



ITEM ID: 2025-351-0

TRANSMITTAL DATE: November 7, 2025

MEETING DATE: November 14, 2025

TO: Board of Directors

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: FY2025-26 Preliminary Quarterly Accounts Receivable Status Report - Quarter Ended September 30, 2025

Issue

This report presents an update on the Authority's Accounts Receivable for the quarter ended September 30, 2025. The report covers 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 and capital funding support from Member Agencies, and 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 (WCF), in order to provide needed liquidity in the cost-reimbursement based grants collections cycle. All deposits have been received.

Discussion

Accounts Receivable (A/R) Balances

As of September 30, 2025, the total outstanding accounts receivables balance, as detailed further in Attachment A, was \$54.6 million, of which \$8.6 million was current and \$46.0 million was past due. The \$54.6 million total compares to \$25.4 for the previous quarter. The increase is related to the invoicing for Q1 Member Support within the quarter. A \$43 million increase in past due balances is related to the on-going annual MOU process, wherein Member Agencies may defer Member Support payments until the process is complete.

Unbilled Balances/Pending Capital Billing

On September 30, 2025, total expenses paid out by the Authority and subject to grantor reimbursement related to the Capital Program (unbilled balances) were estimated at \$17.4 million. This represents a decrease of \$8.5 million from the prior quarter. This is related to lower capital expenses paid in recent months, as well as timely billing efforts by Finance staff. 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, (4) and staff resources.

Staff has fully eliminated all legacy unbilled balances as cited in Internal Audit's Report No. 2023-06-IA, dated April 30, 2024, regarding MS289-22 Work Directives. The majority of SCRRA total unbilled balances aged 360+ days relates to a single Capital Program project and is pending delayed grant funding from the Federal Highway Administration.

San Clemente Unbilled Balances

San Clemente operating projects are tracked in a different manner versus state of good repair and capital projects and are therefore presented separately. Total unbilled balances for the five San Clemente projects were \$224,536 as of September 30, 2025. Approximately 99% of cumulative expenses paid out on all San Clemente projects since inception have been billed.

Next Steps

The Accounts Receivable report for the quarter ended December 31, 2025, will continue to be presented on a quarterly in the new year..

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Approved by: Tom Schamber, Chief Financial Officer

Attachment(s)

Attachment A - FY26 Q1 Quarterly AR Status
Presentation - FY2025-26 Preliminary Quarterly Accounts Receivables Report - Quarter
Ended September 30, 2025