



METROLINK®

Southern California Regional Rail Authority (SCRRRA)

**Report on Compliance with the Requirements of the
Metrolink Program by SCRRRA
*For the Year Ended June 30, 2022***

**under Memorandum of Understanding (MOU) No. SCRA2022
with the Los Angeles County Metropolitan Transportation Authority
(Metro)**

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	<u>PAGE</u>
FINANCIAL SECTION	
Independent Accountant's Report	1
Schedule of Subsidy Allocation by County	4
Notes to Schedule of Subsidy Allocation by County	5
EXHIBITS	
Exhibit I: Reconciliation of the Schedule of Subsidy Allocation to ACFR	11
Exhibit II: Methods of Allocation Used and the Types of Revenues and Expenses	12
Exhibit III: Schedule of Funds Received for Proposition C 10% and Measure R 3%	13
Exhibit IV: Comparative Analysis of Unearned Revenue	14
Exhibit V: Capital Surplus per MOU and per Project Breakdown	15
Exhibit VI: Schedule of Metro's Contribution to the Self Insurance Reserve	16
COMPLIANCE MATRIX	17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	20
STATUS OF PRIOR YEAR FINDINGS	21
EXIT CONFERENCE	22

FINANCIAL SECTION



Independent Accountant's Report

**To the Board of Directors of the
Los Angeles County Metropolitan Transportation Authority (Metro)**

Report on the Examination of Metrolink Program by SCRRA

We have examined Southern California Regional Rail Authority's (SCRRA) compliance with the following requirements identified in the Memorandum of Understanding (MOU) No. 9400000000SCRA2022 (SCRA2022) between SCRRA and the Los Angeles County Metropolitan Transportation Authority (Metro), the SCRRA Adopted Budget for the year ended June 30, 2022 and other guidelines issued related to the SCRRA Program (collectively, the Guidelines). The following requirements are applicable to SCRRA's allocation of revenues and expenditures to Metro for the year ended June 30, 2022:

1. Metro's share in the Schedule of Subsidy Allocation by County is free of material discrepancies.
2. The total revenues and expenditures shown in the Schedule of Subsidy Allocation by County provided by SCRRA are in agreement, in all material respects, with the SCRRA's Annual Comprehensive Financial Report (ACFR). (See Exhibit I)
3. The allocation methods used by SCRRA to allocate revenues and expenditures are in conformance with the allocation methods adopted by the joint authorities and are applied consistently to allocate revenues and expenditures. (See Exhibit II)
4. The Proposition C 10% and Measure R 3% funds received from Metro are recorded in SCRRA's books and are in agreement with Metro's disbursement records. (See Exhibit III)
5. The Proposition C 10% and Measure R 3% funds received are expended for purposes identified in the SCRRA's Annual Work Program, capital grants, other operating assistance, adopted language MOU(s) and the SCRRA adopted budget.
6. Metro's contribution to the Self Insurance Reserve (SIR) was made in accordance with the appropriate member agency allocation formula, and that claims against the SIR were appropriate uses of funds. (See Exhibit VI)
7. SCRRA's third party participation contracts do not materially impact Metro's share of revenues and expenditures. (See Exhibit I)



8. SCRRA complied with all applicable ordinances.
9. The following requirements are not applicable to SCRRA's allocation of revenues and expenditures to Metro for the year ended June 30, 2022 because there were no transactions that have occurred relating to these requirements. Accordingly, no procedures were performed on these requirements.
 - a. Metro's contribution to the annual capital replacement program is properly accounted for, is bearing interest, and is solely allocated for this purpose.

Management's Responsibility

Management of SCRRA is responsible for its compliance with the specified requirements, as well as the compliance requirements shown in the Compliance Matrix.

Accountant's Responsibility

Our responsibility is to express an opinion on SCRRA's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether SCRRA complied in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether SCRRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of SCRRA's compliance with the specified requirements.

Opinion

In our opinion, SCRRA complied, in all material respects, with the aforementioned requirements established in the Guidelines, for the year ended June 30, 2022.

Supplementary Information

The Schedule of Subsidy Allocation by County and the related Notes to the Schedule were presented as required by the MOU and the Guidelines. We have applied certain limited procedures to the required supplementary information in accordance with attestation standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our examination of compliance. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



This report is intended solely for the information and use of SCRRRA and Metro and is not intended to be and should not be used by anyone other than these specified parties.

Vasquez & Company LLP

**Glendale, California
February 23, 2023**

Southern California Regional Rail Authority (SCRR)
MOU No. SCRA2022
Schedule of Subsidy Allocation by County
Year ended June 30, 2022

	<u>TOTAL</u>	<u>METRO</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SBCTA</u>	<u>VCTC</u>
OPERATING REVENUES						
Fares	\$ 28,288,316	\$ 14,350,545	\$ 6,791,065	\$ 2,501,121	\$ 4,011,396	\$ 634,189
Dispatching	2,154,778	1,096,377	685,228	18,010	104,141	251,022
Maintenance-of-Way	11,505,572	6,063,681	2,660,923	748,098	1,626,382	406,488
Miscellaneous	458,587	225,040	104,700	45,003	60,705	23,139
Total Operating Revenues	<u>42,407,253</u>	<u>21,735,643</u>	<u>10,241,916</u>	<u>3,312,232</u>	<u>5,802,624</u>	<u>1,314,838</u>
OPERATING EXPENSES						
Train operations and services	136,740,538	69,552,298	29,997,890	14,822,231	16,026,376	6,341,743
Maintenance-of-Way	49,981,712	27,432,890	9,714,893	3,254,220	6,478,082	3,101,627
Personal liability/property damage	13,880,258	7,100,278	3,343,040	1,403,836	1,601,174	431,930
Administration and services	42,621,897	20,390,548	7,746,603	6,065,269	4,568,916	3,850,561
Total Operating Expenses	<u>243,224,405</u>	<u>124,476,014</u>	<u>50,802,426</u>	<u>25,545,556</u>	<u>28,674,548</u>	<u>13,725,861</u>
OPERATING LOSS BEFORE SUBSIDIES	(200,817,152)	(102,740,371)	(40,560,510)	(22,233,324)	(22,871,924)	(12,411,023)
FY2021/2022 MEMBER SUBSIDY INVOICED						
Operating subsidies	181,369,036	92,837,744	35,028,822	20,219,941	21,238,642	12,043,887
Self-insurance subsidy	16,839,709	8,614,150	4,055,819	1,703,152	1,942,565	524,023
Total Member Subsidies	<u>198,208,745</u>	<u>101,451,894</u>	<u>39,084,641</u>	<u>21,923,093</u>	<u>23,181,207</u>	<u>12,567,910</u>
CARES ACT FUNDING CARRYFORWARD	<u>196,375</u>	<u>93,278</u>	<u>38,882</u>	<u>21,798</u>	<u>28,278</u>	<u>14,139</u>
TOTAL MEMBER SUBSIDIES AND CARES ACT FUNDING	<u>198,405,120</u>	<u>101,545,172</u>	<u>39,123,523</u>	<u>21,944,891</u>	<u>23,209,485</u>	<u>12,582,049</u>
NET INCOME (LOSS)	<u>\$ (2,412,032)</u>	<u>\$ (1,195,199)</u>	<u>\$ (1,436,987)</u>	<u>\$ (288,433)</u>	<u>\$ 337,561</u>	<u>\$ 171,026</u>

See Independent Accountant's Report and Notes to Schedule of Subsidy Allocation by County.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

SCRRA is an independent entity created in August 1991 through a joint exercise of powers agreement (JPA). SCRRA began operating the “Metrolink” regional commuter rail system in October 1992. The member agencies of the JPA are (1) Los Angeles County Metropolitan Transportation Authority (Metro), (2) Orange County Transportation Authority (OCTA), (3) Riverside County Transportation Commission (RCTC), San Bernardino County Transportation Authority (SBCTA), and (4) Ventura County Transportation Commission (VCTC). The member agencies acquired the rail network in existence at the time the JPA was established for use in Metrolink’s commuter rail operations. This railroad network is not included as part of SCRRA’s railroad network capital assets. The member agencies retain title to and ownership of those assets. As part of the JPA, SCRRA is responsible for the related maintenance and operation of members’ assets and rail right-of-way used in operations.

In addition, certain members retain responsibility to maintain segments of their railroad network. The Metrolink railroad network consists of capital assets created as a result of new capital construction and major capital improvement projects. Currently, there are 538 route miles with 62 stations in the Metrolink system throughout Los Angeles, Orange, Riverside, San Bernardino, Ventura, and San Diego counties.

SCRRA is governed by a Board of Directors comprised of 11 members appointed by the voting members of the JPA. The member agencies with their respective number of votes are as follows:

Los Angeles County Metropolitan Transportation Authority (Metro)	4
Orange County Transportation Authority (OCTA)	2
Riverside County Transportation Commission (RCTC)	2
San Bernardino County Transportation Authority (SBCTA)	2
Ventura County Transportation Commission (VCTC)	1

SCRRA is not considered to be a component unit of any other reporting entity.

Basis of Accounting

Revenues and expenditures are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Revenue Recognition

SCRRA receives approximately half of its funding from fares and other operating revenues, and the balance of its funding comes from its member agencies. The majority of sources for transportation funds in these counties are local sales taxes (with the exception of Ventura County), State Rail Bond funds, State Transit Assistance funds, State Highway Account funds, State Transit Capital Improvement funds, and Federal Transit Administration Capital funds.

Southern California Regional Rail Authority (SCRRA)
MOU No. P0SCRA2022
Notes to Schedule of Subsidy Allocation by County
Year ended June 30, 2022

NOTE 2 MEMORANDUM OF UNDERSTANDING (MOU)

SCRRA (grantee) and Metro (grantor) entered into MOU No. 9400000000SCRA2022, which is effective beginning July 1, 2021 through June 30, 2026, for the purpose of providing funding to SCRRA during the fiscal year (FY) 2021/2022 for Metro’s financial commitments to the FY 2021/2022 budget as required by the JPA. Metro’s Board of Directors approved its financial commitments at its May 27, 2021 board meeting.

In accordance with the MOU, Metro will make available to SCRRA the following allocation of funds (Funds) for the Metro’s share of the FY 2021/2022 budget in the amounts of:

- a. \$98,379,438 for commuter rail operations, using new Proposition C 10%. SCRRA will be paid according to the following schedule, unless altered by mutual written agreement;

July 15, 2021	\$ 30,225,822
October 1, 2021	22,717,872
January 1, 2022	22,717,872
April 1, 2022	<u>22,717,872</u>
Total \$	<u><u>98,379,438</u></u>

- b. \$500,000 to supplement funding provided pursuant to the Facilities Maintenance MOU dated July 1, 1997 and as amended on July 1, 2000 and January 14, 2021, between Metro and SCRRA (the “Maintenance MOU”), which Maintenance MOU provides for enhanced L.A. County ROW maintenance outside of 20 feet using deferred revenue already in SCRRA’s possession. These funds will be expended only in the event SCRRA exceeds the \$1,067,000 annual funding provided by the Maintenance MOU;
- c. \$33,349,794 for new rehabilitation and renovation projects and new capital projects using \$24,000,000 of new Measure R 3% funds and reprogramming \$9,349,794 of COVID 19 remaining fare revenue supplement previously approved in FY21 and various surplus funds previously approved for the multiple fiscal years’ programs; and
- d. \$1,548,164 for track and signal mobilization costs using new Proposition C 10% funds.

Southern California Regional Rail Authority (SCRRRA)
MOU No. P0SCRA2022
Notes to Schedule of Subsidy Allocation by County
Year ended June 30, 2022

NOTE 2 MEMORANDUM OF UNDERSTANDING (MOU) (CONTINUED)

The FY 2021/2022 member subsidy invoiced to Metro of \$92,837,744 reported in the Schedule of Subsidy Allocation by County is part of the above funds allocated to SCRRRA.

Details of the receipts and uses of funds for the year ended June 30, 2022 are as follows:

<u>Fund</u>	<u>Description</u>	<u>[a]</u> <u>Approved</u> <u>Funding</u>	<u>[b]</u> <u>Receipts</u>	<u>[c]</u> <u>Reprogrammed</u> **	<u>[a - b - c]</u> <u>Funding</u> <u>Balance</u>	<u>[d]</u> <u>Expenditures</u>	<u>[(b + c) - d]</u> <u>Surplus/</u> <u>(Deficit)</u>
Prop C 10%	Operations	\$ 98,379,438	\$ 98,379,438	\$ -	\$ -	\$ 102,740,372	\$ (4,360,934)
Prop C 10%	Track and Signal Mobilization Cost	1,548,164	-	-	1,548,164	-	-
Measure R 3%	Rehabilitation and Renovation	33,349,794	-	9,349,794	24,000,000	-	9,349,794
		<u>\$ 133,277,396</u>	<u>\$ 98,379,438</u>	<u>\$ 9,349,794</u>	<u>\$ 25,548,164</u>	<u>\$ 102,740,372</u>	<u>\$ 4,988,860</u>

** Reprogrammed from the deferred revenue already in SCRRRA's possession.

NOTE 3 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING

Details of the receipts and uses of funds of prior years' open MOUs are as follows:

<u>MOU# P0SCRRRA2021</u>			<u>[a]</u> <u>Approved</u> <u>Funding</u>	<u>[b]</u> <u>Receipts</u>	<u>[c]</u> <u>Reprogrammed</u>	<u>[a - b - c]</u> <u>Funding</u> <u>Balance</u>	<u>[d]</u> <u>Expenditures</u>	<u>[(b + c) - d]</u> <u>Surplus/</u> <u>(Deficit)</u>
<u>Fund</u>	<u>Description</u>	<u>Year</u>						
Prop C 10%	Operations	2021	\$ 74,089,000	\$ 74,088,751	\$ -	\$ 249	\$ 105,260,006	\$ (31,171,255)
		2022	-	-	-	-	-	-
						<u>249</u>		<u>(31,171,255)</u>
Prop C 10%	Fare Revenue Loss	2021	35,000,000	-	-	35,000,000	-	-
		2022	(5,836,102)	12,231,108	(5,836,102) ^a	(12,231,108)	-	6,395,006
						<u>22,768,892</u>		<u>6,395,006</u>
Prop C 10%	Facilities MOU Supplement	2022	500,000	-	456,357 ^b	43,643	456,357	-
Measure R 3%	Rehabilitation and Renovation	2021	20,000,000	-	-	20,000,000	256	(256)
		2022	-	54,326	-	(54,326)	2,187,571	(2,133,245)
						<u>19,945,674</u>		<u>(2,133,501)</u>
			<u>\$ 123,752,898</u>	<u>\$ 86,374,185</u>	<u>\$ (5,379,745)</u>	<u>\$ 42,758,458</u>		<u>\$ (26,909,750)</u>

^a Application of surplus for FY21/22 rehabilitation and renovation projects.

^b Application of FY18/19 surplus for FY21/22 LA County ROW maintenance outside 20 feet in excess of the Maintenance MOU funding.

<u>MOU# P0SCRRRA2020</u>			<u>[a]</u> <u>Approved</u> <u>Funding</u>	<u>[b]</u> <u>Receipts</u>	<u>[c]</u> <u>Reprogrammed</u>	<u>[a - b - c]</u> <u>Funding</u> <u>Balance</u>	<u>[d]</u> <u>Expenditures</u>	<u>[(b + c) - d]</u> <u>Surplus/</u> <u>(Deficit)</u>
<u>Fund</u>	<u>Description</u>	<u>Year</u>						
Prop C 10%	Operations	2020	\$ 80,077,793	\$ 74,751,474	\$ 3,237,526 ^a	\$ 2,088,793	\$ 82,659,304	\$ (4,670,304)
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
						<u>2,088,793</u>		<u>(4,670,304)</u>
Prop C 10%	Right of Way	2020	2,522,962	-	-	2,522,962	2,522,962	(2,522,962)
		2021	-	2,522,962	-	(2,522,962)	-	2,522,962
		2022	-	-	-	-	-	-
Prop C 10%	Facilities MOU Supplement	2020	500,000	-	396,600 ^b	103,400	396,600	-
Measure R 3%	Rehabilitation and Renovation	2020	\$ 33,352,440	\$ 21,323	\$ 3,900,000 ^c	\$ 29,431,117	\$ 964,830	\$ 2,956,493
		2021	-	527,342	-	(527,342)	3,555,607	(3,028,265)
		2022	-	4,903,846	-	(4,903,846)	13,064,866	(8,161,020)
						<u>23,999,929</u>		<u>(8,232,792)</u>

Southern California Regional Rail Authority (SCRRA)
MOU No. P0SCRA2022
Notes to Schedule of Subsidy Allocation by County
Year ended June 30, 2022

NOTE 3 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA2020 (Continued)			[a]	[b]	[c]	[=a - b - c]	[d]	[=(b + c) - d]
Fund	Description	Year	Approved Funding	Receipts	Reprogrammed	Funding Balance	Expenditures	Surplus/ (Deficit)
Prop C 10%	Special Event	2020	125,000	-	-	125,000	-	-
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
						125,000	-	-
			\$ 116,578,195	\$ 82,726,947	\$ 7,534,126	\$ 26,213,722	\$ 103,164,169	\$ (12,903,096)

- ^a Application of FY17/18 surplus for rail operations.
^b Application of FY18/19 surplus for FY21/22 LA County ROW maintenance outside 20 feet in excess of the Maintenance MOU funding.
^c Application of FY16/17 surplus for rehabilitation and renovation program.

MOU# P0SCRRA29			[a]	[b]	[c]	[=a - b - c]	[d]	[=(b + c) - d]
Fund	Description	Year	Approved Funding	Receipts	Reprogrammed	Funding Balance	Expenditures	Surplus/ (Deficit)
Prop C 10%	Operations	2019	\$ 75,119,645	\$ 71,643,540	1,910,855	\$ 1,565,250	\$ 72,256,826	\$ 1,297,569
		2020	(384,538)	1,216,782	(384,538) ^a	(1,216,782)	-	832,244
		2021	(396,600)	-	(396,600) ^b	-	-	(396,600)
		2021	(416,722)	-	(416,722) ^c	-	-	(416,722)
		2022	(456,357)	-	(456,357) ^b	-	-	(456,357)
		2022	361,503	-	361,503 ^d	-	-	361,503
							348,468	-
Prop C 10%	Right of Way	2019	2,449,478	-	2,449,478 ^e	-	2,449,478	-
	Homeless Outreach	2019	500,000	-	500,000 ^f	-	-	500,000
	Maintenance MOU	2019	500,000	-	500,000 ^f	-	-	500,000
		2020	-	-	-	-	-	-
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
							1,000,000	
Measure R 3%	Rehabilitation and Renovation	2019	35,031,193	-	-	35,031,193	513,567	(513,567)
	TVD Project	2019	5,000,000	-	-	5,000,000	223,424	(223,424)
		2020	-	2,194,768	-	(2,194,768)	4,678,181	(2,483,413)
		2021	-	6,208,505	-	(6,208,505)	6,028,818	179,687
		2022	-	3,232,219	-	(3,232,219)	5,407,431	(2,175,212)
					28,395,701	-	(5,215,929)	
Measure R 3%	Tunnel 25 Urgent Track, Ties and Drainage Rehab	2019	750,000	-	750,000 ^f	-	-	750,000
		2020	-	-	-	-	127,006	(127,006)
		2021	-	-	-	-	65,475	(65,475)
		2022	-	-	-	-	38,077	(38,077)
							519,442	
Prop C 10%	Capital Projects PSRs	2019	950,000	-	950,000 ^f	-	-	950,000
		2020	-	-	-	-	629,462	(629,462)
		2021	-	-	-	-	153,682	(153,682)
		2022	-	-	-	-	73,374	(73,374)
							93,482	
Prop C 10%	Special Event	2019	250,000	84,155	-	165,845	199,952	(115,797)
		2020	-	32,723	-	(32,723)	-	32,723
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
					133,122	-	(83,074)	
			\$ 119,257,602	\$ 84,612,692	\$ 5,767,619	\$ 481,590	\$ 92,844,753	\$ 2,751,487

- ^a Application of surplus for CMF Noise Study and Marketing Initiative programs.
^b Application of surplus for FY21/22 LA County ROW maintenance outside 20 feet in excess of the Maintenance MOU funding.
^c Application of surplus for facilities maintenance, Burbank Station Cleaning Project and security fence at Sherman Way/Lankershim Blvd.
^d Return of the unused reprogrammed fund for CEO Initiative project.
^e Application of FY16/17 surplus for Right-of-Way Security.
^f Application of deferred revenue already in SCRRA's possession.

Southern California Regional Rail Authority (SCRRRA)
MOU No. P0SCRA2022
Notes to Schedule of Subsidy Allocation by County
Year ended June 30, 2022

NOTE 3 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRRA28

<u>Fund</u>	<u>Description</u>	<u>Year</u>	<u>[a]</u> <u>Approved</u> <u>Funding</u>	<u>[b]</u> <u>Receipts</u>	<u>[c]</u> <u>Reprogrammed</u>	<u>[=a - b - c]</u> <u>Funding</u> <u>Balance</u>	<u>[d]</u> <u>Expenditures</u>	<u>[=(b + c) - d]</u> <u>Surplus/</u> <u>(Deficit)</u>
Prop C 10%	Operations	2018	\$ 71,658,558	\$ 71,658,558	\$ -	\$ -	\$ 68,421,032	\$ 3,237,526
		2019	-	-	-	-	-	-
		2020	(3,237,526)	-	(3,237,526) ^a	-	-	(3,237,526)
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
						-	-	-
Prop C 10%	Right of Way	2018	2,360,550	1,733,121	-	627,429	2,310,789	(577,668)
		2019	-	577,707	-	(577,707)	-	577,707
		2020	-	-	-	-	-	-
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
						49,722	-	39
Measure R 3%	Rehabilitation and Renovation	2018	6,819,206	-	206 ^b	6,819,000	2,127	(1,921)
		2019	-	37,710	-	(37,710)	50,890	(13,180)
		2020	-	3,304,741	-	(3,304,741)	3,629,305	(324,564)
		2021	-	501,536	-	(501,536)	710,451	(208,915)
		2022	-	1,244,299	-	(1,244,299)	1,192,072	52,227
						1,730,714	-	(496,353)
Prop C 10%	Special Event	2018	250,000	-	-	250,000	128,259	(128,259)
		2019	-	155,299	-	(155,299)	66,289	89,010
		2020	-	-	-	-	-	-
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
						94,701	-	(39,249)
			\$ 77,850,788	\$ 79,212,971	\$ (3,237,320)	\$ 1,875,137	\$ 76,511,214	\$ (535,563)

^a Application of surplus for FY19/20 rail operations.

^b Application of FY15/16 surplus for the rehabilitation and renovation program.

MOU# P0SCRRRA27

<u>Fund</u>	<u>Description</u>	<u>Year</u>	<u>[a]</u> <u>Approved</u> <u>Funding</u>	<u>[b]</u> <u>Receipts</u>	<u>[c]</u> <u>Reprogrammed</u>	<u>[=a - b - c]</u> <u>Funding</u> <u>Balance</u>	<u>[d]</u> <u>Expenditures</u>	<u>[=(b + c) - d]</u> <u>Surplus/</u> <u>(Deficit)</u>
Prop C 10%	Operations	2017	\$ 71,795,000	\$ 71,795,000	\$ -	\$ -	\$ 66,497,200	\$ 5,297,800
		2018	-	-	-	-	-	-
		2019	(1,910,855)	-	(1,910,855) ^a	-	-	(1,910,855)
		2019	(2,449,478)	-	(2,449,478) ^b	-	-	(2,449,478)
		2019	(154,747)	-	(154,747) ^c	-	-	(154,747)
		2019	(985,923)	-	(985,923) ^d	-	-	(985,923)
		2020	-	-	-	-	-	-
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
						-	-	(203,203)
Prop C 10%	Right of Way	2017	2,360,551	2,360,551	-	-	2,358,526	2,025
		2018	-	-	-	-	-	-
		2019	-	-	-	-	-	-
		2020	-	-	-	-	-	-
		2021	-	-	-	-	-	-
						-	-	2,025
Measure R 3%	Rehabilitation and renovation	2017	41,678,525	-	-	41,678,525	4,028,759	(4,028,759)
		2018	-	10,902,866	-	(10,902,866)	16,058,677	(5,155,811)
		2019	-	10,741,842	-	(10,741,842)	9,278,385	1,463,457
		2020	(3,900,000)	8,852,998	(3,900,000) ^e	(8,852,998)	7,555,847	(2,602,849)
		2021	-	4,259,061	-	(4,259,061)	321,596	3,937,465
						(106,874)	(2,190,916)	(133,254)
						6,814,884	6,814,884	(6,519,751)

Southern California Regional Rail Authority (SCRRRA)
MOU No. P0SCRA2022
Notes to Schedule of Subsidy Allocation by County
Year ended June 30, 2022

NOTE 3 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRRA27 (Continued)			[a]	[b]	[c]	[=a - b - c]	[d]	[=(b + c) - d]	
Fund	Description	Year	Approved Funding	Receipts	Reprogrammed	Funding Balance	Expenditures	Surplus/ (Deficit)	
Measure R 3%	Capital Project PSRs	2017	618,000	-	-	618,000	-	-	
		2018	-	-	-	-	-	-	
		2019	-	-	-	-	-	-	
		2020	-	-	-	-	-	-	
		2021	-	-	-	-	-	-	
		2022	-	-	-	-	-	-	
						<u>618,000</u>		<u>-</u>	
Prop C 10%	Special Event	2017	100,000	-	-	100,000	55,394	(55,394)	
		2018	-	8,322	-	(8,322)	72,747	(64,425)	
		2019	-	76,995	-	(76,995)	-	76,995	
		2020	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-
		2022	-	-	-	-	-	-	-
						<u>14,683</u>		<u>(42,824)</u>	
			\$ 104,720,029	\$ 109,104,509	\$ (11,832,047)	\$ 7,447,567	\$ 104,036,215	\$ (6,763,753)	

- ^a Application of surplus for FY18/19 rail operations.
- ^b Application of surplus for FY18/19 Right-of-Way Security.
- ^c Application of surplus for Burbank Airport South Trah Pickup, Maintenance and cover shortfall for Capital Projects.
- ^d Application of surplus for FY18/19 San Bernardino Line 25% Fare Discount
- ^e Application of surplus for FY19/20 rehabilitation and renovation program.
- ^f Application of surplus for FY21/22 rehabilitation and renovation projects.

MOU# P0SCRRRA25			[a]	[b]	[c]	[=a - b - c]	[d]	[=(b + c) - d]
Fund	Description	Year	Approved Funding	Receipts	Reprogrammed	Funding Balance	Expenditures	Surplus/ (Deficit)
Prop C 10%	Operations	2015	\$ 59,683,000	\$ 58,596,771	-	\$ 1,086,229	\$ 59,029,731	\$ (432,960)
		2016	-	-	-	-	-	-
		2017	-	-	-	-	-	-
		2018	-	-	-	-	-	-
		2019	-	-	-	-	-	-
		2020	-	-	-	-	-	-
		2021	-	-	-	-	-	-
		2022	-	-	-	-	<u>1,086,229</u>	
Prop C 10% PTMISEA Measure R 3%	Rehabilitation and renovation	2015	16,375,000	-	-	16,375,000	35,633	(35,633)
		2016	-	6,461,650	-	(6,461,650)	10,197,089	(3,735,439)
		2017	-	5,252,032	-	(5,252,032)	3,435,875	1,816,157
		2018	-	2,694,353	-	(2,694,353)	1,160,661	1,533,692
		2019	-	1,110,186	-	(1,110,186)	697,671	412,515
		2020	-	257,315	-	(257,315)	-	257,315
		2021	-	76,347	-	(76,347)	2,329	74,018
2022	-	177	-	(177)	177	-	-	
					<u>522,940</u>		<u>322,625</u>	
Prop C 10%	Right of Way	2015	2,305,108	1,728,831	-	576,277	2,173,110	(444,279)
		2016	-	576,277	-	(576,277)	-	576,277
		2017	-	-	-	-	-	-
		2018	-	-	-	-	-	-
		2019	-	-	-	-	-	-
		2020	-	-	-	-	-	-
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
							<u>131,998</u>	
Prop C 10%	Special Event	2015	100,000	49,217	-	50,783	-	49,217
		2016	-	39,677	-	(39,677)	-	39,677
		2017	-	-	-	-	-	-
		2018	-	-	-	-	-	-
		2019	-	-	-	-	-	-
		2020	-	-	-	-	-	-
		2021	-	-	-	-	-	-
		2022	-	-	-	-	-	-
					<u>11,106</u>		<u>88,894</u>	
			\$ 78,463,108	\$ 76,842,833	\$ -	\$ 1,620,275	\$ 76,732,276	\$ 110,557

EXHIBITS

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2022
Reconciliation of the Schedule of Subsidy Allocation to ACFR
Year ended June 30, 2022

	<u>Revenues</u>	<u>Expenses</u>
Per Schedule of Subsidy Allocation	\$ 42,407,253	\$ 243,224,405
<u>Reconciling items:</u>		
OPERATING:		
Fare revenues	(58,162)	-
Maintenance-of-Way	(39,179)	1,487,783
Third party agreements ^{1}	22,934,449	23,018,560
Rehabilitation and renovation - capital ^{1}	(64,235)	84,666,274
Public liability and property damage	980,978	3,505,978
Depreciation ^{1}	-	42,216,410
Total reconciling items	<u>23,753,851</u>	<u>154,895,005</u>
Per ACFR - Operating Revenues and Expenses	<u>\$ 66,161,104</u>	<u>\$ 398,119,410</u>

Notes:

^{1}Not allocated to the members

Revenues and expenses in the Schedule of Subsidy Allocation by County do not include revenues and expenses relating to Third-party participation agreements.

Third-party participation agreements (TPA) are items such as charter train services, construction of major capital facilities on behalf of third parties, and flagging personnel provided by SCRRA for the safety of non-SCRRA personnel accessing the rail right-of-way. SCRRA's policy regarding third-party agreements is that they should be self-supporting. Projects are billed up-front to third parties and a reconciliation of actual costs against payments are reconciled at project completion. The excess of expenses over revenue is attributed by unbilled project costs at year-end.

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2022
Methods of Allocation Used and the Types of Revenues and Expenses
Year ended June 30, 2022

Budget Item	FY21-22 Agreed Allocation
Train Mile Allocation	
Train Operations	Train Miles - Current
Fuel	Train Miles - Current
Operating Contingency	Train Miles - Current
Direct to Line Segments/Territories	
Rail Agreements	Direct to Lines/Then to Members
MOW - Line Segments	Train Miles of Service on Territory
MOW - Extra-Ordinary maintenance	Train Miles of Service on Territory
Holiday Trains	Direct to Lines/Then to Members
Amtrak Transfers	Direct to Lines/Then to Members
Route Miles Dispatched	
Dispatching	Route Miles Dispatched
Ridership/Revenue Distributions	
Transfers to other Operators	Ridership/Revenue Distribution
Supplemental Additional Security	Ridership/Revenue Distribution
Base Allocation	
Equipment Maintenance	75% Train Miles - Lagged/25% Unduplicated Stations
Operating Contingency (Bombardier)	Train Miles - Lagged
Non-Scheduled Rolling Stock Repairs	Train Miles - Lagged
Operating Facilities Maintenance	Train Miles - Lagged
Other Operating Train Services	Unduplicated Route Miles (excl SD Co)
Security - Sheriff	Train Miles - Lagged
Security - Guards	Unduplicated Route Miles (excl SD Co)
Public Safety Program	Unduplicated Route Miles (excl SD Co)
Utilities/Leases	Unduplicated Route Miles (excl SD Co)
Passenger Relations - Call Boxes	Unduplicated Stations
Contingency (Non-Train Operating)	Unduplicated Route Miles (excl SD Co)
TVM Maintenance/Revenue Collection	TVMs
Station Maintenance - Non-Union Station	Unduplicated Stations
Station Maintenance - Union Station	Revenue Moves thru LAUS
Passenger Service Representatives	Unduplicated Route Miles (excl SD Co)
Passenger Relations - Call Center/Other	Ridership Distribution Lagged
Marketing/Market Research	Ridership Distribution Lagged
Media and External Communications	Unduplicated Route Miles (excl SD Co)
Liability/Property/Auto	Train Miles - Lagged
Claims	Train Miles - Lagged
Claims Administration	Train Miles - Lagged
Salaries and Fringe Benefits	Unduplicated Route Miles (excl SD Co)
Non-Labor Costs	Unduplicated Route Miles (excl SD Co)
Allocated Overhead	Unduplicated Route Miles (excl SD Co)
Services	Unduplicated Route Miles (excl SD Co)

Southern California Regional Rail Authority (SCRRRA)
MOU No. SCRA2022
Schedule of Funds Received for Proposition C 10% and Measure R 3%
Year ended June 30, 2022

	<u>Receipts for</u> <u>FY 2021-2022</u>
Proposition C 10% Fund	
P0SCRRRA25	\$ 177
SCRA2021	12,231,108
SCRA2022	98,379,438
Total	110,610,723
 Measure R 3% Fund	
P0SCRRRA27	106,874
P0SCRRRA28	1,244,299
P0SCRRRA29	3,232,219
SCRA2020	4,903,846
SCRA2021	54,326
MRROTEMSET	693,667
MRBRIGHTRX	68,166
DORANSCRRRA	28,789
SCRRALHW	39,312
MRTVMLACTY	184,720
Total	10,556,218
Total funds received	\$ 121,166,941

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2022
Comparative Analysis of Unearned Revenue
(Dollar Amounts in Thousands)
Years ended June 30, 2022 and 2021

	<u>METRO</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SBCTA</u>	<u>VCTC</u>	<u>OTHER</u>	<u>TOTAL</u>
Unearned revenue at June 30, 2021	\$ 4,889	\$ 46,675	\$ 15,468	\$ 33,710	\$ 26,885	\$ 30,663	\$ 158,290
2022 Activities							
Operating surplus (deficit)	(95)	(3,365)	(8,540)	482	274	-	(11,244)
CARES Act funding	-	(33,202)	(6,098)	(7,605)	(2,743)	229	(49,419)
Preventive maintenance surplus (deficit)	-	1,582	-	(3,235)	388	-	(1,265)
Unearned fare revenue	-	-	-	-	-	2	2
Capital projects surplus (deficit)	(430)	-	-	-	(542)	(232)	(1,204)
Restricted Prop1B	(229)	-	-	-	2	(9,426)	(9,653)
Unearned revenue at June 30, 2022	\$ 4,135	\$ 11,690	\$ 830	\$ 23,352	\$ 24,264	\$ 21,236	\$ 85,507

* Breakdown per activity

	<u>METRO</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SBCTA</u>	<u>VCTC</u>	<u>OTHER</u>	<u>TOTAL</u>
Unearned revenue components:							
Operating surplus	\$ 1,572	\$ 1,637	\$ 130	\$ 483	\$ 684	\$ -	\$ 4,506
CARES Act funding	-	-	12	18,522	21,749	376	40,659
Preventive maintenance surplus	-	8,500	-	-	-	-	8,500
Unearned fare revenue	-	-	-	-	-	118	118
Capital projects surplus	2,011 **	1,553	688	4,347	1,706	696	11,001
Restricted Prop1B	552	-	-	-	125	20,046	20,723
Unearned revenue, June 30, 2022	\$ 4,135	\$ 11,690	\$ 830	\$ 23,352	\$ 24,264	\$ 21,236	\$ 85,507

** See Exhibit V.

	<u>METRO</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SBCTA</u>	<u>VCTC</u>	<u>OTHER</u>	<u>TOTAL</u>
Unearned revenue at June 30, 2020	\$ 8,794	\$ 10,881	\$ 2,523	\$ 9,175	\$ 3,964	\$ 34,181	\$ 69,518
2021 Activities							
Operating surplus (deficit)	(813)	3,770	6,935	(2,396)	-	-	7,496
CARES Act funding	-	33,202	6,110	26,127	24,492	147	90,078
Preventive maintenance surplus (deficit)	-	(1,030)	-	644	(973)	-	(1,359)
Unearned fare revenue	-	-	-	-	-	38	38
Capital projects surplus (deficit)	(2,974)	(148)	(100)	160	(596)	(41)	(3,699)
Restricted Prop1B	(118)	-	-	-	(2)	(3,662)	(3,782)
Unearned revenue at June 30, 2021	\$ 4,889	\$ 46,675	\$ 15,468	\$ 33,710	\$ 26,885	\$ 30,663	\$ 158,290

* Breakdown per activity

	<u>METRO</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SBCTA</u>	<u>VCTC</u>	<u>OTHER</u>	<u>TOTAL</u>
Unearned revenue components:							
Operating surplus	\$ 1,667	\$ 5,002	\$ 8,670	\$ 1	\$ 410	\$ -	\$ 15,750
Preventive maintenance surplus	-	6,918	-	3,235	(388)	-	9,765
CARES Act funding	-	33,202	6,110	26,127	24,492	147	90,078
Unearned fare revenue	-	-	-	-	-	116	116
Capital projects surplus	2,441 **	1,553	688	4,347	2,248	928	12,205
Restricted Prop1B	781	-	-	-	123	29,472	30,376
Unearned revenue, June 30, 2021	\$ 4,889	\$ 46,675	\$ 15,468	\$ 33,710	\$ 26,885	\$ 30,663	\$ 158,290

** See Exhibit V.

EXHIBIT V

**Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2022
Capital Surplus per MOU and per Project Breakdown
Year ended June 30, 2022**

Unearned revenue - Capital projects surplus, June 30, 2021	\$ 2,440,920
2022 Activities	(430,103)
Unearned revenue - Capital projects surplus, June 30, 2022	<u>2,010,817</u>
Earmarked for active/closing projects (see details below)	3,160,860
Currently available for reprogramming	\$ <u>(1,150,043)</u>

List of active/closing projects:

<u>Project Number</u>	<u>Project Name</u>	<u>Award Short Name</u>	<u>Held for Projects</u>
402003	EASTERN AREA MAINT FAC		\$ 43,226
402007	AV CHANGES @ SANTA CLARITA		(19,089)
402011	POMONA STATION IMPROVEMENTS		151,075
405009	HAND-THROW XOVER AT LANCASTER		37
406001	KELLER YARD		175,936
418005	CMF N END CONNECT DES		93,798
503014	TURNOUTS-VN LINE		4,387
503019	TURNOUTS-RIV CORR (E BK)		4,218
503056	FIXED ASSET SYSTEM IMPLMNT		152,291
504006	WOOD TIE PGM-VEN CO LINE (LA)		8,328
504007	WOOD TIE PGM-S.B. LINE		180,629
504024	S&C PGM-SYSTEM		408
505003	RAIL PGM - AV LINE		13,935
505006	WOOD TIE PGM - VC LINE (LA)		35,539
505025	SIG&COM PGM - RIVER		51
505043	ALARMS IN SIGNAL HOUSES		6,732
505047	TUNNEL 26 PHASE 3		162,154
506021	VC LINE TRACK (LA)		54,743
506071	RIVER TRACK		(2,296)
506083	SYSTM SIG		28,032
507022	FY07 VENTURA CO LINE BRIDGE (LA CO)		155
507073	FY07 RIVER SIGNAL		(3,145)
507084	MOW FACILITY PHASE 1		701,215
507086	FY07 VEHICLES - FED		45
508086	FY08 VEHICLES - FED		45
519310	VALLEY TNNL 25 TRACK REHAB		531,957
520740	RIVER ATCS/PTC/CIS/BACKHAUL		118,085
603002	PURCHASE/REBUILD USED LOCOS		63,362
604001	ROLLING STOCK PROCUREMENT		206,234
606001	50 VALIDATORS		(58,212)
611002	LOCO CAMERA SPARE PARTS		836
616XXX	TIER 4 #21-37		500,508
698001	18 NEW TICKET VENDING MACHINES		5,641
			\$ <u><u>3,160,860</u></u>

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2022
Schedule of Contribution to the Self Insurance Reserve by County
Year ended June 30, 2022

	<u>TOTAL</u>	<u>METRO</u>	<u>OCTA</u>	<u>RCTC</u>	<u>SBCTA</u>	<u>VCTC</u>
Member insurance subsidy	\$ 16,839,709	\$ 8,614,150	\$ 4,055,819	\$ 1,703,152	\$ 1,942,565	\$ 524,023
Insurance expense						
Liability/Property/Auto	12,856,829	6,576,756	3,096,549	1,300,327	1,483,115	400,082
Claims/SI	(684,422)	(350,108)	(164,842)	(69,222)	(78,952)	(21,298)
Claims administration	1,707,851	873,630	411,333	172,731	197,011	53,146
Total insurance expense	<u>13,880,258</u>	<u>7,100,278</u>	<u>3,343,040</u>	<u>1,403,836</u>	<u>1,601,174</u>	<u>431,930</u>
Surplus	<u>\$ 2,959,451</u>	<u>\$ 1,513,872</u>	<u>\$ 712,779</u>	<u>\$ 299,316</u>	<u>\$ 341,391</u>	<u>\$ 92,093</u>

COMPLIANCE MATRIX

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2022
Compliance Matrix
Year ended June 30, 2022

	Compliance Requirement	In Compliance			Questioned Costs	If no, provided details and management response
		Yes	No	N/A		
1	SCRRA submitted its FY 2021-22 Budget on May 7, 2021 to Metro and the other JPA member agencies of SCRRA.	X				
2	Rehabilitation, renovation, and new capital funds in the amount of \$24,000,000 in Measure R 3% funds were paid for new projects approved and programmed for FY2021-22, as specified in Attachment B of the MOU. SCRRA also submitted Expenditure Plan consistent with Attachment D of the MOU.	X				
3(a)	SCRRA submitted invoice with Quarterly Progress/Expenditure Report to Metro with sufficient back up documentation.	X				
3(b)	Aggregate SCRRA invoice does not exceed the FY2021-22 approved program amount of \$24,000,000 unless additional funding authority has been provided by Metro.	X				
3(d)	SCRRA and Metro staff conducted a quarterly rehabilitation / renovation and new capital review meeting. SCRRA submitted quarterly expenditure and reconciliation report of the FY2021-22 rehabilitation / renovation and new capital program with the percentage of completion of each project and project numbers.	X				
4	No FY 2021-22 Metro funds were used for previously funded projects except as provided in Article 5 of MOU No. SCRA2022.	X				
5	SCRRA provided Metro with a Quarterly Project Budget Reallocation (PBR) report detailing all PBR fund transfers by fiscal year MOU budget to include the project the funds were transferred from, the project the funds were transferred to, the status of the project after the PBR, what the revised budget is for each PBR project, expenditures to budget, and reason for the PBR transfer.	X				

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2022
Compliance Matrix
Year ended June 30, 2022

	Compliance Requirement	In Compliance			Questioned Costs	If no, provided details and management response
		Yes	No	N/A		
6	SCRRA loaned or exchanged Metro funds: a. SCRRA and Metro agreed the exchange in writing. b. SCRRA ensured that traded funds were utilized for the designated purpose.			X		
7	SCRRA only utilized funding for the specific line items of the approved Operating Budget.	X				
8	SCRRA provided detailed schedule of all funds included in the Deferred Revenue account. The detailed schedule included a beginning balance by MOU and fund type, activities during the fiscal year by project, MOU and fund type (e.g., Proposition C, Measure R, Measure M, PTMSEA, etc.) and an ending balance.	X				
9	SCRRA established and maintained proper accounting procedures, controls, and documentations. SCRRA shall make records available in such a manner that Metro auditors can complete the draft FY 2021-22 audit by February 28, 2023.	X				
10	SCRRA complied with provisions of the JPA as amended.	X				
11	SCRRA indemnified, defended with counsel approved by Metro, and held harmless Metro, its directors, officers, employees and agents from all loss, expense, fines, claims, damages, actions, and liability of any nature whatsoever, without payment thereof by Metro, arising out of anything done or omitted to be done by SCRRA or SCRRA's presence on property owned by Metro, except where the indemnification relationship between the parties is governed by another agreement between the parties, excluding the JPA.	X				

Southern California Regional Rail Authority (SCRRA)
MOU No. SCRA2022
Compliance Matrix
Year ended June 30, 2022

	Compliance Requirement	In Compliance			Questioned Costs	If no, provided details and management response
		Yes	No	N/A		
12	SCRRA has submitted evidence of insurance to the satisfaction of Metro. SCRRA shall maintain, for the duration of this MOU, and/or shall require that SCRRA contractors maintain, levels of insurance coverage equivalent to existing coverage against claims for injuries to persons, or damages to property, which may arise from or in connection with SCRRA rail operations or construction by the SCRRA, its agents, representatives, employees, or subcontractors on Metro property.	X				
13	Invoices referencing MOU No. SCRA2022 shall be sent to the locations provided on the MOU.	X				

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Southern California Regional Rail Authority (SCRRRA)
MOU No. SCRA2022
Status of Findings and Questioned Costs
Year ended June 30, 2022

There were no findings noted.

STATUS OF PRIOR YEAR FINDINGS

There were no findings noted in prior year.

EXIT CONFERENCE

An exit conference was held on February 23, 2023 with SCRRA's representatives. Those in attendance were:

Vasquez & Company LLP representatives:

Marialyn Labastilla – Audit Director
Erica Ong – Audit Supervisor

Metro representatives:

Channing Wong – Senior Auditor

SCRRA representatives:

Arnold Hackett – Chief Financial Officer
Alex Barber – Senior Manager, Finance
Elisabeth Lazuardi – Senior Manager, Internal Audit
Andrew Hong – Senior Auditor, Internal Audit

Matters discussed:

Results of our examination did not disclose an instance of noncompliance with the Guidelines.

A copy of this report was forwarded to the following SCRRA representatives for comments prior to the issuance of the final report.

Arnold Hackett – Chief Financial Officer
Alex Barber – Senior Manager, Finance
Elisabeth Lazuardi – Senior Manager, Internal Audit
Andrew Hong – Senior Auditor, Internal Audit
Thelma Bloes – Senior Manager, Finance



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