

# SINGLE AUDIT REPORT

## FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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*



### Strengthening Metro to Better Serve the Region



WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY  
WASHINGTON, DC

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  
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**Washington Metropolitan Area Transit Authority  
Single Audit Report  
For the Fiscal Year Ended June 30, 2021**

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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, the financial statements of the business-type activities and the aggregate remaining fund information of the Washington Metropolitan Area Transit Authority (the Authority), as of and for the year ended June 30, 2021, 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 22, 2021. 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. As discussed in Notes 2 and 14 to the accompanying financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Accordingly, net position was restated to reflect the balance of the Authority's fiduciary activities as part of the Pension and Other Employee Benefit Trust Funds, as of July 1, 2019.

**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 may exist that have not been identified.

**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 US LLP*

Washington, District of Columbia  
October 22, 2021



**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**

We have audited the Washington Metropolitan Area Transit Authority's (the Authority) compliance with the types of compliance requirements described 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, 2021. 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.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of 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, 2021.

### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the aggregate remaining fund information of the Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated October 22, 2021, 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 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 US LLP*

Washington, District of Columbia

January 28, 2022 except for our report on the schedule of expenditures of federal awards, for which the date is October 22, 2021



# Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

(continued)

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Grant Contract Number	Total Federal Expenditures
<b>U.S. Department of Transportation:</b>			
<b>Direct Awards</b>			
Passenger, Rail, Investment and Improvement (PRIIA)			
Projects for Washington Metropolitan Area Transit Authority (WMATA):	20.524		
FFY2018 PRIIA Appropriation		DC-2018-007	\$ 848,570
FFY2019 PRIIA Appropriation		DC-2019-006	7,785,347
FFY2020 H.R.1865 RSI (Section 75) Funding Railcar Acquisition & Rehab, Train Control, Vertical Improvements, Ventilation, & Platforms Phase II		DC-2020-016	119,462,959
Total PRIIA			<u>128,096,876</u>
<b>Federal Transit Cluster:</b>			
Federal Transit Formula Grants:	20.507		
FFY2018 5307/5340 Formula Funding		DC-2018-011	(282,579)
FFY2019 5307/5340 Formula Funding		DC-2019-010	36,756,005
COVID-19_WMATA Section 5307 CARES Act Operational Response		DC-2020-005	648,940,174
FFY20 5307 Bus Replacements & Rehabilitation, Bus & Rail Facility Improvements, and Rail Systemwide ATC & Propulsion improvements		DC-2020-010	117,526,279
FFY2020 VA CMAQ Bus Replacement		DC-2021-001	3,907,311
5307 (FFY2018) Formula Bus Bridges Capital Program Support Services		DC-2021-005	3,572,347
COVID-19_WMATA FFY21 Section 5307 Corona Virus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) Operating Assistance		DC-2021-010	53,854,596
Total Federal Transit Formula Grants			<u>864,274,133</u>
State of Good Repair Grants Program:	20.525		
FFY2019 5337 State of Good Repair		DC-2019-009	8,134,533
FFY20 5337 Rail System Rehabilitation, Railcar Preventive Maintenance, Railcar Procurement and HRO Facility		DC-2020-017	83,693,392
Total State of Good Repair Grants Program			<u>91,827,925</u>
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs:	20.526		
FFY2019 5339 Bus program		DC-2019-008	22,474,072
FFY19 Section 5339b Buses and Bus Facilities		DC-2020-002	4,644,415
Total Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Program			<u>27,118,487</u>
Total Federal Transit Cluster			<u>\$ 983,220,545</u>

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

(concluded)

<b>Federal Grantor/ Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Grant Contract Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Transportation (continued):</b>			
<b>Direct Awards (continued)</b>			
Public Transportation Emergency Relief Program: FFY2013 Hurricane Sandy Resilience	20.527	DC-44-0001	\$ 4,930,707
Total U.S. Department of Transportation			1,116,248,128
<b>U.S. Department of Homeland Security:</b>			
<b>Direct Awards</b>			
Rail and Transit Security Grant Program:	97.075		
FY2017 Transit Security Grant Program		EMW-2017-RA-00025	145,352
FY2018 Transit Security Grant Program		EMW-2018-RA-00028	1,621,165
FY2019 Transit Security Grant Program		EMW-2019-RA-00011	418,797
FY2020 Transit Security Grant Program		EMW-2020-RA-00019	390,482
Total Rail and Transit Security Grant Program			2,575,796
Total U.S. Department of Homeland Security			2,575,796
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,118,823,924</b>

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, 2021

### 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, 2021. 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, 2021:

	<u>Total</u>
Total federal expenditures reported in the current fiscal year SEFA	\$ 1,118,823,924
Adjustments reported in current fiscal year SEFA:	
Prior year expenditures, which were aligned to new federal grants awarded during the current fiscal year, using pre-award authority	(15,372,780)
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	(26,466,103)
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>10,559,596</u>
Net adjustments reported in the current fiscal year SEFA	<u>(31,279,287)</u>
Total federal expenditures reported in the current fiscal year basic financial statements	<u><u>\$ 1,087,544,637</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
	2018 and Prior	2019	2020	
Passenger, Rail, Investment and Improvement Projects	\$ 3,492	\$ 380,362	\$ 20,945,311	\$ 21,329,165
Federal Transit Cluster	28,792	(276,315)	9,336,339	9,088,816
Public Transportation Emergency Relief Program	-	413,307	447,999	861,306
Total net adjustments	<u>\$ 32,284</u>	<u>\$ 517,354</u>	<u>\$ 30,729,649</u>	<u>\$ 31,279,287</u>

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

### 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:

Assistance Listing Number	Name of Federal Program or Cluster
	Federal Transit Cluster:
20.507	Federal Transit Formula Grants
20.525	State of Good Repair Grants Program
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Program

Dollar threshold used to distinguish between type A and type B programs: \$ 3,356,472

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.



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# M System Map

wmata.com  
Customer Information Service: 202-637-7000  
TTY Phone: 202-962-2033  
Metro Transit Police: 202-962-2121

## Legend

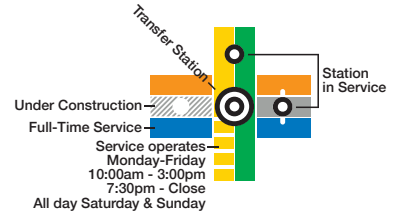
- **RD** Red Line • Glenmont / Shady Grove
- **OR** Orange Line • New Carrollton / Vienna
- **BL** Blue Line • Franconia-Springfield / Largo Town Center
- **GR** Green Line • Branch Ave / Greenbelt
- **YL** Yellow Line • Huntington / Mt Vernon Sq / Fort Totten
- **SV** Silver Line • Wiehle-Reston East / Largo Town Center

## Station Features

- Bus to Airport
- Parking
- Hospital
- Airport

## Connecting Rail Systems

- AMTRAK
- VIRG
- MARC



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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