



# Bay Area Rapid Transit District

Audit Results and Required Communications

November 10, 2025





Dear Members of the Audit Committee,

We are pleased to present our report on the audit of the San Francisco Bay Area Rapid Transit District and related deliverables. Our report includes a summary of the audit results and required auditor communications under professional standards.

Our audit is substantially completed. The remaining open items typical of this stage are some wrapping up of documenting our testing procedures, minor formatting changes to the reports, receipt of the management representation letters and standard subsequent event procedures through the date of audit report issuance.

We welcome any questions you or others may have on our audit. Thank you for the opportunity to discuss the audit results.

Sincerely,

A handwritten signature in black ink, appearing to read "Brady T. Schultz".

Engagement Partner

# Objective and Scope of Work

## Objective

- Express an opinion on the presentation of the financial statements that comprise the District's basic financial statements

## Scope of Work

- 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.

## New Accounting Standards

- GASB 101 – Compensated Absences – Note 1 (\$15.5m impact)
- GASB 102 – Certain Risk Disclosures – Note 18

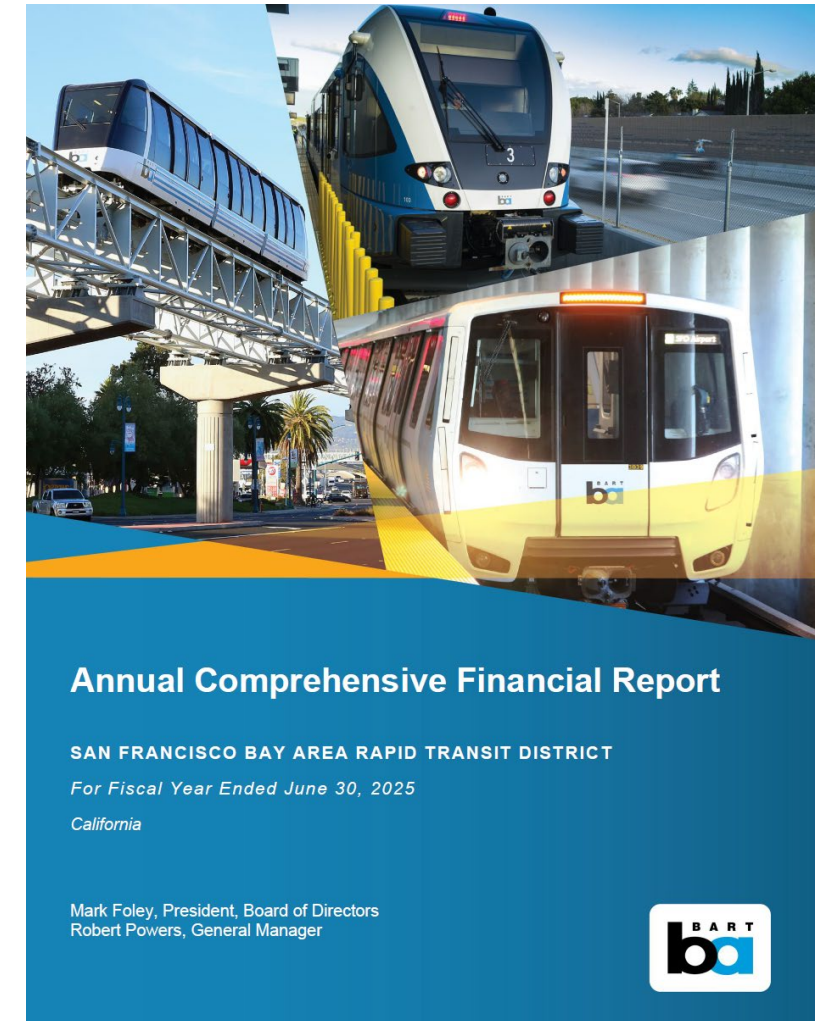
# Audit Deliverables

## Financial Statement Audits

- San Francisco Bay Area Rapid Transit District
- Retiree Health Benefit Trust
- Survivors' Benefit Trust

## Federal Compliance Audit

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditor's Report on Compliance for Major Federal Program; Report on Internal Control over Compliance
- "In relation to" opinion on the Schedule of Expenditures of Federal Awards





# Audit Deliverables (Continued)

## Agreed Upon Procedures

- National Transit Database Federal Funding Allocation Statistics Form
- Travel and Business-Related Expenditures of the District's Board of Directors

## State/Local Compliance Audits

- Independent Auditor's Report on Compliance for Measure BB Funds; Report on Internal Control over Compliance
- Independent Auditor's Report on Compliance with the Transportation Development Act (TDA) and Report on Internal Control over Compliance
  - State Transit Assistance Program
  - Low Carbon Transit Operations Program (LCTOP)
  - State of Good Repair Program (SGR)

# Audit Approach and Timing



## Interim fieldwork: June

Management interviews  
Planning and Risk Assessment  
Internal controls  
Single audit testing



## Year-end fieldwork: September thru October

Audit procedures on year-end balances and fiscal year activity  
Single audit testing – completion  
NTD testing



## Reporting: Late October to November

Review financial statements prepared by management  
Preparation and review of compliance reports  
Reporting to the Audit Committee

# Audit Results

## Financial Statement Audits

- Unmodified opinions

## Federal Compliance Audit

- Unmodified opinion on compliance for major federal program (Federal Transit)
- No material weaknesses or significant deficiencies in internal control
- No instances of noncompliance or questioned costs noted

## Agreed Upon Procedures

- No findings disclosed

## State/Local Compliance Audits

- Unmodified opinions on compliance



# Fraud Considerations

## General:

- Inquiry of management, employees, and Board about risks of fraud - none noted
- Consideration of unusual or unexpected relationships that have been identified in performing analytical procedures in planning the audit - none noted
- Consideration of whether fraud risk factors exist - none noted
- Consideration of other information gathered throughout the audit - none noted
- Procurement procedures and conflicts of interest – no issues noted

## Fraudulent Financial Reporting Procedures:

- Examination of journal entries and other adjustments for evidence of possible material misstatement due to fraud – no issues noted
- Review of accounting estimates for biases that could result in material misstatement due to fraud, including a retrospective review of significant prior year estimates – no issues noted
- Evaluation of the business rationale of significant unusual transactions – no issues noted
- Testing of revenue for proper cut-off – no issues noted



# Required Communications

| Topic                                                                             | Comment                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Independence Communication                                                        | <ul style="list-style-type: none"><li>• We are not aware of any relationship between Crowe LLP and the District that, in our professional judgment, may reasonably be thought to impair our independence</li></ul>                                                                                                     |
| New Significant Accounting Policies                                               | <ul style="list-style-type: none"><li>• GASB 101 – <i>Compensated Absences</i></li><li>• GASB 102 – <i>Certain Risk Disclosures</i></li></ul>                                                                                                                                                                          |
| Management’s Judgments and Accounting Estimates                                   | <ul style="list-style-type: none"><li>• Fair value of investments</li><li>• Estimated useful lives of capital assets</li><li>• Loss contingencies</li><li>• Actuarial assumptions used in net pension and OPEB liability calculations</li><li>• Accrued compensated absences</li><li>• Self-insurance claims</li></ul> |
| Auditor’s Judgments About Qualitative Aspects of Significant Accounting Practices | <ul style="list-style-type: none"><li>• Appropriateness of accounting policies</li><li>• Adequacy of financial statement disclosures</li><li>• Timing of transactions</li><li>• Significant risks, exposures and unusual transactions - None</li><li>• Selective correction of misstatements – None</li></ul>          |

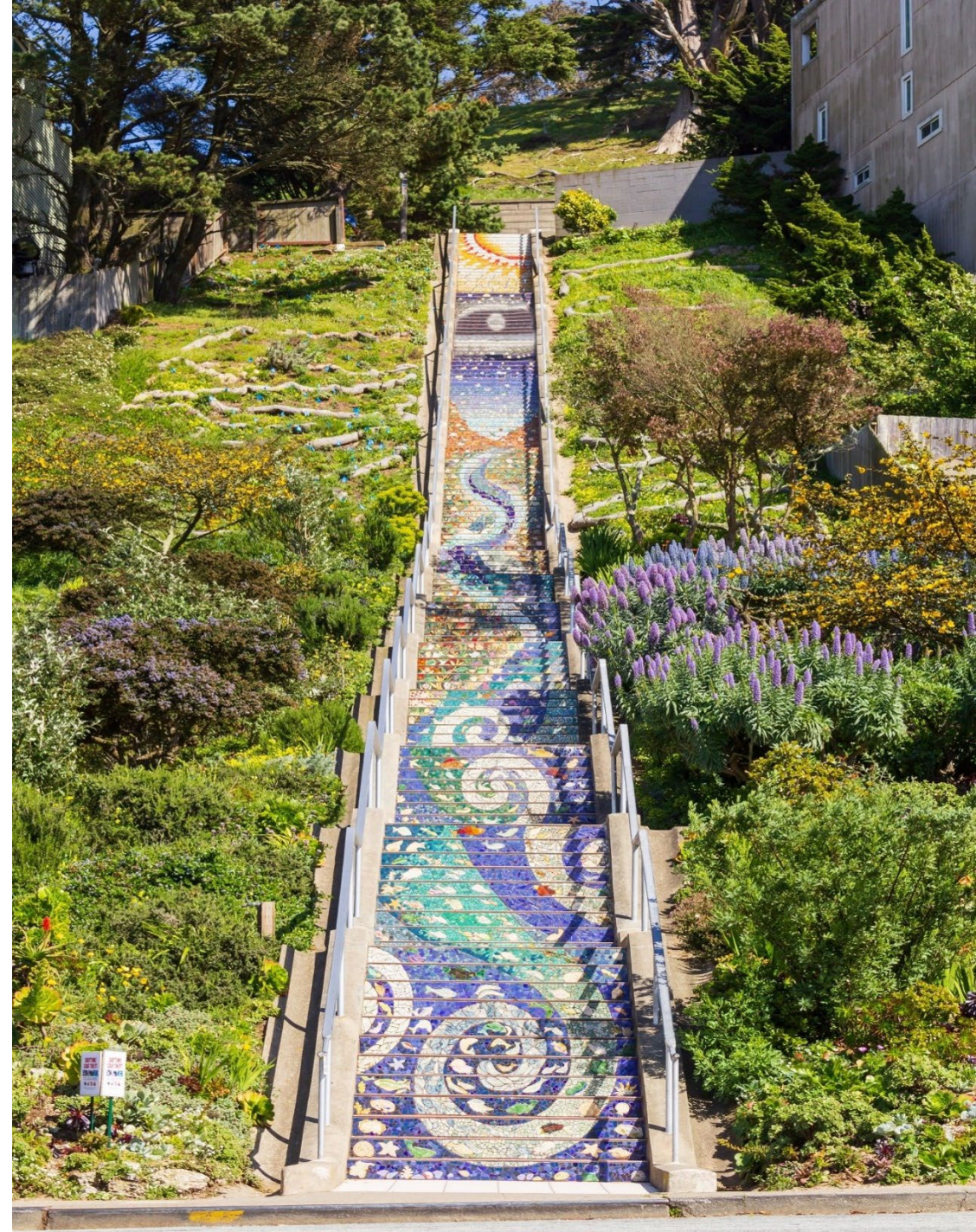
# Required Communications

| Topic                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Comment                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corrected and Uncorrected Misstatements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"><li>• No corrected misstatements</li><li>• One uncorrected misstatement to record sales tax revenue on the accrual basis rather than cash basis - \$1.3m impact (recurring entry)</li></ul> |
| Significant Deficiencies and Material Weaknesses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | None noted                                                                                                                                                                                                                    |
| Other Communications: <ul style="list-style-type: none"><li>• Other Information in Documents Containing Audited Financial Statements</li><li>• Significant Difficulties Encountered During The Audit</li><li>• Disagreements With Management</li><li>• Consultations With Other Accountants</li><li>• Representations The Auditor Is Requesting From Management</li><li>• Significant Issues Discussed, Or Subject To Correspondence, With Management</li><li>• Significant Related Party Findings and Issues</li><li>• Other Finding or Issues We Find Relevant or Significant</li></ul> | No matters noted                                                                                                                                                                                                              |



# Emerging Issues

- Implementation 6/30/2026
  - GASB 103, *Financial Reporting Model*
  - GASB 104, *Disclosure of Certain Capital Assets*
- Future Funding and Potential Impacts on Financial Reporting





# Thank you

Brad Schelle

Partner

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