

**WASHINGTON METRORAIL
SAFETY COMMISSION
Washington, D.C.**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

As of and for the Year Ended June 30, 2021

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
WASHINGTON METRORAIL SAFETY COMMISSION
Washington, D.C.**

As of and for the Year Ended June 30, 2021

Prepared by:
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WASHINGTON METRORAIL SAFETY COMMISSION

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INTRODUCTORY SECTION



December 7, 2021

To the Commissioners
Washington Metrorail Safety Commission:

The Washington Metrorail Safety Commission (the “WMSC”) Compact (Section 39) requires the WMSC to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). These financial statements must also be 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. This is the Annual Comprehensive Financial Report (“ACFR”) of the WMSC for the fiscal year that ended on June 30, 2021. All disclosures necessary for the reader to gain an understanding of the WMSC’s financial condition have been included.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rest with management. To the best of our knowledge and belief, the enclosed data is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of WMSC operations. WMSC management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, WMSC management has established a comprehensive internal control framework that is designed to both protect the assets of the WMSC from loss, theft, or misuse, and to compile sufficient, reliable data for the preparation of the WMSC’s financial statements in conformity with U.S. GAAP. Because the cost of internal controls should not outweigh the benefits, the WMSC’s comprehensive internal control framework has been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement.

The WMSC’s financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. As required by the WMSC Compact, Cherry Bekaert LLP was selected by the WMSC Board, and Cherry Bekaert LLP has no direct or indirect personal interest in the financial affairs of the WMSC or any of its officers or employees.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the WMSC for the year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the WMSC’s financial statements for the year ended June 30, 2021, are fairly presented in conformity with U.S. GAAP. The report of independent auditor is presented as the first component of the financial section of this report.

U.S. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The WMSC’s MD&A is in the financial section of the ACFR, immediately following the report of the independent auditor.

WASHINGTON METRORAIL SAFETY COMMISSION

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2021

The WMSC and its Purpose

The WMSC is the independent entity with oversight and enforcement authority to ensure continual safety improvement of the Washington Metropolitan Area Transit Authority's ("WMATA") Rail System ("Metrorail").

The WMSC is also responsible for Metrorail safety event investigations. Six commissioners and three alternates serve on the WMSC Board. The District of Columbia, State of Maryland, and Commonwealth of Virginia each appoint two commissioners and one alternate. Each member must have expertise in transportation safety or related fields.

Among other responsibilities, the WMSC Board reviews Metrorail's safety plans, adopts investigation reports, considers WMATA's progress on Corrective Action Plans, and sets the Program Standard outlining how WMSC staff conduct their safety oversight work.

The WMSC's daily operations are led by its Chief Executive Officer who oversees a highly trained staff that regularly conducts inspections, audits, reviews, and other oversight work.

Part of that work includes monitoring and reviewing WMATA's efforts to correct safety issues identified in investigations, audits, or other reviews.

WMSC staff include experts that correspond to WMATA's main disciplines including operations, traction power, train control and signals, track and structures, vehicles, and emergency preparedness. As the only standalone State Safety Oversight Agency in the nation, the WMSC also handles all aspects of its own operations with funding from the District of Columbia, Maryland, and Virginia, and when available, federal grant funds.

One substantial difference between the WMSC and WMATA's oversight under the earlier Tri-State Oversight Committee is the WMSC's significant enforcement authority. Among other powers, the WMSC can, if necessary, require WMATA to restrict, partially suspend, or even completely shut down Metrorail service. Another difference is transparency: the WMSC holds regular public meetings and posts safety event investigation and audit reports on its public website.

In 2015, the Federal Transit Administration ("FTA") assumed direct safety oversight of Metrorail, pending the creation and certification of the WMSC. The three jurisdictions, with the approval of the Congress and the President, created the WMSC through an interstate compact that was signed into federal law in August 2017. In March 2019, after substantial, additional efforts to actually stand up the WMSC, the FTA certified the WMSC's safety oversight program and transferred direct safety oversight of Metrorail to the WMSC. The certification met a nationwide federal deadline for jurisdictions with rail transit systems to establish FTA-certified State Safety Oversight Agencies.

Although the WMSC plays a crucial role in the safety of Metrorail, the WMSC does not operate Metrorail; that responsibility is held by WMATA.

Focus and Accomplishments of the WMSC

The WMSC continues to impact safety at Metrorail by conducting safety audits and issuing findings and directives. The WMSC's detailed oversight work also includes inspections and safety event investigations. The WMSC continues to work with Metrorail to improve safety for riders, workers, and the region.

WASHINGTON METRORAIL SAFETY COMMISSION

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2021

Under WMSC oversight, WMATA is required to continually improve safety. Metrorail is making some significant progress, but there is much more work to be done.

During the fiscal year, the WMSC completed 170 inspection reports and adopted 57 detailed final investigation reports. The WMSC also published 4 audit reports and began work on several other audits that will be published during FY 2022. All of this is achieved with a staff of fewer than 20 people and an annual budget that is a fraction of WMATA's budget. Some of the most notable events and WMSC work of fiscal year 2021 include extensive work on the Elevated Structures, ATC & Signals, Fitness for Duty, Roadway Maintenance Machines, and Railcar (published in FY 2022) audits, detailed investigations of safety events including two pull-aparts, one on October 9, 2020 near Union Station and another on November 24, 2020, near Glenmont Station, and a March 26, 2021 runaway train event at Rhode Island Avenue Station, Corrective Action Plan review, approval and oversight, and many risk-based inspections throughout the system.

As context for the scale of the WMSC's oversight: In 2020, WMATA Metrorail reported 501 safety events. WMATA's 2021 average rail ridership was 117,250 per weekday during the month of May (Metrorail's benchmark month), down from 2019 average weekday rail ridership of 643,522. During its 2021 fiscal year, Metrorail provided 28.2 million passenger trips, down from 132.6 million in FY2020 and 175.2 million in FY2019. Metrorail has 91 stations, 118 miles of track, 6 rail lines, and more than 1,000 railcars. Every one of Metrorail's thousands of passengers and employees has the expectation of safety. More than half of Metrorail stations serve federal facilities in the National Capital Region, making safe Metrorail service critical to America's national security.

The WMSC continues to turn the challenge of a global public health emergency into an opportunity to continually improve collaboration and to increase the analysis of available data and recordings while also adding capabilities by hiring and integrating additional talented staff into the team. The WMSC accomplished this while taking all precautions to keep staff, and those with whom WMSC staff interact with, safe.

The expertise and collaboration of WMSC staff, and consultants or contractors when appropriate, is the crucial piece that makes the WMSC's safety oversight effective and efficient.

Public meetings continued in a remote environment via webcast, which allowed for ongoing transparency and input while keeping commissioners, alternates, staff, and the public safe.

WMSC staff also participated in a variety of training classes, including those required to complete or progress toward credentials required by the Public Transportation Safety Certification Training Program.

Although other State Safety Oversight Agencies are a part of larger state departments of transportation or utility commissions, the WMSC handles not only safety oversight and enforcement work but also its own finances and other administrative operations.

Members of the D.C. Council, Maryland and Virginia General Assemblies, local and regional bodies, the U.S. House of Representatives and U.S. Senate, and officials in numerous agencies have been crucial partners since the WMSC's creation. Other elected and agency leaders and staff in the District of Columbia, Maryland, and Virginia, at the U.S. Department of Transportation, the FTA, and the Metropolitan Washington Council of Governments were also instrumental in standing up the WMSC and continue to be instrumental in supporting the WMSC's mission. Local support, federal grants, and the hard work of WMSC staff, have allowed the WMSC to establish financial independence and have put the WMSC in a good financial position heading into fiscal year 2022.

WASHINGTON METRORAIL SAFETY COMMISSION

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2021

Economic Condition & Outlook

The WMSC has ample operating and reserve funds on hand, a large obligated federal grant balance, adequate apportionments that provide expectation of future grant awards, and no indication from the District of Columbia, Maryland, or Virginia about any funding concerns. In addition, the WMSC fulfills a statutorily-mandated function and the WMSC Compact provides that the jurisdictions are responsible for our funding. The WMSC continues to right size itself in terms of staffing and operating budget to ensure high quality Metrorail oversight.

Internal Controls and Budgetary Controls

The WMSC Board is comprised of commissioners from each of the three jurisdictions. The Board reviews financial statements and the budget regularly, among other aspects of the WMSC's day-to-day operations. Therefore, as appointees of the jurisdictions that fund the WMSC, each serves as an effective check on how the WMSC spends resources.

Financial Management Policies

The WMSC's financial policies serve as guidelines for both the financial planning and internal financial management of the WMSC. These policies represent a combination of required practices under existing internal controls documents, formally adopted by the WMSC Board, and recommended best practices.

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the WMSC. I would like to recognize Kyle Ange and Davis Rajtik who worked many hours to ensure the completion of this document while fulfilling their many other program responsibilities over the past few months. I would also like to thank the independent certified public accounting firm of Cherry Bekaert LLP for their input, able assistance, and the professional manner in which they have performed their audit engagement.

Lastly, I would like to thank the Commissioners and staff for their interest and support in planning and conducting the financial operations of the WMSC in a responsible and effective manner.

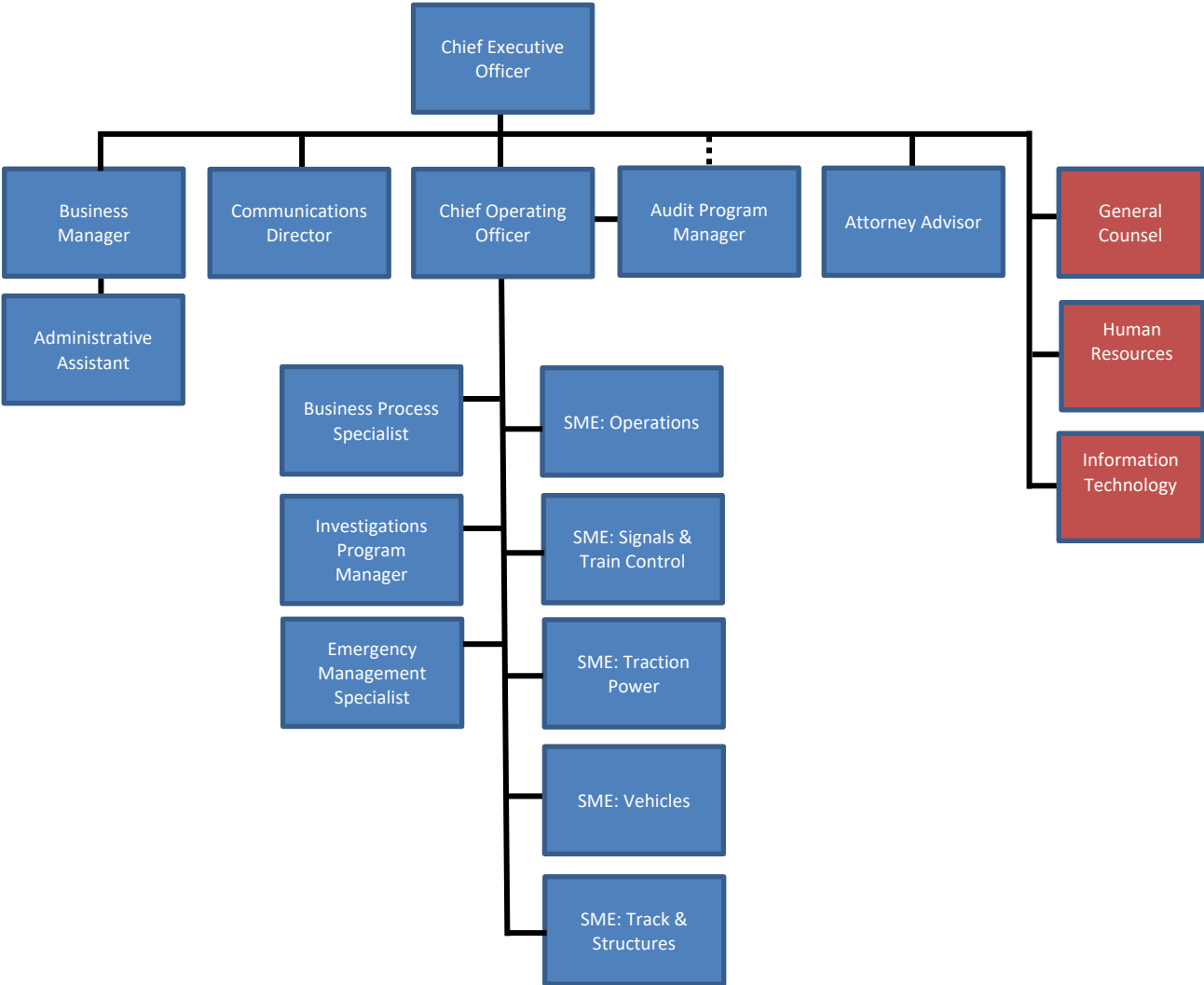
Respectfully,



David Mayer
Chief Executive Officer

WASHINGTON METRORAIL SAFETY COMMISSION
ORGANIZATIONAL CHART

JUNE 30, 2021



**WASHINGTON METRORAIL SAFETY COMMISSION
COMMISSIONERS AND STAFF**

JUNE 30, 2021

COMMISSIONERS

- Christopher Hart (District of Columbia), Chair
- Greg Hull (Commonwealth of Virginia), Vice Chair
- Debra Farrar-Dyke (State of Maryland), Secretary-Treasurer
- Robert Bobb (District of Columbia)
- Michael J. Rush (Commonwealth of Virginia)
- Robert C. Lauby (Commonwealth of Virginia – Alternate)
- Suhair Al Khatib (State of Maryland)

STAFF

- David L. Mayer, Ph.D..... Chief Executive Officer
- Sharmila Samarasinghe..... Chief Operating Officer
- Richard David Emergency Management Specialist
- Andrea Hogan..... Business Manager
- Lahiru KarunaratneBusiness Process Specialist
- Kemmerly Kendrick.....SME, Signals & Train Control
- Manuel Lopez SME, Vehicles
- Avery Powell Administrative Assistant
- Adam Quigley.....Investigations Program Manager
- Davis Rajtik Audit Program Manager
- Tino Sahoo.....SME, Traction Power
- Brackett Smith..... Attorney Advisor and Government Relations Lead
- Max Smith Communications Director
- Bruce Walker..... SME, Operations
- Jemayne Walker SME, Track & Structures
- Wilfred Haynes..... IT Program Manager

FINANCIAL SECTION

Report of Independent Auditor

To the Board of Commissioners
Washington Metrorail Safety Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Washington Metrorail Safety Commission (the "WMSC"), as of and for the period ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the WMSC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the WMSC, as of June 30, 2021, and the respective changes in financial position for the year ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information and notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the WMSC's basic financial statements. The Introductory and Statistical Sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021, on our consideration of the WMSC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the WMSC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the WMSC's internal control over financial reporting and compliance.



Tysons Corner, Virginia
December 7, 2021

WASHINGTON METRORAIL SAFETY COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

The following discussion and analysis of the Washington Metrorail Safety Commission (the "WMSC") financial performance provides a narrative overview and analysis of the WMSC's financial activities as of and for the year ended June 30, 2021. Please read it in conjunction with the WMSC's letter of transmittal, financial statements, and the accompanying notes.

The WMSC oversees and enforces safety practices of the Washington Metropolitan Area Transit Authority's ("WMATA") Rail System ("Metrorail"). The WMSC is an independent agency created in 2017 by the U.S. Congress, the District of Columbia, the State of Maryland, and the Commonwealth of Virginia. The WMSC officially began performing its oversight function on July 1, 2019 as an independent commission. The WMSC is funded by contributions from the participating jurisdictions of the District of Columbia, Maryland, and Virginia.

FINANCIAL HIGHLIGHTS

Highlights for Government-wide Financial Statements

- The assets of the WMSC exceeded its liabilities by \$4,491,896 as of June 30, 2021. Of the WMSC's \$4,491,896 net position, \$1,672,593 is unrestricted and available for spending at the WMSC's discretion, \$2,795,100 is restricted as an operating reserve for emergency expenditures, and \$24,203 represents the WMSC's net investment in capital assets (e.g., leasehold improvements). The WMSC uses these capital assets to provide safety oversight of Metrorail; consequently, these assets are not available for future spending.
- Revenues of the WMSC amount to \$5,264,590 while expenses amount to \$4,250,274 related to the operations of the WMSC.

Highlights for Fund Financial Statements

- The assets of the General Fund exceeded its liabilities by \$4,655,743 as of June 30, 2021. Of the General Fund's \$4,655,743 fund balance, \$1,813,707 is unassigned and available for spending at the WMSC's discretion, \$2,795,100 is restricted for operating reserves, and \$46,936 is nonspendable.
- Revenues of the WMSC amount to \$5,264,590 while expenditures amount to \$4,248,787 related to the operations of the WMSC.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Comprehensive Financial Report ("ACFR") consists of four sections: the introductory section, the financial section, the statistical section, and the compliance section. The financial section includes the report of the independent auditor, MD&A, the basic financial statements, and required supplementary information other than MD&A. This discussion and analysis is intended to serve as an introduction to the WMSC's basic financial statements comprised of three components: the government-wide financial statements, the fund financial statements, and the notes to the financial statements.

WASHINGTON METRORAIL SAFETY COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the WMSC in a manner similar to a private sector business.

The Statement of Net Position presents information on all of WMSC's assets and liabilities. The difference between assets and liabilities is reported as net position. Over time, increases and decreases in net position may provide an indication of whether the WMSC's financial position is improving or deteriorating.

The Statement of Activities presents information reflecting how the WMSC's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related resource flows. Thus, revenues and expenses are reported in this statement for some items that will only result in resource flows in future fiscal periods.

The governmental activities of the WMSC include Metrorail safety.

The government-wide financial statements can be found on pages 15-16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The WMSC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The WMSC has only one governmental fund.

Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and similar long-term items which are recorded when due. Therefore, the focus of the governmental fund financial statements is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. As such, the government fund financial statements may be useful in evaluating a government's near-term financing requirements.

Since the focus of the governmental funds is on near-term resources, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison may provide readers with a better understanding of the long-term impact of the WMSC's near-term financing decisions. To facilitate this comparison, reconciliations are provided for both the Balance Sheet – General Fund and the Statement of Revenues, Expenditures, and Changes in Fund Balances of the General Fund. Information is presented separately in the Balance Sheet – General Fund and in the Statement of Revenues, Expenditures, and Changes in Fund Balances of the General Fund.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

WASHINGTON METRORAIL SAFETY COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

Notes to the Financial Statements

The Notes to the Financial Statements are considered an integral part of the basic financial statements since they provide additional information needed to gain a full understanding of the data provided in both the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 21-26 of this report.

Required Supplementary Information other than MD&A

In addition to the basic financial statements, which include the accompanying notes, this report also presents required supplementary information other than MD&A ("RSI").

The WMSC adopts an annual appropriated budget for its general funds. A budgetary comparison statement for the general fund has been provided to demonstrate compliance with this budget.

The RSI can be found on page 27 of this report.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of fiscal year 2021, the WMSC's assets exceeded liabilities by \$4,491,896, an increase of \$1,014,316 from fiscal year 2020 net position of \$3,477,580. The following summaries of net position and changes in net position are presented for fiscal years 2021 and 2020, followed by a description of significant changes.

Summary of Net Position

The following table reflects the condensed statement of net position for fiscal years 2021 and 2020:

	<u>2021</u>	<u>2020</u>
ASSETS		
Current and other assets	\$ 5,650,399	\$ 4,518,881
Noncurrent assets	38,603	14,400
Total Assets	<u>5,689,002</u>	<u>4,533,281</u>
LIABILITIES		
Current liabilities	1,153,784	1,019,354
Long-term liabilities	43,322	36,347
Total Liabilities	<u>1,197,106</u>	<u>1,055,701</u>
NET POSITION		
Net investment in capital assets	24,203	-
Restricted	2,795,100	2,750,000
Unrestricted	1,672,593	727,580
Total Net Position	<u>\$ 4,491,896</u>	<u>\$ 3,477,580</u>

For more detailed information see the Statement of Net Position on page 15 of this report.

WASHINGTON METRORAIL SAFETY COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

The WMSC's overall total net position was \$4,491,896.

- Current and other assets of \$5,650,399 increased \$1,131,518 compared to prior year, which mostly consist of cash and cash equivalents the WMSC had on hand as of June 30, 2021 as a result of operations.
- Current liabilities of \$1,153,784 increased \$134,430 compared to prior year, which mostly consist of unearned revenue related to payments received from the District of Columbia, Maryland, and Virginia during the fiscal year related to the subsequent fiscal year, accounts payable, and accrued expenses and accrued salaries and benefits.
- Noncurrent assets of \$38,603 increased \$24,203 compared to prior year due to leasehold improvements made during the current fiscal year.
- Long-term liabilities of \$43,322 increased \$6,975 compared to prior year, which consist of compensated absences related to accrued vacation and sick leave for the WMSCs employees.

Summary of Changes in Net Position

The following table reflects the condensed changes in net position for fiscal years 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 5,264,590	\$ 6,744,889
Total Revenues	<u>5,264,590</u>	<u>6,744,889</u>
Expenses:		
Metrorail safety	<u>4,250,274</u>	<u>3,267,309</u>
Total Expenses	<u>4,250,274</u>	<u>3,267,309</u>
Net Change in Net Position	1,014,316	3,477,580
Net Position, Beginning	<u>3,477,580</u>	-
Net Position, Ending	<u>\$ 4,491,896</u>	<u>\$ 3,477,580</u>

For more detailed information see the Statement of Net Position on page 15 of this report.

Program revenue decreased \$1,480,299 compared to prior year. Revenue for the WMSC is related to contributions from the participating jurisdictions of the District of Columbia, Maryland, and Virginia and grant funding from the Federal Transit Administration. The WMSC receives all of its funding from operating grants and contributions.

Expenses increased \$982,965 compared to prior year. The WMSC's expenses are related to operational expenses to execute the WMSC's purpose of Metrorail safety including staff compensation, office rent, contractor services, insurance, and miscellaneous expenses.

WASHINGTON METRORAIL SAFETY COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

As noted previously, the WMSC uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The focus of the WMSC's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the WMSC's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The WMSC has one fund which is the General Fund. The General Fund's fund balance was \$4,655,743 as of June 30, 2021. Of the General Fund's \$4,655,743 fund balance, \$1,813,707 is unassigned and available for spending at the WMSC's discretion, \$2,795,100 is restricted for operating reserves, and \$46,936 is nonspendable. General Fund revenues amounted to \$5,264,590 primarily related to contributions from the three participating jurisdictions and expenses in the amount to \$4,248,787 related to operational expenses to execute the WMSC's purpose of Metrorail safety including staff compensation, office rent, contractor services, insurance, capital outlay, and miscellaneous expenses. Net change in general fund balance of \$1,015,803 increased prior year fund balance from \$3,639,940 to \$4,655,743 at June 30, 2021.

GENERAL FUND BUDGET HIGHLIGHTS

Actual revenues were under budget by \$431,250, primarily due to the jurisdictions being required to fund an operating reserve in the amount of \$2,795,100. WMSC was below budget expenditures by \$1,477,053 as this was only the second full year in operation.

The original and final budgeted amounts are shown in the Budgetary Comparison Schedule in the RSI on page 27.

CAPITAL ASSETS

The WMSC's investment in capital assets for its governmental activities as of June 30, 2021, amounted to \$24,203. This investment in capital assets consists of leasehold improvements.

	Balance			Balance
	June 30, 2020	Additions	Reductions	June 30, 2021
Leasehold improvements	\$ -	\$ 24,203	\$ -	\$ 24,203
	<u>\$ -</u>	<u>\$ 24,203</u>	<u>\$ -</u>	<u>\$ 24,203</u>

Leasehold improvements were not placed into service as of June 30, 2021 and, therefore no depreciation expense was recorded as of June 30, 2021.

Leasehold commitments consist of the purchase, design, and installation of furniture for WMSC's office space. WMSC expects the total build-out for office space to amount to \$165,000.

For more detailed information see the Note 2 – Capital Assets on page 24 of this report.

WASHINGTON METRORAIL SAFETY COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

ECONOMIC FACTORS AND TRENDS

Section 40 of the WMSC Compact provides that "The WMSC's operations shall be funded, independently of WMATA, by the Signatory jurisdictions and, when available, by federal funds". Although jurisdictional and federal budgets may fluctuate, the WMSC anticipates that sufficient funds will be available in future years to fund WMSC operations. In fact, an underfunding of the WMSC could trigger the FTA to decertify the WMSC's oversight program, which would result in the FTA withholding transit funds from the three jurisdictions, as occurred in 2017. Such a reoccurrence is unlikely. Additionally, the WMSC has approximately six months of operating expenses held in an operating reserve.

During the third quarter of WMSC FY 2020, like many organizations, the WMSC abruptly transitioned to remote work due to the COVID-19 public health emergency. The WMSC began holding its public meetings via webcast and began conducting most of its other business (including daily team meetings) via videoconference. The WMSC remains in a remote work posture but also conducts in person inspections, observations, and other activities that cannot occur remotely.

CONTACTING THE WMSC'S MANAGEMENT

This ACFR is designed to provide a general overview of the WMSC's finances and to display the WMSC's accountability for the money it receives. If you have any questions or need other information regarding the WMSC, please contact correspondence@wmsc.gov.

WASHINGTON METRORAIL SAFETY COMMISSION
STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$ 2,822,763
Restricted cash and cash equivalents	2,795,100
Prepaid expenses	<u>32,536</u>
Total Current Assets	<u>5,650,399</u>

Noncurrent Assets:

Capital assets	24,203
Other assets	<u>14,400</u>
Total Noncurrent Assets	<u>38,603</u>

Total Assets	\$ 5,689,002
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LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	\$ 146,691
Accrued salaries and benefits	33,255
Unearned revenue	829,110
Compensated absences	<u>144,728</u>
Total Current Liabilities	<u>1,153,784</u>

Noncurrent Liabilities:

Compensated absences	<u>43,322</u>
Total Noncurrent Liabilities	<u>43,322</u>

Total Liabilities	\$ 1,197,106
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NET POSITION

Net investment in capital assets	\$ 24,203
Restricted	2,795,100
Unrestricted	<u>1,672,593</u>
Total Net Position	\$ 4,491,896

WASHINGTON METRORAIL SAFETY COMMISSION
STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Function/Program	Expenses	Program Revenues Operating Grants and Contributions	Net Revenue and Governmental Activities
Governmental Activities:			
Metrorail safety	\$ 4,250,274	\$ 5,264,590	\$ 1,014,316
Total Governmental Activities	\$ 4,250,274	\$ 5,264,590	\$ 1,014,316
		Change in Net Position	1,014,316
		Net Position, Beginning	3,477,580
		Net Position, Ending	\$ 4,491,896

WASHINGTON METRORAIL SAFETY COMMISSION
BALANCE SHEET – GENERAL FUND

AS OF JUNE 30, 2021

ASSETS

Cash and cash equivalents	\$ 2,822,763
Restricted cash and cash equivalents	2,795,100
Prepaid expenditures	32,536
Other assets	<u>14,400</u>
Total Assets	<u>\$ 5,664,799</u>

LIABILITIES

Accounts payable and accrued expenses	\$ 146,691
Accrued salaries and benefits	33,255
Unearned revenue	<u>829,110</u>
Total Liabilities	<u>1,009,056</u>

FUND BALANCES

Nonspendable	\$ 46,936
Restricted	2,795,100
Unassigned	<u>1,813,707</u>
Total Fund Balances	<u>4,655,743</u>
Total Liabilities and Fund Balances	<u>\$ 5,664,799</u>

WASHINGTON METRORAIL SAFETY COMMISSION

RECONCILIATION OF THE BALANCE SHEET OF THE GENERAL FUND TO THE STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

Total fund balances - total governmental funds	\$ 4,655,743
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	24,203
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Compensated absences	<u>(188,050)</u>
Net Position of Governmental Activities	<u><u>\$ 4,491,896</u></u>

WASHINGTON METRORAIL SAFETY COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE
GENERAL FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Revenues:	
Intergovernmental	\$ 5,264,590
Total Revenues	<u>5,264,590</u>
Expenditures:	
Metrorail Safety:	
Staff compensation	2,719,810
Office rent	181,646
Contracted services	1,058,268
Insurance	119,974
Miscellaneous	144,886
Capital outlay	24,203
Total Expenditures	<u>4,248,787</u>
Net Change in Fund Balance	1,015,803
Fund Balance, Beginning	<u>3,639,940</u>
Fund Balance, Ending	<u>\$ 4,655,743</u>

WASHINGTON METRORAIL SAFETY COMMISSION

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$ 1,015,803
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Reconciliation of amounts reported for governmental activities in the
Statement of Activities:

Some expenses reported in the Statement of Activities do not require
the use of current financial resources and, therefore, are not reported
as expenditures in governmental funds.

Capital outlay	24,203
Compensated absences	<u>(25,690)</u>
Net Position of Governmental Activities	<u><u>\$ 1,014,316</u></u>

WASHINGTON METRORAIL SAFETY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1—Summary of significant accounting policies

The accompanying financial statements, commonly known as the Annual Comprehensive Financial Report presented for the Washington Metrorail Safety WMSC (the “WMSC”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The WMSC’s significant accounting and reporting policies are described below.

The Financial Reporting Entity

The WMSC is a standalone government agency created to oversee and enforce safety of the Washington Metropolitan Area Transit Authority’s Rail System (“Metrorail”) through financial support from the participating jurisdictions of the District of Columbia, Maryland, and Virginia. The three jurisdictions, with the approval of the Congress and the President, created the WMSC through an interstate compact that was signed into law in August 2017. On March 18, 2019, after substantial additional efforts to stand up the WMSC, the Federal Transit Administration certified the WMSC’s safety oversight program and transferred direct safety oversight of Metrorail to the WMSC, commencing the planned principal operations of the WMSC. On June 3, 2019 the participating jurisdictions terminated their Memorandum of Understanding with the Metropolitan Washington Council of Governments (“MWCOCG”) and authorized MWCOCG to transfer all remaining local, state, and federal State Safety Oversight funds to the WMSC, assigning the right to the revenue associated with the planned principal operations of WMSC.

WMSC management is responsible for implementing its financial reporting policies. The WMSC Board is comprised of six commissioners and three alternates. The District of Columbia, State of Maryland, and Commonwealth of Virginia each appoint two commissioners and one alternate. Each member must have expertise in transportation safety or related fields.

Basis of Presentation

The WMSC’s basic financial statements consist of government-wide statements, including a statement of net position and the statement of activities; fund financial statements, which provide more detailed level of financial information; and notes to the financial statements, which provide a comprehensive narrative information. The WMSC categorizes its primary activities solely as governmental activities.

Government-Wide Financial Statements – The government-wide statement of net position and the statement of activities display information about the WMSC as a whole. These statements are reflected on an accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets as well as long-term obligations.

The statement of net position presents the financial condition of the governmental-type activities of the WMSC at year-end. The WMSC does not have any business-type activities. The statement of activities reduces gross direct expenses by related program revenues. Direct expenses are those that are clearly identifiable within a specific function. The program revenues must be directly associated with the function. Program revenues include operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

WASHINGTON METRORAIL SAFETY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1—Summary of significant accounting policies (continued)

Fund Financial Statement – The accounts of the WMSC are organized in one single major fund, the General Fund, which is considered the sole accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The fund statements are presented on a current financial resources measurement focus and the modified accrual basis of accounting. Since the governmental funds statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

Measurement Focus and Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the statement of net position. Revenues are documented when earned and expenses are recorded when a liability is incurred irrespective of the timing of the associated cash flows.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the fund statements. Long-term assets and liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

For the governmental funds' statements, under the modified accrual basis of accounting, revenues, including grants, are recorded as soon as they are both measurable and available. Available means that the revenues collectible within the current period or within 60 days of year-end to be used to pay current liabilities. Expenditures are recorded when the fund liability is incurred, if measurable. Due to the difference in measurement focus in comparison to government-wide statements, reconciliations, if necessary, are presented to detail the dissimilarities.

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. GAAP. Management believes any differences between these estimates and actual results should not materially affect the WMSC's reporting of its financial position.

Cash and Cash Equivalents

Cash and cash equivalents include the cash operating and operating reserve accounts. Restricted cash and cash equivalents consist of the \$2,795,100 operating reserve required under the Compact (Section 39) in order to maintain six months of operating expenses. The WMSC maintains its cash and cash equivalents in interest-bearing bank accounts, which, at times, exceed federally insured amounts. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The WMSC maintains such deposits with high quality financial institutions and does not believe this results in any significant credit risk. The WMSC has not experienced any losses in such accounts to date. As of June 30, 2021, the WMSC has \$5,367,863 which exceeded these insured limits.

WASHINGTON METRORAIL SAFETY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1—Summary of significant accounting policies (continued)

Capital Assets

Capital Assets, which consist of leasehold improvements, are reported at historical cost in the governmental activities government-wide financial statements. It is the WMSC's policy to capitalize all capital expenditures in excess of \$5,000 and a useful life greater than one year.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset useful lives are not capitalized. Property that is capitalized is depreciated over its estimated useful life on the straight line basis. Estimated useful lives for leasehold improvements is 8 years.

Leasehold commitments consist of the purchase, design, and installation of furniture for WMSC's office space. WMSC expects the total build-out for office space to amount to \$165,000.

Net Position

Net position in government-wide financial statements are classified as net investment in capital assets, restricted or unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments, or imposed by law. Unrestricted net position includes all remaining assets and liabilities not included in net investment in capital assets or restricted net position. When both restricted and unrestricted resources are available for use, it is the WMSC's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

Fund balance is categorized, within one of the three classifications listed below, based primarily on the extent to which the WMSC is bound to observe constraints imposed upon the use of resources in the governmental funds.

- The *non-spendable fund balance* category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. At June 30, 2021, the unassigned fund balance of the General Fund consisted of \$32,536 in prepaid expenditures and \$14,400 in other assets.
- The *restricted fund balance* is reported as restricted when constraints are placed on the use of resources either externally by creditors, grantors, contributors, laws and regulations, or through enabling legislation. The WMSC Compact (Section 39) requires the WMSC to maintain six months of operating expenses in operating reserve
- Should the operating reserve fall under the required balance, the jurisdictions will be billed accordingly. Overages in the operating reserve will be credited against future bills for the jurisdictions. At June 30, 2021, the restricted fund balance of the General Fund was \$2,795,100.
- The *unassigned fund balance* is the residual classification and includes all spendable amounts not contained in the other classifications. At June 30, 2021, the unassigned fund balance of the General Fund was \$1,813,707.

When both restricted and unrestricted resources are available for use, it is the WMSC's policy to use restricted resources first, then unrestricted resources as they are needed.

WASHINGTON METRORAIL SAFETY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1—Summary of significant accounting policies (concluded)

Prepaid Expenses/Expenditures

Prepaid expenses are accounted for under the consumption methods. Prepaid expenses represent transactions that do not qualify for expense or expenditure recognition, but cash flow occurred as of the end of the fiscal year. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses or expenditures in the financial statements.

Unearned Revenues

The WMSC receives funding from the participating jurisdictions prior to the WMSC’s fulfillment of the requirements to receive funding based on the agreement. The WMSC holds this funding until such requirements have been fulfilled.

Compensated Absences

Employees of the WMSC are granted annual leave based on their length of service. Unused paid time off is payable to employees upon termination up to one week’s payout. The compensated absences liability in the government-wide statement of net position is separated into current (expected to be paid within one year) and long-term (expected to be paid after one year). The amount expected to be paid within one year is an estimate based on the WMSC’s paid time off policy.

Note 2—Capital Assets

	Balance			Balance
	June 30, 2020	Additions	Reductions	June 30, 2021
Leasehold improvements	\$ -	\$ 24,203	\$ -	\$ 24,203
	<u>\$ -</u>	<u>\$ 24,203</u>	<u>\$ -</u>	<u>\$ 24,203</u>

Leasehold improvements were not placed into service as of June 30, 2021 and, therefore no depreciation expense was recorded as of June 30, 2021. Depreciation expense will be charged to the Metrorail Safety function of governmental activities when the leasehold improvements are placed into service.

Note 3—Long-term liabilities

The following is a summary of the changes in long-term liabilities from, June 30, 2020 to June 30, 2021:

	Balance			Balance	Due Within
	June 30, 2020	Additions	Reductions	June 30, 2021	One Year
Compensated absences	\$ 162,360	\$ 373,955	\$ (348,265)	\$ 188,050	\$ 144,728
	<u>\$ 162,360</u>	<u>\$ 373,955</u>	<u>\$ (348,265)</u>	<u>\$ 188,050</u>	<u>\$ 144,728</u>

Compensated absences payable are liquidated by the General Fund.

WASHINGTON METRORAIL SAFETY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 4—Operating Leases

The WMSC is committed to a lease agreement as of June 30, 2021 for office space in Washington, D.C. effective July 1, 2020 through June 30, 2030. This agreement is subject to annual escalation of rent payments.

Future minimum lease payments for this lease are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 177,120
2023	181,548
2024	186,084
2025	190,728
2026	195,516
Thereafter	832,176
	<u>\$ 1,763,172</u>

Total rent expense under the agreement for the year ended June 30, 2021 was \$181,646.

Additionally, during the year the WMSC was committed to a copier lease that was effective September 1, 2019 through September 19, 2021. Total lease expense under the agreement for the year ended June 30, 2021 was \$6,317.

Future minimum lease payments for this lease are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,314
	<u>\$ 1,314</u>

Note 5—Defined Contribution Plan

The WMSC participates in a multiple-employer, defined contribution retirement savings plan under Section 401(k) of the Internal Revenue Code. The plan provides for salary deferred contribution by eligible participants and WMSC matching contributions up to 5% of the participant's elected contribution. For the period July 1, 2020 through December 31, 2020, employees are eligible to participate in the plan by completing six consecutive months of employment with WMSC and participants are 100% vested immediately. Effective January 1, 2021, employees are eligible to participate in the plan upon employment and are 100% vested immediately. For the year ended June 30, 2021, employer contributions totaled \$95,084.

Note 6—Commitments and contingencies

Litigation

The WMSC is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. Although the outcome of these matters is not presently determinable, in the opinion of WMSC's management, the resolution of these matters will not have a material, adverse effect on the WMSC's financial condition.

WASHINGTON METRORAIL SAFETY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 6—Commitments and contingencies (concluded)

Grants

The WMSC received grant funds, principally from participating localities and the federal government, for Metrorail safety oversight. Expenditures from these grants are subject to audit by the grantor, and the WMSC is contingently liable to refund amounts received in excess of allowable expenditures. WMSC's management believes such refunds, if any, will not be significant.

Other

The WMSC's operations could be materially and adversely affected by the outbreak of a widespread epidemic or pandemic or other public health crisis, including arising from the novel strain of the coronavirus known as COVID-19. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results.

Note 7—Related party

The WMSC board comprised of nominated officials from each participating jurisdictions: the District of Columbia, Maryland, and Virginia. The WMSC is funded by contributions from the participating jurisdictions. For the year ended June 30, 2021, each jurisdiction contributed \$1,421,802 to the WMSC to assist with their operations.

Note 8—Subsequent events

The WMSC has evaluated subsequent events through December 7, 2021, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

WASHINGTON METRORAIL SAFETY COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S
DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,695,840	\$ 5,695,840	\$ 5,264,590	\$ (431,250)
Total Revenues	<u>5,695,840</u>	<u>5,695,840</u>	<u>5,264,590</u>	<u>(431,250)</u>
Expenditures:				
Current:				
Metrorail safety	<u>5,695,840</u>	<u>5,695,840</u>	<u>4,248,787</u>	<u>1,447,053</u>
Total Expenditures	<u>5,695,840</u>	<u>5,695,840</u>	<u>4,248,787</u>	<u>1,447,053</u>
Net Change in Fund Balance	-	-	1,015,803	1,015,803
Fund Balance, Beginning	<u>3,639,940</u>	<u>3,639,940</u>	<u>3,639,940</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,639,940</u>	<u>\$ 3,639,940</u>	<u>\$ 4,655,743</u>	<u>\$ 1,015,803</u>

**STATISTICAL SECTION
(Unaudited)**

WASHINGTON METRORAIL SAFETY COMMISSION

STATISTICAL SECTION

JUNE 30, 2021

This part of the Washington Metrorail Safety Commission's ("WMSC") Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health as presented in the financial section of this report.

Financial Trends

These schedules contain trend information to help the reader comprehend how the WMSC's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the WMSC's most significant local revenue sources, grants, and contributions.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the WMSC's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the WMSC's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the respective year.

WASHINGTON METRORAIL SAFETY COMMISSION
STATISTICAL SECTION
FINANCIAL TRENDS

JUNE 30, 2021

Net Position by Component:

	<u>2021</u>	<u>2020*</u>
Governmental Activities:		
Net investment in capital assets	\$ 24,203	\$ -
Restricted	2,795,100	2,750,000
Unrestricted	<u>1,672,593</u>	<u>727,580</u>
Total Net Position	<u>\$ 4,491,896</u>	<u>\$ 3,477,580</u>

Changes in Net Position:

	<u>2021</u>	<u>2020*</u>
Revenues:		
Program Revenues:		
Operating grants and contributions	\$ 5,264,590	\$ 6,744,889
Total Revenues	<u>5,264,590</u>	<u>6,744,889</u>
Expenses:		
Metrorail safety	<u>4,250,274</u>	<u>3,267,309</u>
Total Expenses	<u>4,250,274</u>	<u>3,267,309</u>
Net Change in Net Position	1,014,316	3,477,580
Net Position, Beginning	<u>3,477,580</u>	<u>-</u>
Net Position, Ending	<u>\$ 4,491,896</u>	<u>\$ 3,477,580</u>

* *These schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operation for the WMSC. Additional years will be displayed as they become available.*

WASHINGTON METRORAIL SAFETY COMMISSION
STATISTICAL SECTION
FINANCIAL TRENDS

JUNE 30, 2021

Fund Balance – General Fund

	<u>2021</u>	<u>2020*</u>
General Fund:		
Nonspendable	\$ 46,936	\$ 31,591
Restricted	2,795,100	2,750,000
Unassigned	1,813,707	858,349
Total Fund Balances	<u>\$ 4,655,743</u>	<u>\$ 3,639,940</u>

Changes in Fund Balance of the General Fund

	<u>2021</u>	<u>2020*</u>
Revenues:		
Intergovernmental	\$ 5,264,590	\$ 6,620,990
Contributions	-	123,899
Total Revenues	<u>5,264,590</u>	<u>6,744,889</u>
Expenditures:		
Metrorail safety	4,248,787	3,104,949
Total Expenditures	<u>4,248,787</u>	<u>3,104,949</u>
Net Change in Fund Balance	1,015,803	3,639,940
Fund Balance, Beginning	3,639,940	-
Fund Balance, Ending	<u>\$ 4,655,743</u>	<u>\$ 3,639,940</u>

General Governmental Expenditures by Function

<u>Fiscal Year</u>	<u>2021</u>	<u>2020*</u>
Expenditures:		
Metrorail Safety:		
Staff compensation	\$ 2,719,810	\$ 2,075,305
Office rent	181,646	85,876
Contracted services	1,058,268	711,896
Insurance	119,974	108,075
Miscellaneous	144,886	123,797
Capital outlay	24,203	-
Total Expenditures	<u>\$ 4,248,787</u>	<u>\$ 3,104,949</u>

* These schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operation for the WMSC. Additional years will be displayed as they become available.

WASHINGTON METRORAIL SAFETY COMMISSION
STATISTICAL SECTION
REVENUE CAPACITY

JUNE 30, 2021

General Governmental Revenues by Source

<u>Revenues</u>	<u>2021</u>	<u>2020*</u>
Intergovernmental	\$ 5,264,590	\$ 6,620,990
Contributions	-	123,899

Principal Revenue Payers

<u>Payer</u>	<u>2021</u>	<u>2020*</u>
Federal Transit Administration	\$ 741,647	\$ 1,718,210
Virginia	1,679,339	1,634,260
Maryland	1,421,802	1,634,260
District of Columbia	1,421,802	1,634,260

** These schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operation for the WMSC. Additional years will be displayed as they become available.*

WASHINGTON METRORAIL SAFETY COMMISSION
STATISTICAL SECTION
DEMOGRAPHIC AND ECONOMIC INFORMATION

JUNE 30, 2021

Demographic and Economic Statistics

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income¹</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2021	6,325	\$ 467,176,430	\$ 73,862	5.1%
2020*	6,297	\$ 467,176,430	\$ 74,190	8.4%

Sources:

- Population: U.S. Census Bureau, Population Division. Estimates for fiscal years 2012 - 2021 reflect population estimates as of April 1, 2010 to July 1, 2020 available as of July 2021.
- Total personal income: U.S. Bureau of Economic Analysis. Total personal income information for the fiscal years 2020 – 2021 are based on 2019 latest available data updated August 18, 2021.
- Unemployment rate: U.S. Bureau of Labor Statistics. Unemployment rates are as of July 31 of the indicated fiscal years.

¹ *In thousands*

* *These schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operation for the WMSC. Additional years will be displayed as they become available.*

WASHINGTON METRORAIL SAFETY COMMISSION
STATISTICAL SECTION
DEMOGRAPHIC AND ECONOMIC INFORMATION

JUNE 30, 2021

Major Private Employers
Current Fiscal Year and Ten Years Ago

Employer	2021			2012		
	Rank	Area Employees	Percentage of Total Employment	Rank	Area Employees	Percentage of Total Employment
MedStar Health	1	18,206	0.6%			
Inova Health Systems	2	18,000	0.6%			
Deloitte LLP and subsidiaries	3	14,966	0.5%			
Booz Allen Hamilton	4	13,599	0.4%			
General Dynamics Corp	5	12,200	0.4%			
Safeway	6	11,415	0.4%			
Amazon.com	7	11,400	0.4%			
Leidos Holdings	8	11,300	0.4%			
Giant Food LLC	9	10,500	0.3%			
The World Bank Group	10	10,000	0.3%			
MedStar Health				1	15,773	0.5%
Marriott International				2	15,000	0.5%
Science Applications International Corp				3	15,000	0.5%
Northrop Grumman Corp				4	14,451	0.5%
Booz Allen Hamilton				5	13,900	0.5%
University of Maryland College Park				6	13,451	0.4%
Inova Health System				7	12,963	0.4%
Verizon Communications				8	12,600	0.4%
Lockheed Martin				9	11,000	0.4%
Safeway				10	9,432	0.3%
		<u>131,586</u>	<u>4.3%</u>		<u>133,570</u>	<u>4.4%</u>

Sources:

- Washington Business Journal, Largest Employers in Greater DC 2021.
- Washingtonpost.com – 2012 Top DC Companies.

WASHINGTON METRORAIL SAFETY COMMISSION
STATISTICAL SECTION
OPERATING INFORMATION

JUNE 30, 2021

Full-Time Equivalent Employees

	<u>2021</u>	<u>2020*</u>
General Government:		
Metrorail safety	16	15

Source: WMSC records

Operating Indicators

	<u>2021</u>	<u>2020*</u>
Audit reports	4	2
Inspection reports	170	69
Investigation reports	57	33

Source: WMSC records

** These schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operation for the WMSC. Additional years will be displayed as they become available.*

COMPLIANCE SECTION

Report of Independent Auditor 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 Commissioners
Washington Metrorail Safety Commission

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 governmental activities and the General Fund of the Washington Metrorail Safety Commission (the “WMSC”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the WMSC’s basic financial statements, and have issued our report thereon dated December 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the WMSC’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 WMSC’s internal control. Accordingly, we do not express an opinion on the effectiveness of the WMSC’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the WMSC’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.

A handwritten signature in cursive script that reads "Cherry Belmont LLP".

Tysons Corner, Virginia
December 7, 2021