SamTrans Fiscal Year 2018-2019 Comprehensive Annual Financial Report Single Audit Report

SamTrans Board of Directors – Audit Committee

November 25, 2019

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Agenda

- Highlights from the CAFR for FY 2018-19
  - Auditor's Communication
  - Timing of the CAFR
  - Assessment of SamTrans Long-Term Fiscal Health
  - Internal Control over Financial Reporting and on Compliance

- Single Audit Report

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Auditor's Communication

- Eide Bailly issued an unmodified "clean" opinion on the financial statements and compliance with federal grants

- No adjustments were proposed to the financial statements

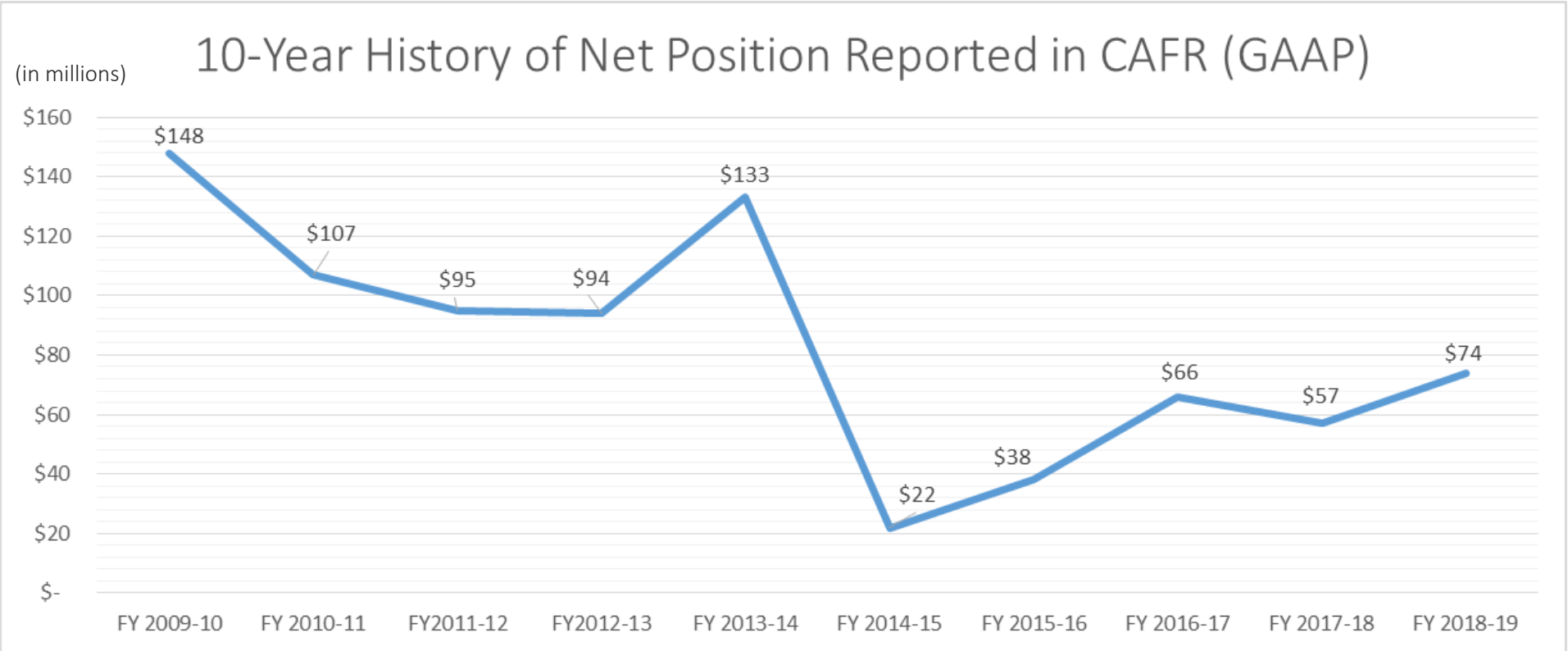- No difficulties were encountered in the performance of the audit

Timing of the CAFR

– The FY 2018-19 CAFR was published on October 31
– 49 days early compared to 2017
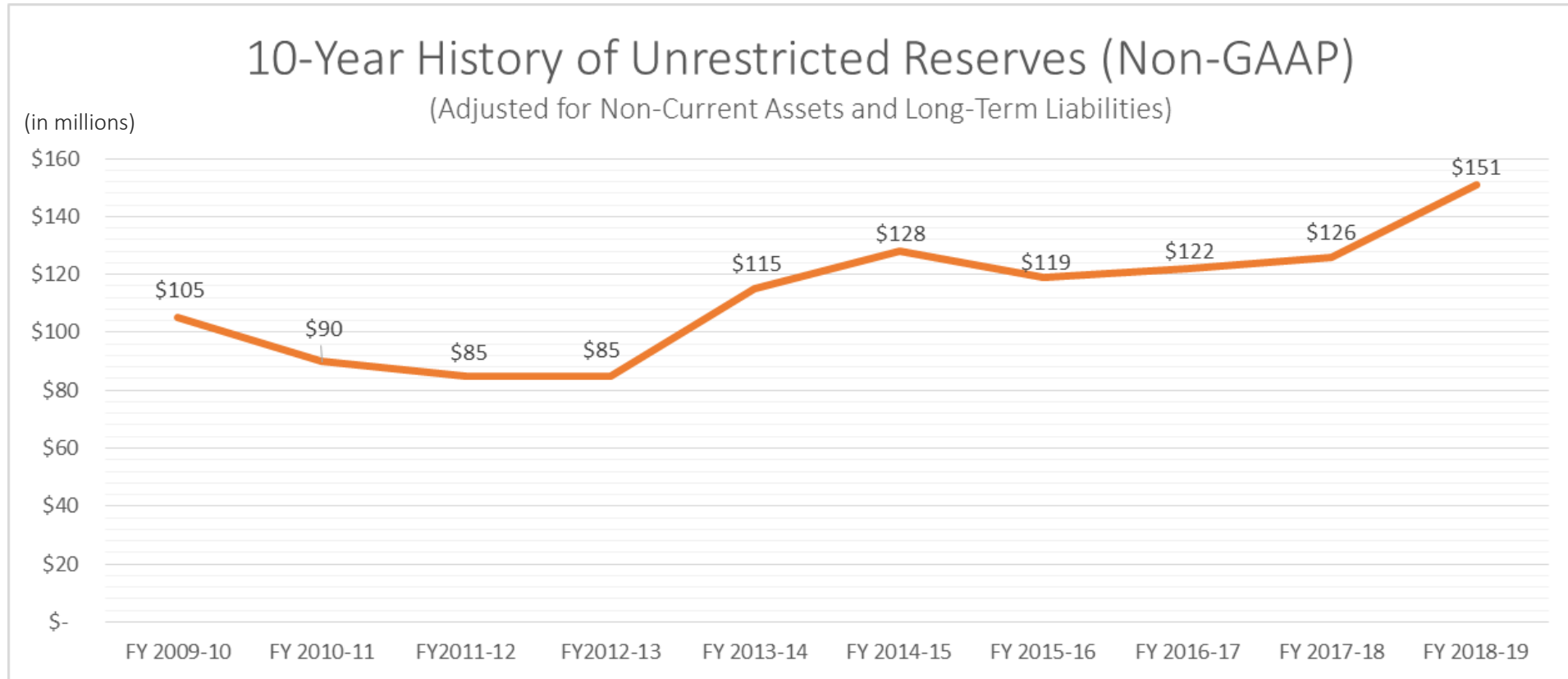– 71 days early compared to 2016
– 76 days early compared to 2015

Benefits of timely reporting:
– Provides more timely information to investors, management, and community
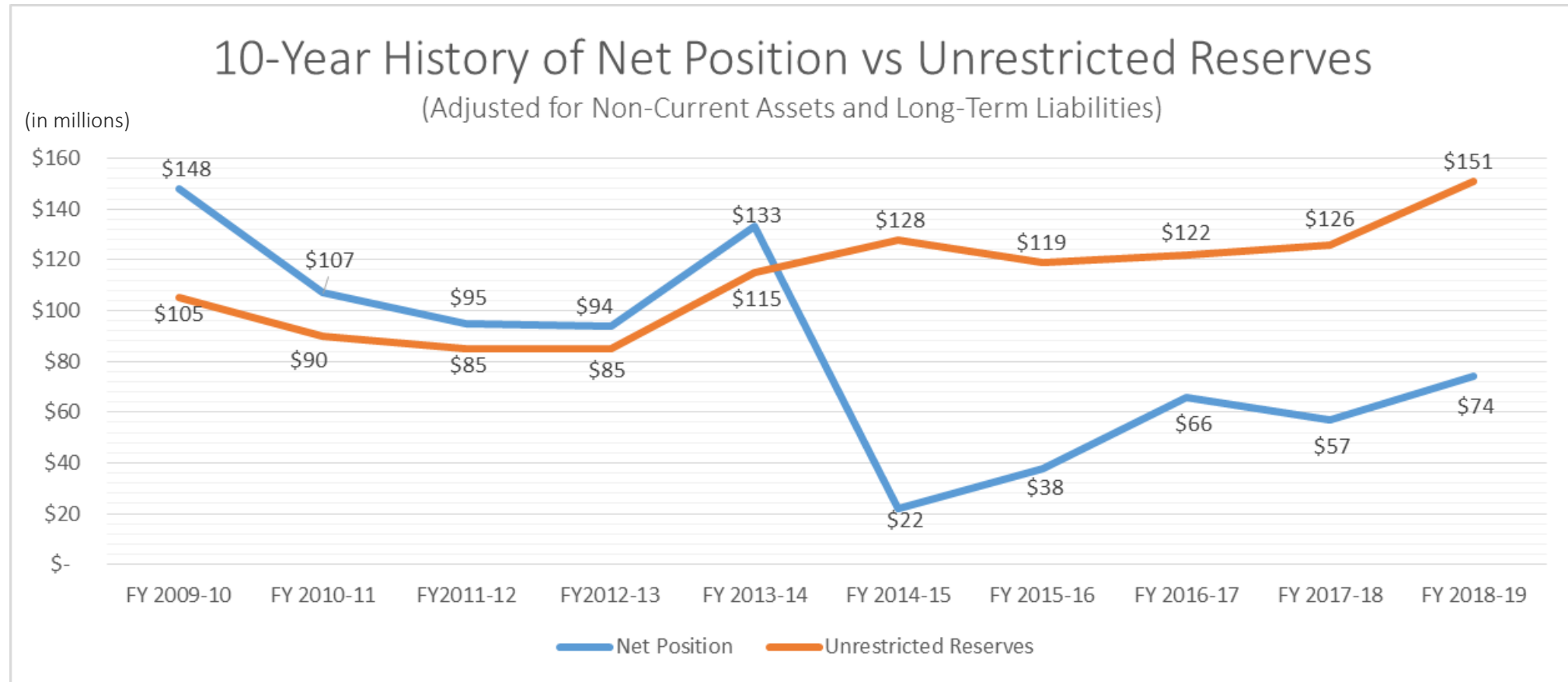– Allows time to focus on other projects

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Assessment of SamTrans Long-Term Fiscal Health

10-Year History of Net Position Reported in CAFR (GAAP)

(in millions)

FY	Net Position (in millions)
FY 2009-10	$148
FY 2010-11	$107
FY 2011-12	$95
FY 2012-13	$94
FY 2013-14	$133
FY 2014-15	$22
FY 2015-16	$38
FY 2016-17	$66
FY 2017-18	$57
FY 2018-19	$74

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10-Year History of Unrestricted Reserves (Non-GAAP)
(Adjusted for Non-Current Assets and Long-Term Liabilities)

10-Year History of Net Position vs Unrestricted Reserves
(Adjusted for Non-Current Assets and Long-Term Liabilities)

Assessment of SamTrans Long-Term Fiscal Health (continued)

What Does This Mean?

GAAP
- GAAP accounting provides a partial view of the District's financial condition
- GAAP accounting can hide trends

Non-GAAP
- Focuses on short-term needs
- Ability to maintain services

What Should We Do?

- Focus on preventing or limiting "Financial Impairment" through cost-effective financial management in both short and long term.
- Continue to develop metrics to help the Board identify and address potential financial impairment issues.
- Address challenges associated with large unfunded liabilities.
- Develop appropriate reserve policies.

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Internal Control Over Financial Reporting and Compliance

No audit findings reported

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Single Audit Report

- **Expenditures of Federal Award:**

  $6.7 million

- **Internal Control over Major Programs:**

  No finding reported

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