



ITEM ID: 2026-132-0

TRANSMITTAL DATE: February 20, 2026

MEETING DATE: February 27, 2026

TO: Board of Directors

FROM: Tom Schamber, Chief Financial Officer

SUBJECT: FY2025-26 Preliminary Quarterly Accounts Receivable Status Report - Quarter Ended December 31, 2025

**Issue**

This report presents an update on the Authority’s Accounts Receivable for the quarter ended December 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.

## **Discussion**

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

As of December 31, 2025, the total outstanding accounts receivables balance, as detailed in Attachment A, was \$40.8 million, of which \$10.1 million was current and \$30.7 million was past due. The \$30.7 million past due compares to \$46.0 million for the previous quarter. The decrease is related to the execution of annual funding agreements and subsequent Member Agency support payments received within the quarter. As an update, as of February 1, 2026, all Member Agency Support payments through FY26 Q3 have been paid.

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

On December 31, 2025, total expenses paid out by the Authority and subject to grantor reimbursement related to the Capital Program (unbilled balances) were estimated at \$16.1 million. This represents a decrease of \$1.3 million from the prior quarter. 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. Aged unbilled balances are at historic lows. Over 90% of unbilled balances aged over 360 days relate to a single Capital Program project which is pending resolution of funding delays from the Federal Highway Administration.

### **San Clemente Unbilled Balances**

San Clemente operating projects are tracked in a different manner versus core state of good repair and capital projects and are therefore presented separately. Total unbilled balances for the five San Clemente projects were \$354,971 as of December 31, 2025. More than 98% of cumulative expenses paid out on all San Clemente projects since inception have either been billed or advance funded.

## **Next Steps**

The Accounts Receivable report for the quarter ended March 31, 2026 will be presented in May 2026.

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Approved by: Tom Schamber, Chief Financial Officer

## **Attachment(s)**

[Attachment A - FY26 Q2 A/R Status Presentation - Preliminary Quarterly A/R Report - FY26 Q2](#)