WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY
WASHINGTON, DC

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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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WORKING DIFFERENTLY FOR OUR CUSTOMERS AND PARTNERS

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, 2023

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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 G*overnment 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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 6, 2023. 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 or that are reported on separately by those auditors who audited the financial statements of 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. 96, *Subscription-Based IT Arrangements*.

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 US LLP

Washington, District of Columbia
November 6, 2023

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 the 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, 2023. 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, 2023.

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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon, dated November 6, 2023, 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 US LLP

Washington, District of Columbia
November 6, 2023

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023 (continued)

Federal Grantor/ Program or Cluster Title	Federal 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		
FFY2020 H.R.1865 RSI (Section 75) Funding Railcar Acquisition & Rehab, Train Control, Vertical Improvements, Ventilation, & Platforms Phase II		DC-2020-016	$ 16,828,962
FFY2021 PRIIA WMATA Railcars Rehabilitation, Platform Rehab (Phase 3), Vertical Transportation, Automatic Train Control and Radio Infrastructure		DC-2021-017	7,685,743
FFY2022 PRIIA WMATA Office of Inspector General		DC-2022-010	3,502,992
FFY2022 PRIIA WMATA Vertical Transportation, Support Facility Fire System Rehabilitation, Tunnel Water Leak Mitigation, Platform Rehab (Phase 4), Automatic Train Control and Radio Infrastructure		DC-2022-018	118,231,092
Total PRIIA			146,248,789
Federal Transit Cluster:			
Federal Transit-Formula Grants (Urbanized Area Formula Program):	20.507		
FFY2019 5307/5340 Formula Funding		DC-2019-010	3,450,766
FFY20 5307 Bus Replacements & Rehabilitation, Bus & Rail Facility Improvements, and Rail Systemwide ATC & Propulsion improvements		DC-2020-010	58,392,569
COVID-19_WMATA FFY21 Section 5307 Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) Operating Assistance		DC-2021-010	(107)
COVID-19_American Rescue Plan Act (ARPA) Section 5307 WMATA Operating Assistance		DC-2021-015	643,427,978
FFY 2022 Section 5307 Bladensburg Bus Garage, Northern Bus Garage and Rail Station Revitalization Program		DC-2022-014	93,104,758
FFY2022 5307 Bus Replacements, Van Replacements, Bus Rehabilitation, and Bus Preventive Maintenance		DC-2022-015	24,861,977
FFY2022 Section 5307 Station Entrance Canopies and Stairways, Rehabilitation of Parking Facilities, Rail Station Cooling, and AC Power and Switches		DC-2022-017	12,255,959
Total Federal Transit Formula Grants			$ 835,493,900

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023 (continued)

Federal Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Grant Contract Number	Total Federal Expenditures
U.S. Department of Transportation (continued):			
Direct Awards (continued)			
State of Good Repair Grants Program:	20.525		
FFY20 5337 Rail System Rehabilitation, Railcar Preventive Maintenance, Railcar Procurement and HRO Facility		DC-2020-017	$ 56,194,381
FFY2022 Section 5337 Railcar Preventive Maintenance, Railcar Scheduled Maintenance Program and Track Preventive Maintenance Program		DC-2022-012	79,905,021
FFY2022 Section 5337 Rehabilitation of Yellow Line Bridge and Tunnel, Rehabilitation of Bridge Structures and Construction of Heavy Repair Overhaul Facility		DC-2022-016	67,334,653
Total State of Good Repair Grants Program			203,434,055
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program):	20.526		
FFY2020 5339 (c) Low-No Metrobus Zero-Emission Fleet Program		DC-2021-003	452,141
FFY2021 5339 Bladensburg Bus Garage		DC-2021-014	2,577,790
FFY2022 Section 5339 Bus Farebox Replacements		DC-2022-008	9,011,811
Total Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Program			12,041,742
Total Federal Transit Cluster			1,050,969,697
Transit Services Programs Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities:	20.513		
FFY19 Section 5310 Metro Access Replacement Vehicles		DC-2020-007	49,866
Total Transit Services Programs Cluster			49,866
Public Transportation Research, Technical Assistance, and Training:	20.514		
WMATA FFY 19 Section 5312 Public Safety Pilot Study		DC-2021-008	(90,820)
Public Transportation Innovation Program:	20.530		
COVID-19_FFY2021 5312 Research and Demonstration Project		DC-2021-012	143,219
Total U.S. Department of Transportation			$ 1,197,320,751

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023 (concluded)

Federal Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Grant Contract Number	Total Federal Expenditures
U.S. Department of Justice:			
Direct Awards			
Body Worn Camera Policy and Implementation:	16.835	15PBJA-21-GG-04422-BWCX	
WMATA/MTPD Body-Worn Camera Program			$ 904,610
Total U.S. Department of Justice			904,610
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	(54,070)
FY2018 Transit Security Grant Program		EMW-2018-RA-00028	158,599
FY2019 Transit Security Grant Program		EMW-2019-RA-00011	1,064,192
Total Rail and Transit Security Grant Program			1,168,721
Total U.S. Department of Homeland Security			1,168,721
Total Expenditures of Federal Awards			$ 1,199,394,082

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, 2023

1. Summary of Significant Accounting Policies

a) Basis of Presentation

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, 2023. 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 Federal 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, 2023:

	Total
Total federal expenditures reported in the SEFA	$ 1,199,394,082
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	(49,266,908)
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	(28,187,766)
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	10,895,859
Net adjustments reported in the SEFA	(66,558,815)
Total federal expenditures reported in the basic financial statements	$ 1,132,835,267

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:

	Fiscal Year			
Program/ Cluster Title	**2020 and Prior**	**2021**	**2022**	**Total**
Passenger, Rail, Investment and Improvement Projects	$ (8,744)	$ 17,819,306	$ 32,722,287	$ 50,532,849
Federal Transit Cluster		(1,547,830)	17,653,150	16,105,320
Public Transportation Research, Technical Assistance, and Training	-	-	(90,820)	(90,820)
Public Transportation Innovation Program	-	-	11,466	11,466
Total net adjustments	$ (8,744)	$ 16,271,476	$ 50,296,083	$ 66,558,815

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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 U.S. GAAP:		Unmodified
Internal control over financial reporting:		
▪ Material weakness(es) identified?	_____Yes	__X__ No
▪ Significant deficiency(ies) identified?	_____Yes	__X__ None Reported
Noncompliance material to financial statements noted?	_____Yes	__X__ No

Federal Awards

Internal control over major federal programs:		
▪ Material weakness(es) identified?	_____Yes	__X__ No
▪ Significant deficiency(ies) identified?	_____Yes	__X__ 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:

Federal Assistance Listing Number	Name of Federal Program or Cluster
	Federal Transit Cluster:
20.507	Federal Transit-Formula Grants (Urbanized Area Formula Program)
20.525	State of Good Repair Grants Program
20.526	Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)
20.524	Passenger, Rail, Investment and Improvement Projects
16.835	Body Worn Camera Policy and Implementation

Dollar threshold used to distinguish between type A and type B programs: $3,598,182

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.

System Map

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

Legend

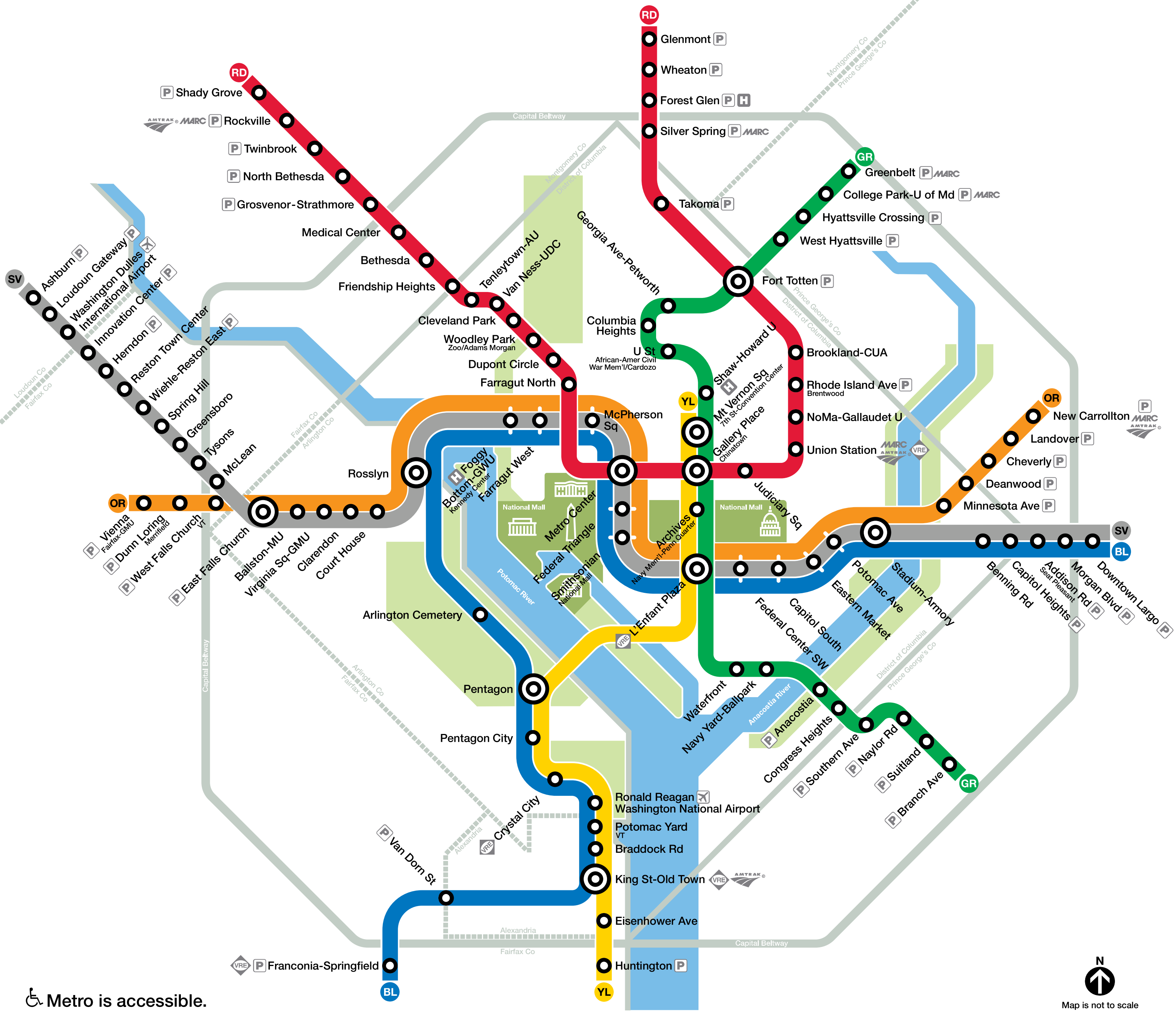
- RD **Red Line** • Glenmont / Shady Grove
- OR **Orange Line** • New Carrollton / Vienna
- BL **Blue Line** • Franconia-Springfield / Downtown Largo
- GR **Green Line** • Branch Ave / Greenbelt
- YL **Yellow Line** • Huntington / Mt Vernon Sq
- SV **Silver Line** • Ashburn / Downtown Largo

Station Features
- P Parking
- H Hospital
- Airport

Connecting Rail Systems

AMTRAK VRE MARC

Transfer Station
Station in Service



♿ Metro is accessible.

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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