

WASHINGTON SUBURBAN TRANSIT COMMISSION

**Financial Statements and Supplemental Schedules Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2020



S B & COMPANY, LLC
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JUNE 30, 2020

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Commissioners of
Washington Suburban Transit Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Washington Suburban Transit Commission (the Commission), an enterprise fund, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Commission's 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 controls 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 controls 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 controls. 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of June 30, 2020, and the changes in its financial position and its cash flows for the year then 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 Schedule of Revenue and Expenses – Budget and Actual as listed in the accompanying 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 Commission's basic financial statements. The Schedule of Grants Provided to Other Governments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Grants Provided to Other Governments 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. Such 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 Grants Provided to Other Governments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2020 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 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
October 30, 2020

SB & Company, LLC

WASHINGTON SUBURBAN TRANSIT COMMISSION

Management's Discussion and Analysis June 30, 2020

Overview of the Financial Statements and Financial Analysis

This discussion and analysis of the Washington Suburban Transit Commission's (the Commission) financial statements provides an overview of the Commission's financial activities for the year ended June 30, 2020, with fiscal year 2019 data presented for comparative purposes. The emphasis of discussion about these statements is on the current year activity. Management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. There are three financial statements presented: the statements of net position; the statements of revenue, expenses, and change in net position; and the statements of cash flows.

Statements of Net Position

A review of the statements of net position reveals that the net assets of the Commission increased by \$19,175 for the year ended June 30, 2020. This is primarily a result of revenue exceeding expenditures for fiscal year 2020.

	As of June 30,	
	2020	2019
ASSETS		
Cash	\$ 569,888	\$ 668,502
Accounts Receivable	136,340	-
Total Assets	<u>\$ 706,228</u>	<u>\$ 668,502</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 95,647	\$ 78,799
Operating subsidy	95,618	93,915
Total Liabilities	<u>191,265</u>	<u>172,714</u>
Net Position	<u>\$ 514,963</u>	<u>\$ 495,788</u>

WASHINGTON SUBURBAN TRANSIT COMMISSION

Management's Discussion and Analysis June 30, 2020

Statements of Revenue, Expenses, and Change in Net Position

For the year ended June 30, 2020, total operating grants and contributions decreased by \$106,051. Total administrative expenses decreased by \$92,371 primarily related to decreased in personnel costs.

	For the Years Ended	
	2020	2019
Operating Revenue		
Operating grants and contributions	\$ 363,523	\$ 469,574
In-kind revenue	27,802	27,451
Total Operating Revenue	391,325	497,025
Operating Expenses		
Administrative expenses	344,348	436,719
In-kind expenses	27,802	27,451
Total Operating Expenses	372,150	464,170
Operating Income	19,175	32,855
Non-Operating Revenue (Expenses)		
Property taxes	27,200,316	25,884,386
Grants	769,007,608	542,751,851
Grants to other governments	(796,207,924)	(568,636,237)
Operating subsidy adjustment, net	-	35,032
Total Non-Operating Revenue (Expenses)	-	35,032
Change in net position	19,175	67,887
Net position, beginning of year	495,788	427,901
Net Position, End of Year	\$ 514,963	\$ 495,788

WASHINGTON SUBURBAN TRANSIT COMMISSION

Management's Discussion and Analysis June 30, 2020

Statements of Cash Flows

An additional method to assess the financial health of the Commission is to look at the statements of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the Commission during a defined period. The statements of cash flows also help users to assess the Commission's:

- Ability to generate future net cash flows;
- Ability to meet its obligations as they come due; and
- Need for external financing.

	For the Years Ended June 30,	
	2020	2019
Cash Flows From:		
Operating activities	\$ (98,614)	\$ (6,442)
Financing activities	-	35,032
Change in cash	(98,614)	28,590
Cash, beginning of year	668,502	639,912
Cash, End of Year	\$ 569,888	\$ 668,502

The change in cash flows from operating activities was primarily due to employee salaries and benefits.

Request for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the entity's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Sara LeBarron, Financial Analyst, or Pat Pscherer Jr., Director of MDOT's Office of Washington Area Transit Programs, 4351 Garden City Drive, Suite 305, Hyattsville, MD 20785.

WASHINGTON SUBURBAN TRANSIT COMMISSION

**Statement of Net Position
As of June 30, 2020**

ASSETS

Cash	\$	569,888
Accounts Receivable		136,340
Total Assets	\$	706,228

LIABILITIES

Accounts payable and accrued expenses	\$	95,647
Operating subsidy		95,618
Total Liabilities		191,265

Net Position	\$	514,963
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The accompanying notes are an integral part of this financial statement.

WASHINGTON SUBURBAN TRANSIT COMMISSION

Statement of Revenue, Expenses and Change in Net Position
For the Year Ended June 30, 2020

Operating Revenue

Operating grants and contributions	\$	363,523
In-kind revenue		27,802
Total Operating Revenue		<u>391,325</u>

Operating Expenses

Administrative expenses		344,348
In-kind expenses		27,802
Total Operating Expenses		<u>372,150</u>

Operating Income		<u>19,175</u>
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Non-Operating Revenue (Expenses)

Property taxes		27,200,316
Grants		769,007,608
Grants to other governments		(796,207,924)
Operating subsidy adjustment, net		-
Total Non-Operating Revenue (Expenses)		<u>-</u>

Change in net position		19,175
Net position, beginning of year		495,788
Net Position, End of Year	\$	<u>514,963</u>

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

WASHINGTON SUBURBAN TRANSIT COMMISSION

Statement of Cash Flows For the Year Ended June 30, 2020

Cash Flows From Operating Activities

Receipts for grants and contributions	\$ 363,523
Payments to employees and vendors	(327,500)
Change in operating subsidy	1,703
Change in accounts receivable	(136,340)
Net Cash Flows From Operating Activities	<u>(98,614)</u>

Cash Flows for Non-Capital Financing Activities

Receipts for grants and property taxes	796,207,924
Payments of grants to other governments	(796,207,924)
Operating subsidy adjustment, net	-
Net Cash Flows for Non-Capital Financing Activities	<u>-</u>

Change in cash	(98,614)
Cash, beginning of year	668,502
Cash, End of Year	<u>\$ 569,888</u>

Reconciliation of Operating Income to Net Cash from Operating Activities

Operating income	\$ 19,175
Net changes in non-cash operating assets and liabilities:	
Accounts receivable	(136,340)
Accounts payable and accrued expenses	16,848
Operating subsidy, net	1,703
Net Cash from Operating Activities	<u>\$ (98,614)</u>

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

WASHINGTON SUBURBAN TRANSIT COMMISSION

Notes to the Financial Statements

June 30, 2020

1. BACKGROUND OF THE COMMISSION

The Washington Suburban Transit District (the District), encompassing Prince George's County and Montgomery County, Maryland, was chartered by the State of Maryland in 1965 to, among other things, coordinate and participate in the formulation of the transit plan of the Washington Metropolitan Area Transit Authority (WMATA) for the District. The District is governed by the Washington Suburban Transit Commission (the Commission), which is composed of three representatives each from the Counties, and one representative from the Maryland Department of Transportation (MDOT).

The Commission's operations consist of grants from the Maryland Department of Transportation; Montgomery County, Maryland; Prince George's County, Maryland and the Maryland Transit Administration (MTA) to fund its operating cost and to make payments to transit systems in the Washington, D.C. metropolitan area. The Commission also assesses property taxes to the citizens of Prince George's County. The proceeds from the property taxes are given to Prince George's County to operate its transit system. The Commission is considered an enterprise fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

The Commission is accounted for as a proprietary fund engaged in business-like activities. In accordance with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting, which requires recognition of revenue when earned and expenses when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Commission's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Commission's name.

WASHINGTON SUBURBAN TRANSIT COMMISSION

Notes to the Financial Statements June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Credit Risk – Deposits (continued)

The Commission does not have a formal deposit policy for custodial credit risk. As of June 30, 2020, the Commission had cash deposits of \$569,888, which exceeded the maximum limit insured by the Federal Deposit Insurance Corporation (FDIC) by \$319,888.

Revenue

The Commission distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the Commission's principal on-going operations. Revenue and expenses not meeting this definition are reported as non-operating revenue and expenses. The principal operating revenue of the Commission is grants to fund employee and other administrative costs. The principal non-operating revenue and expenses are property taxes assessed and grants recognized to make contributions to other governments for transit operations on behalf of the Commission. Funds received for expenses not yet incurred are recorded as deferred revenue.

In-Kind Contributions

The MDOT provided administrative support in addition to paying the salary of the current director of the Commission. The value of these services is included in the financial statements because it met the criteria of an in-kind contribution. Management estimates the fair value of in-kind services during the year ended June 30, 2020, to be worth approximately \$27,802. Management estimated the value of the in-kind services based on information provided by MDOT on the cost of these services.

3. MASS TRANSIT PLAN

On June 28, 1991, an agreement was entered into between Prince George's County and the Commission. This agreement established a Mass Transit Tax on Prince George's County real property to provide additional financing for Prince George's County mass transit services. This tax is levied under the authority of the Commission and is administered by Prince George's County and restricted to expenditures of the Mass Transit Plan. During the year ended June 30, 2020, the property taxes under this agreement were \$27,200,316, which are included in non-operating revenue on the Statement of Revenues, Expenses and Change in Net Position. The amount collected was contributed to Prince George's County during the year.

WASHINGTON SUBURBAN TRANSIT COMMISSION

Notes to the Financial Statements June 30, 2020

4. LEASE COMMITMENTS

The Commission leases office space under a lease agreement that expires in fiscal year 2024. Rent expense for the year ended June 30, 2020 was \$59,378. Future minimum rental payments required under the lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 59,328
2022	59,328
2023	59,328
2024	59,328
Total	<u><u>\$ 237,312</u></u>

5. NET POSITION

As part of the agreement between the Commission, Prince George's and Montgomery Counties, MTA and MDOT, the net position resulting from the excess of the actual results over the budgeted results are to be returned to the contributors. Excess funds typically result in budget reductions for future years. While the entire remaining balance from each year is required to be returned at some point, management has not returned excess funds from previous years. As of June 30, 2020, \$95,618 was recorded as an operating subsidy liability in the Statement of Net Position.

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON SUBURBAN TRANSIT COMMISSION

Schedule of Revenue and Expenses – Budget and Actual For the Year Ended June 30, 2020

	Original and Final Budget	Actual	Actual Over (Under) Budget Variance
Revenue			
Maryland Department of Transportation	\$ 164,037	\$ 136,340	\$ (27,697)
Montgomery County, Maryland	142,049	118,247	(23,802)
Prince George’s County, Maryland	119,549	100,164	(19,385)
Maryland Transit Administration	33,506	10,475	(23,031)
Total Revenue	459,141	365,226	(93,915)
Expenses			
Salaries and related benefits	313,805	233,106	(80,699)
Commissioners' compensation	62,750	33,387	(29,363)
Accounting and audit	7,500	7,504	4
Bank/payroll fees	2,050	399	(1,651)
Insurance	1,500	1,282	(218)
Internet connection	2,400	2,095	(305)
Local travel	660	49	(611)
Miscellaneous	1,000	3,317	2,317
Office supplies	750	343	(407)
Rent	59,326	59,378	52
Telephone	4,200	3,488	(712)
Public forums	2,000	-	(2,000)
Software maintenance	1,200	-	(1,200)
Total Expenses	459,141	344,348	(114,793)
Operating Income	\$ -	\$ 20,878	\$ 20,878
Reconciliation to Operating Income			
Operating Income		\$ 20,878	
June 30, 2020 Operating subsidy		95,618	
June 30, 2019 Operating subsidy		93,915	
Change in Operating subsidy		1,703	
Operating Income per Statement of Revenue, Expense and Changes in Net Position		\$ 19,175	

OTHER INFORMATION

WASHINGTON SUBURBAN TRANSIT COMMISSION

**Schedule of Grants Provided to Other Governments
For the Year Ended June 30, 2020**

Grants provided to WMATA, Prince George's County and Montgomery County for operating and capital expenses are as follows:

	Year Ended June 30, 2020		
	Operating	Capital	Total
Washington Metropolitan Area Transit Authority	\$ 496,021,518	\$ 272,986,090	\$ 769,007,608
Prince George's County property tax	27,200,316	-	27,200,316
Total	\$ 523,221,834	\$ 272,986,090	\$ 796,207,924



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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 of
Washington Suburban Transit Commission

We have 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, the financial statements of the Washington Suburban Transit Commission (the Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 30, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 controls, 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 controls over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal controls, described in the accompanying Schedule of Current Year Findings as item 2020-001, that we consider to be a significant deficiency.



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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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Current Year Findings as item 2020-001.

The Commission's Response to Findings

The Commission's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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
October 30, 2020

WASHINGTON SUBURBAN TRANSIT COMMISSION

**Schedule of Current Year Findings
For the Year Ended June 30, 2020**

Section I – Summary of Independent Public Accountants’ Results

Financial Statements

Type of independent public accountants’ report issued Unmodified

Internal controls over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

WASHINGTON SUBURBAN TRANSIT COMMISSION

Schedule of Current Year Findings For the Year Ended June 30, 2020

Section II – Financial Statement Findings

Reference Number: 2020-001

Type of Finding – Significant Deficiency over Financial Reporting

Repeat Finding - Yes

Criteria

The Commission must maintain an adequate system of internal controls over financial reporting in order to initiate, authorize, record, process, and report financial data reliability in accordance with generally accepted accounting principles.

Condition

Management has made improvements as it relates to finding 2019-001. However, the beginning net asset balances did not agree to the audited June 30, 2019 financial statements as the balances for the year ended June 30, 2019, did not contain prior year audit adjustments. In addition, certain adjustments were needed to the statement of net position for accrued salaries, related benefits, rent, and the operating subsidy owed accounts to properly account for liabilities relating to the fiscal year. Adjustments were also needed to account for the grants received and the true-up of the operating subsidy. These adjustments should be made by management prior to the commencement of the audit.

Cause

The Commission does not have effective closing process by which the accounts are reviewed to ensure that all transactions are captured in the correct fiscal year and that the operating subsidies are properly captured for the current fiscal year and liabilities relating to future fiscal years.

Effect

The misstatements, in certain circumstances, resulted in audit adjustments in the financial statements for the year ended June 30, 2020. The audit adjustments made were necessary for the financial statements to be in accordance with generally accepted accounting principles.

Recommendation

In order to provide accurate accounting information, we strongly recommend that the Commission incorporate timely reviews of certain net position and activity accounts as a customary part of the accounting close process.

Responsible Official's Response

See Corrective Action Plan

WASHINGTON SUBURBAN TRANSIT COMMISSION

Schedule of Current Year Findings For the Year Ended June 30, 2020

Reference Number: 2019-001

Type of Finding – Material Weakness over Financial Reporting

Repeat Finding - Yes

Criteria

The Commission must maintain an adequate system of internal controls over financial reporting in order to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted accounting principles.

Condition

The beginning balances for the year ended June 30, 2019, did not contain prior year adjustments sent as part of the prior year audit. In addition, certain adjustments were needed to the statement of net position for the pension and accrued salaries, and related benefits accounts to properly account for liabilities relating to the fiscal year. Adjustments were also needed to account for the grants received. These adjustments should be made by management prior to the commencement of the audit.

Cause

The Commission does not have effective closing process by which the accounts are reviewed to ensure that all transactions are captured in the correct fiscal year.

Effect

The misstatements, in certain circumstances, resulted in audit adjustments in the financial statements for the year ended June 30, 2019. The audit adjustments made were necessary for the financial statements to be in accordance with generally accepted accounting principles.

Recommendation

In order to provide more accurate and timely accounting information, we strongly recommend that the Commission establish more effective review and reconciliation policies and procedures as a customary part of the accounting process. This would involve monthly reconciliations of all accounts, making various adjustments throughout the year that have typically been performed at year-end only, and performing more frequent reviews of the general ledger throughout the year.

Responsible Official's Response

See Corrective Action Plan

Current Year Status

See finding 2020-001



WASHINGTON SUBURBAN TRANSIT COMMISSION

CHAIR

Mr. Thomas H. Graham

VICE CHAIR

Mr. Michael F. Goldman

SECRETARY/TREASURER

Hon. Todd M. Turner

MONTGOMERY COUNTY

Mr. Michael F. Goldman

Hon. Tom Hucker

PRINCE GEORGE'S COUNTY

Mr. Thomas H. Graham Hon.

Todd M. Turner

**MARYLAND DEPARTMENT OF
TRANSPORTATION**

Sec. Greg Slater

DIRECTOR

Mr. Charles P. "Pat" Pscherer, Jr.

Corrective Action Plan

For the Year Ended June 30, 2020

Finding 2020-001: Significant Deficiency over Financial Reporting

Responsible Official's Response and Corrective Action Plan

Management agrees with the course of action recommended by the auditors.

The Washington Area Transit Office created new general ledger accounts to reflect the correct entries in Washington Suburban Transit Commission's QuickBooks account. As a result, the ending balance for fiscal year 2019 did not match the beginning balance for fiscal year 2020. This discrepancy was found in 2019 and again in the current fiscal year, 2020.

Before the end of fiscal year 2021, a full list of active general ledger accounts, including any newly created accounts, will be created, including all corresponding expenses and revenues associated to the appropriate general ledger. The Office Manager and Financial Analyst will each maintain a copy of the general ledger account listing. The Financial Analyst will verify the entries during the monthly reconciliation process. All future QuickBooks entries will be applied to the correct general ledger account by the Office Manager and will be verified by the Financial Analyst. If there is a variance, the variance will be remedied prior to the monthly reconciliation process. The Secretary-Treasurer of the Washington Suburban Transit Commission will receive a quarterly report within 30 days of the close of each quarter to include current account balances, monthly reconciliations, and any account variances identified and corrected within that quarter.

Planned Implementation Date of Corrective Action Plan

June 2021

Person Responsible for Corrective Action Plan

Charles P. "Pat" Pscherer Jr., *Director*