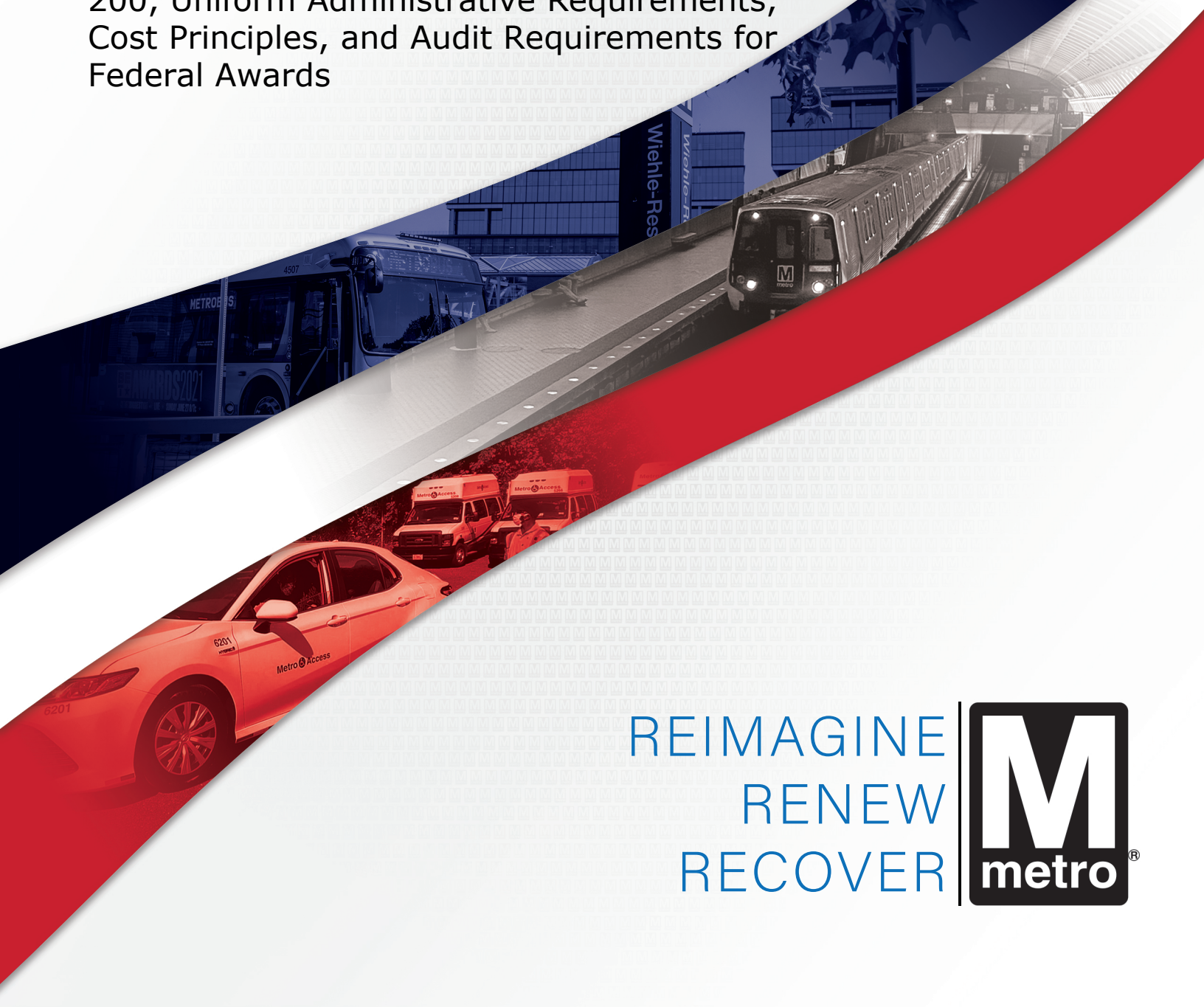


SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Single Audit Report issued in accordance with
Title 2 U.S. Code of Federal Regulations Part
200, Uniform Administrative Requirements,
Cost Principles, and Audit Requirements for
Federal Awards



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This Single Audit Report was prepared by:

Office of the Chief Financial Officer

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Special thanks to all Office of Accounting and support
personnel who contributed to the preparation of this document.

**Washington Metropolitan Area Transit Authority
Single Audit Report
For the Fiscal Year Ended June 30, 2022**

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**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**

Independent Auditor's Report

Board of Directors
Washington Metropolitan Area Transit Authority

We have audited, in accordance with the 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 and fiduciary activities of the Washington Metropolitan Area Transit Authority (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 28, 2022. Our report includes a reference to other auditors who audited the financial statements of the Washington Metropolitan Area Transit Authority Retirement Plan (Retirement Plan) and the Washington Metropolitan Area Transit Authority Local 2 Retirement Plan (Local 2 Plan), as described in our report on the Authority's financial statements. The financial statements of the Retirement Plan and the Local 2 Plan were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Retirement Plan and the Local 2 Plan. Our report also contains an emphasis of matter paragraph for the adoption of Governmental Accounting Standards Board Statement No. 87, *Leases*.

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 opinions 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 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. 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 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*.

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 entity'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.

RSM VS LLP

Washington, District of Columbia
October 28, 2022

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

Board of Directors
Washington Metropolitan Area Transit Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Washington Metropolitan Area Transit 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 each of the Authority's major federal programs for the year ended June 30, 2022. The Authority's major federal programs are 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 each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each 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 each 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 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 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.

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 the business-type activities and fiduciary activities of the Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon, dated October 28, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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.

RSM VS LLP

Washington, District of Columbia
October 28, 2022

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

(continued)

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Grant Contract Number	Total Federal Expenditures
U.S. Department of Transportation:			
Direct Awards			
Passenger, Rail, Investment and Improvement (PRIIA)			
Projects for Washington Metropolitan Area Transit Authority (WMATA):	20.524		
FFY2019 PRIIA Appropriation		DC-2019-006	\$ 30,695
FFY2020 H.R.1865 RSI (Section 75) Funding Railcar Acquisition & Rehab, Train Control, Vertical Improvements, Ventilation, & Platforms Phase II		DC-2020-016	12,051,665
FFY2021 PRIIA WMATA Railcars Rehabilitation, Platform Rehab (Phase 3), Vertical Transportation, Automatic Train Control and Radio Infrastructure		DC-2021-017	113,026,602
Total PRIIA			<u>125,108,962</u>
Federal Transit Cluster:			
Federal Transit Formula Grants:	20.507		
FFY2019 5307/5340 Formula Funding		DC-2019-010	1,755,780
COVID-19_WMATA Section 5307 CARES Act Operational Response		DC-2020-005	(91)
FFY20 5307 Bus Replacements & Rehabilitation, Bus & Rail Facility Improvements, and Rail Systemwide ATC & Propulsion improvements		DC-2020-010	132,832,035
FFY2020 VA CMAQ Bus Replacement		DC-2021-001	417,597
5307 (FFY2018) Formula Bus Bridges Capital Program Support Services		DC-2021-005	301,445
COVID-19_WMATA FFY21 Section 5307 Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) Operating Assistance		DC-2021-010	660,081,077
COVID-19_American Rescue Plan Act (ARPA) Section 5307 WMATA Operating Assistance		DC-2021-015	29,667,090
FFY2021 VA CMAQ Bus Replacement		DC-2021-021	4,067,556
Total Federal Transit Formula Grants			<u>829,122,489</u>
State of Good Repair Grants Program:			
FFY2019 5337 State of Good Repair	20.525	DC-2019-009	6,734,042
FFY20 5337 Rail System Rehabilitation, Railcar Preventive Maintenance, Railcar Procurement and HRO Facility		DC-2020-017	99,399,254
Total State of Good Repair Grants Program			<u>\$ 106,133,296</u>

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022

(concluded)

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Grant Contract Number	Total Federal Expenditures
U.S. Department of Transportation (continued):			
Direct Awards (continued)			
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs:	20.526		
FFY2019 5339 Bus program		DC-2019-008	\$ 130,216
FFY19 Section 5339b Buses and Bus Facilities		DC-2020-002	6,395,582
FFY2020 5339 (c) Low-No Metrobus Zero-Emission Fleet Program		DC-2021-003	142,494
FFY2021 5339 Bladensburg Bus Garage		DC-2021-014	8,068,864
Total Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Program			<u>14,737,156</u>
Total Federal Transit Cluster			<u>949,992,941</u>
Public Transportation Emergency Relief Program:	20.527		
FFY2013 Hurricane Sandy Resilience		DC-44-0001	<u>460,855</u>
Public Transportation Research, Technical Assistance, and Training:	20.514		
WMATA FFY 19 Section 5312 Public Safety Pilot Study		DC-2021-008	<u>90,820</u>
Public Transportation Innovation Program:	20.530		
COVID-19_FFY2021 5312 Research and Demonstration Project		DC-2021-012	<u>139,912</u>
Total U.S. Department of Transportation			<u>1,075,793,490</u>
U.S. Department of Homeland Security:			
Direct Awards			
Rail and Transit Security Grant Program:	97.075		
FY2017 Transit Security Grant Program		EMW-2017-RA-00025	113,741
FY2018 Transit Security Grant Program		EMW-2018-RA-00028	768,790
FY2019 Transit Security Grant Program		EMW-2019-RA-00011	766,306
FY2020 Transit Security Grant Program		EMW-2020-RA-00019	117,407
Total Rail and Transit Security Grant Program			<u>1,766,244</u>
Total U.S. Department of Homeland Security			<u>1,766,244</u>
Total Expenditures of Federal Awards			<u>\$ 1,077,559,734</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

a) Reporting Entity

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant award activity of the Washington Metropolitan Area Transit Authority (Authority) under programs of the federal government for the year ended June 30, 2022. The information in this SEFA 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 SEFA presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

b) Basis of Accounting

Expenditures reported on the SEFA 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. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The categorization of expenditures by program included in the SEFA is based on the Assistance Listing number.

Federal expenditures are reported in the Authority's basic financial statements as follows:

- a) Grant expenditures that meet capitalization criteria are recorded as capital assets on the Statements of Net Position.
- b) All other grant expenditures are reported in the Statements of Revenues, Expenses, and Changes in Net Position.

Costs are included in the SEFA to the extent they are aligned to a federal grant in the current period and included in the federal financial reports, which is the source for the data presented in the SEFA.

c) Indirect Costs

The Authority has elected not to use the 10% de minimus indirect cost rate discussed in Section 200.414 of the Uniform Guidance.

1. Summary of Significant Accounting Policies (continued)

d) Pre-award Authority

The majority of the Department of Transportation grants awarded to the Authority contain pre-award authority approved by the Federal Transit Administration (FTA). FTA's policy on pre-award authority states that costs may remain eligible for reimbursement or count towards the local match, regardless of the date incurred, provided that the funds were expended in accordance with all federal requirements and would have been allowable if incurred after the date of award, and the grantee is otherwise eligible to receive the funding.

Pre-award authority allows the Authority to incur project costs prior to grant approval and retain the eligibility of those costs for subsequent periods. As such, the Authority may align expenditures that were originally incurred in prior fiscal years and included in prior year financial statements and may report them as current year expenditures in the SEFA.

e) Pass-Through Grants and Subrecipients

The Authority does not have pass-through grants or subrecipients.

2. Reconciliation of Federal Expenditures Reported in the SEFA to the Authority's Basic Financial Statements

The following is a reconciliation of the federal expenditures reported in the SEFA to the amounts reported in the basic financial statements for the fiscal year ended June 30, 2022:

	<u>Total</u>
Total federal expenditures reported in the SEFA	\$ 1,077,559,734
Adjustments reported in the SEFA:	
Prior year expenditures, which were aligned to new federal grants awarded during the current fiscal year, using pre-award authority	(862,110)
Prior year expenditures, which were never aligned to a federal grant or reported in the prior year SEFA, but were aligned to an eligible grant during the current fiscal year using pre-award authority	(10,016,748)
Prior year expenditures, which were previously aligned to a federal grant and reported in the prior year SEFA, but were removed from the grant during the current fiscal year	<u>3,006,445</u>
Net adjustments reported in the SEFA	<u>(7,872,413)</u>
Total federal expenditures reported in the basic financial statements	<u><u>\$ 1,069,687,321</u></u>

2. Reconciliation of Federal Expenditures Reported in the SEFA to the Authority's Basic Financial Statements (continued)

The differences between the federal expenditures reported in the current year SEFA and basic financial statements primarily represent costs incurred in prior fiscal years and aligned to federal grants with pre-award authority in the current year. Additional adjustments represent costs that were removed from federal grants in the current year due to disallowances by the federal granting agency or alignment to other nonfederal funding sources.

Below is a summary of the net expenditure adjustments by the fiscal year that the costs were originally incurred and reported in the basic financial statements and by the federal grant program or cluster impacted in the current year's SEFA:

Program/ Cluster Title	Fiscal Year			Total
	2019 and Prior	2020	2021	
Passenger, Rail, Investment and Improvement Projects	\$ (2,477)	\$ (18,886)	\$ 438,695	\$ 417,332
Federal Transit Cluster	72,437	(51,474)	7,427,519	7,448,482
Public Transportation Emergency Relief Program	-	-	6,599	6,599
Total net adjustments	\$ 69,960	\$ (70,360)	\$ 7,872,813	\$ 7,872,413

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

I. Summary of Independent Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- | | | | |
|---|----------|-----------------------------|--|
| ▪ Material weakness identified? | ____ Yes | ____ <u>X</u> No | |
| ▪ Significant deficiency identified? | ____ Yes | ____ <u>X</u> None Reported | |
| Noncompliance material to financial statements noted? | ____ Yes | ____ <u>X</u> No | |

Federal Awards

Internal control over major federal programs:

- | | | | |
|--------------------------------------|----------|-----------------------------|--|
| ▪ Material weakness identified? | ____ Yes | ____ <u>X</u> No | |
| ▪ Significant deficiency identified? | ____ Yes | ____ <u>X</u> None Reported | |

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? ____ Yes ____ X No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
--------------------------------------	---

Federal Transit Cluster:

20.507	Federal Transit Formula Grants
20.525	State of Good Repair Grants Program
20.526	Bus and Bus Facilities Formula Program

Dollar threshold used to distinguish between type A and type B programs: \$3,232,680

Auditee qualified as low-risk auditee? ____ X Yes ____ No

II. Financial Statement Findings

A. Internal Control over Financial Reporting

No matters to report.

B. Compliance Findings

No matters to report.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control over Compliance

No matters to report.

B. Compliance and Other Matters

No matters to report.

M System Map

wmata.com
 Information: 202-637-7000 | TTY: 202-962-2033
 Metro Transit Police: 202-962-2121 | Text: MYMTDP (696873)

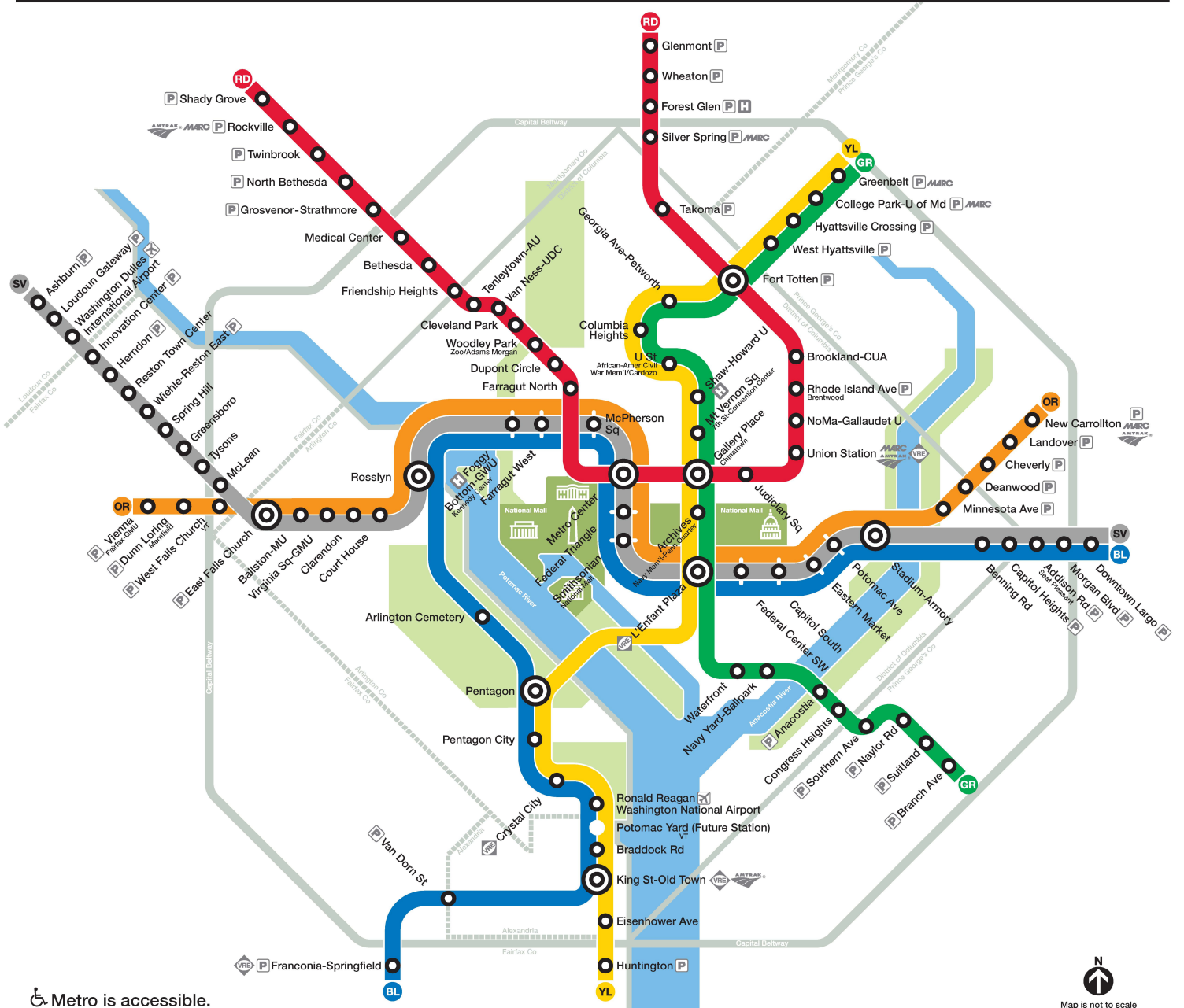
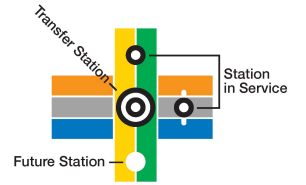
Legend

- RD Red Line • Glenmont / Shady Grove
- OR Orange Line • New Carrollton / Vienna
- BL Blue Line • Franconia-Springfield / Downtown Largo
- GR Green Line • Branch Ave / Greenbelt
- YL Yellow Line • Huntington / Greenbelt
- SV Silver Line • Ashburn / Downtown Largo

Station Features

- Parking
- Hospital
- Airport

Connecting Rail Systems



Metro is accessible.

N
 Map is not to scale

- No Smoking
- No Eating or Drinking
- No Animals (except service animals)
- No Audio (without earphones)
- No Littering or Spitting
- No Dangerous or Flammable Items



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