

Testimony of
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Subcommittee on Government Operations under the Committee on Oversight and
Government Reform
U.S. House of Representatives
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Good Afternoon, Chairman Mica, Chairman Meadows, Ranking Member Duckworth, Ranking Member Connolly and Members of the Subcommittees, thank you for the opportunity to testify today. I am Dennis Anosike, Chief Financial Officer for the Washington Metropolitan Area Transit Authority, commonly known as Metro.

I appreciate your invitation to come before you and provide a summary of where Metro is financially. Given the capital funding provided to Metro by the federal government, it is important that we provide you a clear update on Metro's financial condition. The nearly one-half billion dollars of federal funding we receive annually is vitally important as it supports more than half of WMATA's total capital program that serves to ensure customer safety and improve transit service reliability.

I'd like to begin with an update on the Federal Transit Administration's Financial Management Oversight (FMO) Audit Review Report, which was provided to WMATA on June 10, 2014. The FMO review identified nine findings, five advisory comments, and a total of 45 recommendations. In response to the FTA's findings, WMATA committed to 65 Corrective Action Plan (CAP) items. As of June 30, 2015, WMATA has completed and submitted all 65 CAPs to FTA. In addition, 18 of the 35 grants that were outstanding are now completely drawn and formally closed. This significant milestone represents Metro's completion of its response to the FMO Report. However, more work remains to be done at WMATA; including completion of our FY2014 financial statements audit which is significantly delayed partly due to the deficiencies identified in the FMO findings.

As we have these legacy challenges, Metro's financial condition is stabilizing; with adequate cash on hand to meet vendor payment obligations. This follows recent extensions of Metro's Lines of Credits and substantial federal grant reimbursements, including \$87 million in June, and \$375 million in total since the ECHO restriction was imposed almost sixteen months ago; all of which have enabled Metro to pay down almost half of the short term debt originally incurred to manage liquidity following the federal grant draw restriction.

Ridership and operating revenue is lower compared to budget due to lack of growth in Metrorail ridership. Our recent ridership has been impacted by overall economic changes in the Washington region and by the reduction in the federal transit benefit. We have been able to offset this fare revenue shortfall through internal efficiencies without increasing fares or reducing service, and expect to close the 2015 fiscal year with a balanced budget; and without additional contributions from our jurisdictional partners.

In the past 12 months we have worked to revamp and reform the way we manage Metro's finances. One significant action to improve internal controls and regulatory compliance was creating an Office of Internal Control and Compliance that is responsible for assessing, reviewing, and monitoring adherence to financial management controls and related policies and procedures throughout the Authority. The Office of Internal Control and Compliance (OICC) conducts objective assessments of WMATA's compliance with financial management controls, with a primary focus on applicable federal rules and regulations necessary to preserve WMATA's federal grant eligibility.

I would like to emphasize that, for us, fiscal responsibility, including accurate and timely financial reporting, is the top priority. Thank you for the opportunity to testify, and I would be happy to answer any questions you may have.