



Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2024

Southern California  
Regional Rail Authority

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*..... 1

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance..... 3

Schedule of Expenditures of Federal Awards ..... 6

Notes to Schedule of Expenditures of Federal Awards ..... 8

Schedule of Findings and Questioned Costs

    Section I - Summary of Auditor’s Results..... 9

    Section II - Financial Statement Findings ..... 10

    Section III - Federal Award Findings and Questioned Costs ..... 11

Summary Schedule of Prior Audit Findings..... 12



**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***

To the Board of Directors  
Southern California Regional Rail Authority  
Los Angeles, California

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 (*Government Auditing Standards*), the financial statements of Southern California Regional Rail Authority (SCRRA), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SCRRA’s basic financial statements and have issued our report thereon dated December 26, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, 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 financial statements, 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 financial statements 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SCRRRA's financial statements are 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 financial statements. 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*.

## **SCRRRA's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on SCRRRA's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. SCRRRA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 SCRRRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCRRRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California  
December 26, 2024



**Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Board of Directors  
Southern California Regional Rail Authority  
Los Angeles, California

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Southern California Regional Rail Authority’s (SCRRA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on SCRRA’s major federal program for the year ended June 30, 2024. SCRRA’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, SCRRA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the Major Federal Program***

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 audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 for each major federal program. 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 compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to SCRRA’s federal programs.

## ***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 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 Uniform Guidance 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 SCRRA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 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 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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.

### **Report on Internal Control over Compliance**

*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 a type of compliance requirement of a federal program 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 a type of compliance requirement of a federal program 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 a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of SCRRA as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise SCRRA’s basic financial statements. We issued our report thereon dated December 26, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Rancho Cucamonga, California  
December 26, 2024

Southern California Regional Rail Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number/ Grant Number	Expenditures
Department of Homeland Security			
Direct Programs:			
Rail and Transit Security Grant Program	97.075	EMW-2022-RA-00046-S01	\$ 800,801
Rail and Transit Security Grant Program	97.075	EMW-2021-RA-00032-S01	<u>1,394,442</u>
Total Rail and Transit Security Grant Program			<u>2,195,243</u>
Total Department of Homeland Security			<u>2,195,243</u>
Department of Transportation			
Federal Transit Cluster			
Direct Programs:			
Federal Transit Capital Investment Grants	20.500	CA050205	10,555
Federal Transit Capital Investment Grants	20.500	CA050235	532,173
Federal Transit Capital Investment Grants	20.500	CA050258	20,200
Federal Transit Capital Investment Grants	20.500	CA050271	<u>65,197</u>
Subtotal			<u>628,125</u>
Passed Through Riverside County Transportation Commission			
Federal Transit Capital Investment Grants	20.500	CA050268	3,767
Federal Transit Capital Investment Grants	20.500	CA050283	<u>56,622</u>
Subtotal			<u>60,389</u>
Total Federal Transit Capital Investment Grants			<u>688,514</u>
Direct Programs:			
Federal Transit Formula Grants	20.507	CA90Y687	111,582
Federal Transit Formula Grants	20.507	CA90Y992	6,496
Federal Transit Formula Grants	20.507	CA2019137	386,863
Federal Transit Formula Grants	20.507	CA2020004	402,507
Federal Transit Formula Grants	20.507	CA2020029	6
Federal Transit Formula Grants	20.507	CA2023118	18,881,236
Federal Transit Formula Grants	20.507	CA2023100	327,496
Federal Transit Formula Grants	20.507	CA2023197	8,667,199
Federal Transit Formula Grants	20.507	CA2024012	<u>14,182,606</u>
Subtotal			<u>42,965,991</u>
Passed Through Riverside County Transportation Commission			
Federal Transit Formula Grants	20.507	CA2017112	<u>2,484,970</u>
Subtotal			<u>2,484,970</u>
Total Federal Transit Formula Grants			<u>45,450,961</u>
Direct Programs:			
State of Good Repair Grants Program	20.525	CA540014	20,846
State of Good Repair Grants Program	20.525	CA540043	470,149
State of Good Repair Grants Program	20.525	CA2017009	6,495,008
State of Good Repair Grants Program	20.525	CA2017085	15,502
State of Good Repair Grants Program	20.525	CA2021017	2,687,317
State of Good Repair Grants Program	20.525	CA2021206	2,616,076
State of Good Repair Grants Program	20.525	CA2022215	7,530,650
State of Good Repair Grants Program	20.525	CA2023100	650,721
State of Good Repair Grants Program	20.525	CA2023118	3,747,961
State of Good Repair Grants Program	20.525	CA2024012	12,495,942
State of Good Repair Grants Program	20.525	CA2024034	12,888
State of Good Repair Grants Program	20.525	CA2024069	<u>189,637</u>
Subtotal			<u>36,932,697</u>



Southern California Regional Rail Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number/ Grant Number	Expenditures
Passed Through Riverside County Transportation Commission			
State of Good Repair Grants Program	20.525	CA540033	\$ 68,718
State of Good Repair Grants Program	20.525	CA2017121	1,454,128
State of Good Repair Grants Program	20.525	CA2020261	1,052,846
State of Good Repair Grants Program	21.525	CA2023106	4,000,000
State of Good Repair Grants Program	22.525	CA2023158	419,060
Subtotal			<u>6,994,752</u>
Total State of Good Repair Grants Program			<u>43,927,449</u>
Total Federal Transit Cluster			<u>90,066,924</u>
Direct Programs:			
Federal-State Partnership for Intercity Passenger Rail	20.326	69A36523420010FSPCA	62,591
Federal-State Partnership for Intercity Passenger Rail	20.326	69A36523403750FSPCA	746,139
Total Federal-State Partnership for Intercity Passenger Rail			<u>808,729</u>
Direct Programs:			
Community Project Funding Congressionally Directed Spending	20.534	CA2023184	284,343
Total Community Project Funding Congressionally Directed Spending			<u>284,343</u>
Direct Programs:			
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	FR-CRS-0032-20	1,832,660
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	FR-CRS-0116-22	346,173
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	FR-CRS-0084-21	418,831
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	69A36523420020CRSCA	280
Total Consolidated Rail Infrastructure and Safety Improvements Program			<u>2,597,944</u>
Highway Planning and Construction Cluster			
Passed Through California Department of Transportation Highway Planning and Construction	20.205	07-6187F15-F001-ISTEA	426,938
Total Highway Planning and Construction Cluster			<u>426,938</u>
Total Department of Transportation			<u>93,091,806</u>
Total Federal Financial Assistance			<u>\$ 96,380,121</u>

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Southern California Regional Rail Authority (SCRRA) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of SCRRA, it is not intended to and does not present the financial position, changes in net position, or cash flows of SCRRA.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures reported included any property or equipment acquisitions incurred under the federal program. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

SCRRA has not elected to use the 10% de minimis cost rate.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

**Identification of major programs:**

Name of Major Federal Program/Cluster	Federal Financial Assistance Listing
Federal Transit Cluster	20.500, 20.507, 20.525
Dollar threshold used to distinguish between type A and type B programs:	\$2,891,404
Auditee qualified as low-risk auditee?	No

---

**Section II – Financial Statement Findings**

---

**2024-001      Accounting for Unbilled Receivables  
Significant Deficiency**

**Criteria:**

Management is responsible for the basic financial statements and all accompanying information, as well as all representation contained therein for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP). At year end, management is required to complete an accurate and timely reconciliation of the unbilled accrued receivable balances.

**Condition:**

We observed two unbilled receivable transactions in which the supporting expenses were not considered allowable billable costs. As a result, an adjustment in the amount of \$1,004,053 was recorded to reduce the receivable and related revenue balance.

**Context:**

The condition noted above was identified during testing over the accrued receivable balance.

**Cause:**

SCRRA did not properly review the unbilled accrued accounts receivable balance in order to ensure the receivable and related revenues were booked accurately at June 30.

**Effect:**

Due to the noted condition, an audit adjustment was made to reduce accrued receivables and the related revenue by \$1,004,053.

**Recommendation:**

Management should strengthen its procedures over the unbilled accrued receivables balance to ensure that the accrued receivable balance and related revenues are accurately recorded.

**Views of Responsible Officials:**

Management Agrees. See separate corrective action plan.

---

**Section III – Federal Award Findings and Questioned Costs**

---

None Reported.

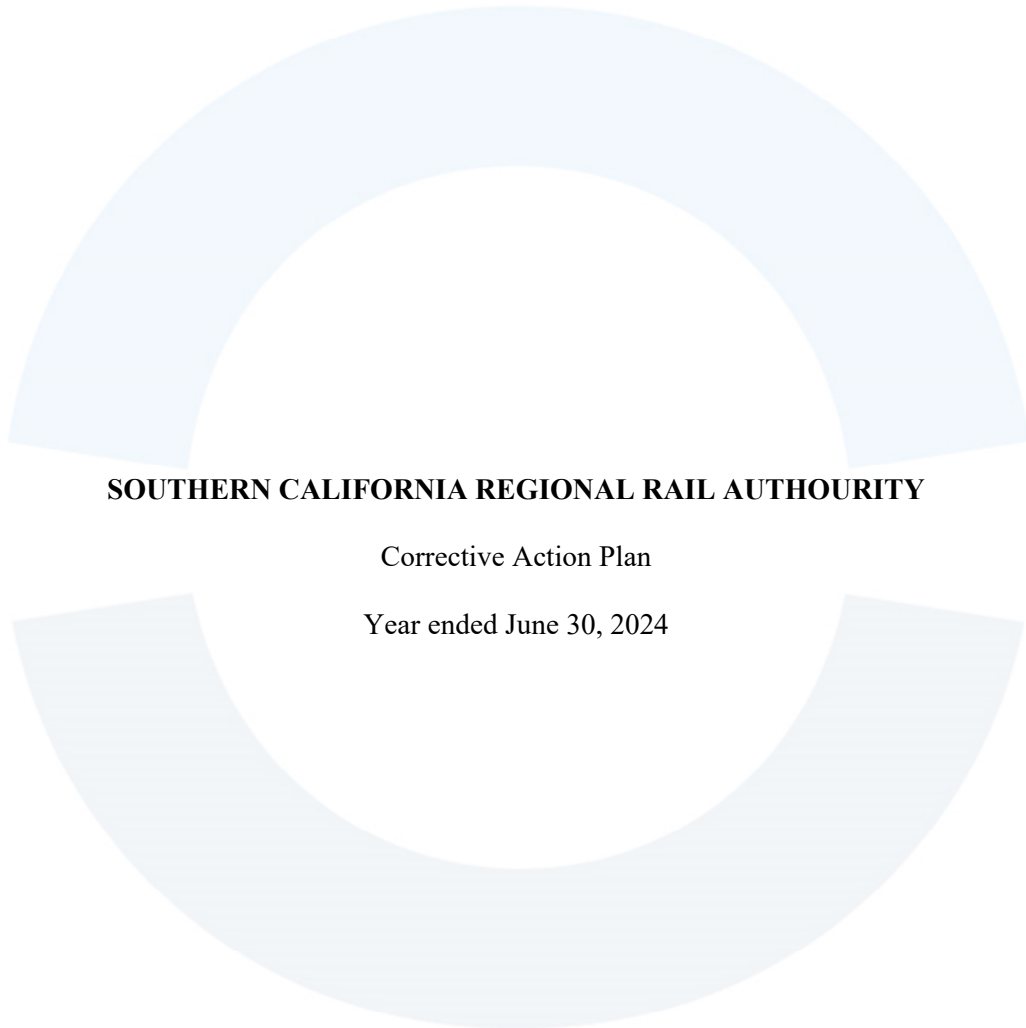
Summarized below is the status of all audit findings reported in the prior year audit's schedule of audit findings and questioned costs.

**Financial Statement Findings:**

Finding No.	Finding Description	Status of Corrective Action
2023-001	Accounting for Advance Funding for Capital Projects	Implemented

**Federal Award Findings:**

None Reported.



**SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY**

Corrective Action Plan

Year ended June 30, 2024



# SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

Corrective Action Plan

Year ended June 30, 2024

## I. Financial Statement Findings

### FINDING 2024-001

#### Accounting for Unbilled Receivables

#### Management's or Department's Response:

Management agrees.

#### Views of Responsible Officials and Corrective Action:

SCRRA will implement adding a step in the AR accrual process of validating all projects on the accrual spreadsheet against unbilled expenditures. The check will include all projects on the accrual journal to ensure an accurate accrual including the validation of prior year unbilled expenditures.

Name of Responsible Person: Nancy Perez

Implementation Date: September 30, 2025

