



ITEM ID: 2024-326-0

TRANSMITTAL DATE: November 1, 2024

MEETING DATE: November 8, 2024

TO: Board of Directors

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: FY2024-25 Quarterly Accounts Receivable Status Report - Quarter Ended September 30, 2024

Issue

This report presents an update on the Authority’s Accounts Receivable for the quarter ended September 30, 2024. This item presents outstanding receivables, unbilled balances and provides a status related to billing and collection efforts.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair, investing in the development of our employees and maintaining fiscal sustainability.

Background

The Authority’s primary funding sources include passenger fares, revenues from dispatching and maintenance-of-way, operating funding support from Member Agencies, and capital funding through Member Agencies, Federal, State and local funding grants.

In FY24, the Board approved funding advances for the Capital Program in the form of a \$50

million Working Capital Fund, in order to provide needed liquidity in the cost-reimbursement based grants collections cycle.

Discussion

Accounts Receivable (A/R) Balances

As of September 30, 2024, the total outstanding accounts receivables balance, as detailed further in Attachment A, was \$77.0 million, of which \$16.5 million was current and \$60.5 million was past due. This \$77 million compares to \$119.4 million for the previous quarter, or a decrease in receivables of \$42.4 million. The decrease was due primarily to collection of approximately \$28.5 million in FTA grant reimbursement funds and \$9.4 million in collections of Member Agency Working Capital Fund (WCF) deposits.

The past due balances primarily relate to Member Agency Operating Support and WCF deposit balances. As of September 30, 2024, \$26.1 million of Member Operating Support due July 1 was unpaid. \$32.8 million of WCF deposits were unpaid as of this date. These two categories account for 97% of past due balances as of September 30. Staff continues to work with Member Agencies and other grantors to address unpaid balances.

Unbilled Balances/Pending Capital Billing

On September 30, 2024, total expenses paid out by the Authority and subject to grantor reimbursement related to the Capital Program (unbilled balances) were estimated at \$18.4 million. This represents a reduction of \$2.6 million from the prior quarter, resulting from on-going efforts to reduce backlog.

The level of unbilled balances is informed by the: (1) volume and timing of Capital Program expenses, (2) existence of supporting documentation to bill grantors, (3) completion of all grant requirements, (3) and available staff resources.

Resolution of the majority of total 180+ aged unbilled expenses is pending SCRRA's receipt of requested invoice support documentation. The total amount of unbilled expenses over 180+ days is \$1.8 million.

San Clemente Unbilled Balances

San Clemente operating construction projects are tracked in a different manner versus Capital Program projects and are presented separately. Total unbilled balances on combined San Clemente projects were \$3.8 million on September 30, 2024, and are shown in Attachment A. This is a decrease of \$0.6 million from the prior quarter. Of the total incurred costs of \$ 14.5 million to date on all three projects, 74% or \$ 10.7 million has been billed.

Staff has billed substantially all unbilled balances for San Clemente #1 and #2 projects for expenses paid as of September 30, 2024. Initial San Clemente #3 billing will commence upon execution of grant and MOU documentation required to enable the billing process.

Next Steps

The next Accounts Receivable report for the quarter ended December 31, 2024, will be provided to the Board in February of 2025.

Prepared by: Vivien Avella, Assistant Director
Edison Abrenica, Senior Finance Analyst

Approved by: Arnold Hackett, Chief Financial Officer

Attachment(s)

[Attachment A - FY2024-25 Quarterly AR Status Q2
Presentation - FY2023-24 Preliminary Quarterly Accounts Receivables Report - Quarter
Ended September 30, 2024](#)