,148,345
2022	354,328	1,283,112	\$ 3.62	23,174	679,245	7,855,912
2023	640,099	1,800,747	\$ 2.81	34,099	974,008	13,921,410

Daily Fares	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Daily Max
Adult	\$ 1.50	\$ 3.00	\$ 4.50	\$ 6.00	\$ 7.50	\$ 15.00
Youth, Senior, Disabled, START Program	\$ 0.75	\$ 1.50	\$ 2.25	\$ 3.00	\$ 3.75	\$ 7.50

Passes	Adult	Discounted
31 Day Pass	\$ 117.00	\$ 58.50

Source: SMART National Transit Database Data & Fare Structure

Sonoma-Marín Area Rail Transit District  
Employees-Full-Time Equivalent (Unaudited)  
Last Ten Fiscal Years

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**Table 13**  
**Sonoma-Marín Area Rail Transit District**  
**Board Authorized Full Time Equivalents (FTE) Unaudited**

Division	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Manager	1.0	1.0	1.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Legal	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Capital Projects	10.0	14.0	12.0	12.0	10.0	11.0	11.0	7.0	7.0	7.0
Administration	19.0	20.0	20.0	18.0	18.0	19.0	21.0	18.0	20.0	17.0
Finance	4.0	5.0	5.0	6.0	7.0	7.0	7.0	6.0	6.0	12.0
Operations	9.0	27.0	76.0	77.0	83.0	98.5	100.5	96.5	97.5	106.0
Safety & Security	1.0	2.0	2.0	3.5	4.5	4.5	4.5	5.0	5.0	5.0
Freight		0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	6.0
<b>Total</b>	<b>45.0</b>	<b>70.0</b>	<b>119.0</b>	<b>121.5</b>	<b>127.5</b>	<b>145.0</b>	<b>149.0</b>	<b>136.5</b>	<b>140.5</b>	<b>158.0</b>

Source: SMART's Board Adopted Budget