



ITEM ID: 2024-193-0

TRANSMITTAL DATE: May 3, 2024

MEETING DATE: May 10, 2024

TO: Audit and Finance Committee

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: FY2023-24 Quarterly Accounts Receivable Status Report - Quarter Ended March 31, 2024

Issue

This report presents an update on the Authority's Accounts Receivable for the quarter ended March 31, 2024. This item presents outstanding receivables and 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 funding sources include passenger fares, revenues from dispatching and maintenance-of-way, operating and capital funding from Member Agencies, and grants through state and federal programs.

Discussion

Accounts Receivable (A/R) Balances

As of March 31, 2024, the total outstanding accounts receivables balance, as detailed in Attachment A, was \$18.95 million, of which \$8.08 million was current and \$10.87 million was past due. This total of \$18.95 million compares to a total outstanding A/R balance of \$22.30 million for the previous quarter, or an overall decline of \$3.35 million.

The past due balances relate to Member Agency Support and Capital Program outstanding balances. The Capital Program past due balances are not overly significant in dollar amount, but generally relate to supplemental invoice support requests from Member Agencies and related payment delays. Staff is making good progress on the process to establish agreed upon consistent invoice support requirements to fulfill Member Agency needs.

Unbilled Balances/Pending Capital Billing

As of March 31, 2024, total unbilled balances paid out by the Authority and subject to grantor reimbursement related to the Capital Program were estimated at \$25.1 million. These unbilled amounts are incremental to the reported accounts receivables balances.

Staff has recently developed system tools and reporting to analyze aging of unbilled Capital Program balances. As shown in Attachment A, as of March 31, 2024, approximately \$1.66 million of total paid Capital Program expenses were paid by SCRRA more than one year ago and remain unbilled. Of the \$1.66 million, 79% or \$1.31 million relate to unresolved issues attributed to one vendor. Finance staff had requested missing information in one comprehensive request in early February of 2024 and requested completion based upon a prioritized tiering schedule. The vendor has currently requested extensions for the remaining portion of the outstanding documents.

Corrective actions implemented to address both the extent of the current unbilled balances and the prevention of additional backlogs for vendors span multiple SCRRA departments. SCRRA Staff has developed Invoice Training to help eliminate the number of invoices that are approved for payment that do not comply with requirements.

San Clemente Unbilled Balances

Total unbilled balances on combined San Clemente projects were \$3.09 million on March 31, 2024, and are shown in Attachment A. It is anticipated that the majority of these unbilleds will be drawn under the corresponding grant in May of 2024, pending final outstanding documentation support requests that have taken significant time to resolve. Of the total incurred cost to date on all three San Clemente projects of \$10.56 million, 71% has been billed and collected, for a total of \$7.47 million.

Next Steps

The next Accounts Receivable quarterly report for the quarter ended June 30, 2024, will be provided in September of 2024.

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Approved by: Arnold Hackett, Chief Financial Officer

Attachment(s)

[Attachment A - FY2023-24 Quarterly AR Status - Q3 FY24](#)
[Presentation - Preliminary Quarterly Accounts Receivables Report - Q3 FY24](#)