Southern California Regional Rail Authority (SCRRA)
Metrolink Program by SCRRA
Schedule of Operating Revenues and Expenditures
and Supplementary Information
Under MOU No. 9400000000SCRA2025 (SCRA2025)
Year Ended June 30, 2025
with Independent Auditor's Report

Table of Contents

	PAGE
FINANCIAL SECTION	
Independent Auditor's Report	1
Schedule of Operating Revenues and Expenditures Under MOU No. SCRA2025	4
Notes to Schedule of Operating Revenues and Expenditures	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	20
COMPLIANCE SECTION	
Independent Auditor's Report on Compliance and on Internal Control Over Compliance Required by MOU No. SCRA2025 and MOU No. MRWRKCAP	22
Compliance Requirements – MOU No. SCRA2025 and MOU No. MRWRKCAP	25
Compliance Matrix – MOU No. SCRA2025 and MOU No. MRWRKCAP	27
Supplementary Information	
Schedule of Subsidy Allocation by County	33
Reconciliation of the Schedule of Subsidy Allocation to ACFR	34
Methods of Allocation Used and the Types of Revenues and Expenses	35
Schedule of Funds Received for Proposition C 10% and Measure R 3%	37
Comparative Analysis of Unearned Revenue	38
Capital Surplus per MOU and per Project Breakdown	39
Schedule of Contribution to the Self Insurance Reserve by County	40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	41
STATUS OF PRIOR YEAR FINDINGS	42
EXIT CONFERENCE	43

FINANCIAL SECTION

655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

\ LOS ANGELES
\ SAN DIEGO
\ IRVINE
\ SACRAMENTO
\ FRESNO
\ PHOENIX
\ LAS VEGAS
\ MANILA, PH

VASQUEZ
+ COMPANY LLP

Independent Auditor's Report

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

Report on the Audit of the Statement of Operating Revenues and Expenditures

Opinion

We have audited the Schedule of Operating Revenues and Expenditures (the Schedule) of the Metrolink Program (the Program) under Memorandum of Understanding 9400000000SCRA2025 (MOU No. SCRA2025) between the Southern California Regional Rail Authority's (SCRRA) and the Los Angeles County Metropolitan Transportation Authority (Metro) for the year ended June 30, 2025, and the related notes to the Schedule.

In our opinion, the accompanying Schedule referred to above present fairly, in all material respects, the revenue and expenses of the Metrolink Program under MOU No. SCRA2025 for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of SCRRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The Schedule is intended to reflect only the operating subsidies received from Metro, and the allocated revenues and expenditures of Metrolink based on the schedule of allocation by county as defined by MOU No. SCRA2025 between SCRRA and Metro and the SCRRA Adopted Budget for the year ended June 30, 2025, and do not purport to, and do not present fairly SCRRA's changes in financial position for the year ended June 30, 2025 in accordance with accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SCRRA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

The supplementary information on pages 33 through 40 as required by the MOU is presented for additional analysis and is not a required part of the Schedule. Such information is the responsibility of management. We have applied certain limited procedures to the supplementary information in accordance with GAAS, 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 Schedule, and other knowledge we obtained during our audit of the Schedule. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2026 on our consideration of SCRRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SCRRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCRRA's internal control over financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
February 28, 2026

Operating Revenues	
Fares	$ 23,600,692
Dispatching	1,356,071
Maintenance-of-Way (MOW)	2,283,555
Miscellaneous	6,729,552
Total operating revenues	33,969,870
Operating Expenses	
Train operations and services	92,962,111
Maintenance-of-Way (MOW)	30,662,655
Administration and services	23,887,067
Personal liability/property damage	10,105,810
Mobilization	4,274,092
Student adventure pass member support	1,640,600
Contingency	11,433
Total operating expenses	163,543,768
Operating Loss Before Other Revenue	(129,573,898)
Other Revenue	
Unbudgeted special trains	60,563
Total other revenue	60,563
Loss Before Subsidies	(129,513,335)
Subsidies Received from Metro (Note 3)	
Operating subsidies	113,223,023
Self-insurance subsidy	23,236,807
Total subsidies received from Metro	136,459,830
Net Income	**$ 6,946,495**

Note: Metro's share in the capital expenditures is presented separately in Note 4.

See accompanying notes to schedule of revenues and expenditures.

NOTE 1 ORGANIZATIONAL PROFILE

Southern California Regional Rail Authority (SCRRA or Authority) 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 20% of its operational 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Methods of Allocation

Operating revenues and expenses are allocated based on ridership, train miles of service, route miles dispatched, unduplicated route miles, and other basis as defined in the joint exercise of powers agreement, the cost-sharing formula adopted by the member agencies of the Authority, and SCRRA's adopted budget for the year ended June 30, 2025. See also Schedule III - Methods of Allocation Used and the Types of Revenues and Expenses.

NOTE 3 MEMORANDUM OF UNDERSTANDING (MOU)

SCRRA (grantee) and Metro (grantor) entered into MOU No. 9400000000SCRA2025 (SCRA2025), which is effective beginning July 1, 2025 through June 30, 2029, for the purpose of providing funding to SCRRA during the fiscal year (FY) 2024/2025 for Metro's financial commitments to the FY 2024/2025 budget as required by the JPA. Metro's Board of Directors approved its financial commitments at its May 6, 2024 board meeting.

In accordance with the MOU, Metro made available to SCRRA the following allocation of funds (Funds) for Metro's share of the FY 2024/2025 budget in the amounts of:

a. $136,459,830 for commuter rail operations, using new Proposition C 10%. SCRRA was paid according to the following schedule, unless altered by mutual written agreement;

July 15, 2024	$ 41,787,401
October 1, 2024	31,557,476
January 1, 2025	31,557,476
April 1, 2025	31,557,477
	$ 136,459,830

b. $70,373,350 for new State of Good Repair and new capital projects as specified in the MOU, using Measure R 3% funds to be expended over a five-year period through FY2028-29;

c. $2,920,232 for Metro owned Right-of-Way maintenance beyond the 20' center from track, using Proposition C 40% funds, which can be used in part to hire a Metrolink full time employee.

The FY 2024/2025 member subsidy invoiced to Metro of $136,459,830 reported in the Schedule of Operating Revenues and Expenditures is part of the above funds allocated to SCRRA.

NOTE 3 MEMORANDUM OF UNDERSTANDING (MOU) (CONTINUED)

Details of the receipts and uses of funds for the year ended June 30, 2025 are as follows:

Fund	Description	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
Prop C 10%	Operations	$ 136,459,830	$ 136,459,830	$ -	$ -	$ 129,513,335	$ -	$ 6,946,495
Prop C 40%	Right-of-Way Maintenance	2,920,232	777,191	-	2,143,041	2,040,688	-	(1,263,497)
Measure R 3%	Rehabilitation and Renovation	70,373,350	-	-	70,373,350	671,801	-	(671,801)
		$ 209,753,412	$ 137,237,021	$ -	$ 72,516,391	$ 132,225,824	$ -	$ 5,011,197

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING

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

MOU# P0SCRRA2024

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
Prop C 10%	Operations	2024	$ 126,410,472	$ 128,093,315	$ 1,584,255 [a]	$ (3,267,098)	$ 114,630,100	$ -	$ 15,047,470
		2025	-	-	-	-	-	(14,099,806) [b]	(14,099,806)
		2025	-	-	-	-	-	(11,167) [c]	(11,167)
		2025	-	-	-	-	-	(154,953) [d]	(154,953)
		2025	-	-	-	-	-	(75,579) [e]	(75,579)
		2025	-	-	-	-	-	(293,662) [f]	(293,662)
		2025	-	-	-	-	-		-
						(3,267,098)			412,303
Measure R 3%	Rehabilitation and Renovation	2024	72,989,847	-	-	72,989,847	175,874	-	(175,874)
		2025	-	1,604,007	-	(1,604,007)	2,748,900	-	(1,144,893)
						71,385,840			(1,320,767)
			$ 199,400,319	**$ 129,697,322**	**$ 1,584,255**	**$ 68,118,742**	**$ 117,554,874**	**$ (14,635,167)**	**$ (908,464)**

[a] Application of FY22/23 surplus for Oxnard Settlement Reprogramming.
[b] Return of the unused operating surplus to Metro.
[c] Application of FY23/24 surplus for Burbank Airport Station Cleaning and Trash Pick-up.
[d] Application of FY23/24 surplus for SBL 25%
[e] Application of FY23/4 surplus for FY21/22 LA County Right of Way (ROW) maintenance outside 20 feet in excess of the Maintenance MOU funding.
[f] Application of deferred revenue already in SCRRA's possession.

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA2023

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
Prop C 10%	Operations	2023	$ 120,454,842	$ 117,951,427	$ -	$ 2,503,415	$ 107,447,222	$ (1,195,200) [a]	$ 9,309,005
		2024	-	-	-	-	-	(1,584,255) [b]	(1,584,255)
		2024	-	-	-	-	-	(6,552) [c]	(6,552)
		2024	-	-	-	-	-	(6,333,682) [d]	(6,333,682)
		2024	-	-	-	-	-	(8,596) [e]	(8,596)
		2024	-	-	-	-	-	(149,008) [f]	(149,008)
		2025	-	-	-	-	-	(1,226,912) [g]	(1,226,912)
						2,503,415			-
Measure R 3%	Rehabilitation and Renovation	2023	50,725,283	-	-	50,725,283	470	-	(470)
		2024	-	604,782	-	(604,782)	1,268,923	-	(664,141)
		2025	-	14,449,171	-	(14,449,171)	16,458,092	-	(2,008,921)
						35,671,330			(2,673,532)
			$ 171,180,125	$ 133,005,380	$ -	$ 38,174,745	$ 125,174,707	$ (10,504,205)	$ (2,673,532)

[a] Application of FY22/23 surplus against FY21/22 deficit.
[b] Application of FY22/23 surplus for Oxnard Settlement Reprogramming.
[c] Application of surplus for Burbank MLK Station Cleaning and Trash Pick-up.
[d] Return of the unused operating surplus to Metro.
[e] Application of surplus for Burbank Airport Station Cleaning and Trash Pick-up.
[f] Application of deferred revenue already in SCRRA's possession.
[g] Return of the unused operating surplus to Metro.

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA2022

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
Prop C 10%	Operations	2022	$ 98,379,438	$ 98,379,438	$ -	$ -	$ 102,740,371	$ -	$ (4,360,933)
		2023	-	-	-	-	-	1,907,700 [a]	1,907,700
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						-			(2,453,233)
Prop C 10%	Track and Signal Mobilization Cost	2022	1,548,164	-	-	1,548,164	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						1,548,164			-
Measure R 3%	Rehabilitation and Renovation	2022	33,349,794	-	9,349,794 [b]	24,000,000	-	-	9,349,794
		2023	-	3,254,984	-	(3,254,984)	480,748	-	2,774,236
		2024	-	7,493,634	-	(7,493,634)	9,619,550	-	(2,125,916)
		2025	-	9,132,168	-	(9,132,168)	7,406,200	-	1,725,968
						4,119,214			11,724,082
			$ 133,277,396	**$ 118,260,224**	**$ 9,349,794**	**$ 5,667,378**	**$ 120,246,869**	**$ 1,907,700**	**$ 9,270,849**

[a] Application of FY18/19 and FY22/23 surplus against FY21/22 deficit.

[b] Application of FY20/21 Fare Revenue Loss surplus, FY16/17 rehabilitation and renovation projects surplus, and others.

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA2021

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
Prop C 10%	Operations	2021	$ 74,089,000	$ 74,088,751	$ -	$ 249	$ 105,260,006	$ -	$ (31,171,255)
		2022	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						249			(31,171,255)
Prop C 10%	Fare Revenue Loss	2021	35,000,000	-	-	35,000,000	-	-	-
		2022	-	12,231,108	-	(12,231,108)	-	(5,836,102) [a]	6,395,006
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						22,768,892			6,395,006
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)
		2023	-	3,511,840	-	(3,511,840)	3,624,047	-	(112,207)
		2024	-	5,253,304	-	(5,253,304)	3,882,554	-	1,370,750
		2025	-	4,795,663	-	(4,795,663)	4,185,966	-	609,697
						6,384,867			(265,261)
			$ 129,589,000	**$ 99,934,992**	**$ 456,357**	**$ 29,197,651**	**$ 119,596,757**	**$ (5,836,102)**	**$ (25,041,510)**

[a] Application of surplus for FY21/22 rehabilitation and renovation projects.
[b] Application of FY18/19 surplus for FY21/22 LA County Right of Way (ROW) maintenance outside 20 feet in excess of the Maintenance MOU funding.

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA2020

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
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	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						2,088,793			(4,670,304)
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	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						-			-
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)
		2023	-	11,726,083	-	(11,726,083)	5,231,579	-	6,494,504
		2024	-	9,473,108	-	(9,473,108)	4,529,160	-	4,943,948
		2025	-	3,101,049	-	(3,101,049)	2,204,583	-	896,466
						(300,311)			4,102,126
Prop C 10%	Special Event	2020	125,000	-	-	125,000	-	-	-
		2021	-	-	-	-	-	-	-
		2022	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						125,000			-
			$ 116,578,195	$ 107,027,187	$ 7,534,126	$ 2,016,882	$ 115,129,491	$ -	$ (568,178)

[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.

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA29

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net 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	-	1,216,782	-	(1,216,782)	-	(384,538) [a]	832,244
		2021	-	-	-	-	-	(396,600) [b]	(396,600)
		2021	-	-	-	-	-	(416,722) [c]	(416,722)
		2022	-	-	-	-	-	(456,357) [b]	(456,357)
		2022	-	-	-	-	-	361,503 [d]	361,503
		2023	-	-	-	-	-	(712,500) [e]	(712,500)
		2023	-	-	-	-	-	(49,119) [f]	(49,119)
		2023	-	-	-	-	-	(10,086) [g]	(10,086)
		2023	-	-	-	-	-	(4,747) [h]	(4,747)
		2024	-	-	-	-	-	(445,185) [i]	(445,185)
		2025	-	-	-	-	-	-	-
						348,468			-
Prop C 10%	Right of Way	2019	2,449,478	-	2,449,478 [j]	-	2,449,478	-	-
	Homeless Outreach	2019	500,000	-	500,000 [k]	-	-	-	500,000
	Maintenance MOU	2019	500,000	-	500,000 [k]	-	-	-	500,000
		2020	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-
		2022	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						-			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)
		2023	-	8,306,684	-	(8,306,684)	6,247,054	-	2,059,630
		2024	-	6,748,327	-	(6,748,327)	4,605,388	-	2,142,939
		2025	-	5,558,349	-	(5,558,349)	6,043,246	-	(484,897)
						7,782,341			(1,498,257)

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA29 (Continued)			[a]	[b]	[c]	[a - b - c]	[d]	[e]	[(b + c) - d + e]
Fund	Description	Year	Approved Funding	Receipts	Reprogrammed	Funding Balance	Expenditures	Application of Surplus	Net Surplus/ (Deficit)
Measure R 3%	Tunnel 25 Urgent Track, Ties and Drainage Rehab	2019	750,000	-	750,000 [k]	-	-	-	750,000
		2020	-	-	-	-	127,006	-	(127,006)
		2021	-	-	-	-	65,475	-	(65,475)
		2022	-	-	-	-	38,077	-	(38,077)
		2023	-	-	-	-	49,331 [l]	-	(49,331)
		2024	-	-	-	-	295,551	-	(295,551)
		2025	-	-	-	-	37,033	-	(37,033)
						-			137,527
Prop C 10%	Capital Projects PSRs	2019	950,000	-	950,000 [k]	-	-	-	950,000
		2020	-	-	-	-	629,462	-	(629,462)
		2021	-	-	-	-	153,682	-	(153,682)
		2022	-	-	-	-	73,374	-	(73,374)
		2023	-	-	-	-	5,285 [l]	-	(5,285)
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						-			88,197
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	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						133,122			(83,074)
			$ 120,550,316	$ 105,226,052	$ 7,060,333	$ 8,263,931	$ 110,127,641	$ (2,514,351)	$ (355,607)

[a] Application of surplus for Central Maintenance Facility Noise Study (CMF) 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 surplus against FY20/21 deficit.
[f] Application of surplus for FY20/21 LA County ROW maintenance outside 20 feet in excess of the Maintenance MOU funding.
[g] Application of surplus for Burbank MLK Station Cleaning and Trash Pick-up.
[h] Application of surplus for Project 881596.
[i] Return of the unused operating surplus to Metro.
[j] Application of FY16/17 surplus for Right-of-Way Security.
[k] Application of deferred revenue already in SCRRA's possession.
[l] Adjustments were made to the previously reported amount as a result of the FY22/23 Agency-wide financial audit.

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA28

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
Prop C 10%	Operations	2018	$ 71,658,558	$ 71,658,558	$ -	$ -	$ 68,421,032	$ -	$ 3,237,526
		2019	-	-	-	-	-	-	-
		2020	-	-	-	-	-	(3,237,526) [a]	(3,237,526)
		2021	-	-	-	-	-	-	-
		2022	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						-			-
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	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						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
		2023	-	622,982	-	(622,982)	440,208	-	182,774
		2024	-	322,836	-	(322,836)	294,096	-	28,740
		2025	-	353,832	-	(353,832)	409,971	-	(56,139)
						431,064			(340,978)

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA28 (Continued)

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
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	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						94,701			(39,249)
			$ 81,088,314	**$ 80,512,621**	**$ 206**	**$ 575,487**	**$ 77,655,489**	**$ (3,237,526)**	**$ (380,188)**

[a] Application of surplus for FY19/20 rail operations.
[b] Application of FY15/16 surplus for the rehabilitation and renovation program.

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA27

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
Prop C 10%	Operations	2017	$ 71,795,000	$ 71,795,000	$ -	$ -	$ 66,497,200	$ -	$ 5,297,800
		2018	-	-	-	-	-	-	-
		2019	-	-	-	-	-	(1,910,855) [a]	(1,910,855)
		2019	-	-	-	-	-	(2,449,478) [b]	(2,449,478)
		2019	-	-	-	-	-	(154,747) [c]	(154,747)
		2019	-	-	-	-	-	(985,923) [d]	(985,923)
		2020	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-
		2022	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						-			(203,203)
Prop C 10%	Right of Way	2017	2,360,551	2,360,551	-	-	2,358,526	-	2,025
		2018	-	-	-	-	-	-	-
		2019	-	-	-	-	-	-	-
		2020	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-
		2022	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						-			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	-	8,852,998		(8,852,998)	7,555,847	(3,900,000) [e]	(2,602,849)
		2021	-	4,259,061	-	(4,259,061)	321,596	-	3,937,465
		2022	-	106,874	-	(106,874)	(2,190,916)	(2,431,044) [f]	(133,254)
		2023	-	143,448	-	(143,448)	1,909	-	141,539
		2024	-	7,523	-	(7,523)	15,816	-	(8,293)
		2025	-	221,489	-	(221,489)	590,516	-	(369,027)
						6,442,424			(6,755,532)

NOTE 4 STATUS OF PRIOR YEARS' MEMORANDUM OF UNDERSTANDING (CONTINUED)

MOU# P0SCRRA27 (Continued)

Fund	Description	Year	[a] Approved Funding	[b] Receipts	[c] Reprogrammed	[a - b - c] Funding Balance	[d] Expenditures	[e] Application of Surplus	[(b + c) - d + e] Net Surplus/ (Deficit)
Measure R 3%	Capital Project								
	PSRs	2017	618,000	-	-	618,000	-	-	-
		2018	-	-	-	-	-	-	-
		2019	-	-	-	-	-	-	-
		2020	-	-	-	-	-	-	-
		2021	-	-	-	-	-	-	-
		2022	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						618,000			-
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	-	-	-	-	-	-	-
		2023	-	-	-	-	-	-	-
		2024	-	-	-	-	-	-	-
		2025	-	-	-	-	-	-	-
						14,683			(42,824)
			$ 116,552,076	$ 109,476,969	$ -	$ 7,075,107	$ 104,644,456	$ (11,832,047)	$ (6,999,534)

[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 Trash 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.

NOTE 5 DEPOSIT AGREEMENT FOR WORKING CAPITAL FUND

In December 2024, the SCRRA entered into a Deposit Agreement (the Agreement) for a Working Capital Fund (Fund) with Metro. The purpose of the Agreement is to establish a Fund to provide liquidity to advance eligible state of good repair and new capital project costs funded by federal, state, and local grants with extended reimbursement timeframes.

Pursuant to the Agreement, Metro advanced SCRRA a one-time deposit of $29,290,000, which is held in a separately designated Working Capital Fund. The Fund may only be used to advance costs for eligible capital projects approved through SCRRA's annual budget process and must be deposited back upon receipt of reimbursement from the applicable funding sources.

SCRRA is required to return the total deposit amount to Metro within 15 days of any of the following: (i) five years from the date of the deposit, unless the parties agreed to extend the term via formal amendment; (ii) SCRRA and Metro determined that SCRRA has sufficient cash flow to advance capital projects without the need for the deposit; (iii) SCRRA's breach of the Agreement, including but not limited to, improper uses of the funds, failure to replenish upon receipt of reimbursement from the applicable funding sources; or (iv) the dissolution of SCRRA.

Interest accrues monthly on the outstanding deposit balance net of amounts advanced for capital projects. SCRRA is required to remit annual interest payments to Metro for interest accrued during the preceding fiscal year in accordance with the Agreement.

SCRRA is required to maintain the Fund in accordance with its Working Capital Fund Policy and related standard operating procedures, maintain separate accounting records, and provide quarterly activity and reconciliation reports to Metro. The Agreement provides Metro with audit and inspection rights over the Fund and related capital project expenditures. The Fund is included in SCRRA's audited financial statements.

The balance of the Fund as of June 30, 2025 is $29,662,875 and includes interest earned during the fiscal year.

NOTE 6 SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 28, 2026, the date on which the Schedule was available to be issued. There are no material subsequent events that require recognition or additional disclosures in this Schedule.

655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

\ LOS ANGELES
\ SAN DIEGO
\ IRVINE
\ SACRAMENTO
\ FRESNO
\ PHOENIX
\ LAS VEGAS
\ MANILA, PH

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedule of operating revenue and expenditures of the Metrolink Program (the Program) under Memorandum of Understanding (MOU) No. 9400000000SCRA2025 (SCRA2025) between the Southern California Regional Rail Authority (SCRRA) and the Los Angeles County Metropolitan Transportation Authority (Metro) for the year ended June 30, 2025, and the related notes to the Schedule, and have issued our report thereon dated February 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, we considered SCRRA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of SCRRA's internal control. Accordingly, we do not express an opinion on the effectiveness of SCRRA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Schedule will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SCRRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
February 28, 2026

COMPLIANCE SECTION

655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

\ LOS ANGELES
\ SAN DIEGO
\ IRVINE
\ SACRAMENTO
\ FRESNO
\ PHOENIX
\ LAS VEGAS
\ MANILA, PH

VASQUEZ
+ COMPANY LLP

Independent Auditor's Report on Compliance and on Internal Control Over Compliance Required by the Guidelines

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

Report on Compliance

Opinion

We have audited Southern California Regional Rail Authority's (SCRRA) compliance with the requirements identified in the Memorandum of Understanding (MOU) No. 9400000000SCRA2025 (SCRA2025) and the Working Capital Fund Agreement No. 9400000000MRWKCAP (Agreement) between SCRRA and the Los Angeles County Metropolitan Transportation Authority (Metro), the SCRRA Adopted Budget for the year ended June 30, 2025, and other guidelines issued related to the Metrolink Program (collectively, the Guidelines). The compliance requirements are identified in the Compliance Requirements section below and the Compliance Matrix.

In our opinion, SCRRA complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SCRRA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of SCRRA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for SCRRA's compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the compliance requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to SCRRA's Metrolink Program as identified in the Compliance Requirements and the Compliance Matrix.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the SCRRA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the SCRRA's compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the SCRRA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the SCRRA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the SCRRA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance with the requirements, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding #2025-001. Our opinion is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on SCRRA's response to the noncompliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. SCRAA's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the Guidelines on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with the Guidelines will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding #2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on SCRRA's responses to the noncompliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. SCRAA's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
February 28, 2026

Compliance Requirements

The following requirements are applicable to SCRRA's allocation of revenues and expenditures to Metro for the year ended June 30, 2025:

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 Schedule II

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 Schedule III

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 Schedule IV

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 Schedule VII

7. SCRRA's third party participation contracts do not materially impact Metro's share of revenues and expenditures. See Schedule II

8. SCRRA complied with all applicable ordinances.

9. The following requirement is not applicable to SCRRA's allocation of revenues and expenditures to Metro for the year ended June 30, 2025 as there were no transactions that have occurred relating to this requirement. Accordingly, no procedures were performed on this requirement.

    a. Metro's contribution to the annual capital replacement program is properly accounted for, is bearing interest, and is solely allocated for this purpose.

Compliance Requirements (Continued)

The following requirements are applicable to SCRRA's Working Capital Fund Agreement:

1. Establishment and maintenance of a separate, designated Working Capital Fund account and separate accounting records.
2. Use of Working Capital funds only to advance eligible, approved capital projects with replenishment upon receipt of grant reimbursements.
3. Monthly interest accrual on outstanding balances and annual interest payment to Metro.
4. Quarterly activity and reconciliation reports provided to Metro.
5. Adherence to the five-year term and return provisions (or earlier return upon specified events).
6. Metro’s audit and inspection rights.

Compliance Requirement		In Compliance Yes	No	N/A	Questioned Costs	If no, provide details and management response
Metrolink Program – MOU No. SCRRA2025						
1	SCRRA submitted its FY 2024-25 Budget on May 6, 2024 to Metro and the other JPA member agencies of SCRRA.	X				
1(c)	Metro-owned Right of Way (ROW) maintenance beyond the 20-foot center from track funds totals $2,920,232, allocated from Proposition C 40% funds, which may be used in part to support hiring a Metrolink FTE.	X				There were no findings noted on eligibility of expenditures.
2	State Of Good Repair (SOGR) and New Capital funds in the amount of $70,373,350 in Measure R 3% funds were paid for new projects approved and programmed for FY2024-25. SCRRA also submitted Expenditure Plan consistent with Attachment D of the MOU.			X		There was no drawdown during FY2024/25.
3	SCRRA adhered to the guidelines for invoicing and managing SOGR and new capital projects programmed in FY2024/25.	X				
3(a)	SCRRA submitted invoices with Monthly Progress/Expenditure Report to Metro with sufficient back up documentation.	X				
3(b)	Aggregate SCRRA invoice does not exceed the FY2024-25 approved program amount of $70,373,350 unless additional funding authority has been provided by Metro.			X		There was no drawdown during FY2024/25.
3(c)	SCRRA invoiced Metro no more than a total of $35,000,000, excluding designated deferred revenue funds currently in SCRRA's possession, for all outstanding Metro programmed authority during FY2024-25.	X				Metro approved excess drawdowns on January 10, 2025 due to the timing of the MOU finalization.

	Compliance Requirement	In Compliance Yes	In Compliance No	In Compliance N/A	Questioned Costs	If no, provide details and management response
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 FY2024-25 rehabilitation / renovation and new capital program with the percentage of completion of each project and project numbers.	X				
4	No FY 2024-25 Metro funds were used for previously funded projects except as provided in Article 5 of MOU No. SCRA2025.			X		There was no drawdown during FY2024/25.
5	SCRRA provided Metro with Quarterly Project Budget Reallocation (PBR) report for any modifications to the adopted capital program as outlined in SCRRA's board approved Finance Policy 1.2 and included such member agency approval as outlined.	X				
6	SCRRA provided Metro with a Quarterly 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				
7	SCRRA met all contractual maintenance, reporting, and invoicing obligations related to Operational and Non-operational ROW activities: • Planned and executed regularly scheduled and as-needed work year-round to keep the Operational ROW compliant with stated regulations. • Maintained the Non-operational ROW (outside of the 20 feet) four times during FY2024-25. • Acknowledged receipt of the as-needed WORK request from Metro within three business days in writing with a work plan, timeframe and cost-estimate.		X			See Finding #2025-001

	Compliance Requirement	In Compliance Yes	No	N/A	Questioned Costs	If no, provide details and management response
	• Obtained written approval from Metro CPD before commencing as-needed WORK requests. • Completed the as-needed WORK request within seven days from date of receipt of written approval, unless previously arranged with Metro CPD. • Submitted invoice to Metro CPD not exceeding $2,920,232 within 30 days after the end of each quarter. • Submitted monthly reports to Metro CPD.					
8	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		
9	SCRRA only utilized funding for the specific line items of the approved Operating Budget.	X				
10	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				
11	SCRRA established and maintained proper accounting procedures, controls, and documentation. SCRRA shall make records available in such a manner that Metro auditors can complete the draft FY 2024-25 audit by February 28, 2026.	X				
12	SCRRA complied with provisions of the JPA as amended.	X				
13	SCRRA indemnified, defended with counsel approved by Metro, and held harmless Metro, its directors, officers, employees and agents from all loss, expense, fines, claims,	X				

Compliance Requirement		In Compliance Yes	No	N/A	Questioned Costs	If no, provide details and management response
	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.					
14	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				
15	Invoices referencing MOU No. SCRA2025 shall be sent to the locations provided on the MOU.	X				

Compliance Requirement		In Compliance Yes	No	N/A	Questioned Costs	If no, provide details and management response
Working Capital Fund Agreement (MRWKCAP)						
1	SCRRA received a one-time disbursement of $29,290,000 within 15 days of full MOU execution and invoice submission.	X				
2	Working Capital Funds were used only for eligible capital projects (state of good repair & new capital projects) approved through SCRRA's budget and reimbursable by grants.			X		
3	No Working Capital Funds were used for operating costs, consistent with Policy FIN-9.7.			X		
4	SCRRA complied with Working Capital Fund Policy FIN-9.7 and the WCF SOP.	X				
5	SCRRA replenished the Working Capital Fund promptly upon receiving reimbursement from funding sources.			X		There was no advance made and reimbursement received in FY2024/25.
6	SCRRA maintained a separate Working Capital Fund account, segregated from operating funds.	X				
7	SCRRA returned the deposit within 15 days upon: 5-year term expiration, cash-flow sufficiency determination, breach, or dissolution.			X		
8	SCRRA calculated interest monthly and made annual interest payments by March 31 each year with support.	X				
9	SCRRA maintained GAAP-compliant accounting records and provided annual audited financial statements to Metro.	X				
10	SCRRA provided Metro access to inspect capital projects and records with reasonable notice.	X				

	Compliance Requirement	In Compliance Yes	In Compliance No	In Compliance N/A	Questioned Costs	If no, provide details and management response
11	SCRRA promptly notified Metro of any event of default or potential default.			X		No event of default was encountered in FY2024/25.
12	SCRRA submitted Quarterly Working Capital Fund activity reports including expenditures, collections, advances, interest, and beginning/ending balances within 30 days of monthly accounting close.	X				No advance or repayment activity occurred as of June 30, 2025. The FY2024/25 Q4 Activity Report has been submitted.
13	SCRRA performed the required annual re-evaluation of the deposit and returned excess funds within 15 days, when applicable.	X				There were no excess funds in FY2024/25.
14	SCRRA provided Quarterly Capital Financial Performance Reports including AR, revenue, expenditure summaries, and billing activity.	X				No advance or repayment activity occurred as of June 30, 2025. The FY2024/25 Q4 Activity Report has been submitted.
15	Invoices referencing Agreement No. MRWRKCAP shall be sent to the locations provided on the MOU.	X				INV108302 was submitted on February 5, 2025.
16	Upon termination of the Agreement, SCRRA returned the full deposit plus all accrued interest.			X		

SCHEDULE I

Southern California Regional Rail Authority (SCRRA)
Metrolink Program - MOU No. SCRA2025
Supplementary Information
Schedule of Subsidy Allocation by County
Year ended June 30, 2025

	TOTAL	METRO	OCTA	RCTC	SBCTA	VCTC
OPERATING REVENUES						
Fares	$ 43,834,327	$ 23,600,692	$ 10,248,917	$ 3,865,282	$ 4,777,482	$ 1,341,954
Dispatching	2,683,918	1,356,071	877,154	16,115	130,715	303,863
Maintenance-of-Way (MOW)	4,535,516	2,283,555	919,008	513,170	524,554	295,229
Miscellaneous	13,097,422	6,729,552	3,186,736	879,659	1,759,235	542,240
Total operating revenues	64,151,183	33,969,870	15,231,815	5,274,226	7,191,986	2,483,286
OPERATING EXPENSES						
Train operations and services	177,480,433	92,962,111	35,622,688	20,079,879	19,954,090	8,861,665
Maintenance-of-Way (MOW)	54,919,407	30,662,655	10,729,389	3,626,833	6,808,620	3,091,910
Administration and services	49,478,469	23,887,067	8,770,923	7,078,704	5,199,030	4,542,745
Personal liability/property damage	18,967,561	10,105,810	3,626,172	2,056,515	2,416,978	762,086
Mobilization	7,869,807	4,274,092	1,708,535	794,850	793,277	299,053
Student adventure pass member support	3,211,300	1,640,600	743,400	330,800	386,300	110,200
Contingency	24,100	11,433	4,152	3,586	2,531	2,398
Total operating expenses	311,951,077	163,543,768	61,205,259	33,971,167	35,560,826	17,670,057
OPERATING LOSS BEFORE OTHER REVENUE (EXPENSES)	(247,799,894)	(129,573,898)	(45,973,444)	(28,696,941)	(28,368,840)	(15,186,771)
OTHER REVENUE						
Unbudgeted special trains	131,942	60,563	10,870	5,942	45,664	8,903
Total other revenue	131,942	60,563	10,870	5,942	45,664	8,903
LOSS BEFORE SUBSIDIES	(247,667,952)	(129,513,335)	(45,962,574)	(28,690,999)	(28,323,176)	(15,177,868)
FY2024/2025 MEMBER SUBSIDIES INVOICED						
Operating subsidies	228,635,189	113,223,023	45,889,121	27,769,798	26,608,682	15,144,565
Self-insurance subsidy	34,093,173	23,236,807	4,442,356	2,519,398	2,960,995	933,617
Total Member Subsidies	262,728,362	136,459,830	50,331,477	30,289,196	29,569,677	16,078,182
NET INCOME	**$ 15,060,410**	**$ 6,946,495**	**$ 4,368,903**	**$ 1,598,197**	**$ 1,246,501**	**$ 900,314**

Southern California Regional Rail Authority (SCRRA)
Metrolink Program - MOU No. SCRA2025
Supplementary Information
Reconciliation of the Schedule of Subsidy Allocation to ACFR
Year ended June 30, 2025

	Revenues	Expenses
Per Schedule of Subsidy Allocation	$ 64,151,183	$ 311,951,077
Reconciling items:		
OPERATING REVENUE/EXPENSES:		
Fare revenues	(4,888,899)	21,704,821
Maintenance-of-Way	(4,413,496)	(670,664)
Third party agreements [1]	26,706,456	22,610,978
Rehabilitation and renovation - capital [1]	14,792,826	126,937,620
Public liability and property damage	-	3,445,000
Depreciation [1]	-	49,701,057
Bad debt	-	(316,723)
Others	-	(263,159)
	32,196,887	223,148,930
Per ACFR - Operating Revenues and Expenses	$ 96,348,070	$ 535,100,007

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 (TPA). 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 typically billed up-front to third parties throughout the project timeline, and revenue and expenses are reconciled on an ongoing basis. At year-end, SCRRA records accruals to ensure revenues and expenses are properly matched, and therefore no excess of expenses over revenue should exist. While projects are often billed up-front, certain agencies—such as federal and state entities—are prohibited from providing advance funding.

Southern California Regional Rail Authority (SCRRA)
Metrolink Program - MOU No. SCRA2025
Supplementary Information
Methods of Allocation Used and the Types of Revenues and Expenses
Year ended June 30, 2025

Budget Item	FY24-25 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
Amtrak Transfers	Direct to Lines/Then to Members
Route Miles Dispatched	
Dispatching	Route Miles Dispatched
Ridership/Revenue Distributions	
Transfers to Other Operators	Direct to Lines/Then to Members
Supplemental Additional Security	Ridership/Revenue Distribution
Base Allocation	
Equipment Maintenance	75% Train Miles - Lagged/25% Unduplicated Stations
Operating Contingency (Bombardier)	Unduplicated Route Miles (excluding San Diego County)
Non-Scheduled Rolling Stock Repairs	Train Miles - Lagged
Operating Facilities Maintenance	Train Miles - Lagged
Other Operating Train Services - Operations	Unduplicated Route Miles (excluding San Diego County)
Other Operating Train Services - QSP	Ridership/Revenue Distribution
Security - Sheriff	Train Miles - Lagged
Security - Guards	Unduplicated Route Miles (excluding San Diego County)
Public Safety Program	Unduplicated Route Miles (excluding San Diego County)
Utilities/Leases	Unduplicated Route Miles (excluding San Diego County)
Passenger Relations - Call Boxes	Unduplicated Stations
Passenger Relations - Telephone Information Services	Ridership Distribution Lagged
Contingency (Non-Train Operating)	Unduplicated Route Miles (excluding San Diego County)

Southern California Regional Rail Authority (SCRRA)
Metrolink Program - MOU No. SCRA2025
Supplementary Information
Methods of Allocation Used and the Types of Revenues and Expenses (Continued)
Year ended June 30, 2025

Budget Item (Continued)	FY24-25 Agreed Allocation (Continued)
TAP Vending Maching (TVM)	
Maintenance/Revenue Collection	TVMs
Station Maintenance - Non-Union Station	Unduplicated Stations
Station Maintenance - Union Station	Revenue Moves thru Los Angeles Union Station (LAUS)
Passenger Service Representatives	Unduplicated Route Miles (excluding San Diego County)
Passenger Relations - Call Center/Other	Ridership Distribution Lagged
Marketing/Market Research	Ridership Distribution Lagged
Media and External Communications	Unduplicated Route Miles (excluding San Diego County)
Liability/Property/Auto	Train Miles - Lagged
Claims	Train Miles - Lagged
Claims Administration	Train Miles - Lagged
Salaries and Fringe Benefits	Unduplicated Route Miles (excluding San Diego County)
Non-Labor Costs	Train Miles - Current
Allocated Overhead	Unduplicated Route Miles (excluding San Diego County)
Services	Unduplicated Route Miles (excluding San Diego County)

Southern California Regional Rail Authority (SCRRA)
Metrolink Program - MOU No. SCRA2025
Supplementary Information
Schedule of Funds Received From Metro
Year ended June 30, 2025

Proposition C 10% Fund	
P0SCRRA2025	$ 136,459,830
	136,459,830
Proposition C 40% Fund	
P0SCRRA2025 - Outside 20’ ROW Maintenance	777,191
	777,191
Measure R 3% Fund	
P0SCRRA27	221,489
P0SCRRA28	353,832
P0SCRRA29	5,558,349
SCRA2020	3,101,049
SCRA2021	4,795,663
SCRA2022	9,132,168
SCRA2023	14,449,171
SCRA2024	1,604,007
	39,215,728
Other Funds	
MRROTEMSET	1,680,501
MRBRIGHTRX	34,630
DORANSCRRA	2,925
SCRRALHW	150,655
SCRALINK	135,828
AE51806000	63,688
MRTVMLACTY	291,504
MRWRKCAP	29,290,000
SBLFARER	112,704
	31,762,435
Total funds received	$ 208,215,184

Southern California Regional Rail Authority (SCRRA)
Metrolink Program - MOU No. SCRA2025
Supplementary Information
Comparative Analysis of Unearned Revenue
(Dollar Amounts in Thousands)
Years ended June 30, 2025 and 2024

	METRO	OCTA	RCTC	SBCTA	VCTC	OTHER	TOTAL	
Unearned revenue at June 30, 2024	**$ 17,998**	**$ 11,255**	**$ 11,207**	**$ 12,610**	**$ 30,502**	**$ 16,615**	**$ 100,187**	*
2025 Activities								
Operating surplus (deficit)	(8,914)	2,468	(1,912)	(1,738)	(1,349)	-	(11,445)	
CARES Act funding	-	-	-	-	504	-	504	
Arrow service implementation	-	-	-	3,334	-	-	3,334	
Preventive maintenance surplus (deficit)	-	9,841	(7,366)	-	403	-	2,878	
Unearned fare revenue	-	-	-	-	-	42	42	
Capital projects surplus (deficit)	(934)	(1,547)	-	(1,198)	(1,530)	(244)	(5,453)	
Restricted Prop1B	-	-	-	-	(1)	(11,250)	(11,251)	
Unearned revenue at June 30, 2025	**$ 8,150**	**$ 22,017**	**$ 1,929**	**$ 13,008**	**$ 28,529**	**$ 5,163**	**$ 78,796**	*

** Breakdown per activity*

	METRO		OCTA	RCTC	SBCTA	VCTC	OTHER	TOTAL
Unearned revenue components:								
Operating surplus	$ 7,360		$ 12,175	$ 1,929	$ 1,714	$ 3,586	$ -	$ 26,764
CARES Act funding	-		-	-	-	18,706	-	18,706
Arrow service implementation	-		-	-	8,913	-	-	8,913
Preventive maintenance surplus	-		9,841	-	-	6,000	-	15,841
Unearned fare revenue	-		-	-	-	-	145	145
Capital projects surplus	790	**	1	-	2,381	238	535	3,945
Restricted Prop1B	-		-	-	-	(1)	4,483	4,482
Unearned revenue, June 30, 2025	**$ 8,150**		**$ 22,017**	**$ 1,929**	**$ 13,008**	**$ 28,529**	**$ 5,163**	**$ 78,796**

** See Exhibit VI.

	METRO	OCTA	RCTC	SBCTA	VCTC	OTHER	TOTAL	
Unearned revenue at June 30, 2023 (as restated)	$ 11,457	$ 5,301	$ 1,968	$ 10,061	$ 23,134	$ 19,992	$ 71,913	
2024 Activities							-	
Operating surplus (deficit)	6,520	6,114	2,680	2,530	2,651	-	20,495	
CARES Act funding	-	-	(12)	(841)	(1,027)	(1,205)	(3,085)	
Arrow service implementation	-	-	-	5,579	-	-	5,579	
Preventive maintenance surplus (deficit)	-	-	7,366	(4,000)	5,597	-	8,963	
Unearned fare revenue	-	-	-	-	-	(69)	(69)	
Capital projects surplus (deficit)	21	(160)	(795)	(719)	147	94	(1,412)	
Restricted Prop1B	-	-	-	-	-	(2,197)	(2,197)	
Unearned revenue at June 30, 2024	**$ 17,998**	**$ 11,255**	**$ 11,207**	**$ 12,610**	**$ 30,502**	**$ 16,615**	**$ 100,187**	*

** Breakdown per activity*

	METRO		OCTA	RCTC	SBCTA	VCTC	OTHER	TOTAL
Unearned revenue components:								
Operating surplus	$ 16,274		$ 9,707	$ 3,841	$ 3,452	$ 4,935	$ -	$ 38,209
CARES Act funding	-		-	-	-	18,202	-	18,202
Arrow service implementation	-		-	-	5,579	-	-	5,579
Preventive maintenance surplus	-		-	7,366	-	5,597	-	12,963
Unearned fare revenue	-		-	-	-	-	103	103
Capital projects surplus	1,724	**	1,548	-	3,579	1,768	779	9,398
Restricted Prop1B	-		-	-	-	-	15,733	15,733
Unearned revenue, June 30, 2024	**$ 17,998**		**$ 11,255**	**$ 11,207**	**$ 12,610**	**$ 30,502**	**$ 16,615**	**$ 100,187**

** See Exhibit VI.

Southern California Regional Rail Authority (SCRRA)
Metrolink Program - MOU No. SCRA2025
Supplementary Information
Capital Surplus per MOU and per Project Breakdown

Year Ended June 30, 2025

Unearned revenue - capital projects surplus, June 30, 2024	$	1,723,978
2025 Activities, net		(933,909)
Unearned revenue - capital projects surplus, June 30, 2025		790,069
Earmarked for active/closing projects (see details below)		839,483
Currently available for reprogramming	$	(49,414)

Project Number	Project Name	Award Short Name		Held for Projects
418005	CMF N END CONNECT DES	9400000000SCRRA29	$	88,775
519310	VALLEY TNNL 25 TRACK REHAB	9400000000SCRRA29		187,915
520740	RIVER ATCS/PTC/CIS/BACKHAUL	MOU.9400000000SCRA2020 A1		118,085
604001	ROLLING STOCK PROCUREMENT	MOU.POSCRRA16		206,234
61XXXX	TIER 4 #21-37	MOU.POSCRRA11		238,474
			$	839,483

Year Ended June 30, 2024

Unearned revenue - capital projects surplus, June 30, 2023 (as previously reported)	$	3,619,338
Prior period adjustment		(1,916,676) *
Unearned revenue - capital projects surplus, June 30, 2023 (as restated)		1,702,662
2024 Activities, net		21,316
Unearned revenue - capital projects surplus, June 30, 2024		1,723,978
Earmarked for active/closing projects (see details below)		1,143,370
Currently available for reprogramming	$	580,608

List of active/closing projects:

Project Number	Project Name	Award Short Name		Held for Projects
418005	CMF N END CONNECT DES	9400000000SCRRA29	$	88,775
519310	VALLEY TNNL 25 TRACK REHAB	9400000000SCRRA29		455,297
520740	RIVER ATCS/PTC/CIS/BACKHAUL	MOU.9400000000SCRA2020 A1		118,085
604001	ROLLING STOCK PROCUREMENT	MOU.POSCRRA16		206,234
61XXXX	TIER 4 #21-37	MOU.POSCRRA11		274,979
			$	1,143,370

* Adjustment to correct the amount previously reported and reconcile accounts with SCRRA’s unbilled activity.

Southern California Regional Rail Authority (SCRRA)
Metrolink Program - MOU No. SCRA2025
Supplementary Information
Schedule of Contribution to the Self Insurance Reserve by County
Year ended June 30, 2025

	TOTAL	METRO	OCTA	RCTC	SBCTA	VCTC
Member insurance subsidy	$ 23,236,807	$ 12,380,441	$ 4,442,356	$ 2,519,398	$ 2,960,995	$ 933,617
Insurance expense						
Liability/Property/Auto	16,396,176	8,735,791	3,134,581	1,777,718	2,089,314	658,772
Claims/Self-Insurance	503,010	268,001	96,164	54,538	64,097	20,210
Claims administration	2,068,375	1,102,018	395,427	224,259	263,567	83,104
Total insurance expense	18,967,561	10,105,810	3,626,172	2,056,515	2,416,978	762,086
Surplus	$ 4,269,246	$ 2,274,631	$ 816,184	$ 462,883	$ 544,017	$ 171,531

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding #2025-001: Late Submission of Invoices

Criteria
Article 7 paragraph 5 of MOU No. SCRA2025 states that, "SCRRA shall submit an invoice to the LACMTA CPD within 30 days after the end of each quarter (every 3 months). LACMTA shall pay SCRRA 30 days after receipt of each quarterly invoice."

Condition
SCRRA was unable to submit the quarterly invoices required by Metro in a timely manner. In FY25, SCRRA submitted six invoices late. This included three Q1 invoices, which were submitted 38 to 103 days past the deadline, and one late invoice each for Q2, Q3, and Q4, submitted 57 to 71 days after the required timeframe.

This is a repeat finding from Fiscal Year 2024.

Cause
Due to the extended timeline required for the review, approval, and payment of Metrolink's Outside 20' invoices—typically ranging from 90 to 180 days—the associated documentation cannot be finalized within the reporting window established in the MOU. As a result, the reports, which are submitted within 30 days following final approval and payment, cannot be prepared and issued in accordance with the current reporting requirements.

Effect
SCRRA is not in compliance with the requirements of Article 7 paragraph 5 of MOU No. SCRA2025.

Recommendation
We recommend that SCRRA implement a policy to strictly monitor the adherence of the responsible parties to the compliance requirements of the Memorandum of Understanding.

Management's Response
The Outside 20' project was funded in FY25 under a cost-reimbursement arrangement, requiring SCRRA to submit invoices to LACMTA only after paying the vendors performing work under the project scope. Under the current contractual agreement, the lead vendor is permitted to submit its final invoices more than 65 days after the close of each monthly service period. Additional time is then required for SCRRA to review, approve, and process these invoices prior to billing LACMTA.

Given these contractual provisions and the full duration of the invoice processing cycle, SCRRA was not able to comply with the 30-day billing requirement established in the MOU.

Corrective Action Plan
The Outside 20' project was restructured in FY26 and is no longer administered as a cost-reimbursed project. This change is reflected in the FY26 MOU, under which invoicing to LACMTA for project-related costs is no longer required. As a result, the conditions that previously led to delayed billing no longer exist.

Under the revised FY26 MOU, SCRRA is required only to submit quarterly activity reports within 30 days following the end of each quarter. This reporting requirement is not dependent upon the timing of vendor invoice submissions or payments. SCRRA has established internal controls and streamlined processes to ensure that all quarterly reporting is completed in accordance with the required timelines. SCRRA has remained fully compliant with these reporting requirements through Q2 FY26.

STATUS OF PRIOR YEAR FINDING

Finding #2024-001: Late Submission of Maintenance MOU Invoices

Criteria
Article 3 Amendment No. 3 to MOU No. SCRA2024 states that, "All FY24 quarterly invoices must be submitted to LACMTA Facilities Contracted Maintenance (FCM) no later than September 30, 2024. LACMTA FCM will reconcile FY24 expenditures upon receipt of all complete quarterly invoices from SCRRA."

Condition
SCRRA submitted its invoices for the Maintenance MOU supplemental funding on October 17, 2024, and December 18, 2024, which were 17 and 79 days late, respectively, beyond the due date of September 30, 2024.

Cause
Work orders from Metrolink were not submitted to the vendors, reviewed for proper billing, or submitted for payment to accounts payable in a timely manner.

Effect
SCRRA is not in compliance with the requirements of Article 3 of Amendment No. 3 to MOU No. SCRA2024.

Recommendation
We recommend that SCRRA implement a policy to strictly monitor the adherence of the responsible parties to the compliance requirements of the Memorandum of Understanding.

Management's Response
Metrolink will focus on the timely submission of work orders to the vendors, promptly review invoice billing from the vendors, and submit to Metrolink Accounts Payable in order to meet all applicable deadlines of the Metro MOU.

Status
This is a repeat finding in Fiscal Year 2025. See Finding #2025-001.

EXIT CONFERENCE

An exit conference was held on February 20, 2026 with SCRRA's representatives. Those in attendance were:

Vasquez & Company LLP representatives:
Cristy Canieda – Audit Partner
Erica Ong – Senior Audit Manager

Metro representatives:
Yvette Ford – Senior Manager, Transportation Planning

SCRRA representatives:
Tom Schamber – Chief Financial Officer
Alex Barber – Assistant Director, General Accounting
Christine Wilson – Assistant Director, Finance
Nancy Perez – Assistant Director, Grants
Marcus Tapia – Financial Analyst II
Luis Carrasquero – Deputy Chief Operating Officer
Elisabeth Lazuardi – Director, Internal Audit
Andrew Hong – Senior Auditor, Internal Audit

Matters discussed:

The results of our audit disclosed an instance of noncompliance with the Guidelines or Agreement.

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

Tom Schamber – Chief Financial Officer
Alex Barber – Assistant Director, General Accounting
Elisabeth Lazuardi – Director, Internal Audit
Andrew Hong – Senior Auditor, Internal Audit

www.vasquez.cpa

655 N Central Avenue, Suite 1550 • Glendale, California 91203-1437 • +1.213.873.1700