



**ITEM ID:** 2025-209-0

**TRANSMITTAL DATE:** May 2, 2025

**MEETING DATE:** May 9, 2025

**TO:** Audit and Finance Committee

**FROM:** Tom Schamber, Interim Chief Financial Officer

**SUBJECT:** FY2024-25 Quarterly Accounts Receivable Status Report - Quarter Ended March 31, 2025

**Issue**

This report presents an update on the Authority’s Accounts Receivable for the quarter ended March 31, 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. As of March 31, 2025, \$3,465,000 remained outstanding to be collected of the total \$50,000,000. As an update, as of April 16, all deposits have been received.

## **Discussion**

### **Accounts Receivable (A/R) Balances**

As of March 31, 2025, the total outstanding accounts receivables balance, as detailed further in Attachment A, was \$26.2 million, of which \$11.8 million was current and \$14.4 million was past due. This \$26.2 million compares to \$50 million for the previous quarter, or a decrease in receivables of \$23.8 million. The decrease was primarily due to the collection of \$29.3 million in Working Capital Fund deposits in February.

32% of past due balances relate to unpaid Member Agency Support, 31% relate to Member Agency and other grantor Capital Program expenses, and 24% relate to Member Agency Working Capital Fund (WCF) balances. Staff continues to work with Member Agencies and other grantors to address unpaid balances. As of the time of writing of this report, all Member Agency WCF deposits and past due Member Agency Support have been received.

### **Unbilled Balances/Pending Capital Billing**

On March 31, 2025, total expenses paid out by the Authority and subject to grantor reimbursement related to the Capital Program (unbilled balances) were estimated at \$31 million. This represents an increase of \$3.2 million from the prior quarter. The increase is primarily related to temporary vacancies in Grants Finance billing staff affecting invoicing activity, and an observed increase in overall capital and SGR program activity in FY25. 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 made excellent progress regarding aged unbilled balances as cited in Internal Audit's Report No. 2023-06-IA, dated April 30, 2024, regarding MS289-22 Work Directives. Legacy unbilled balances from 2023 and prior for this vendor have been virtually eliminated, and only 3% of its unbilled expenses are aged 6 months or more.

### **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 the three combined San Clemente projects were \$5.0 million as of March 31, 2025, as shown in Attachment A. Of these, 99% unbilled balances relate to the most recent San Clemente project (Mariposa Point -- SC#3). The state grant which serves as the project's reimbursement-based funding source has not yet been approved and billing is not yet possible.

## **Next Steps**

The Accounts Receivable report for the quarter ended June 30, 2025, will be provided in September of 2025.

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Approved by: Tom Schamber, Interim Chief Financial Officer

**Attachment(s)**

[Attachment A - FY2024-25 Quarterly AR Status Q3  
Presentation - FY2024-25 Preliminary Quarterly Accounts Receivables Report Quarter Ended  
March 31, 2025](#)