



Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2024

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT -
Petaluma, California



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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

PREPARED BY THE FINANCE DEPARTMENT

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Eric Lucan, Chair
Marin County Board of Supervisors

Melanie Bagby, Vice Chair
Sonoma County Mayors' and
Councilmembers Association

December 18, 2024

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

Eddy Cumins
General Manager

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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, 2024, 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, 2024, 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, 2024, 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.

Passenger

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 was granted freight common carrier status by the Surface Transportation Board in June 2021 and began operating those services in 2022. SMART was granted ownership of the railroad between the Mendocino County line and Healdsburg in 2021 from the State of California and maintains freight accommodations on the SMART-owned rail line between American Canyon and through Novato northward, as authorized in SMART's enabling and subsequent legislation.

In 2022, SMART assumed the freight operations from the Northwestern Pacific Railroad Company (NWP Co), which had been operating service from American Canyon in Napa County to Petaluma since 2011. SMART has provided accommodation to freight along the corridor including gauntlet tracks at each station, upgraded freight rail sidings, passenger rail vehicles that meet applicable Federal Railroad Administration safety standards for interaction with freight equipment, and installation of "positive train control" equipment on all SMART-owned freight locomotives and along the entire right-of-way. SMART became the freight common carrier on the railroad with a Surface Transportation Board approval to assume freight operator responsibilities from the private freight operator on the corridor (June 11, 2021, STB Docket 1310X). SMART's Board authorized the hiring of freight-only employees to operate the short-line freight services; SMART began operations with our own staff on July 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 2024 provided 49% 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 \$180,575 and Sonoma County is \$83,408. In addition, the most recent unemployment data shows Marin County's and Sonoma County's unemployment rate at 3.9% and 4.1% respectfully compared to the State of California at 5.4%. 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 seven 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.

SMART initiated service in August 2017 with 34 trips/weekday, and increased to 38 trips/weekday in January 2020, with the opening of the Larkspur extension. SMART modified services in March 2020 due to the pandemic, with weekend service annulled, and weekday service reduced to 16 trips. In May 2021, SMART added back 10 weekday trips. Saturday service was restored in May 2021, and Sunday service in May 2022. In June 2022, SMART added 10 additional weekday trips, and in October 2022, SMART added two additional midday trips, for a schedule of 38 trips per weekday. During Summer 2023, SMART ran a pilot weekend evening service, known as the Starlighter, in response to rider requests. In October 2023, again increased weekend service, running 16 trips total on both Saturday and Sunday. In August 2024, SMART will be adding four additional trips for a total of 42 trips each weekday.

As of 2024, SMART is operating more service than ever before and is more affordable than pre-pandemic. Ridership is hitting record highs, with SMART achieving the highest ridership recovery rate in the Bay Area, and the second highest rate for commuter rail in the nation. Unlike many rail systems nationwide, which are designed to carry commuters into a central business district, SMART's ability to serve origins and destinations throughout the corridor, with strong bidirectional travel, enabled the system to recover from the pandemic and begin expanding into new markets.

SMART carried over 850,000 passengers in FY24, which exceeded the highest year pre-pandemic, FY19, by 19%. Ridership is anticipated to exceed 1 million riders in FY25, with the opening of Petaluma North and Windsor Stations. On the SMART Pathway, the installation of 10 bicycle & pedestrian counters has enabled data tracking on pathway usage; in FY24 the pathway averaged 63,610 users per month, for a total count of 763,325 for the year.

FINANCIAL PLANNING

Since the passage of Measure Q in 2008, SMART has completed a Strategic Plan every five years. In 2009, SMART prepared and approved its first Strategic Plan, which focused on initiation of the SMART capital project and the funding available for that project. The Great Recession was just beginning to make its impacts felt, affecting the sales tax starting in 2008 through 2010; this initial reduction meant an overall reduction in the sales tax revenue stream for bonding purposes in 2011. Ultimately the difference in the 20-year stream between the SMART initial sales tax proposal and later plans meant a loss of over \$100 million for SMART. This fact led SMART to reevaluate the capacity to deliver the full 70-mile system, in the face of a falling revenue stream, cost increases tied to new regulatory requirements, the realities of construction in an active freight corridor, and significant environmental mitigation expectations. Board policy conversations with regional input outlined the initial plan for SMART's phasing. With that consensus, SMART proceeded with steps to secure the grants, financing and contracts needed to build the first operating segment.

The 2014 Strategic Plan summarized the subsequent decision-making by the Board to build the SMART project in phases and provided updates on the decisions made as part of the capital buildout. The initial operating segment was under construction at that time, from downtown San Rafael to Railroad Square in Santa Rosa. SMART's ability to move quickly during a slow economic time led to favorable bid results, construction savings, greater confidence in the success of the project and ultimately further project expansions. Favorable contract negotiations resulted in the expansion of the first phase project to include the Novato San Marin Station and the Santa Rosa North Station. State and regional funding agencies were willing to grant more funds to SMART as a "shovel-ready" project with momentum and the track was able to be fully rebuilt between Santa Rosa North and the SMART Rail Operations Center with a station added at Airport Boulevard in Sonoma County. The 2014 Strategic Plan included more informed estimates for the cost of opening and operating rail passenger service utilizing state of the art trains, tracks, signals and related infrastructure. Between the 2014 Strategic Plan and its successor document, SMART secured funding to add two additional miles and two stations (Larkspur and Downtown Novato) into the system. These projects were being brought online for passenger use as the 2019 Strategic Plan was being finalized.

The 2019 Strategic Plan was the first plan since SMART completed construction of the initial operating segment and began operating passenger rail service in August of 2017. The Plan documented the progress to date and focused on a path forward, which included plans to seek voter approval to extend the current sales tax past its 2029 expiration date through a 2020 ballot initiative. Consistent with the direction of the 2019 Strategic Plan, SMART placed the sales tax reauthorization ballot initiative, Measure I, on the March 2020 ballot, just as the pandemic arrived. The reauthorization effort failed to receive the two-thirds super majority required to pass, instead receiving 54% across the SMART District of Sonoma and Marin Counties. In addition to the unfavorable outcome of the 2020 ballot initiative, the COVID-19 Pandemic dramatically altered conditions for SMART's transit services as extended stay-at-home mandates and prolonged social distancing protocols altered the public's travel behavior and required SMART operations to adjust to the reduced travel and increased public health and safety protocols.

SMART is currently in the process of updating the FY 2025 – FY 2030 Strategic Plan. Extensive outreach has been conducted and the plan is expected to be adopted by SMART’s Board of Directors in December 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 Short-Range Transit 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, 2024, 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.

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 eleventh 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,



Eddy Cumins
General Manager



Heather McKillop
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

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

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Sonoma-Marín Area Rail Transit District

Principal Officials

June 30, 2024

Sonoma-Marín Area Rail Transit District

Board of Directors

Fiscal Year 2023– 2024

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

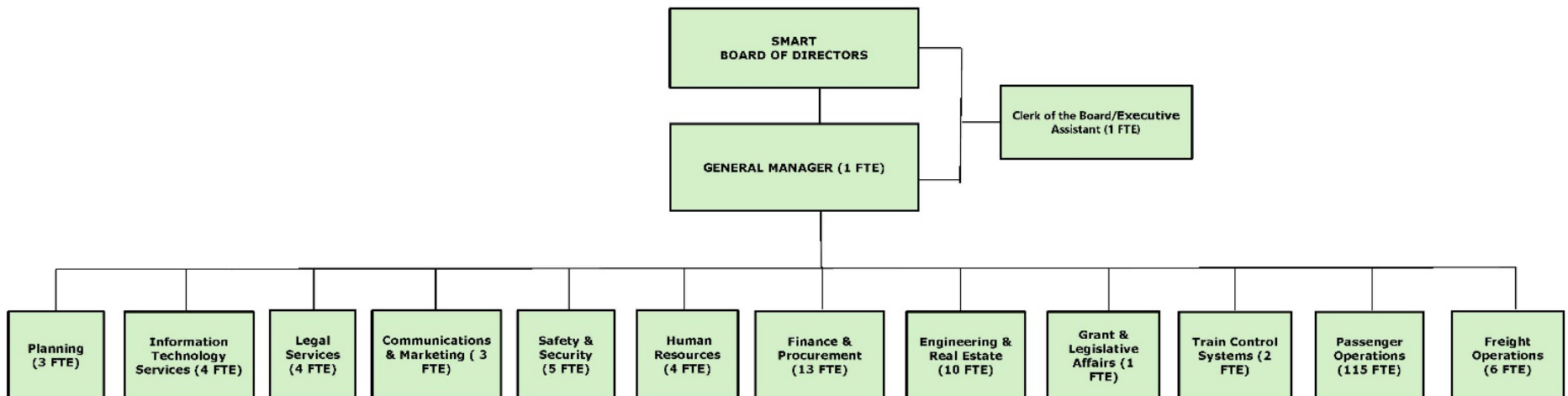
Organizational Structure

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 & Jessica Sutherland



ORGANIZATION CHART



Sonoma-Marín Area Rail Transit District

System Map

June 30, 2024



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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, 2024, 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, 2024, 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 the 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 the 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 the 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 the 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 December 18, 2024 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, 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 the 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 the District's internal control over financial reporting and compliance.



Menlo Park, California
December 18, 2024

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Management's Discussion and Analysis
June 30, 2024

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, 2024. 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 2024, SMART celebrated its sixth year of passenger service. We initiated service in August 2017 with 34 trips/weekday, and increased to 38 trips/weekday in January 2020, with the opening of the Larkspur extension. We modified services in March 2020 due to the pandemic, with weekend service annulled, and weekday service reduced to 16 trips. In May 2021, 10 weekday trips were added back. Saturday service was restored in May 2021 and Sunday service in May 2022. In June 2022, there were 10 additional weekday trips added, and in October 2022, we added two additional midday trips, for a schedule of 38 trips per weekday. During Summer 2023, we ran a pilot weekend evening service, known as the Starlighter, in response to rider requests. In October 2023, we increased weekend service, running 16 trips total on both Saturday and Sunday. In August of 2024, we are planning on adding four additional trips for a total of 42 trips each weekday.

Average daily ridership in Fiscal Year 2024 set records for weekday, Saturday, and Sunday boardings. Fiscal Year 2024 ridership was 33% higher than Fiscal Year 2023. There were over 760,000 pathway trips and 13% of passenger brought a bicycle on board.

In Fiscal Year 2025, a new station in Petaluma will open as well as an extension of the passenger rail line to Windsor.

The largest funding source for passenger rail is sales tax. Sales tax makes up approximately half of total revenues. In addition, we have received state and federal grants to assist in funding new stations, pathways, and the extension to Windsor.

Financial Statistics - Passenger

- Net Sales tax collections were \$48,837,349 in Fiscal Year 2024 which was \$812,026 less than Fiscal Year 2023 by 2%.
- Fare revenues were 22% higher than in Fiscal Year 2023.
- Operating expenses, excluding depreciation and amortization expense, were \$38.3 million in Fiscal Year 2024 which is a \$385,145 decrease from Fiscal Year 2023.
- Assets increased \$4.8 million or 1% increase over Fiscal Year 2023.
- Assets exceeded liabilities at the close of the year ended June 30, 2024, by \$604.1 million (net position). Of this amount, \$137.9 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 that 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 3rd 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 with internal staff.

Financial Statistics - Freight

- Total revenues for Freight service were \$2.3 million or \$2.5 million less than Fiscal Year 2023.
- Operating expenses were \$2.3 million which was \$1.6 million less than Fiscal Year 2023.
- Assets decreased by \$1.9 million or 12% from Fiscal Year 2023.
- Assets exceeded liabilities at the close of the year ended June 30, 2024, by \$13 million (net position). Of this amount, \$1.2 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).

Sonoma-Marín Area Rail Transit District
Management’s Discussion and Analysis
For the Year Ended June 30, 2024

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 19-44 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 \$617.1 million on June 30, 2024.

The largest portion of the District’s net position (77%) 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.

Passenger and Freight Combined - Statement of Net Position	Business-Type Activities		Inc/(Dec) \$	Inc/(Dec) %
	2024	2023		
Assets				
Current and Other Assets	\$ 163,323,762	\$148,653,566	\$ 14,670,196	10%
Capital Assets	\$ 553,280,226	\$536,761,589	\$ 16,518,637	3%
Lease Receivable	<u>\$ 1,719,769</u>	<u>\$ 1,925,885</u>	<u>\$ (206,116)</u>	-11%
Total Assets	\$ 718,323,757	\$687,341,040	\$ 30,982,717	5%
Total Deferred Outflows of Resources	\$ 4,919,410	\$ 4,804,465	\$ 114,945	2%
Liabilities				
Long-Term Liabilities Outstanding	\$ 69,628,377	\$ 84,302,027	\$(14,673,650)	-17%
Other Liabilities	<u>\$ 30,622,742</u>	<u>\$ 24,874,421</u>	<u>\$ 5,748,321</u>	<u>23%</u>
Total Liabilities	\$ 100,251,119	\$109,176,448	\$ (8,925,329)	-8%
Total Deferred Inflows of Resources	\$ 5,940,193	\$ 6,519,478	\$ (579,285)	-9%
Net Position				
Net Investment in Capital Assets	\$ 472,382,722	\$442,223,308	\$ 30,159,414	7%
Restricted	\$ 5,509,878	\$ 8,244,508	\$ (2,734,630)	-33%
Unrestricted	<u>\$ 139,159,255</u>	<u>\$125,981,763</u>	<u>\$ 13,177,492</u>	<u>10%</u>
Total Net Position	\$ 617,051,855	\$576,449,579	\$ 40,602,276	7%

Sonoma-Marin Area Rail Transit District
Management's Discussion and Analysis
Statement of Net Position
For the Year Ended June 30, 2024

The District's net position increased \$40.6 million during the year ended June 30, 2024, due mainly to the increase in capital assets and a decrease in bonds payable in passenger rail.

Passenger and Freight Combined - Statement of Revenues, Expenses, and Changes in Net Position	Business-Type Activities		Inc/(Dec) \$	Inc/(Dec) %
	2024	2023		
<u>Operating Revenues</u>				
Passenger Fares	\$ 2,192,252	\$ 1,800,747	\$ 391,505	22%
Freight Movement Revenue	\$ 683,148	\$ 743,555	\$ (60,407)	-8%
Other Operating Revenue	\$ 267,750	\$ 972,974	\$ (705,224)	-72%
Total Operating Revenue	<u>\$ 3,143,150</u>	<u>\$ 3,517,276</u>	<u>\$ (374,126)</u>	<u>-11%</u>
<u>Operating Expenses</u>				
Salaries and Employee Benefits	\$ 25,837,387	\$ 26,041,905	\$ (204,518)	-1%
Depreciation and Amortization	\$ 20,471,810	\$ 19,377,343	\$ 1,094,467	6%
Other Operating Expenses	\$ 14,780,262	\$ 16,544,635	\$ (1,764,373)	-11%
Total Operating Expenses	<u>\$ 61,089,459</u>	<u>\$ 61,963,883</u>	<u>\$ (874,424)</u>	<u>-1%</u>
Operating Loss	\$ (57,946,309)	\$ (58,446,607)	\$ 500,298	-1%
<u>Nonoperating Revenues (Expenses)</u>				
Sales & Use Taxes	\$ 48,837,349	\$ 49,649,375	\$ (812,026)	-2%
State and Federal Operating Assistance	\$ 13,267,742	\$ 24,663,720	\$(11,395,978)	-46%
Other Nonoperating Revenues and Expenses	\$ 4,574,509	\$ (193,798)	\$ 4,768,307	-2460%
Total Nonoperating Revenues (Expenses)	<u>\$ 66,679,600</u>	<u>\$ 74,119,297</u>	<u>\$ (7,439,697)</u>	<u>-10%</u>
Total Capital Contributions	\$ 31,868,985	\$ 4,042,069	\$ 27,826,916	688%
<u>Change in Net Position</u>	<u>\$ 40,602,276</u>	<u>\$ 19,714,759</u>	<u>\$ 20,887,517</u>	<u>106%</u>
<u>Net Position - Beginning</u>	<u>\$ 576,449,579</u>	<u>\$ 556,734,820</u>	<u>\$ 19,714,759</u>	<u>4%</u>
Net Position - Ending	\$ 617,051,855	\$ 576,449,579	\$ 40,602,276	7%

Sonoma-Marín Area Rail Transit District
Management’s Discussion and Analysis
For the Year Ended June 30, 2024

Fiscal Year 2024 Revenues

Combined Passenger and Freight

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 2024 and Fiscal Year 2023. Overall revenues increased by \$20.1 million or 24% in Fiscal Year 2024

Category	2024	2023	Inc/(Dec) \$	Inc/(Dec) %
Operating Revenues				
Passenger Fares	\$ 2,192,252	\$ 1,800,747	\$ 391,505	22%
Freight Movement Fees	\$ 683,148	\$ 743,555	\$ (60,407)	-8%
Other Services	\$ 267,750	\$ 138,166	\$ 129,584	94%
Total Operating Revenues	\$ 3,143,150	\$ 2,682,468	\$ 460,682	17%
Non-Operating Revenues				
Sales & Use Tax	\$ 48,837,349	\$ 49,649,375	\$ (812,026)	-2%
State Operating Assistance	\$ 9,241,054	\$ 13,307,756	\$ (4,066,702)	-31%
Federal Operating Assistance	\$ 4,026,688	\$ 11,355,964	\$ (7,329,276)	-65%
Investment Earnings (loss)	\$ 5,181,447	\$ 839,529	\$ 4,341,918	517%
Interest Earnings	\$ 40,586	\$ 41,136	\$ (550)	-1%
Miscellaneous	\$ 537,626	\$ 711,820	\$ (174,194)	-24%
Rent Income	\$ 699,927	\$ 834,808	\$ (134,881)	-16%
Gain/ Loss on Sale of Asset	\$ (5,036)	\$ 32,613	\$ 27,577	85%
Total Non-Operating Revenues	\$ 68,559,641	\$ 76,773,001	\$ (8,148,134)	-11%
Capital Contributions	\$ 31,868,985	\$ 4,042,069	\$ 27,826,916	688%
Total Revenues	\$ 103,571,776	\$ 83,497,538	\$ 20,139,464	24%

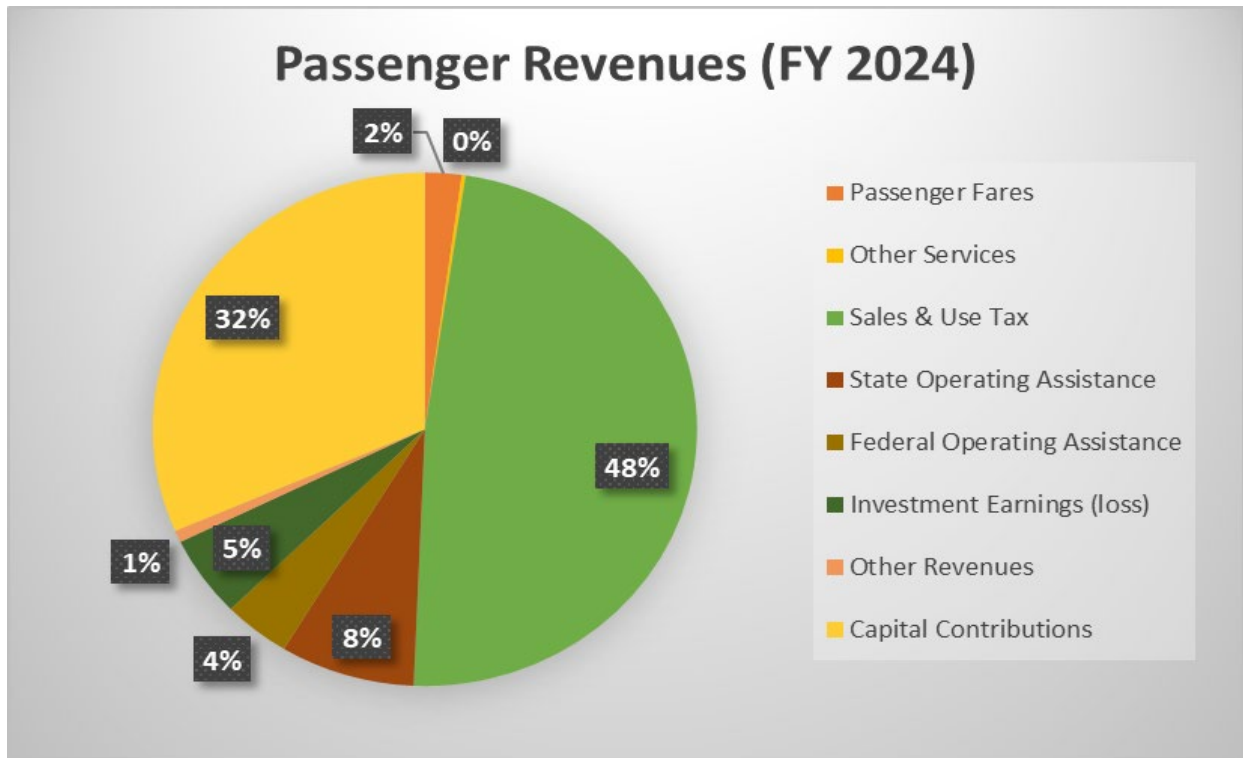
Passenger

- Operating revenues of \$2,857,823 consisting of fare, advertising, parking, and other revenues are directly generated by operations and ownership of property within the District. This figure is \$537,498 higher than Fiscal Year 2023 which is due to higher fare revenues due to increased ridership.
- Non-operating revenues of \$66,470,288 are comprised of sales tax, state and federal operating assistance, investment income, and miscellaneous revenue.
 - Sales tax, the District’s single largest ongoing source of revenue decreased by 2%.
 - Investment earnings were significantly higher \$5,181,447 in Fiscal Year 2024 than in Fiscal Year 2023 due to an increased fund balance and much higher interest rates.

Capital contributions of \$31.9 million are \$27.8 million higher than the year ended June 30, 2023. This is due to several large projects which are currently underway: Windsor Extension, Petaluma North Station, Sonoma County Pathways, and McInnis to Smith Ranch Pathway.

Sonoma-Marín Area Rail Transit District
Management’s Discussion and Analysis
For the Year Ended June 30, 2024

Category	2024	2023	Inc/(Dec) \$	Inc/(Dec) %
Operating Revenues				
Passenger Fares	\$ 2,192,252	\$ 1,800,747	\$ 391,505	22%
Rent Income	\$ 428,852	\$ 390,448	\$ 38,404	10%
Other Services	\$ 236,719	\$ 129,130	\$ 107,589	83%
Total Operating Revenues	\$ 2,857,823	\$ 2,320,325	\$ 537,498	23%
Non-Operating Revenues				
Sales & Use Tax	\$ 48,837,349	\$ 49,649,375	\$ (812,026)	-2%
State Operating Assistance	\$ 8,108,674	\$ 9,883,519	\$ (1,774,845)	-18%
Federal Operating Assistance	\$ 4,026,688	\$ 11,355,964	\$ (7,329,276)	-65%
Investment Earnings (loss)	\$ 5,181,447	\$ 839,529	\$ 4,341,918	517%
Interest Earnings	\$ 34,950	\$ 36,178	\$ (1,228)	-3%
Miscellaneous	\$ 286,216	\$ 454,896	\$ (168,680)	-37%
Gain/ Loss on Sale of Asset	\$ (5,036)	\$ 32,613	\$ 27,577	85%
Total Non-Operating Revenues	\$ 66,470,288	\$ 72,252,074	\$ (5,716,560)	-8%
Capital Contributions	\$ 31,868,985	\$ 4,042,069	\$ 27,826,916	688%
Total Revenues	\$ 101,197,096	\$ 78,614,468	\$ 22,647,854	29%

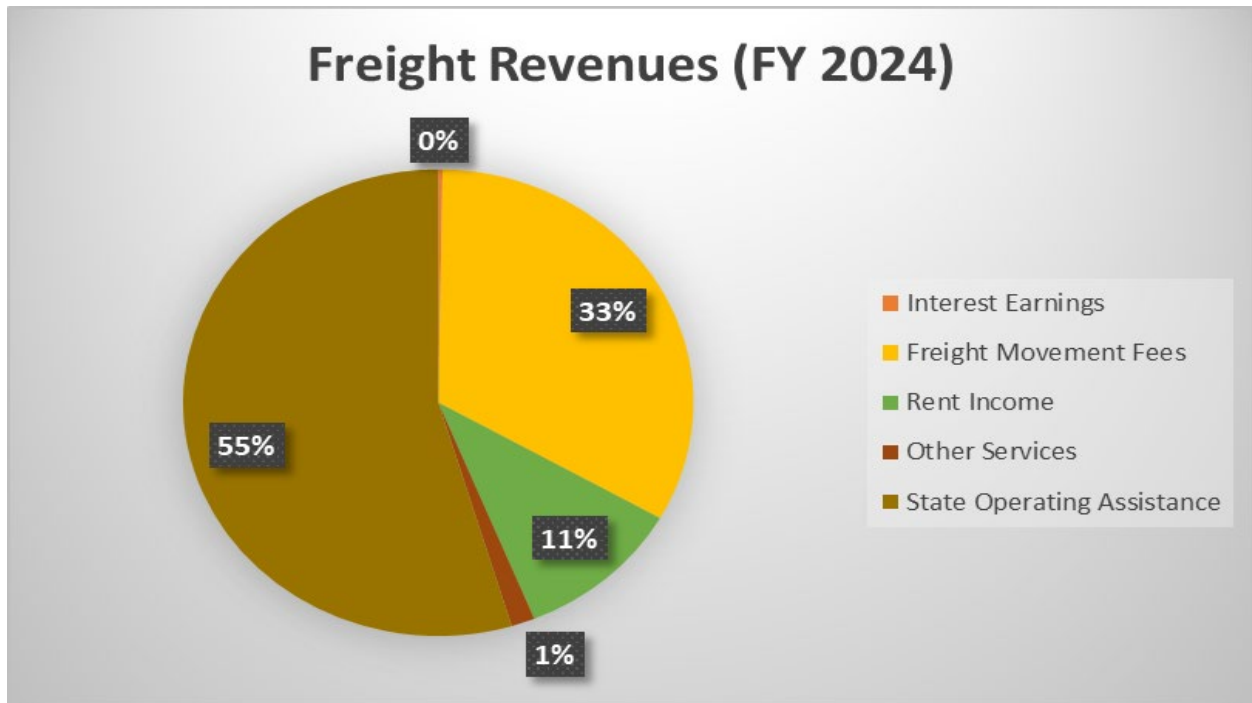


Sonoma-Marin Area Rail Transit District
 Management's Discussion and Analysis
 For the Year Ended June 30, 2024

Freight

- Operating revenues of \$714,179 consisting of freight movement fees, storage fees, lease income, and other revenues are directly generated by operations. This figure is \$38,412 lower than Fiscal Year 2023. This is a result of lower expenditures; therefore, utilizing lower state operating assistance.
- Non-operating revenues of \$1,609,377 is comprised of state grants and proceeds from the sale of 45(g) tax credits.
- There were no capital contributions in Fiscal Year 2024.

Category	2024	2023	Inc/(Dec) \$	Inc/(Dec) %
Operating Revenues				
Freight Movement Fees	\$ 683,148	\$ 743,555	\$ (60,407)	-8%
Other Services	\$ 31,031	\$ 9,036	\$ 21,995	243%
Total Operating Revenues	\$ 714,179	\$ 752,591	\$ (38,412)	-5%
Non-Operating Revenues				
State Operating Assistance	\$ 1,132,380	\$ 3,424,237	\$ (2,291,857)	-67%
Interest Earnings	\$ 5,636	\$ 4,958	\$ 678	14%
Rent Income/Expense	\$ 219,951	\$ 444,360	\$ (224,409)	-51%
Miscellaneous	\$ 251,410	\$ 256,924	\$ (5,514)	-2%
Total Non-Operating Revenues	\$ 1,609,377	\$ 4,130,479	\$ (2,521,102)	-61%
Total Revenues	\$ 2,323,556	\$ 4,883,070	\$ (2,559,514)	-52%



Sonoma-Marín Area Rail Transit District
Management’s Discussion and Analysis
For the Year Ended June 30, 2024

Fiscal Year 2024 Expenses

The District’s largest operating expense is salaries and benefits which make up 64% of total operating less depreciation. The chart below shows total operating expenses for both passenger and freight for both Fiscal Year 2024 and Fiscal Year 2023. Overall operating expense (less depreciation) decreased by \$2 million or 5% in Fiscal Year 2024. Most of the decrease was in freight operations. See explanation below.

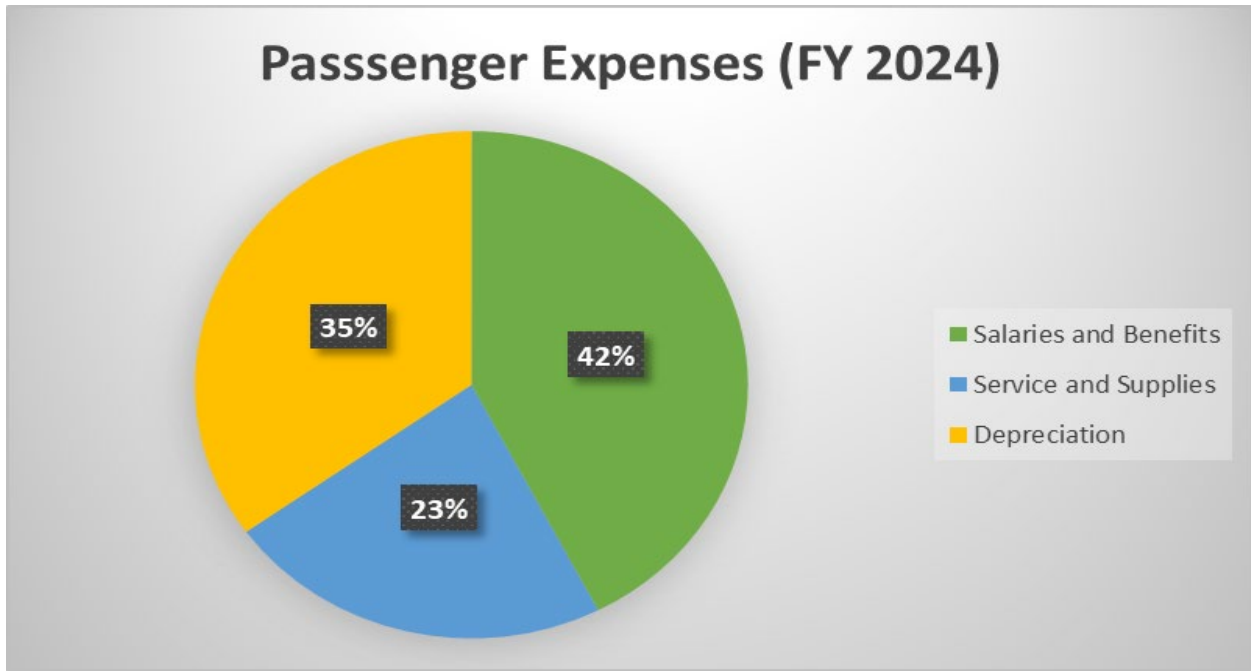
Combined Passenger and Freight

Category	2024	2023	Inc/(Dec) \$	Inc/(Dec) %
Salaries and Benefits	\$ 25,837,387	\$ 26,041,905	\$ (204,518)	-1%
Service and Supplies	\$ 14,317,026	\$ 16,544,635	\$ (2,227,609)	-13%
Miscellaneous	\$ 463,236	\$ 72,733	\$ 390,503	100%
Total Operating Expense	\$ 40,617,649	\$ 42,659,273	\$ (2,041,624)	-5%
Depreciation	\$ 20,471,810	\$ 19,377,343	\$ 1,094,467	6%
Total Operating + Depreciation	\$ 61,089,459	\$ 62,036,616	\$ (947,157)	-2%

Passenger

- The District’s passenger division had operating expenses of \$58,764,024 tied to salaries, benefits, services and supplies and depreciation and amortization.
- Salaries and benefits were down slightly (1%) over ended June 30, 2023, by \$242,005 mainly due to some vacancy savings.
- Services and supplies when combined with miscellaneous expenses were \$13,365,350 or 1% lower than Fiscal Year 2023.

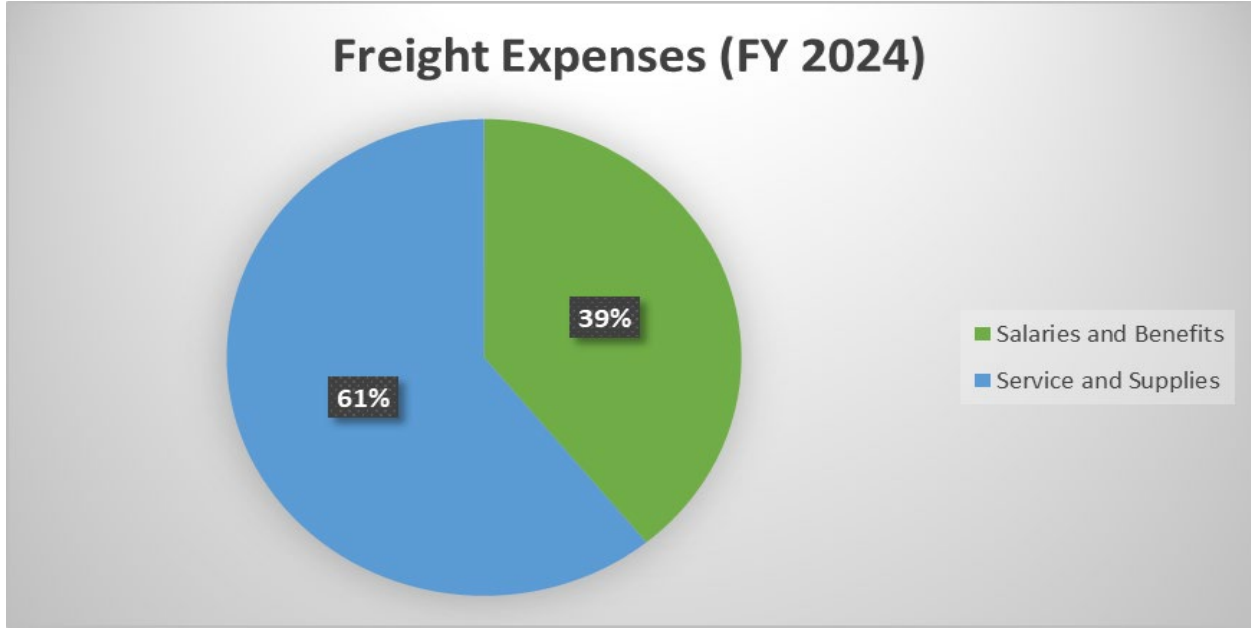
Category	2024	2023	Inc/(Dec) \$	Inc/(Dec) %
Salaries and Benefits	\$ 24,927,610	\$ 25,169,615	\$ (242,005)	-1%
Service and Supplies	\$ 13,003,636	\$ 13,474,761	\$ (471,125)	-3%
Miscellaneous	\$ 361,714	\$ 33,729	\$ 327,985	100%
Total Operating Expense	\$ 38,292,960	\$ 38,678,105	\$ (385,145)	-1%
Depreciation	\$ 20,471,064	\$ 19,377,343	\$ 1,093,721	6%
Total Operating + Depreciation	\$ 58,764,024	\$ 58,055,448	\$ 708,576	1%



Freight

- The District’s freight operations had expenses of \$2,325,435 tied to salaries, benefits, services, supplies, and depreciation.
- Salaries and benefits increased by 4% over the year ended June 30, 2023, by \$37,487.
- Services and supplies when combined with miscellaneous expenses decreased by \$1,694,006. This was due to an effort to only due the bare minimum required to operate and maintain the freight system in order to reduce the amount of state grant funds that were utilized.

Category	2024	2023	Inc/(Dec) \$	Inc/(Dec) %
Salaries and Benefits	\$ 909,777	\$ 872,290	\$ 37,487	4%
Service and Supplies	\$ 1,313,390	\$ 3,069,874	\$ (1,756,484)	-57%
Miscellaneous	\$ 101,522	\$ 39,044	\$ 62,478	100%
Total Operating Expense	\$ 2,324,689	\$ 3,981,208	\$ (1,656,519)	-42%
Depreciation	\$ 746	\$ -	\$ 746	100%
Total Operating + Depreciation	\$ 2,325,435	\$ 3,981,208	\$ (1,655,773)	-42%



Capital Assets

The District’s capital assets, as of June 30, 2024, are \$541,563,377 (net of accumulated depreciation and amortization) which is an increase of \$4.8 million over June 30, 2023. This is due to a large number of projects in progress to include the Windsor Extension, the Petaluma North Station, and several pathway segments.

Passenger and Freight Combined - Capital Assets	2024	2023	Inc/(Dec) \$	Inc/(Dec) %
<u>Assets</u>				
Land	\$ 43,563,026	\$ 50,859,762	\$ (7,296,736)	-14%
Intangible Assets	\$ 25,370	\$ 4,019,770	\$ (3,994,400)	-99%
Construction in Progress	\$ 67,668,776	\$ 31,562,371	\$ 36,106,405	114%
Total Nondepreciable Capital Assets	\$ 111,257,172	\$ 86,441,903	\$ 24,815,269	29%
Infrastructure	\$ 297,864,585	\$ 312,489,943	\$ (14,625,358)	-5%
Buildings and Improvements	\$ 73,780,185	\$ 77,871,372	\$ (4,091,187)	-5%
Equipment	\$ 6,982,131	\$ 6,323,304	\$ 658,827	10%
Non-Revenue Vehicles	\$ 1,162,594	\$ 694,749	\$ 467,845	67%
Revenue Vehicles	\$ 48,609,717	\$ 50,688,174	\$ (2,078,457)	-4%
Intangible Assets	\$ 23,135	\$ 62,795	\$ (39,660)	-63%
Right-to-use Lease	\$ 1,883,858	\$ 2,189,349	\$ (305,491)	-14%
Total Net Depreciable Capital Assets	\$ 430,306,205	\$ 450,319,686	\$ (20,013,481)	-4%
Total Capital Assets, Net of Depreciation	\$ 541,563,377	\$ 536,761,589	\$ 4,801,788	1%

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 \$77,545,000 in bonds outstanding June 30, 2024, compared to \$92,310,000 on June 30, 2023. 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 provides approximately half 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. While sales taxes have leveled out since the large percentage growth in Fiscal Years 2021 and 2022, both counties continue to have low unemployment rates and around 2% to 3% job growth.

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, 2024

	Passenger	Freight	Total
Assets			
Current Assets			
Cash and cash equivalent	\$ 100,698,818	\$ 2,056,317	\$ 102,755,135
Restricted cash, cash equivalents, and investments	5,957,530	-	5,957,530
Sales tax receivables	8,572,259	-	8,572,259
Due from other governments	37,627,258	33,490	37,660,748
Lease receivables	73,294	64,293	137,587
Other receivables	759,723	231,573	991,296
Deposits with others	1,419,152	-	1,419,152
Inventory	2,787,504	-	2,787,504
Interest receivable	2,745	1,085	3,830
Prepaid expenses	3,029,680	9,041	3,038,721
Total current assets	<u>160,927,963</u>	<u>2,395,799</u>	<u>163,323,762</u>
Noncurrent Assets			
Lease receivables	1,586,895	132,874	1,719,769
Capital assets not depreciated	111,257,172	11,292,136	122,549,308
Capital assets, net of accumulated depreciation	<u>430,306,205</u>	<u>424,713</u>	<u>430,730,918</u>
Total noncurrent assets	<u>543,150,272</u>	<u>11,849,723</u>	<u>554,999,995</u>
Total assets	<u>704,078,235</u>	<u>14,245,522</u>	<u>718,323,757</u>
Deferred Outflows of Resources			
Pension related	3,528,454	-	3,528,454
OPEB related	<u>1,390,956</u>	<u>-</u>	<u>1,390,956</u>
Total deferred outflows of resources	<u>4,919,410</u>	<u>-</u>	<u>4,919,410</u>
Liabilities			
Current Liabilities			
Accounts payable	11,542,817	67,284	11,610,101
Accrued liabilities	377,020	366,310	743,330
Bonds payable - current	15,580,000	-	15,580,000
Due to State	1,068	-	1,068
Interest payable	447,652	-	447,652
Unearned revenue	3,472	606,785	610,257
Total OPEB liability - current	3,672	-	3,672
Compensated absences	1,222,457	25,450	1,247,907
Leases payable	<u>382,427</u>	<u>-</u>	<u>382,427</u>
Total current liabilities	<u>29,560,585</u>	<u>1,065,829</u>	<u>30,626,414</u>
Noncurrent Liabilities			
Compensated absences	395,261	26,574	421,835
Bonds payable	61,965,000	-	61,965,000
Leases payable	1,373,982	-	1,373,982
Other noncurrent liabilities	186,472	-	186,472
Net Pension liability	3,028,398	-	3,028,398
Total OPEB liability	<u>2,649,018</u>	<u>-</u>	<u>2,649,018</u>
Total noncurrent liabilities	<u>69,598,131</u>	<u>26,574</u>	<u>69,624,705</u>
Total liabilities	<u>99,158,716</u>	<u>1,092,403</u>	<u>100,251,119</u>
Deferred Inflows of Resources			
Lease related	1,580,844	191,625	1,772,469
OPEB related	4,143,648	-	4,143,648
Pension related	<u>24,076</u>	<u>-</u>	<u>24,076</u>
Total deferred inflows of resources	<u>5,748,568</u>	<u>191,625</u>	<u>5,940,193</u>
Net Position			
Net investment in capital assets	460,670,049	11,712,673	472,382,722
Restricted for			
Debt service	5,509,878	-	5,509,878
Unrestricted	<u>137,910,434</u>	<u>1,248,821</u>	<u>139,159,255</u>
Total net position	<u>\$ 604,090,361</u>	<u>\$ 12,961,494</u>	<u>\$ 617,051,855</u>

Sonoma-Marin Area Rail Transit District
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	<u>Passenger</u>	<u>Freight</u>	<u>Total</u>
Operating Revenues			
Charges for services			
Passenger fares	\$ 2,192,252	\$ -	\$ 2,192,252
Other services	236,719	31,031	267,750
Freight movement	-	683,148	683,148
Total Operating Revenues	<u>2,428,971</u>	<u>714,179</u>	<u>3,143,150</u>
Operating Expenses			
Salaries and employee benefits	24,927,610	909,777	25,837,387
Services and supplies	13,003,636	1,313,390	14,317,026
Depreciation and amortization	20,471,064	746	20,471,810
Miscellaneous	361,714	101,522	463,236
Total Operating Expenses	<u>58,764,024</u>	<u>2,325,435</u>	<u>61,089,459</u>
Operating Loss	<u>(56,335,053)</u>	<u>(1,611,256)</u>	<u>(57,946,309)</u>
Nonoperating Revenues (Expenses)			
Sales and use taxes	48,837,349	-	48,837,349
State operating assistance	8,108,674	1,132,380	9,241,054
Federal operating assistance	4,026,688	-	4,026,688
Rent income	428,852	271,075	699,927
Rent expense	(77,285)	(51,124)	(128,409)
Investment earnings	5,181,447	-	5,181,447
Interest earnings	34,950	5,636	40,586
Miscellaneous revenues	286,216	251,410	537,626
Loss on sale of asset	(5,036)	-	(5,036)
Impairment of capital assets	(237,008)	-	(237,008)
Interest expense	(1,514,624)	-	(1,514,624)
Total Nonoperating Revenues (Expenses)	<u>65,070,223</u>	<u>1,609,377</u>	<u>66,679,600</u>
Income Before Capital Contributions	8,735,170	(1,879)	8,733,291
Capital Contributions			
State of California	25,292,092	-	25,292,092
State of Good Repair	330,712	-	330,712
Sonoma County Transportation Authority - Measure M	974,254	-	974,254
Federal	1,174,803	-	1,174,803
Other governmental agencies	4,097,124	-	4,097,124
Total Capital Contributions	<u>31,868,985</u>	<u>-</u>	<u>31,868,985</u>
Change In Net Position	<u>40,604,155</u>	<u>(1,879)</u>	<u>40,602,276</u>
Net Position-Beginning	<u>563,486,206</u>	<u>12,963,373</u>	<u>576,449,579</u>
Net Position-Ending	<u>\$ 604,090,361</u>	<u>\$ 12,961,494</u>	<u>\$ 617,051,855</u>

Sonoma-Marin Area Rail Transit District
Statement of Cash Flows
For the Year Ended June 30, 2024

	<u>Passenger</u>	<u>Freight</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,192,252	\$ 867,005	\$ 3,059,257
Receipts from others	236,719	-	236,719
Payments to suppliers for goods and services	(5,775,246)	(1,963,314)	(7,738,560)
Cash payments to employees for services	(25,436,606)	(871,328)	(26,307,934)
Net Cash Used for Operating Activities	(28,782,881)	(1,967,637)	(30,750,518)
Cash Flows from Noncapital Financing Activities			
Sales tax received	49,083,420	-	49,083,420
State operating assistance	8,533,505	33,490	8,566,995
Federal operating payments	(21,416,108)	(33,490)	(21,449,598)
Miscellaneous Revenues	-	-	-
Cash paid on projects on behalf of other governments	(5,036)	-	(5,036)
Cash receipts for third party infrastructure	283,426	251,410	534,836
Net Cash Provided by Noncapital and Financing Activities	36,479,207	251,410	36,730,617
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(38,289,993)	(425,459)	(38,715,452)
Gain from sale of capital asset	(237,008)	-	(237,008)
Capital grants received restricted for capital purposes	31,868,985	-	31,868,985
Interest received as lessor	34,950	5,636	40,586
Cash received as lessor	392,626	269,374	662,000
Cash paid as lessee	(442,689)	(51,124)	(493,813)
Principal payments on long-term debt	(14,765,000)	-	(14,765,000)
Interest paid on capital debt	(1,567,706)	-	(1,567,706)
Net Cash Used for Capital and Related Financing Activities	(23,005,835)	(201,573)	(23,207,408)
Cash Flows from Investing Activities			
Investment income (loss)	4,928,638	182	4,928,820
Net Cash Provided by Investing Activities	4,928,638	182	4,928,820
Net Change in Cash and Cash Equivalents	(10,380,871)	(1,917,618)	(12,298,489)
Cash and Cash Equivalents - Beginning	117,037,219	3,973,935	121,011,154
Cash and Cash Equivalents - Ending	<u>\$ 106,656,348</u>	<u>\$ 2,056,317</u>	<u>\$ 108,712,665</u>
Reconciliation to the Statement of Net Position			
Cash and cash equivalents	\$ 100,698,818	\$ 2,056,317	\$ 102,755,135
Restricted Cash, Cash Equivalents, and Investments with Trustee	5,957,530	-	5,957,530
Total cash and cash equivalents	<u>\$ 106,656,348</u>	<u>\$ 2,056,317</u>	<u>\$ 108,712,665</u>

Sonoma-Marín Area Rail Transit District
Statement of Cash Flows
For the Year Ended June 30, 2024

Reconciliation of the Operating Loss to Net Cash	Passenger	Freight	Total
Used for operating activities			
Operating loss	<u>\$ (56,335,053)</u>	<u>\$ (1,611,256)</u>	<u>\$ (57,946,309)</u>
Adjustments to reconcile operating loss to net cash used for operating activities			
Depreciation and amortization	20,471,064	746	20,471,810
Changes in operating assets, liabilities, deferred inflows of resources, and deferred outflows of resources			
(Increase) decrease in prepaid expenses	(478,088)	101,218	(376,870)
(Increase) decrease in accounts receivable	766	152,826	153,592
Increase (decrease) in accounts payable and other accrued liabilities	6,540,165	(649,620)	5,890,545
Increase (decrease) in compensated absences	208,987	38,449	247,436
Increase (decrease) in net post-employment benefits obligation	286,765	-	286,765
Increase (decrease) in net pension liability and related deferred outflow/inflow of resources	<u>522,513</u>	<u>-</u>	<u>522,513</u>
Net cash used by operating activities	<u><u>\$ (28,782,881)</u></u>	<u><u>\$ (1,967,637)</u></u>	<u><u>\$ (30,750,518)</u></u>
Schedule of Non-Cash Investing, Capital, and Financing Activities			
Unrealized loss on investments	<u>\$ 1,839,094</u>	<u>\$ -</u>	<u>\$ 1,839,094</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 (except for intangible right-to-use lease/SBITA assets, the measurement of which is discussed in paragraph O below). Betterments and major improvements that significantly increase value, change capacity, or extend the useful life are capitalized. Donated capital assets are reported based on their acquisition value at the date of acquisition.

Capital assets are depreciated using the straight-line method over their useful lives, except for land and construction in progress, which are not depreciated. 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, 2024 are as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Compensated absences	\$ 1,447,505	\$ 222,237	\$ -	\$ 1,669,742	\$ 1,247,907
Total	\$ 1,447,505	\$ 222,237	\$ -	\$ 1,669,742	\$ 1,247,907

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.

Note 2 - Cash and Investments

Cash and investments are carried at fair value and are categorized as follows on June 30, 2024:

	Available for Operations	Held by Trustee	Total
Sonoma County Treasury Pool	\$ 89,244,595	\$ 5,957,530	\$ 95,202,125
Deposits with financial institutions	13,510,540	-	13,510,540
Total cash and investments	<u>\$ 102,755,135</u>	<u>\$ 5,957,530</u>	<u>\$ 108,712,665</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.

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	\$75m per account
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 664 days on June 30, 2024.

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, 2024, \$13,259,743 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, 2024

- 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, 2024, 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, 2024

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

Passenger Fund	Balance July 1, 2023	Additions	Deductions	Transfer	Balance June 30, 2024
Capital assets not being depreciated					
Land	\$ 43,567,626	\$ -	\$ -	\$ (4,600)	\$ 43,563,026
Intangible assets	19,770	-	-	5,600	25,370
Construction in progress	31,562,371	36,106,405	-	-	67,668,776
Total capital assets not being depreciated	75,149,767	36,106,405	-	1,000	111,257,172
Capital assets being depreciated					
Infrastructure	499,097,381	50,747	-	(114,673,794)	384,474,334
Buildings and improvements	24,868,302	-	-	75,678,950	100,547,252
Equipment and vehicles	11,723,048	266,639	-	(687,118)	11,302,569
Revenue vehicles	62,353,699	-	-	-	62,353,699
Non-Revenue vehicles	-	614,548	(222,199)	2,003,002	2,395,351
Intangible assets	387,672	-	-	-	387,672
Right-to-use lease - Building	2,800,330	-	-	-	2,800,330
Total capital assets being depreciated	601,230,432	931,934	(222,199)	(37,678,960)	564,261,207
Total capital assets	676,380,199	37,038,339	(222,199)	(37,677,960)	675,518,379
Accumulated depreciation and amortization					
Infrastructure	(127,828,783)	(13,210,977)	-	54,430,011	(86,609,749)
Buildings and improvements	(5,775,585)	(4,091,187)	-	(16,900,295)	(26,767,067)
Equipment and vehicles	(4,704,995)	(651,642)	-	1,036,199	(4,320,438)
Revenue vehicles	(11,665,525)	(2,078,457)	-	-	(13,743,982)
Non-Revenue vehicles	-	(93,650)	222,199	(1,361,306)	(1,232,757)
Intangible assets	(324,877)	(39,660)	-	-	(364,537)
Right-to-use lease - Building	(610,981)	(305,491)	-	-	(916,472)
Total accumulated depreciation and amortization	(150,910,746)	(20,471,064)	222,199	37,204,609	(133,955,002)
Capital assets, net	\$ 525,469,453	\$ 16,567,275	\$ -	\$ (473,351)	\$ 541,563,377

Sonoma-Marin Area Rail Transit District
Notes to the Financial Statements
For the Year Ended June 30, 2024

Freight Fund	Balance July 1, 2023	Additions	Deductions	Transfer	Balance June 30, 2024
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 being depreciated					
Infrastructure	-	-	-	37,508,834	37,508,834
Non-Revenue Vehicles	-	-	-	169,127	169,127
Total capital assets being depreciated	-	-	-	37,677,961	37,677,961
Accumulated depreciation and amortization					
Infrastructure	-	-	-	(37,087,406)	(37,087,406)
Non-Revenue Vehicles	-	(746)	-	(165,096)	(165,842)
Total accumulated depreciation and amortization	-	(746)	-	-	(37,253,248)
Capital assets, net	\$ 11,292,136	\$ (746)	\$ -	\$ 37,677,961	\$ 11,716,849

Note 4 - Long Term Debt

A. Composition and Changes

Long-term debt activity for the year ended June 30, 2024 was as follows:

	Original Borrowing	Balance July 1, 2023	Additions	Reductions	June 20, 2024	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	\$ 92,310,000	\$ -	\$ 14,765,000	\$ 77,545,000	\$ 15,580,000
Leases	2,887,551	2,121,813	-	365,404	1,756,409	382,427
Total	\$ 125,857,551	\$ 94,431,813	\$ -	\$ 15,130,404	\$ 79,301,409	\$ 15,962,427

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 2024 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, 2024 was \$48,837,349 whereas debt service on the Measure Q bonds was \$14,765,000 for the fiscal year ended June 30, 2024.

Sonoma-Marín Area Rail Transit District
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024:

For The Year Ending June 30	Principal	Interest
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
	\$ 77,545,000	\$ 4,254,041

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 \$1,756,409 as of June 30, 2024. Right to use assets, net of amortization, for the lease is \$1,883,858 as of June 30, 2024. The District is required to make monthly principal and interest payments of \$37,692. Interest expense recognized on these leases was \$86,956 for the fiscal year ended June 30, 2024. Principal payments of \$365,404 were recognized in the years ended June 30, 2024. Final payment on these leases is expected in fiscal year 2029.

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
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>\$ 1,756,409</u>	<u>\$ 169,210</u>	<u>\$ 1,925,619</u>

B. Lessor Activities

The District has accrued a receivable for ten land and infrastructure leases. The remaining receivable for these leases was \$1,857,356 for the year ended June 30, 2024. Deferred inflows related to these leases were \$1,772,469 as of June 30, 2024. Interest revenue recognized on these leases was \$78,278 for the year ended June 30, 2024. Principal receipts of \$174,161 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:

<https://www.calpers.ca.gov/page/investments/about-investment-office/investment-financial-reports>.

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, 2024, 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%	7.75%
Required employer contribution rate	11.84%	10.10%	7.68%

	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	13.75%
Required employer contribution rate	13.54%

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, 2024, the employer contributions were \$1,380,428 for the miscellaneous plan and \$23,507 for the safety plan.

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

As of June 30, 2024, 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	\$ 2,995,908	\$ 3,479,599	\$ 23,742	\$ 2,845,687
Safety	32,490	48,855	334	62,424
Total	<u>\$ 3,028,398</u>	<u>\$ 3,528,454</u>	<u>\$ 24,076</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, 2023, 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, 2022, rolled forward to the June 30, 2023, 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, 2023, and 2024 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2022 measurement date	0.047170%	0.000291%
Proportion - June 30, 2023 measurement date	<u>0.059910%</u>	<u>0.000435%</u>
Change in proportion	<u>0.012740%</u>	<u>0.000144%</u>

Sonoma-Marín Area Rail Transit District
Notes to the Financial Statements
For the Year Ended June 30, 2024

For the year ended June 30, 2024, the District recognized a pension expense of \$2,845,647. At June 30, 2024, 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	\$ 1,380,428	\$ -
Changes in proportion and differences between District contributions and proportionate share of contributions	496,997	-
Net differences between projected and actual earnings on pension plan investments	485,065	-
Differences between expected and actual experience	153,047	23,741
Adjustment due to differences in proportions	783,186	-
Changes of assumptions	180,876	-
Total	\$ 3,479,599	\$ 23,741

On June 30, 2024, the District reported \$1,380,428 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, 2025. 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
2025	\$ 933,336
2026	593,762
2027	534,414
2028	13,918
Total	\$ 2,075,430

Sonoma-Marín Area Rail Transit District
Notes to the Financial Statements
For the Year Ended June 30, 2024

For the year ended June 30, 2024, the District recognized a pension expense of \$62,424 and 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	\$ 23,507	\$ -
Changes in proportion and differences between District contributions and proportionate share of contributions	4,077	130
Net differences between projected and actual earnings on pension plan investments	4,446	-
Differences between expected and actual experience	2,385	204
Adjustment due to differences in proportions	12,544	-
Changes of assumptions	1,896	-
Total	\$ 48,855	\$ 334

On June 30, 2024, the District reported \$23,507 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, 2025. 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
2025	\$ 12,116
2026	7,103
2027	5,671
2028	124
Total	\$ 25,014

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

	Miscellaneous	Safety
Valuation date	June 30, 2022	June 30, 2022
Measurement date	June 30, 2023	June 30, 2023
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.

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.

Sonoma-Marín Area Rail Transit District
Notes to the Financial Statements
For the Year Ended June 30, 2024

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 ^{(a)(b)}
Global equity - cap weighted	30%	4.54%
Global equity non-cap weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

^(a) An expected inflation of 2.30% used for this period.

^(b) Figures are based on the 2021-22 Asset Liability Management study.

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%)	\$ 5,832,746	\$ 78,197
Current discount rate (6.90%)	2,995,908	32,490
1% increase (7.90%)	660,948	(4,879)

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, 2024, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
\$ 2,652,690	\$ 1,390,956	\$ (4,143,648)	\$ 290,437

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. A separate report was not issued for the Plan.

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 \$90.60 per month to PEMHCA on behalf of each eligible retiree in 2023. This amount increased to \$102.05 per month for calendar 2024. 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 \$151 in 2023 and \$157 for 2024 in which the District contribution to retirees was 60% and 65%, respectively. Additionally, the District pays the PEMHCA percentage-of-premiums admin fee for all retirees participating in PEMHCA.

Sonoma-Marín Area Rail Transit District
Notes to the Financial Statements
For the Year Ended June 30, 2024

Employees Covered by Benefit Terms Membership in the plan consisted of the following at the measurement date of June 30, 2023:

Active employees	125
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, 2023 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	6.00 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 2023-2029 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 3.69% as of the June 30, 2022 measurement date and 3.86% as of the June 30, 2023 measurement date.

C. Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

	Total OPEB Liability
Balance, June 30, 2023	\$ 2,233,260
Service cost	409,238
Interest	97,361
Changes of assumptions and other inputs	(79,112)
Benefit payments	(8,057)
Net change	419,430
Balance, June 30, 2024	\$ 2,652,690

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 (2.86%)	\$ 3,165,264
Current discount rate (3.86%)	2,652,690
1% increase (4.86%)	2,243,238

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%)	\$ 2,096,459
Current healthcare cost trend rate (6.50%)	2,652,690
1% increase (7.50%)	3,401,635

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$290,437 and 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	148,165	2,634,173
Changes of assumptions	1,239,119	1,509,475
Total	\$ 1,390,956	\$ 4,143,648

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, 2025. 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
2025	\$ (211,777)
2026	(211,777)
2027	(211,777)
2028	(211,777)
2029	(205,590)
Thereafter	(1,703,666)
Total	\$ (2,756,364)

Note 8 - Commitments

A. Purchase Commitments

At June 30, 2024, the District had outstanding purchase and contract commitments of \$1,307,727 for passenger and \$1,297,235 for freight.

Required Supplementary Information
June 30, 2024

Sonoma-Marín Area Rail Transit District

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalPERS (Miscellaneous Plan)										
Proportion of the net pension liability (asset)	0.0599%	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)	\$ 2,995,908	\$ 2,207,036	\$ (257,780)	\$ 1,473,514	\$ 1,126,646	\$ 870,893	\$ 936,778	\$ 742,146	\$ 585,152	\$ 633,530
Total	<u>\$ 2,995,908</u>	<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>\$ 15,310,263</u>	<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	19.57%	17.59%	-2.05%	11.11%	8.72%	7.79%	9.43%	12.33%	16.38%	20.61%
Plan fiduciary net position as a percentage of the total pension liability	78%	78%	86%	74%	75%	75%	73%	74%	78%	20%
Measurement Date	June 30, 2023	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)	0.0004%	0.0290%	-0.0051%	0.0349%	0.2813%	0.0000%				
Proportionate share of the net pension liability (asset)	\$ 32,490	\$ 20,004	\$ (17,841)	\$ 10,982	\$ 4,177	\$ 709				
Covered payroll	\$ 129,822	\$ 130,891	\$ 122,516	\$ 211,670	\$ 195,041	180,138				
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.03%	15.28%	-14.56%	5.19%	2.14%	0.39%				
Plan fiduciary net position as a percentage of the total pension liability	75%	76%	86%	74%	75%	75%				
Measurement Date	June 30, 2023	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 7.15% in fiscal year 2023 to 6.90%.
- 3 Safety plan became applicable to SMART starting with fiscal year 2019.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalPERS - Miscellaneous Plan										
Contractually required contribution	\$ 1,380,428	\$ 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	1,380,428	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	\$ 17,450,228	\$ 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	7.91%	7.47%	8.66%	8.09%	7.36%	7.05%	6.69%	7.05%	6.81%	9.73%
CalPERS - Safety Plan										
Contractually required contribution	\$ 23,507	\$ 16,591	\$ 16,551	\$ 16,454	\$ 27,589	\$ 23,680				
Less contributions in relation to the contractually required contribution	23,507	16,591	16,551	16,454	27,589	23,680				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered payroll	\$ 174,040	\$ 129,822	\$ 130,891	\$ 122,516	\$ 211,670	\$ 195,041				
Contributions as a percentage of covered payroll	13.507%	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.
Safety plan became applicable to SMART starting with fiscal year 2019.

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

Fiscal year	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 409,238	\$ 726,098	\$ 794,213	\$ 638,813	\$ 444,687	\$ 438,273	\$ 478,730
Interest	97,361	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	(79,112)	(230,572)	760,464	682,576	308,419	(26,755)	(241,085)
Benefit payments	(8,057)	(3,672)	(10,671)	(4,806)	(6,257)	(2,891)	(3,801)
Net change in total OPEB liability	419,430	(1,300,424)	(953,737)	1,412,745	1,079,380	463,121	270,626
Total OPEB Liability - Beginning	2,233,260	3,533,684	4,487,421	3,074,676	1,995,296	1,532,175	1,261,549
Total OPEB Liability - Ending	\$ 2,652,690	\$ 2,233,260	\$ 3,533,684	\$ 4,487,421	\$ 3,074,676	\$ 1,995,296	\$ 1,532,175
Covered-employee Payroll	\$ 15,440,085	\$ 14,074,763	\$ 12,684,093	\$ 13,476,678	\$ 18,840,794	\$ 11,175,297	\$ 9,930,773
Total OPEB Liability as a Percentage of Covered Payroll	17%	16%	28%	33%	16%	18%	15%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ 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, 2024

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.

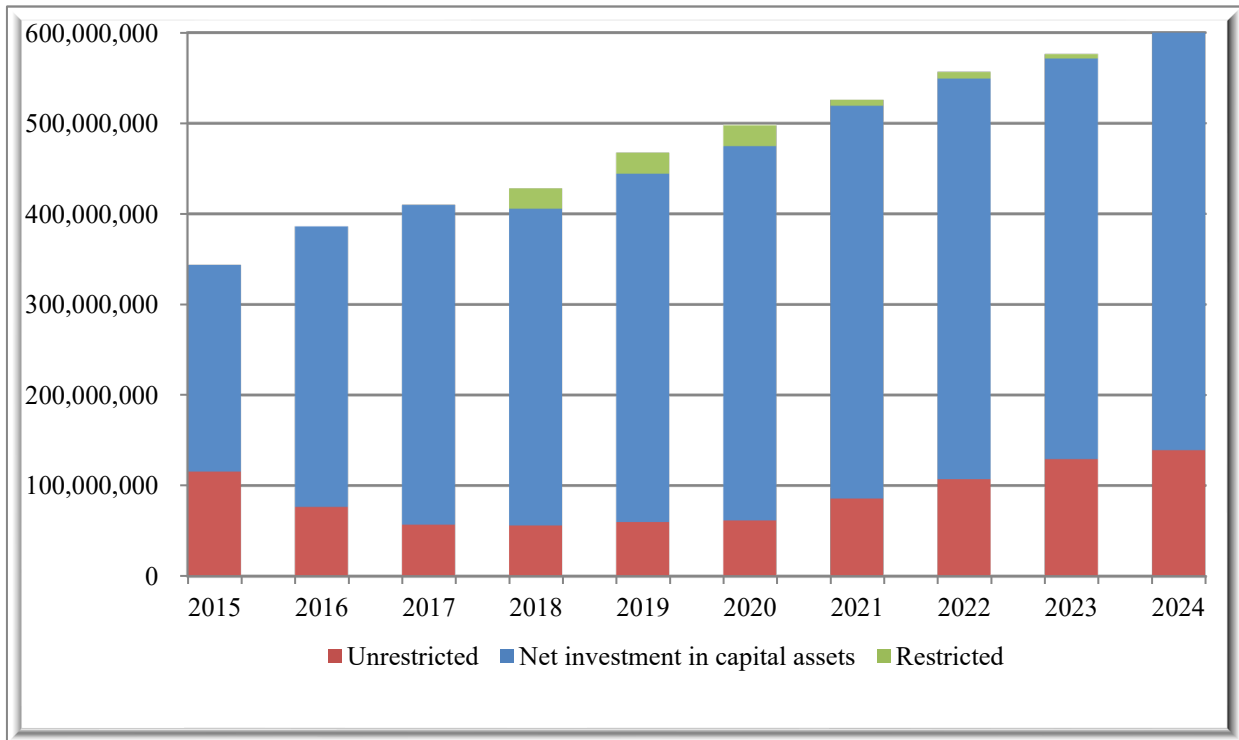
- Table 12- Operating Information
- Table 13- Employees – Full-Time Equivalent

Sources

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

Sonoma-Marín 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



	2015	2016	2017	2018	2019
Net investment in capital assets	\$ 228,244,612	\$ 309,724,259	\$ 353,088,871	\$ 349,608,580	\$ 384,506,952
Restricted	-	-	-	22,575,206	23,255,790
Unrestricted	115,465,740	76,452,056	56,892,973	55,996,479	59,801,398
Total net position	\$ 343,710,352	\$ 386,176,315	\$ 409,981,844	\$ 428,180,265	\$ 467,564,140

	2020	2021	2022	2023	2024
Net investment in capital assets	\$ 413,213,191	\$ 433,487,686	\$ 442,201,252	\$ 442,223,308	\$ 472,382,722
Restricted	22,946,005	6,662,863	7,440,671	5,018,975	5,509,878
Unrestricted	61,548,911	85,779,768	107,092,897	129,207,296	139,159,255
Total net position	\$ 497,708,107	\$ 525,930,317	\$ 556,734,820	\$ 576,449,579	\$ 617,051,855

Sonoma-Marín 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

	2015	2016	2017	2018	2019
Operating revenues:					
Charges for services	\$ 640,249	\$ 529,191	\$ 588,402	\$ 4,025,111	\$ 5,036,875
Total operating revenues	<u>640,249</u>	<u>529,191</u>	<u>588,402</u>	<u>4,025,111</u>	<u>5,036,875</u>
Operating expenses:					
Salaries and employee benefits	4,303,358	7,737,361	12,610,874	16,950,114	18,453,125
Services and supplies	5,275,106	5,252,012	6,717,902	8,080,825	10,690,334
Depreciation and amortization	4,575,530	4,610,295	4,716,779	17,800,126	19,033,577
Miscellaneous expense	380,000	7,541	212	672,332	203,883
Total operating expenses	<u>14,533,994</u>	<u>17,607,209</u>	<u>24,045,767</u>	<u>43,503,397</u>	<u>48,380,919</u>
Operating income/(loss)	<u>(13,893,745)</u>	<u>(17,078,018)</u>	<u>(23,457,365)</u>	<u>(39,478,286)</u>	<u>(43,344,044)</u>
Nonoperating revenues (expenses):					
Sales and use taxes	33,845,426	34,776,012	36,061,895	37,135,476	41,241,140
Federal, state, and other operating assistance	-	-	-	3,701,366	5,000,756
Investment earnings (loss)	1,384,557	585,178	366,748	724,313	1,974,246
Interest income	-	-	-	-	-
Miscellaneous revenues	49,351	2,264,334	438,639	2,236,508	4,174,454
Capital expense passed through to other agencies	(1,557,743)	(295,894)	(62,636)	(3,778,891)	(770,156)
Gain (Loss) on sale of asset	-	-	-	-	-
Rent income	-	-	-	-	-
Rent expense	-	(746,718)	(781,084)	(796,640)	(646,236)
Loss on impairment of assets	-	-	-	-	-
Interest expense	(2,761,502)	(805,558)	(1,164,558)	(5,819,778)	(5,591,608)
Total nonoperating revenues (expenses)	<u>30,960,089</u>	<u>35,777,354</u>	<u>34,859,004</u>	<u>33,402,354</u>	<u>45,382,596</u>
Income (loss) before capital contributions	<u>17,066,344</u>	<u>18,699,336</u>	<u>11,401,639</u>	<u>(6,075,932)</u>	<u>2,038,552</u>
Capital contributions					
State of California	3,381	284,094	458,549	837,950	2,883,980
Metropolitan Transportation Commission	7,119,973	2,683,108	5,007,846	9,939,309	4,388,830
Sonoma County Transportation Authority	35,358	47,780	33,440	356,219	55,249
Federal	500,595	3,779,595	2,750,431	9,450,100	21,270,383
Donated asset	-	16,222,106	1,116,726	-	-
Other governmental agencies	1,534,698	749,376	3,036,898	4,357,881	8,746,881
Total capital contributions	<u>9,194,005</u>	<u>23,766,059</u>	<u>12,403,890</u>	<u>24,941,459</u>	<u>37,345,323</u>
Change in net position before restatement	<u>\$26,260,349</u>	<u>\$42,465,395</u>	<u>\$23,805,529</u>	<u>\$18,865,527</u>	<u>\$39,383,875</u>
Restatement due to implementation of GASB 68 FY15	(443,320)				
Restatement FY17				(666,637)	
Special Item FY22					
Change in net position, Restated	<u>\$25,817,029</u>	<u>\$42,465,395</u>	<u>\$23,805,529</u>	<u>\$18,198,890</u>	<u>\$39,383,875</u>

Source: SMART annual financial statements.

Continued on

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

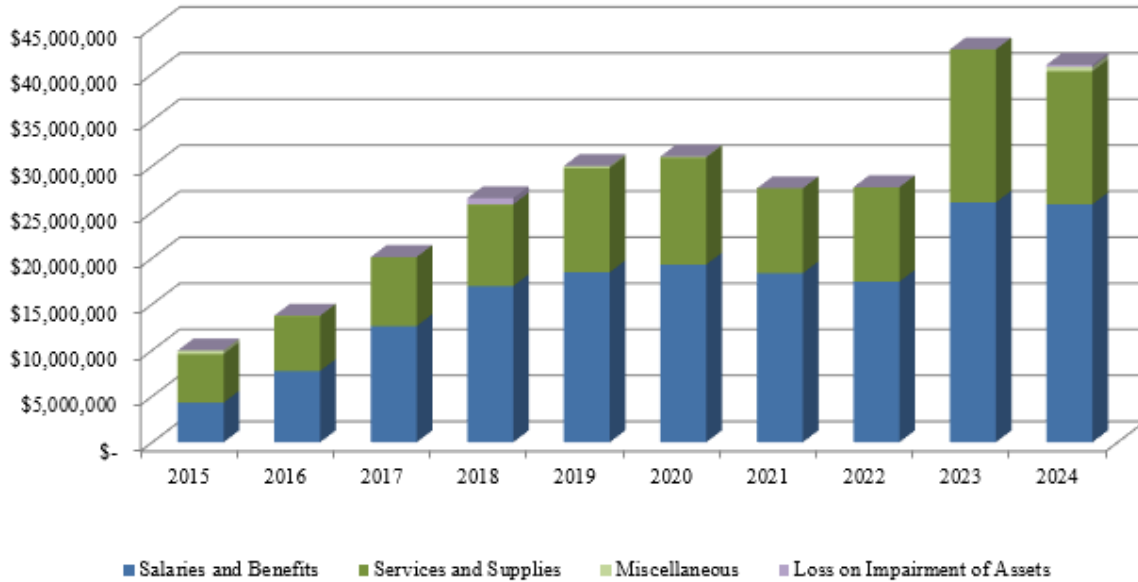
Table 2
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2020	2021	2022	2023	2024
Operating revenues:					
Charges for services	\$ 3,965,115	\$ 1,271,706	\$ 2,727,553	\$ 2,682,418	\$ 3,143,150
Total operating revenues	<u>3,965,115</u>	<u>1,271,706</u>	<u>2,727,553</u>	<u>2,682,418</u>	<u>3,143,150</u>
Operating expenses:					
Salaries and employee benefits	19,295,606	18,354,310	17,437,640	26,041,905	25,837,387
Services and supplies	11,074,071	8,707,194	10,144,193	16,544,637	14,317,024
Depreciation and amortization	22,150,111	22,697,348	20,877,284	19,377,343	20,471,811
Miscellaneous expense	100,000	416	7,412	0	463,237
Total operating expenses	<u>52,619,788</u>	<u>49,759,268</u>	<u>48,466,529</u>	<u>61,963,885</u>	<u>61,089,459</u>
Operating income/(loss)	<u>(48,654,673)</u>	<u>(48,487,562)</u>	<u>(45,738,976)</u>	<u>(59,281,467)</u>	<u>(57,946,309)</u>
Nonoperating revenues (expenses):					
Sales and use taxes	38,978,630	44,002,410	49,074,830	49,649,375	48,837,349
Federal, state, and other operating assistance	15,574,795	16,301,842	17,184,007	24,663,720	13,267,742
Investment earnings (loss)	338,227	628,728	(2,023,805)	839,528	5,181,447
Interest income	-	-	10,461	41,137	40,586
Miscellaneous revenues	1,438,087	4,588,714	46,229	744,433	537,626
Capital expense passed through to other agencies	(918,506)	(3,673,565)	(27,758)	-	-
Gain (Loss) on sale of asset	-	-	-	-	(5,036)
Rent income	-	-	-	834,808.0	699,927
Rent expense	(550,406)	(510,370)	(103,576)	(72,732)	(128,409)
Loss on impairment of assets	-	-	-	-	(237,008)
Interest expense	(5,273,801)	(3,374,308)	(1,653,081)	(1,746,162)	(1,514,624)
Total nonoperating revenues (expenses)	<u>49,587,026</u>	<u>57,963,451</u>	<u>62,507,307</u>	<u>74,954,107</u>	<u>66,679,600</u>
Income (loss) before capital contributions	<u>932,353</u>	<u>9,475,889</u>	<u>16,768,331</u>	<u>15,672,640</u>	<u>8,733,291</u>
Capital contributions					
State of California	20,311,493	11,592,461	2,411,761	1,935,597	25,622,804
Metropolitan Transportation Commission	224,051	-	-	-	-
Sonoma County Transportation Authority	22,632	109,468	8,768	1,025,746	974,254
Federal	2,609,220	2,500,000	104,623	1,050,726	1,174,803
Donated asset	1,327,565	-	-	-	-
Other governmental agencies	4,716,659	4,544,490	218,419	30,000	4,097,124
Total capital contributions	<u>29,211,620</u>	<u>18,746,419</u>	<u>2,743,571</u>	<u>4,042,069</u>	<u>31,868,985</u>
Change in net position before restatement	<u>\$30,143,973</u>	<u>\$28,222,308</u>	<u>\$19,511,902</u>	<u>\$19,714,709</u>	<u>\$40,602,276</u>
Restatement due to implementation of GASB 68 FY15					
Restatement FY17					
Special Item FY22			11,292,136		
Change in net position, Restated	<u>\$30,143,973</u>	<u>\$28,222,308</u>	<u>\$30,804,038</u>	<u>\$19,714,709</u>	<u>\$40,602,276</u>

Source: SMART annual financial statements.

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

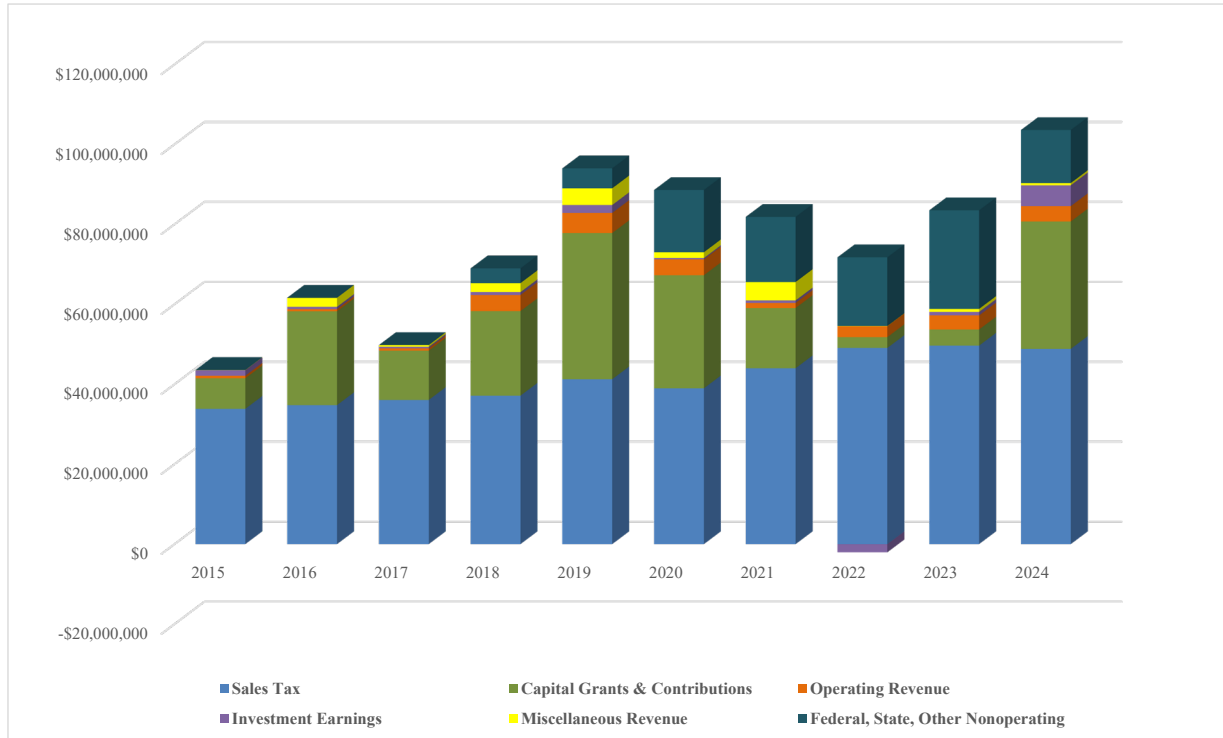


Fiscal Year Ended June 30	Salaries and Benefits	Services and Supplies	Miscellaneous	Loss on Impairment of Assets	Total
2015	\$ 4,303,358	\$ 5,275,106	\$ 380,000	\$ -	\$ 9,958,464
2016	7,737,361	5,998,730	7,541	-	13,743,632
2017	12,610,874	7,498,986	212	-	20,110,072
2018	16,950,114	8,877,465	954	671,378	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
2024	25,837,385	14,317,026	463,237	237,008	40,854,656

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



Fiscal Year	Sales Tax	Capital Grants & Contributions	Operating Revenue	Federal, State, Other Nonoperating	Investment Earnings	Miscellaneous Revenue	Total
2015	\$ 33,845,426	\$ 7,636,262	\$ 640,249	\$ -	\$ 1,384,557	\$ 49,351	\$ 43,555,845
2016	34,776,012	23,470,165	529,191	-	585,178	2,264,334	61,624,880
2017	36,061,895	12,341,254	588,402	-	366,748	438,640	49,796,939
2018	37,135,476	21,162,568	4,025,111	3,701,366	724,313	2,236,508	68,985,342
2019	41,241,140	36,575,167	5,036,875	5,000,756	1,974,246	4,174,454	94,002,638
2020	38,978,630	28,293,114	3,965,115	15,574,795	338,227	1,438,087	88,587,968
2021	44,002,410	15,072,854	1,271,706	16,301,842	628,728	4,588,714	81,866,254
2022	49,074,830	2,715,813	2,727,553	17,184,007	(2,013,344)	46,229	69,735,088
2023	49,649,375	4,042,069	3,517,277	24,663,720	880,665	744,433	83,497,539
2024	48,837,349	31,868,984	3,843,077	13,267,742	5,222,033	553,592	103,592,777

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

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)
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
2024	0.25%	48,837,349	6,463,437	11,758,109	18,221,546

Source: 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*

Marin County					
Fiscal Year	State(a)	City	County(b)	SMART(d)	Total
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%
2024	7.25%	0.50% to 1.00%	1.00%	0.25%	8.25% to 9.25%

Sonoma County					
Fiscal Year	State(a)	City	County(c)	SMART(d)	Total
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%
2024	7.25%	0.50% to 1.00%	1.00%	0.25%	9% to 10%

Source: 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

Principal Revenue Payers: Sales Tax Generators	Fiscal Year 2024	
	Total Receipts	Percentage
General Retail	\$ 14,114,588	29%
Transportation	\$ 9,623,001	20%
Food Products	\$ 9,465,997	20%
Business to Business	\$ 7,005,836	15%
Construction	\$ 6,061,663	13%
Miscellaneous	\$ 1,920,867	4%
Total	\$ 48,191,952	100%

Principal Revenue Payers: Sales Tax Generators	Fiscal Year 2011*	
	Total Receipts	Percentage
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%
Total	\$ 26,156,797	100%

* 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

Fiscal Year Ending	Interest	Principal	Total	Sales Tax Revenue Actual	Coverage Ratio
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
6/30/2024	1,479,444	14,765,000	16,244,444	49,649,375	3.06

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

Table 9
Sonoma-Marín 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
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	81,422,908,000	737,148	0.13%	144
2023*	92,310,000	80,889,935,000	732,554	0.11%	126
2024*	77,545,000	80,462,381,000	729,261	0.10%	106

*2023 and 2024 personal income amount estimated.

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

Total Debt Service to Non-Capital Expenditures

Fiscal Year	Total Debt Service	Non-Capital Expenditures Including Debt Service	Ratio Debt Service to Non-Capital
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%
2024	15,580,000	50,345,042	31%

** 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)

Marín County				
		Personal Income	Per Capita	Unemployment
Year	Population	(in thousands)	Personal Income	Rate
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	255,851	\$ 43,824,350	\$ 171,177	2.7%
2023*	253,292	\$ 44,973,707	\$ 178,000	2.7%
2024*	252,026	\$ 46,153,208	\$ 183,000	3.9%
Sonoma County				
		Personal Income	Per Capita	Unemployment
Year	Population	(in thousands)	Personal Income	Rate
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	481,297	\$ 37,598,558	\$ 77,900	3.1%
2023*	479,262	\$ 35,916,228	\$ 75,000	3.1%
2024*	477,235	\$ 34,309,173	\$ 72,000	4.1%

*2023 & 2024 Personal Income and Per Capita Income estimated based on previous experience
Source: California Employment Development Department
<https://labormarketinfo.edd.ca.gov/cgi/databrowsing/localAreaProfileQSMOREResult.asp?>

Sonoma-Marín Area Rail Transit District
Major Employers (Unaudited)
Current Year*

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

Marin County 2024		
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
Bay Club	250-499	Health Club Studios & Gymnasiums
Braytom Purcell, LLP	250-499	Attorneys
Community Action Marin	250-499	Membership Organization
Embassy Suites by Hilton	250-499	Hotels & Motels
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
Marin County Public Works Dept	250-499	Public Work Department
Marin Independent Journal	250-499	Newspapers
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
Whole Foods	250-499	Grocers- Retail
Y YMCA San Francisco	250-499	Youth Organizations
Sonoma County 2024		
Employer	Number of Employees	Industry
Aabalat Fine & Rare Wines	1,000-4,999	Wineries
Medtronic	1,000-4,999	Physicians & Surgeons
Providence Santa Rosa Memorial Hospital	1,000-4,999	Hospitals
Amy's Kitchen, Inc	500-999	Frozen Food Processors
Coast Guard Training Center	500-999	Federal Government
County - Sonoma Trnsprt-n-Pubc	500-999	Fire Departments
Fairmont Sonoma Msn Inn & Spa	500-999	Hotels & Motels
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
Clover Sonoma	250-499	Dry Condensed/ Evprtd Dairy Prod (mfrs)
First Security Svs	250-499	Security Guard & Patrol Service
Freeman Toyota	250-499	Automobile Dealers
Ghilotti Construction	250-499	Road Building Contractors
H2Hotel	250-499	Hotels & Motels
Macy's	250-499	Department Stores
Petaluma Valley Hospital	250-499	Hospitals
Santa Rosa Police Department	250-499	Police Departments
Solairus Aviation	250-499	Aircraft Charter Rental & Leasing
Sonoma County Water Agency	250-499	Water Companies - Bottled/Bulk & Etc.
Stockham Construction	250-499	General Contractors
Walmart - Rohnert Park	250-499	Department Stores
Walmart - Windsor	250-499	Department Stores

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

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

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
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
2024	851,115	2,192,253	\$ 2.58	38,172	1,019,822	18,405,491

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
Disabled & START Program	\$ 0.75	\$ 1.50	\$ 2.25	\$ 3.00	\$ 3.75	\$ 7.50
Youth & Senior	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Source: SMART National Transit Database Data & Fare Structure

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

Division	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Manager	1.0	1.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0
Legal	1.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Capital Projects	14.0	12.0	12.0	10.0	11.0	11.0	7.0	7.0	7.0	9.0
Administration	20.0	20.0	18.0	18.0	19.0	21.0	18.0	20.0	17.0	19.0
Finance	5.0	5.0	6.0	7.0	7.0	7.0	6.0	6.0	12.0	12.0
Operations	27.0	76.0	77.0	83.0	98.5	100.5	96.5	97.5	106.0	111.0
Safety & Security	2.0	2.0	3.5	4.5	4.5	4.5	5.0	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	6.0
Total	70.0	119.0	121.5	127.5	145.0	149.0	136.5	140.5	158.0	167.0

Source: SMART's Board Adopted Budget