

Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2025

**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 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..... 3

Schedule of Expenditures of Federal Awards ..... 7

Notes to Schedule of Expenditures of Federal Awards ..... 9

Schedule of Findings and Questioned Costs

    Section I - Summary of Auditor’s Results..... 10

    Section II - Financial Statement Findings ..... 11

    Section III - Federal Award Findings and Questioned Costs ..... 12

Summary Schedule of Prior Audit Findings..... 14



**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 the business-type activities of the Southern California Regional Rail Authority (the Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated December 18, 2025. Our report included an emphasis of matter paragraph indicating the adoption of GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority’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 the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’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 Authority’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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

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

As part of obtaining reasonable assurance about whether the Authority'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*.

## **Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority'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 the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California  
December 18, 2025



**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 (the Authority) 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 the Authority’s major federal programs for the year ended June 30, 2025. The Authority’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, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

***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 the Authority 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 the major federal program. Our audit does not provide a legal determination of the Authority’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 the Authority’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 the Authority'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 the Authority's compliance with the requirements of the 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 the Authority'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 Authority'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 the Authority'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 Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on the major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other 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 deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 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 the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other 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 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 the business-type activities of the Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated December 18, 2025, which contained an unmodified opinion on the 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. The 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.

*Eide Bailly LLP*

Ontario, California  
January 27, 2026

Southern California Regional Rail Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

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	\$ 391,292
Rail and Transit Security Grant Program	97.075	EMW-2021-RA-00032-S01	179,765
Total Rail and Transit Security Grant Program			<u>571,057</u>
Total Department of Homeland Security			<u>571,057</u>
Department of Transportation			
Federal Transit Cluster			
Direct Programs:			
Federal Transit Capital Investment Grants	20.500	CA050205	22,921
Federal Transit Capital Investment Grants	20.500	CA050235	1,050,785
Federal Transit Capital Investment Grants	20.500	CA050258	26,926
Federal Transit Capital Investment Grants	20.500	CA050271	7,745
Subtotal			<u>1,108,377</u>
Passed Through Riverside County Transportation Commission			
Federal Transit Capital Investment Grants	20.500	CA050283	12,620
Subtotal			<u>12,620</u>
Total Federal Transit Capital Investment Grants			<u>1,120,997</u>
Direct Programs:			
Federal Transit Formula Grants	20.507	CA90Y687	52,076
Federal Transit Formula Grants	20.507	CA90Y992	18,542
Federal Transit Formula Grants	20.507	CA2020004	652,246
Federal Transit Formula Grants	20.507	CA2023100	5,657,468
Federal Transit Formula Grants	20.507	CA2023197	11,809,850
Federal Transit Formula Grants	20.507	CA2024032	49,990
Federal Transit Formula Grants	20.507	CA2024033	60,429
Federal Transit Formula Grants	20.507	CA2024069	20,606
Federal Transit Formula Grants	20.507	CA2025033	12,181,769
Federal Transit Formula Grants	20.507	CA2025111	156,989
Subtotal			<u>30,659,965</u>
Passed Through Riverside County Transportation Commission			
Federal Transit Formula Grants	20.507	CA2017112	301,970
Subtotal			<u>301,970</u>
Total Federal Transit Formula Grants			<u>30,961,935</u>
Direct Programs:			
State of Good Repair Grants Program	20.525	CA540014	176,097
State of Good Repair Grants Program	20.525	CA540043	688,006
State of Good Repair Grants Program	20.525	CA2017009	4,816,928
State of Good Repair Grants Program	20.525	CA2017085	107,300
State of Good Repair Grants Program	20.525	CA2021017	4,467,628
State of Good Repair Grants Program	20.525	CA2021206	26,496,768
State of Good Repair Grants Program	20.525	CA2022215	4,290,642
State of Good Repair Grants Program	20.525	CA2023034	73,115

Southern California Regional Rail Authority  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number/ Grant Number	Expenditures
Direct Programs:			
State of Good Repair Grants Program	20.525	CA2023100	\$ 8,962,821
State of Good Repair Grants Program	20.525	CA2024034	3,307,129
State of Good Repair Grants Program	20.525	CA2024069	2,900,525
State of Good Repair Grants Program	20.525	CA2025033	3,659,446
State of Good Repair Grants Program	20.525	CA2025111	101,831
Subtotal			<u>60,048,236</u>
Passed Through Riverside County Transportation Commission			
State of Good Repair Grants Program	20.525	CA540033	95,796
State of Good Repair Grants Program	20.525	CA2017121	1,346,758
State of Good Repair Grants Program	20.525	CA2020261	1,259,488
State of Good Repair Grants Program	20.525	CA2023158	1,175,945
Subtotal			<u>3,877,987</u>
Total State of Good Repair Grants Program			<u>63,926,223</u>
Total Federal Transit Cluster			<u>96,009,155</u>
Direct Programs:			
Federal-State Partnership for Intercity Passenger Rail	20.326	69A36523420010FSPCA	142,223
Federal-State Partnership for Intercity Passenger Rail	20.326	69A36523403750FSPCA	527,049
Total Federal-State Partnership for Intercity Passenger Rail			<u>669,272</u>
Direct Programs:			
Community Project Funding Congressionally Directed Spending	20.534	CA2023184	2,379,391
Total Community Project Funding Congressionally Directed Spending			<u>2,379,391</u>
Direct Programs:			
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	FR-CRS-0032-20	1,753,984
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	FR-CRS-0116-22	1,083,826
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	FR-CRS-0084-21	115,035
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	69A36523420020CRSCA	19,373
Total Consolidated Rail Infrastructure and Safety Improvements Program			<u>2,972,218</u>
Highway Planning and Construction			
Passed Through California Department of Transportation			
Highway Planning and Construction	20.205	07-6187F15-F001-ISTEA	209,321
Highway Planning and Construction	20.205	STPLR-7500(287)	38,801
Highway Planning and Construction	20.205	STPLR-7500(277)	41,014
Highway Planning and Construction	20.205	STPLR-7500(276)	42,867
Highway Planning and Construction	20.205	STPLR-7500(285)	73,211
Highway Planning and Construction	20.205	STPLR-130R(305)	186
Highway Planning and Construction	20.205	STPLR-130X(297)	51,020
Total Highway Planning and Construction			<u>456,420</u>
Total Department of Transportation			<u>102,486,456</u>
Total Federal Financial Assistance			<u>\$ 103,057,513</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, 2025. 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 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	Yes
Significant deficiencies identified not considered to be material weaknesses	No
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	Yes
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):	Yes

**Identification of major programs:**

<u>Name of Major Federal Program/Cluster</u>	<u>Federal Financial Assistance Listing</u>
Federal Transit Cluster	20.500, 20.507, 20.525
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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**2025-001      Financial Reporting  
Material Weakness in Internal Control over Financial Reporting**

**Criteria:**

Management is responsible for the preparation and fair presentation of the financial statements. Management is responsible for ensuring that all financial records and related information is reliable and properly recorded in accordance with the Generally Accepted Accounting Principles (GAAP).

**Condition:**

We identified misstatements through performance of audit procedures resulting in adjustments to the financial statement amounts.

**Cause:**

The Authority received insurance settlement payments resulting from an incident originating from 2015. These amounts were received over a period of fiscal years 2023 – 2025, and the resulting revenues were not recognized in the period which the revenues were attributed to.

**Effect:**

The financial statements required adjustments to fairly state the financial activities for the fiscal year ended June 30, 2025.

**Recommendation:**

We recommend the Authority strengthen its internal controls and processes related to financial reporting and year-end closing procedures to identify and accurately record all financial transactions.

**Views of Responsible Officials:**

Management agrees. See separate corrective action plan.

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

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**2025-002**      **Program Name: Federal Transit Cluster**  
**ALN No.: 20.500/20.507/20.525**  
**Federal Grantor: U.S Department of Transportation**  
**Award No. and Year: Various**

**Compliance Requirement:** Procurement and Suspension and Debarment  
**Type of Finding:** Significant Deficiency in Internal Control, Instance of Non-Compliance

**Criteria:**

2 CFR section Appendix II to Part 200, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards states that in addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain certain provisions, as applicable.

**Condition:**

During our testing of SCRRA's provisions for procurement requirements, we noted the following information was not provided at the time of the contract award for one (1) of the seventeen (17) contracts selected for testing:

- Legal Remedies for Breach of Contract
- Termination for Cause and Convenience
- Clean Air Act and Federal Water Pollution Control Act
- Suspension and Debarment
- Byrd Anti-Lobbying

**Cause:**

SCRRA did not consistently ensure that the applicable required provisions were communicated to contractors.

**Effect:**

SCRRA did not identify the applicable required provisions of the contract to the contractors at the time of the contract award.

**Questioned Costs:**

No questioned costs were identified as a result of our procedures.

**Context/Sampling:**

A nonstatistical sample of 17 out of 86 procurement contracts were selected for procurement and suspension and debarment testing.

**Repeat Finding from Prior Year(s):**

No.

**Recommendation:**

We recommend the Authority modify and strengthen the current policies and procedures to ensure that all applicable required provisions are communicated to contractors in accordance with 2 CFR Appendix II to Part 200.

**Views of Responsible Officials:**

Management agrees. See separate corrective action plan.

Southern California Regional Rail Authority  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2025

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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 Description	Status of Corrective Action
2024-001	Accounting for Unbilled Receivables	Implemented

**Federal Award Findings:**

None Reported.