

**WASHINGTON METRORAIL SAFETY COMMISSION**

**Annual Comprehensive Financial Report**

**For the Year Ended June 30, 2023**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT OF THE  
WASHINGTON METRORAIL  
SAFETY COMMISSION**

**Washington, D.C.**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

Prepared by:  
David Mayer, Chief Executive Officer  
Kyle Ange, Chief Financial Officer

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## **Introductory Section**



December 12, 2023

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, 2023. 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 SB & Company, LLC, a firm of licensed certified public accountants. As required by the WMSC Compact, SB & Company, LLC was selected by the WMSC Board, and SB & Company, LLC 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, 2023, 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 public accountants 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, 2023, are fairly presented in conformity with U.S. GAAP. The report of independent public accountants 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 public accountant.

# WASHINGTON METRORAIL SAFETY COMMISSION

## Transmittal Letter

June 30, 2023

### 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.

# WASHINGTON METRORAIL SAFETY COMMISSION

## Transmittal Letter

June 30, 2023

### **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.

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 2022, this work included frequent interactions with personnel at all levels of the Metrorail organization, more than 140 inspections, consistent oversight of processes such as safety certification and emergency management, safety event investigations, and the completion of four in-depth audit reports of Metrorail functional areas. 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. The WMSC responded to the scene of the October 12 Blue Line train derailment between Rosslyn and Arlington Cemetery stations and remains an active party to the National Transportation Safety Board (NTSB) investigation.

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 2023.

# WASHINGTON METRORAIL SAFETY COMMISSION

## Transmittal Letter

June 30, 2023

### **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 POLICES**

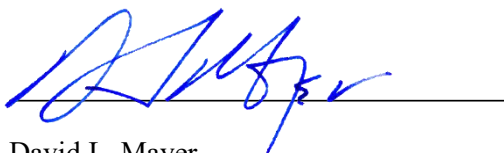
The WMSC's financial policies serve as guidelines for both the financial planning and internal financial management of the WMSC. These policies represent a combination of required practices under existing internal controls documents, formally adopted by the WMSC Board, and recommended best practices.

### **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 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,



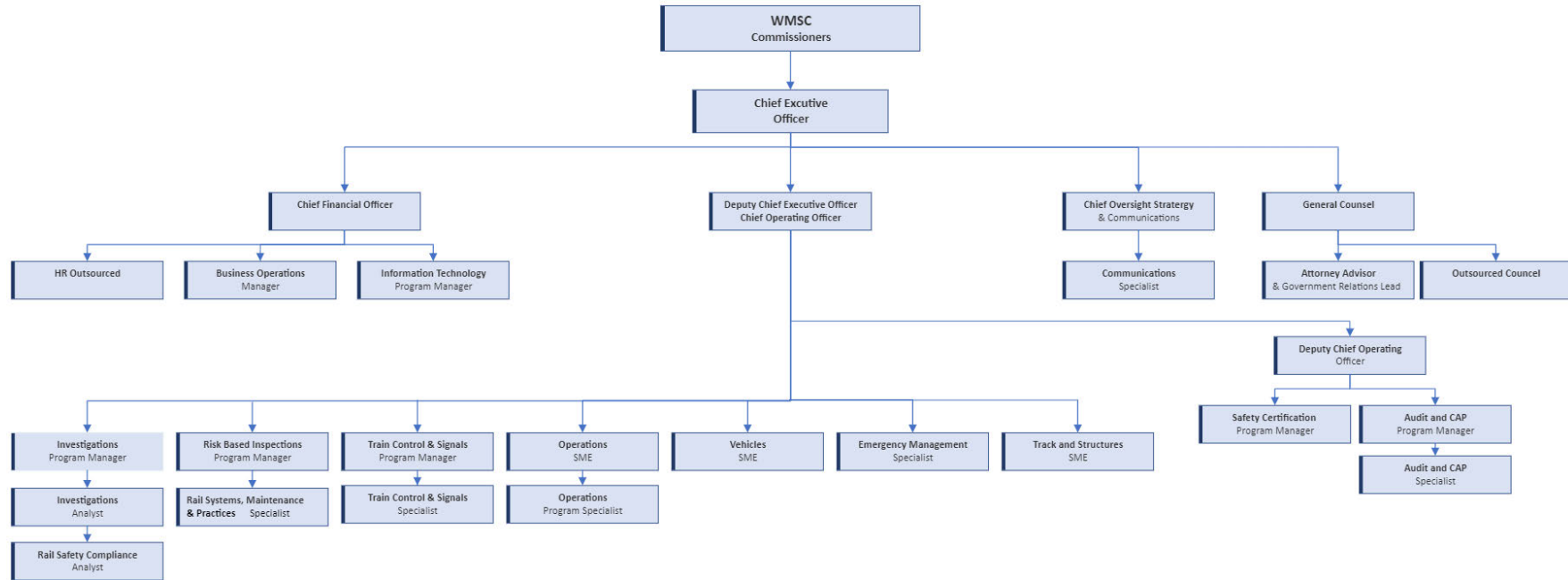
David L. Mayer  
Chief Executive Officer



# WASHINGTON METRORAIL SAFETY COMMISSION

## Organizational Chart

June 30, 2023



# WASHINGTON METRORAIL SAFETY COMMISSION

Commissioners and Staff

June 30, 2023

## COMMISSIONERS

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Christopher Hart (District of Columbia & Chair), Debra Farrar-Dyke (State of Maryland & Secretary-Treasurer), Christopher Conklin (State of Maryland), Kathryn O’Leary Higgins (Maryland Alternate) Robert Bobb (District of Columbia), Robert Lauby (Commonwealth of Virginia), Devin Rouse (Commonwealth of Virginia), Jennifer DeBruhl (Virginia Alternate)

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## STAFF

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David L. Mayer, Ph.D. .... Chief Executive Officer  
Sharmila Samarasinghe ..... Deputy Chief Executive Officer & Chief Operating Officer  
Kyle Ange ..... Chief Financial Officer  
Kathy Silbaugh ..... General Counsel  
Adam Quigley ..... Safety Investigations Manager  
Allen Freeman..... Program Specialist-Train Control & Signal  
Ashley Rhodes ..... Program Manager-Corrective Action Plans  
Brackett Smith..... Attorney Advisor and Government Relations Lead  
Bruce Walker ..... Subject Matter Expert-Operations  
Darrell Braxton ..... Program Specialist Operations  
Davis Rajtik ..... Deputy Chief Operations Officer  
Fred Diven ..... Program Specialist- Rail Systems, Maintenance, and Practices  
John DeRenzo..... Rail Safety Compliance Analyst  
John O’Donnell..... Audit and CAP Specialist  
Manuel Lopez ..... SME, Vehicles  
Max Smith..... Chief, Oversight Strategy and Communications  
Natalie Quiroz ..... Investigations Analyst  
Paul Smith ..... Program Manager, Train Control & Signals  
Richard David ..... Emergency Management Specialist  
Tiffany Minor ..... Communications Specialist  
Venus Ellison..... Business Operations Manager  
Wilfred Haynes ..... IT Program Manager

## **FINANCIAL SECTION**



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS**

To the Board of Commissioners  
Washington Metrorail Safety Commission

### ***Opinions***

We have audited the financial statements of the governmental activities and General Fund of the Washington Metrorail Safety Commission (the Commission), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Commission, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities in accordance with the 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 audit opinions.

### ***Responsibilities of Management for the Financial Statements***

The Commission's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 Commission’s internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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.

***Other Information***

Management is responsible for the other information in the annual report. The information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the Commission's internal controls 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal controls 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 Commission's internal controls over financial reporting and compliance.

Owings Mills, Maryland  
December 12, 2023

*SB & Company, LLC*

# WASHINGTON METRORAIL SAFETY COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2023

The following discussion and analysis of the Washington Metrorail Safety Commission's (the "Commission") financial performance provides a narrative overview and analysis of the Commission's financial activities as of and for the year ended June 30, 2023. Please read it in conjunction with the Commission's letter of transmittal, financial statements, and the accompanying notes.

The Commission oversees and enforces safety practices of the Washington Metropolitan Area Transit Authority's ("WMATA") Rail System ("Metrorail"). The Commission 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 Commission officially began performing its oversight function on July 1, 2019, as an independent commission. The Commission 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 Commission exceeded its liabilities by \$3,412,517 as of June 30, 2023. Of the Commission's \$3,412,517 net position, \$333,659 is unrestricted and available for spending at the Commission's discretion, \$2,987,500 is restricted as an operating reserve for emergency expenditures, and \$91,358 represents the Commission's net investment in capital assets. The Commission uses these capital assets to provide safety oversight of Metrorail; consequently, these assets are not available for future spending.
- Revenues of the Commission amount to \$5,205,512 while expenses amount to \$5,208,972 related to the operations of the Commission.

#### Highlights for Fund Financial Statements

- The assets of the General Fund exceeded its liabilities by \$3,530,751 as of June 30, 2023. Of the General Fund's \$3,530,751 fund balance, \$465,562 is unassigned and available for spending at the Commission's discretion, \$2,987,500 is restricted for operating reserves, and \$77,689 is nonspendable.
- Revenues of the Commission amount to \$5,205,512 while expenditures amount to \$5,057,122 related to the operations of the Commission.

### 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 Commission'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 For the Year Ended June 30, 2023

### Government-Wide Financial Statements

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

The Statement of Net Position presents information on all the Commission'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 Commission's financial position is improving or deteriorating.

The Statement of Activities presents information reflecting how the Commission'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 Commission include Metrorail safety.

The government-wide financial statements can be found on pages 16-17 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 Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission 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 Commission'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 financial statements can be found on pages 18-21 of this report.



# WASHINGTON METRORAIL SAFETY COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2023

### 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 22-27 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 Commission adopts an annual appropriated budget for its general fund. A budgetary comparison statement for the general fund has been provided to demonstrate compliance with this budget.

The RSI can be found on page 28 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. As of June 30, 2023, the Commission's assets exceeded liabilities by \$3,412,517, a decrease of \$3,046 from fiscal year 2022 net position of \$3,415,977. The following summaries of net position and changes in net position are presented for fiscal years 2023 and 2022, followed by a description of significant changes.

### Summary of Net Position

The following table reflects the condensed statement of net position as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current and other assets	\$ 4,917,565	\$ 4,709,049
Noncurrent assets	<u>1,387,099</u>	<u>1,605,817</u>
<b>Total Assets</b>	<u>6,304,664</u>	<u>6,314,866</u>
<b>Liabilities</b>		
Current liabilities	1,610,806	1,623,178
Long-term liabilities	<u>1,281,341</u>	<u>1,275,711</u>
<b>Total Liabilities</b>	<u>2,892,147</u>	<u>2,898,889</u>
<b>Net Position</b>		
Net investment in capital assets	91,358	226,380
Restricted	2,987,500	2,531,000
Unrestricted	<u>333,659</u>	<u>658,597</u>
<b>Total Net Position</b>	<u>\$ 3,412,517</u>	<u>\$ 3,415,977</u>

# WASHINGTON METRORAIL SAFETY COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2023

The Commission's overall total net position was \$3,415,977.

- Current and other assets of \$4,917,565 increased \$208,516 compared to prior year, which mostly consist of cash and cash equivalents the Commission had on hand as of June 30, 2023 as a result of operations.
- Current liabilities of \$1,610,806 decreased \$12,372 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 \$1,387,099 decreased \$218,718 compared to prior year due to the amortization of the right-to-use asset.
- Long-term liabilities of \$1,281,341 increased \$5,630 compared to prior year, which consist of compensated absences related to accrued vacation and sick leave for the Commission's employees and the lease liability.

### Summary of Changes in Net Position

The following table reflects the condensed changes in net position for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Revenue</b>		
Program revenue:		
Operating grants and contributions	\$ 5,205,512	\$ 3,464,726
<b>Program Expenses</b>		
Metrorail safety	<u>5,208,972</u>	<u>4,540,645</u>
<b>Change in Net Position</b>	<b>(3,460)</b>	<b>(1,075,919)</b>
Net position, beginning of year	<u>3,415,977</u>	<u>4,491,896</u>
<b>Net Position, End of Year</b>	<u><u>\$ 3,412,517</u></u>	<u><u>\$ 3,415,977</u></u>

Program revenue increased \$1,740,786 compared to prior year. Revenue for the Commission 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 Commission receives all its funding from operating grants and contributions.

Expenses increased \$668,327 compared to prior year. The Commission's expenses are related to operational expenses to execute the Commission's purpose of Metrorail safety including staff compensation, contractor services, insurance, miscellaneous expenses, and interest expenses.

# WASHINGTON METRORAIL SAFETY COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2023

### FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUND

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

The focus of the Commission's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission'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 Commission has one fund which is the General Fund. The General Fund's fund balance was \$3,530,751 as of June 30, 2023. Of the General Fund's \$3,350,751 fund balance, \$465,562 is unassigned and available for spending at the Commission's discretion, \$2,987,500 is restricted for operating reserves, and \$77,689 is nonspendable. General Fund revenues amounted to \$5,205,512 primarily related to contributions from the three participating jurisdictions and expenses in the amount to \$5,057,122 related to operational expenses to execute the Commission's purpose of Metrorail safety including staff compensation, contractor services, insurance, miscellaneous expenses, and repayments on the lease liability. Net change in general fund balance of \$148,390 increased prior year fund balance from \$3,382,361 to \$3,530,751 as of June 30, 2022.

### GENERAL FUND BUDGET HIGHLIGHTS

Actual revenues were below budget by \$769,488. The Commission was below budget expenditures by \$917,878 as this was only the fourth full year in operation.

The original and final budgeted amounts are shown in the Budgetary Comparison Schedule in the RSI on page 28.

### CAPITAL ASSETS

The Commission's investment in capital assets for its governmental activities as of June 30, 2023, amounted to \$1,372,699. This investment in capital assets consists of furniture and equipment and the right-to-use office space.

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 298,667	\$ 298,667
Right-to-use office space	1,489,289	1,489,289
Accumulated depreciation	<u>(415,257)</u>	<u>(196,539)</u>
<b>Total</b>	<b><u>\$ 1,372,699</u></b>	<b><u>\$ 1,591,417</u></b>

# WASHINGTON METRORAIL SAFETY COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2023

### LONG-TERM LIABILITIES

The Commission's long-term liabilities for its governmental activities as of June 30, 2023, amounted to \$1,281,341. These long-term liabilities consisted of compensated absences and principal lease obligations not expected to be paid in the next fiscal. For more detailed information see the Note 3 – Long-term liabilities on page 26 of this report.

### ECONOMIC FACTORS AND TRENDS

Section 40 of the Commission Compact provides that “The Commission’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 Commission anticipates that sufficient funds will be available in future years to fund Commission operations. In fact, an underfunding of the Commission could trigger the FTA to decertify the Commission’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 Commission has approximately six months of operating expenses held in an operating reserve.

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

### CONTACTING THE COMMISSION'S MANAGEMENT

This ACFR is designed to provide a general overview of the Commission’s finances and to display the Commission’s accountability for the money it receives. If you have any questions or need other information regarding the Commission, please contact [correspondence@wmsc.gov](mailto:correspondence@wmsc.gov).

# WASHINGTON METRORAIL SAFETY COMMISSION

## Statement of Net Position As of June 30, 2023

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 1,866,776
Restricted cash and cash equivalents	2,987,500
Prepaid expenses	63,289
Total Current Assets	<u>4,917,565</u>
Noncurrent Assets	
Capital assets, net	1,372,699
Other assets	14,400
Total Noncurrent Assets	<u>1,387,099</u>
<b>Total Assets</b>	<u><u>6,304,664</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	78,757
Accrued salaries and benefits	89,849
Unearned revenue	1,232,608
Noncurrent liabilities	
Due in one year	209,592
Due in more than one year	1,281,341
<b>Total Liabilities</b>	<u><u>2,892,147</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	91,358
Restricted	2,987,500
Unrestricted	333,659
<b>TOTAL NET POSITION</b>	<u><u>\$ 3,412,517</u></u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON METRORAIL SAFETY COMMISSION**

**Statement of Activities  
For the Year Ended June 30, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Operating Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>
			<b>Primary Government</b>
			<b>Governmental Activities</b>
Primary Government			
Governmental Activities:			
Metrorail safety	\$ 5,208,972	\$ 5,205,512	\$ (3,460)
Total Primary Government	<u>\$ 5,208,972</u>	<u>\$ 5,205,512</u>	<u>(3,460)</u>
		<b>Change in Net Position</b>	(3,460)
		Net position, beginning of year	<u>3,415,977</u>
		<b>Net Position, End of Year</b>	<u>\$ 3,412,517</u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON METRORAIL SAFETY COMMISSION**

**Balance Sheet  
June 30, 2023**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,866,776
Restricted cash and cash equivalents	2,987,500
Prepaid expenses	63,289
Other assets	14,400
<b>TOTAL ASSETS</b>	<u>\$ 4,931,965</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 78,757
Accrued salaries and benefits	89,849
Unearned revenue	1,232,608
<b>TOTAL LIABILITIES</b>	<u>1,401,214</u>
<b>FUND BALANCES</b>	
Non-spendable	77,689
Restricted	2,987,500
Unassigned	465,562
<b>TOTAL FUND BALANCES</b>	<u>3,530,751</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 4,931,965</u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON METRORAIL SAFETY COMMISSION**

**Reconciliation of the Governmental Fund Balance to the Statement  
of Net Position  
As of June 30, 2023**

<b>Total Governmental Fund Balances</b>	\$ 3,530,751
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund statement	1,372,699
Long-term liabilities, including lease liabilities not due and payable in the current period and payable, and compensated absences are, therefore, not reported in the funds.	<u>(1,490,933)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 3,412,517</u></u>

The accompanying notes are an integral part of this financial statement.



**WASHINGTON METRORAIL SAFETY COMMISSION**

**Statement of Revenue, Expenditures, and Change in Fund Balance  
For the Year Ended June 30, 2023**

	<u>General Fund</u>
<b>REVENUE</b>	
Intergovernmental	\$ 5,205,512
<b>Total Revenues</b>	<u>5,205,512</u>
<b>EXPENDITURES</b>	
Metrorail safety:	
Staff compensation	3,754,726
Contracted services	787,672
Insurance	151,887
Miscellaneous	181,289
<b>Total Metrorail safety</b>	<u>4,875,574</u>
Debt service	
Principal	133,420
Interest	48,128
<b>Total Expenditures</b>	<u>5,057,122</u>
<b>Excess of revenues over (under) expenditures and other financing uses</b>	<u>148,390</u>
<b>Fund balance, beginning of year</b>	<u>3,382,361</u>
<b>Fund balance, end of year</b>	<u>\$ 3,530,751</u>

The accompanying notes are an integral part of this financial statement.

**WASHINGTON METRORAIL SAFETY COMMISSION**

**Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities  
For the Year Ended June 30, 2023**

<b>Net Change in Fund Balances - Total Governmental Fund</b>	\$ 148,390
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense: the amount of depreciation of capital assets in the current period.	(218,718)
Repayment of leases is an expenditure in the governmental funds, but repayment reduces the lease liability in the statement of net position	133,420
Some expenses, representing the change in long-term liabilities or assets reported in the Statement of Activities, including compensated absences do not use current financial resources and are not reported as expenditures in the governmental funds.	<u>(66,552)</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (3,460)</u></u>

The accompanying notes are an integral part of this financial statement.

# WASHINGTON METRORAIL SAFETY COMMISSION

## Notes to the Financial Statements For the Year Ended June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### The Reporting Entity

The Commission 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 United States Congress and the President of the United States, created the Commission through an interstate compact that was signed into law in August 2017. On March 18, 2019, after substantial additional efforts to stand up the Commission, the Federal Transit Administration certified the Commission's safety oversight program and transferred direct safety oversight of Metrorail to the Commission, commencing the planned principal operations of the Commission. On June 3, 2019, the participating jurisdictions terminated their Memorandum of Understanding with the Metropolitan Washington Council of Governments ("MWCOG") and authorized MWCOG to transfer all remaining local, state, and federal State Safety Oversight funds to the Commission, assigning the right to the revenue associated with the planned principal operations of the Commission.

The Commission's management is responsible for implementing its financial reporting policies. The Commission's 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 Commission'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 Commission 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 Commission as a whole. These statements are reflected on an accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets and long-term obligations.

The statement of net position presents the financial condition of the governmental-type activities of the Commission at year-end. The Commission 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. The Commission only has one function which is metrorail safety.

# WASHINGTON METRORAIL SAFETY COMMISSION

## Notes to the Financial Statements For the Year Ended June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Basis of Presentation** (continued)

*Fund Financial Statement* – The accounts of the Commission 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 or when all eligibility requirements are met 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 generally recorded when the fund liability is incurred, if measurable. However, debt service principal and interest expenditures on leases are recognized when payment is due. Due to the difference in measurement focus in comparison to government-wide statements, reconciliations are presented to detail the dissimilarities.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include the cash operating and operating reserve accounts. Restricted cash and cash equivalents consist of the \$2,987,500 operating reserve required under the Congress approved Joint Resolution relating to the establishment of the Commission with the participating jurisdictions (the "Compact") in order to maintain six months of operating expenses. The Commission does not have a custodial credit risk policy and balances of cash and cash equivalents may, at times, exceed federally insured amounts. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. As of June 30, 2023, the Commission has \$4,604,276 which exceeded these insured limits.

# WASHINGTON METRORAIL SAFETY COMMISSION

## Notes to the Financial Statements For the Year Ended June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital Assets

Capital assets, which consist of furniture and equipment, software, and the right-to-use office space, are reported in the government-wide financial statements at historical cost, or in the case of right-to-use office space, at the present value of future lease payments. It is the Commission'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 or amortized over its estimated useful life on the straight-line basis. Estimated useful lives for office furniture is the remaining useful life of the office lease (expires in June 2030) whereas estimated useful lives for equipment and computers is 5 years and 3 years, respectively.

Intangible right-to-use assets are reported as a result of the Commission's leasing arrangements. See Notes 2 and 4 for additional disclosures related to the Commission's leases.

#### Net Position

Net position in government-wide financial statements is classified as net investment in capital assets, restricted or unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of bonds, mortgages, notes, leases, 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 Commission'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 Commission is bound to observe constraints imposed upon the use of resources in the governmental funds.

The nonspendable 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. As of June 30, 2023, nonspendable fund balance consisted of \$63,289 in prepaid expenditures and \$14,400 in other assets which consists of a security deposit that is refundable only after the conclusion of the Commission's office space leasing arrangement.

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 Commission's Compact requires the Commission 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.

# WASHINGTON METRORAIL SAFETY COMMISSION

## Notes to the Financial Statements For the Year Ended June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Fund Balances** (continued)

Overages in the operating reserve will be credited against future bills for the jurisdictions. As of June 30, 2023, the restricted fund balance of the General Fund was \$2,987,500.

The unassigned fund balance is the residual classification and includes all spendable amounts not contained in the other classifications. As of June 30, 2023, the unassigned fund balance of the General Fund was \$465,562.

Because restricted resources consist of an operating reserve which must be maintained at a specific level, it is not considered available for use until such circumstances exist as dictated by the Compact, which is generally the result of all other resources being depleted. Therefore, the Commission's policy is to use all unrestricted resources before using restricted resources.

#### **Prepaid Expenses/Expenditures**

Prepaid expenses are accounted for under the consumption method. 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 Commission receives funding from federal sources as well as matching contributions from the participating jurisdictions prior to the Commission's fulfillment of the requirements to receive funding based on the agreement. The Commission holds this funding until such requirements have been fulfilled.

#### **Compensated Absences**

Employees of the Commission 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 Commission's paid time off policy.

# WASHINGTON METRORAIL SAFETY COMMISSION

## Notes to the Financial Statements For the Year Ended June 30, 2023

### 2. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023
<b>Governmental activities:</b>				
Depreciable capital assets:				
Furniture and equipment	\$ 298,667	\$ -	\$ -	\$ 298,667
Right to use office space	1,489,289	-	-	1,489,289
Subtotal	<u>1,787,956</u>	<u>-</u>	<u>-</u>	<u>1,787,956</u>
Accumulated depreciation:				
Furniture and equipment	31,062	53,241	-	84,303
Right to use office space	165,477	165,477	-	330,954
Subtotal, accumulated depreciation	<u>196,539</u>	<u>218,718</u>	<u>-</u>	<u>415,257</u>
<b>Total Capital Assets, Net</b>	<u>\$ 1,591,417</u>	<u>\$ (218,718)</u>	<u>\$ -</u>	<u>\$ 1,372,699</u>

Depreciation expense was \$218,718 and charged to Metrorail safety.

### 3. LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Payable Within One Year
Governmental Activities					
Lease liability	\$ 1,365,037	\$ -	\$ 133,420	\$ 1,231,617	\$ 143,040
Compensated absences	<u>192,764</u>	<u>66,552</u>	<u>-</u>	<u>259,316</u>	<u>66,552</u>
Total Governmental Activities	<u>\$ 1,557,801</u>	<u>\$ 66,552</u>	<u>\$ 133,420</u>	<u>\$ 1,490,933</u>	<u>\$ 209,592</u>

The compensated absences liability is liquidated by the General Fund.

### 4. LEASES

The Commission is party to a lease agreement for office space in Washington, D.C. with a term commencing July 1, 2020 through June 30, 2030. Principal and interest requirements to maturity as of June 30 were as follows:

For the Years Ending June 30,	Principal	Interest	Total
2024	\$ 143,040	\$ 43,044	\$ 186,084
2025	153,132	37,596	190,728
2026	163,749	31,767	195,516
2027	174,874	25,538	200,412
2028	186,934	18,488	205,422
2029-2030	<u>409,888</u>	<u>16,455</u>	<u>426,343</u>
Total	<u>\$ 1,231,617</u>	<u>\$ 172,888</u>	<u>\$ 1,404,505</u>

# WASHINGTON METRORAIL SAFETY COMMISSION

## Notes to the Financial Statements For the Year Ended June 30, 2023

### 5. DEFINED CONTRIBUTION

The Commission 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 contributions by eligible participants and the Commission voluntarily matching those contributions up to 6% of the participant's elected contribution. Employees are eligible to participate in the plan upon employment and are 100% vested immediately. For the year ended June 30, 2023, employer contributions totaled \$143,583

### 6. COMMITMENTS AND CONTINGENCIES

#### Litigation

The Commission 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 Commission's management, the resolution of these matters will not have a material, adverse effect on the Commission's financial condition.

#### Grants

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

### 7. RELATED PARTIES

The Commission's board comprised of nominated officials from each participating jurisdictions: the District of Columbia, Maryland, and Virginia. The Commission is funded by contributions from the participating jurisdictions. For the year ended June 30, 2023, the District of Columbia, Maryland and Virginia jurisdictions each contributed \$1,164,707 to the Commission. All contributions to the Commission were for the purpose to assist with the Commission's operations.



**REQUIRED SUPPLEMENTARY INFORMATION**

**WASHINGTON METRORAIL SAFETY COMMISSION**

**Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual- General Fund  
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUE</b>				
Intergovernmental	<u>\$ 5,975,000</u>	<u>\$ 5,975,000</u>	<u>\$ 5,205,512</u>	<u>\$ (769,488)</u>
<b>Total Revenues</b>	<u>5,975,000</u>	<u>5,975,000</u>	<u>5,205,512</u>	<u>(769,488)</u>
<b>EXPENDITURES</b>				
Metrorail safety	<u>5,975,000</u>	<u>5,975,000</u>	<u>5,057,122</u>	<u>917,878</u>
<b>Total Expenditures</b>	<u>5,975,000</u>	<u>5,975,000</u>	<u>5,057,122</u>	<u>917,878</u>
<b>TOTAL REVENUE, OTHER FINANCING SOURCES, AND BUDGETARY RESERVE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,390</u>	<u>\$ 148,390</u>

**STATISTICAL SECTION**  
**(unaudited)**

# WASHINGTON METRORAIL SAFETY COMMISSION

## Statistical Section Financial Trends

**June 30, 2023**

This part of the Washington Metrorail Safety Commission’s (“Commission”) 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 Commission’s financial performance and well-being have changed over time.

### REVENUE CAPACITY

These schedules contain information to help the reader assess the Commission’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 Commission’s financial activities take place.

### OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the Commission’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, 2023**

*Net Position by Component:*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 91,358	\$ 226,380	\$ 24,203	\$ -
Restricted	2,987,500	2,531,000	2,795,100	2,750,000
Unrestricted	<u>333,659</u>	<u>658,597</u>	<u>1,672,593</u>	<u>727,580</u>
Total net position	<u>\$ 3,412,517</u>	<u>\$ 3,415,977</u>	<u>\$ 4,491,896</u>	<u>\$ 3,477,580</u>

*Changes in Net Position:*

Revenues				
Program revenues				
Operating grants and contributions	\$ 5,205,512	\$ 3,464,726	\$ 5,264,590	\$ 6,744,889
Expenses				
Program expenses				
Metrorail safety	<u>5,208,972</u>	<u>4,540,645</u>	<u>4,250,274</u>	<u>3,267,309</u>
Net change in net position	(3,460)	(1,075,919)	1,014,316	3,477,580
Net position, beginning of year	<u>3,415,977</u>	<u>4,491,896</u>	<u>3,477,580</u>	<u>-</u>
Net position, end of year	<u>\$ 3,412,517</u>	<u>\$ 3,415,977</u>	<u>\$ 4,491,896</u>	<u>\$ 3,477,580</u>

*Note- these schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operations for the Commission. Additional years will be displayed as they become available. The years prior to 2022 do not reflect the effect of GASB 87.*

# WASHINGTON METRORAIL SAFETY COMMISSION

## Statistical Section Financial Trends

**June 30, 2023**

### *Fund Balance- General Fund*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>General fund</b>				
Nonspendable	\$ 77,689	\$ 49,079	\$ 46,936	\$ 31,591
Restricted	2,987,500	2,531,000	2,795,100	2,750,000
Unassigned	465,562	802,282	1,813,707	858,349
Total fund balances	<u>\$ 3,530,751</u>	<u>\$ 3,382,361</u>	<u>\$ 4,655,743</u>	<u>\$ 3,639,940</u>

### *Changes in Fund Balance of the General Fund:*

<b>Revenues</b>				
Intergovernmental	\$ 5,205,512	\$ 3,464,726	\$ 5,264,590	\$ 6,620,990
Contributions	-	-	-	123,899
Total revenues	<u>5,205,512</u>	<u>3,464,726</u>	<u>5,264,590</u>	<u>6,744,889</u>
<b>Expenditures</b>				
Metrorail safety	<u>5,057,122</u>	<u>4,738,108</u>	<u>4,248,787</u>	<u>3,104,949</u>
 Net change in fund balance	 148,390	 (1,273,382)	 1,015,803	 3,639,940
 Fund balance, beginning of year	 <u>3,382,361</u>	 <u>4,655,743</u>	 <u>3,639,940</u>	 <u>-</u>
Fund balance, end of year	<u>\$ 3,530,751</u>	<u>\$ 3,382,361</u>	<u>\$ 4,655,743</u>	<u>\$ 3,639,940</u>

### *General governmental expenditures by function*

<b>Expenditures</b>				
Metrorail safety				
Staff compensation	\$ 3,754,726	\$ 3,204,823	\$ 2,719,810	\$ 2,075,305
Office rent	-	-	181,646	85,876
Contracted services	787,672	760,486	1,058,268	711,896
Insurance	151,887	142,464	119,974	108,075
Miscellaneous	181,289	178,752	144,886	123,797
Capital outlay	-	274,464	24,203	-
Debt service	181,548	177,119	-	-
Total expenditures	<u>\$ 5,057,122</u>	<u>\$ 4,738,108</u>	<u>\$ 4,248,787</u>	<u>\$ 3,104,949</u>

*Note- these schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operations for the Commission. Additional years will be displayed as they become available. The years prior to 2022 do not reflect the effect of GASB 87.*

# WASHINGTON METRORAIL SAFETY COMMISSION

## Statistical Section Revenue Capacity

June 30, 2023

*General governmental revenues by source*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>				
Intergovernmental	\$ 5,205,512	\$ 3,464,726	\$ 5,264,590	\$ 6,620,990
Contributions	-	-	-	123,899

*Principal revenue payers*

Payer				
Federal Transit Administration	\$ 1,711,391	\$ 1,739,464	\$ 741,647	\$ 1,718,210
Virginia	1,164,707	660,933	1,421,802	1,634,260
Maryland	1,164,707	660,933	1,421,802	1,634,260
District of Columbia	1,164,707	403,396	1,679,339	1,634,260

*Note- these schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operations for the Commission. Additional years will be displayed as they become available.*

# WASHINGTON METRORAIL SAFETY COMMISSION

## Statistical Section Demographic and Economic Information

June 30, 2023

*Demographic and Economic Statistics*

<u>Fiscal Year</u>	<u>Population <sup>1</sup></u>	<u>Personal Income <sup>1</sup></u>	<u>Pre Capita Personal Income</u>	<u>Unemployment Rate</u>
2023	6,374	\$ 513,737,735	\$ 80,599	2.5%
2022	6,356	513,737,735	76,393	3.7%
2021	6,386	485,550,913	76,034	5.1%
2020	6,297	467,176,430	74,190	8.4%

Sources:

Population: U.S. Census Bureau, Population Division. Estimates for fiscal years 2014-2023 reflect midyear population estimates as of April 1, 2010 to July 1, 2021 available as of September 2023.

Total personal income: U.S. Bureau of Economic Analysis. Total personal income information for the fiscal years 2020-2023 are based on 2021 latest available data updated November 16, 2022

Unemployment rate: U.S. Bureau of Labor Statistics. Unemployment rates are as of July 31st of the indicated fiscal years.

<sup>1</sup> *In Thousands*

*Note- these schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operations for the Commission. Additional years will be displayed as they become available.*



# WASHINGTON METRORAIL SAFETY COMMISSION

## Statistical Section Major Private Employers

June 30, 2023

Employer	2023			2014		
	Rank	Area Employees	Percentage of Total Employment	Rank	Area Employees	Percentage of Total Employment
Inova Health Systems	1	20,000	0.60%	3	13,945	0.4%
MedStar Health	2	18,044	0.50%	1	15,099	0.5%
Amazon com Inc	3	17,000	0.50%	-	-	-
Deloitte and Subsidiaries	4	16,400	0.50%	9	7,832	0.3%
Marriott International Inc	5	15,000	0.40%	4	13,830	0.4%
Booz Allen Hamilton Inc	6	14,269	0.40%	2	14,000	0.4%
Gian Food LLC	7	12,000	0.30%	6	11,063	0.4%
Capital One Financial Corp	8	11,930	0.30%	-	-	-
Leidos Holdings	9	11,576	0.30%	-	-	-
General Dynamics Corp	10	11,390	0.30%	10	7,775	0.2%
Northrup Grunman Corp	-	-	-	5	13,500	0.4%
Verizon Communications Inc	-	-	-	7	11,000	0.4%
Lockheed Martin Corp	-	-	-	8	10,000	0.3%

# WASHINGTON METRORAIL SAFETY COMMISSION

## Statistical Section Operating Information

June 30, 2023

*Full-time equivalent employees*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Government				
Metrorail safety	20	17	16	15

Source: Commission records

*Operating indicators*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Audit reports	4	4	4	2
Inspection reports	52	144	170	69
Investigation reports	58	48	57	33

Source: Commission records

*Note- these schedules are intended to show information for ten years. Fiscal year 2020 was the inaugural year of operations for the Commission. Additional years will be displayed as they become available.*

## **Compliance Section**



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS 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 “Commission”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated December 12, 2023.

**Report on Internal Controls over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission’s internal controls over financial reporting (“internal controls”) 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 Commission’s internal controls. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal controls.

*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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls 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 Commission’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



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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 controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland  
December 12, 2023



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROLS OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

To the Board of Commissioners  
Washington Metrorail Safety  
Commission

***Opinion on Each Major Federal Program***

We have audited the Washington Metrorail Safety Commission's (the "Commission") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2023. The Commission's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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 Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission'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 controls over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal program.



### ***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 Commission'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 generally accepted auditing standards, *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 controls. 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 Commission's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 Commission'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 Commission's internal controls 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 controls over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal controls 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 controls over compliance that we identified during the audit.

### ***Report on Internal Controls Over Compliance***

*A deficiency in internal controls over compliance* exists when the design or operation of a controls 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 controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls 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 controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls



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over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls 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 controls over compliance that might be material weaknesses or significant deficiencies in internal controls over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal controls 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 controls 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.

Owings Mills, Maryland  
December 12, 2023



**WASHINGTON METRORAIL SAFETY COMMISSION**  
**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2023**

<u>Federal Grantor/Program Title</u>	<u>Program Title</u>	<u>Award Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Federal Transit Administration	FFY 2018 SSO (State Safety Oversight) Funds for WMSC	DC-2020-004-01	20.528	\$ 616,754	\$ -
	FFY 2019 & FFY 2020 SSO Funds for WMSC	DC-2021-009-00	20.528	673,739	-
	FFY 2021 SSO Funds for WMSC	DC-2022-003-00	20.528	420,896	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 1,711,389</b>	<b>\$ -</b>

**WASHINGTON METRORAIL SAFETY COMMISSION**  
**Notes to the Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2023**

**Summary of significant accounting policies**

***Basis of Presentation*** – The information in the Schedule of Expenditures of Federal Awards (the “Schedule”) 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”). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

***Basis of Accounting*** – The Schedule has been prepared on the modified accrual basis of accounting as defined in Note 1 of the financial statements.

***De Minimis Cost Rate*** – The Commission has not elected to use the 10% de minimis cost rate allowed under the Uniform Guidance.

***Reconciliation of the Schedule to the Financial statements*** – Intergovernmental revenue is made up of \$1,711,389 of federal grant revenue and \$3,494,123 of state and local government funding for a total of \$5,205,512 of intergovernmental revenue.

**WASHINGTON METRORAIL SAFETY COMMISSION**  
**Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2023**

**Financial Statements**

Type of independent public accountants' report issued on whether the financial statements were prepared in accordance with GAAP Unmodified

**Internal Controls over Financial Reporting:**

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Noted

Noncompliance material to the financial statements noted? No

**Federal Awards**

Type of independent public accountants report issued on compliance for major Federal program Unmodified

**Internal Controls over major Federal program:**

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Noted

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

**Identification of Major Federal Program:**

<u>Major Federal Program</u>	<u>Federal Assistance Listing</u>	<u>Expenditures</u>
<b>Federal Transit Administration</b>		
FFY 2018 SSO (State Safety Oversight) Funds for WMSC	20.528	\$ 616,754
FFY 2019 & FFY 2020 SSO Funds for WMSC	20.528	673,739
FFY 2021 SSO Funds for WMSC	20.528	420,896
		<u>\$ 1,711,389</u>
Threshold for distinguishing between Type A and B programs		\$ 750,000
Did the Commission qualify as a low risk auditee?		Yes

**WASHINGTON METRORAIL SAFETY COMMISSION**  
**Schedule of Findings and Questioned Costs**

**For the Year Ended June 30, 2023**

**Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None reported.

**Findings and Questioned Costs Relating to Federal Awards**

None reported.

**Status of Prior Year Findings and Questioned Costs Relating to *Government Auditing Standards***

None reported.

**Status of Prior Year Findings and Questioned Costs Relating to Federal Awards**

Not applicable.