



Sonoma-Marín Area Rail Transit
5401 Old Redwood Hwy, Suite 200
Petaluma, CA 94954

P: 707-794-3330
F: 707-794-3037
W: www.SonomaMarinTrain.org

BOARD OF DIRECTORS

Chris Coursey, Chair
Sonoma County Board of Supervisors

Mary Sackett, Vice Chair
Marin County Board of Supervisors

Janice Cader Thompson
Sonoma County Mayors' and
Councilmembers Association

Kate Colin
Transportation Authority of Marin

Victoria Fleming
Sonoma County Mayors' and
Councilmembers Association

Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Ariel Kelley
Sonoma County Mayors' and
Councilmembers Association

Eric Lucan
Marin County Board of Supervisors

Kevin Jacobs
Transportation Authority of Marin

Barbara Pahre
Golden Gate Bridge,
Highway/Transportation District

Gabe Paulson
Marin County Council of Mayors and
Councilmembers

David Rabbitt
Sonoma County Board of Supervisors

GENERAL MANAGER

Eddy Cumins

June 17, 2026

Sonoma- Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Annual Financial Audit

Dear Board Members:

RECOMMENDATIONS:
Information Item

SUMMARY:

Eide Bailly will be conducting the annual financial statement audit as well as auditing compliance over major federal award programs. As such, they provide communications to the Board of Directors as well as Management of the District as to their responsibilities and the scope of the Audit. Their communication is attached.

FISCAL IMPACT: None

Sincerely,

/s/

Heather McKillop
Chief Financial Officer

Attachment(s): Eide Bailly Financial Audit Communication



May 27, 2026

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

This letter is provided in connection with our engagement to audit the financial statements and to audit compliance over major federal award programs of the Sonoma-Marín Area Rail Transit District (District) as of and for the year ended June 30, 2026. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit, the compliance audit, and the planned scope and timing of our audits, including significant risks we have identified.

Our Responsibilities

As stated in our statement of work dated April 30, 2026, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), *Government Auditing Standards* of the Comptroller General of the United States of America, the requirements of the Single Audit Act, as amended; and the provisions of the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for the purpose of forming and expressing opinions on the financial statements and on major federal award program compliance. Our audits do not relieve you or management of your respective responsibilities.

Our responsibility as it relates to the schedule of expenditures of federal awards is to evaluate its presentation for the purpose of forming and expressing an opinion as to whether it is presented fairly in all material respects in relation to the financial statements as a whole.

Planned Scope of the Audit

Our audits will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit procedures will also include determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or material noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards* of the Comptroller General of the United States of America, the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance.

Our audits will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, the risk of material noncompliance in the major federal award programs, and as a basis for designing the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control over financial reporting. However, we will communicate to you at the conclusion of our audit, any material weaknesses or significant deficiencies identified. We will also communicate to you:

- Any violation of laws or regulations that come to our attention;
- Our views related to qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit;
- Significant unusual transactions, if any;
- The potential effects of uncorrected misstatements on future-period financial statements; and
- Other significant matters that are relevant to your responsibilities in overseeing the financial reporting process.

Professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." Although we are currently in the planning stage of our audit, we have preliminarily identified the following significant risks that require special audit consideration.

- *Management Override of Controls* – professional standards require auditors to address the possibility of management overriding controls. Accordingly, we considered the possibility that management of the organization may have the ability to override controls that the organization has implemented. Management may override the organization's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the organization's financial performance or with the intent of concealing fraudulent transactions.
- *Improper Revenue Recognition* – professional standards require auditors to presume that revenue recognition is a fraud risk. Therefore, improper revenue recognition was identified as a fraud risk due to possibility that revenue is not recorded in the proper period, in the incorrect amount, etc. either due to error or fraud.
- *Estimates* – Generally Accepted Auditing Standards require a presumed risk of management bias when assumptions are used to calculate significant account balances, which for the District applies to pension and claims incurred but not reported.

We expect to begin our audit on approximately May 2026 and issue our report by December 31, 2026.

This information is intended solely for the information and use of Governing Board and Management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Eide Bailly LLP

Menlo Park, California