

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

REPORT TO THE BOARD OF DIRECTORS

DECEMBER 1, 2017



ASSURANCE, TAX & ADVISORY SERVICES



December 1, 2017

To the Board of Directors
Metropolitan Washington Council of Governments
Washington, D.C.

We are pleased to present this report related to our audit of the basic financial statements and compliance of the Metropolitan Washington Council of Governments (MWCOG) for the year ended June 30, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the MWCOG's financial and compliance reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the MWCOG.

PBMares, LLP

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

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METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

REQUIRED COMMUNICATIONS

Year Ended June 30, 2017

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statements audit and compliance reporting process, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and compliance reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statements and Compliance Audit	Our responsibilities under auditing standards generally accepted in the United States of America; <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States; the provisions of the Single Audit Act; Subpart F of Title 2 U.S. CFR 200, Uniform Guidance; and OMB's <i>Compliance Supplement</i> have been described to you in our arrangement letter dated June 2, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statements and Compliance Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by MWCOG. MWCOG adopted GASB Statement No. 82, <i>Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73</i> , during the current period.
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

REQUIRED COMMUNICATIONS (Continued)

Year Ended June 30, 2017

Area	Comments
Accounting Policies and Practices (Continued)	Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.
Audit Adjustments	Audit adjustments proposed by us and recorded by the MWCOG are shown in the attached Summary of Recorded Audit Adjustments.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Letter Communicating Material Weaknesses in Internal Control	We have separately communicated the material weaknesses identified during our audit of the basic financial statements, as required by <i>Government Auditing Standards</i> . This communication can be found in the Compliance Section of the MWCOG's Financial and Compliance Reports for the year ended June 30, 2017.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and management of the MWCOG, including the representation letter provided to us by management, are attached as Exhibit A.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES

Year Ended June 30, 2017

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the MWCOG's June 30, 2017 financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimates
Capital Assets	Estimated lives of amortizable and depreciable assets	Management assigns lives to assets purchased or constructed internally based on the expected useful life of those assets or the product associated with those assets.	<p>Management's approach to depreciation and amortization is consistent with practices of similar organizations.</p> <p>While these estimates are based on historical information, management should continue to monitor the lives assigned to the MWCOG's assets to ensure the recovery period of these costs are accurate.</p>
Pension Liability and Other Postemployment Benefits (OPEB)	Pension liability and costs for financial accounting and disclosure purposes	Management recognizes a pension liability based on market trends and industry standards.	<p>Management's approach to depreciation and amortization is consistent with practices of similar organizations.</p> <p>While these estimates are based on assumptions provided by market trends and industry standards, management should monitor these estimates and compare to actual costs over time.</p>

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

**SUMMARY OF RECORDED AUDIT ADJUSTMENTS –
GOVERNMENTAL ACTIVITIES
Year Ended June 30, 2017**

Description	Increase (Decrease)					Revenue	Expenditures
	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Net Position		
<i>Governmental Activities:</i>							
General Fund:							
To adjust prepaid expenses and accounts payable	\$ (219,562)	\$ -	\$ (219,562)	\$ -	\$ -	\$ -	\$ -
Income statement effect						<u>\$ -</u>	<u>\$ -</u>
Balance sheet and statement of net position effect	<u>\$ (219,562)</u>	<u>\$ -</u>	<u>\$ (219,562)</u>	<u>\$ -</u>	<u>\$ -</u>		

**EXHIBIT A – Significant Written Communications between Management
and Our Firm**

Arrangement Letter



June 2, 2017

Metropolitan Washington Council of Governments
777 North Capitol Streets, NE, Suite 300
Washington, DC 20002

Attention: Chuck Bean, Executive Director

The Objective and Scope of the Audit of the Financial Statements

You have requested we audit the Metropolitan Washington Council of Governments' (Council) governmental activities and each major fund as of and for the year ending June 30, 2017, which collectively comprise the basic financial statements. Also, the required supplementary information presented in relation to the financial statements taken as a whole will be subjected to the auditing procedures applied in our audit of the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of the Council as of June 30, 2017 so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); the provisions of the Single Audit Act; Subpart F of Title 2 U.S. CFR Part 200, Uniform Guidance; and the U.S. Office of Management and Budget's (OMB) Compliance Supplement. Those standards, regulations, and supplement require 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. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect fraud or errors that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Council'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 Council's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

No component units are to be included in the Council's basic financial statements.

The federal financial assistance programs and awards you have told us the Council participates in and are to be included as part of the single audit are listed on Attachment A.

We are responsible for the compliance audit of the major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards, regulations, and supplement identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards, regulations, and supplement identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees they will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;

5. For report distribution; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information we may request from management for the purpose of the audit; and
 - c. Unrestricted access to persons within the Council from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including, among other items, that:

1. Management has fulfilled its responsibilities as set out in the terms of this letter; and
2. It believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring the Council complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the Council involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the Council received in communications from employees, former employees, analysts, regulators, or others.

Management is responsible for the preparation of the required supplementary information (RSI) presented in relation to the financial statements as a whole in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the RSI in any document that contains the RSI and indicates the auditor has reported on such RSI. Management also agrees to present the RSI with the audited financial statements or, if the RSI will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the RSI no later than the date of issuance of the RSI and the auditor's report thereon.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing the Schedule of Expenditures of Federal Awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; and (g) submitting the reporting package and data collection form.

The Board of Directors is responsible for informing us of its views about the risks of fraud or abuse within the Council, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the Council.

Records and Assistance

If circumstances arise relating to the condition of the Council's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Council's books and records. The Council will determine all such data, if necessary, will be so reflected. Accordingly, the Council will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Council personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Anna Douglas, Controller. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including drafting the financial statements. The GAS independence standards require the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Council, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is considerations of management's ability to effectively oversee the non-audit services to be performed. The Council has agreed that Leta Simons, Chief Financial Officer, possesses suitable skill, knowledge and experience and she understands the services to be performed sufficiently to oversee them. Accordingly, management of the Council agrees to the following:

1. The Council has designated Leta Simons, Chief Financial Officer, as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Leta Simons, Chief Financial Officer, will assume all management responsibilities for subject matter and scope of the non-audit services;
3. The Council will evaluate the adequacy and results of the services performed; and
4. The Council accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the Council's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Council's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

Other Relevant Information

PBMares, LLP may mention the Council's name and provide a general description of the engagement in PBMares, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report can be located on our website at www.pbmares.com.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are not expected to exceed \$72,250. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Council personnel.
2. Timely responses to our inquiries.
3. Timely completion and delivery of client assistance requests.
4. Timely communication of all significant accounting and financial reporting matters.
5. The assumption unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Amounts not paid within thirty days from the invoice date(s) will be subject to a late payment charge of 1.5% per month (18% per year).

Our professional standards require we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Council agrees it will compensate PBMares, LLP for any additional costs incurred as a result of the Council's employment of a partner or professional employee of PBMares, LLP.

In the event we are requested or authorized by the Council or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Council, the Council will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of PBMares, LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of PBMares, LLP audit personnel and at a location designated by our firm.

Other Terms

While there is an attorney-client privilege, there is no accountant-client privilege. Accordingly, any information that you provide to us is subject to discovery. Unless prohibited by law, we will notify you if we receive any subpoena, or other third-party request for our information and/or records concerning you. If you direct us to disclose the requested information, we will comply with the subpoena and, in the case of a third-party request, we will need you to sign a form authorizing the disclosure. If you do not direct us to disclose the requested information, we will engage counsel to protect your interest in non-disclosure. In either event, we will bill you for all of our costs associated with complying with your directions. Our bill will include, in addition to our then standard fees and charges and, by way of illustration only, our attorney's fees, court costs, outside advisor's costs, penalties, and fines imposed because of our non-disclosure.

We reserve the right to withdraw from this engagement without completing our services for any reason, including, but not limited to, your failure to comply with the terms of this arrangement letter, or as we determine professional standards require.

If any portion of this engagement letter is deemed invalid or unenforceable, such a finding shall not invalidate the remainder of the terms set forth in this engagement letter.

Dispute Resolution

If any dispute other than fees arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties. You and we consent to personal jurisdiction, both for mediation and/or litigation, of the Federal District Court, Eastern District of Virginia, sitting in Richmond, Virginia, or the Richmond Circuit Court. Participation in such mediation shall be a condition to either of us initiating litigation. In order to allow time for the mediation, any applicable statute of limitations shall be tolled for a period not to exceed 120 days from the date either of us first requests in writing to mediate the dispute. The mediation shall be confidential in all respects, as allowed or required by law, except our final settlement positions at mediation shall be admissible in litigation solely to determine the prevailing party's identity for purposes of the award of attorneys' fees.

The parties hereto both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in Richmond, Virginia. Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the Superior Court of the County in which the arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury, and instead we are accepting the use of arbitration for resolution.

Reporting

We will issue a written report upon completion of our audit of the Council's financial statements. Our report will be addressed to the Board of Directors. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph, or withdraw from the engagement.

In addition to our report on the Council's financial statements, we will also issue the following types of reports:

1. A report on the fairness of the presentation of the Council's schedule of expenditures of federal awards for the year ending June 30, 2017;
2. Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal control;
3. Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a material effect, as defined by Subpart F of Title 2 U.S. CFR Part 200, Uniform Guidance, on each major program; and
4. An accompanying schedule of findings and questioned costs.

This letter constitutes the complete and exclusive statement of agreement between PBMares, LLP and the Council, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Sincerely,


PBMares, LLP



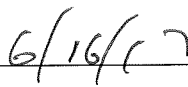
Michael A. Garber, Partner

MAG/sae

Confirmed on behalf of the Council:



Signature



Date

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

ATTACHMENT A
Year Ending June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number
DEPARTMENT OF AGRICULTURE	
<u>Direct Payments:</u>	
Urban and Community Forest Program	10.675
DEPARTMENT OF TRANSPORTATION	
<u>Direct Payments:</u>	
Airport Improvement Program	20.106
TIGER Grants Transportation Investment Generating Economic Recovery - ARRA	20.932
Highway Planning and Construction Cluster:	
<u>Direct Payments:</u>	
Highway Planning and Construction	20.205
<u>Pass-through Payments:</u>	
D.C. Department of Transportation:	
Highway Planning and Construction	20.205
Commuter Connections Program	20.205
Virginia Department of Transportation:	
Highway Planning and Construction	20.205
Commuter Connections Program	20.205
Maryland Department of Transportation:	
Highway Planning and Construction	20.205
Maryland Highway & Safety Office:	
Discretionary Safety Grants	20.205
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research:	
<u>Direct Payments:</u>	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505
<u>Pass-through Payments:</u>	
D.C. Department of Transportation:	
Transportation Planning Grants	20.505
Virginia Department of Transportation:	
Transportation Planning Grants	20.505
Maryland Department of Transportation:	
Transportation Planning Grants	20.505
Transit Services Programs Cluster:	
<u>Direct Payments:</u>	
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513
Job Access and Reverse Commute Program	20.516
New Freedom Program	20.521

ATTACHMENT A
Year Ending June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number
DEPARTMENT OF TRANSPORTATION (Continued)	
<u>Pass-through Payments:</u>	
D.C. Department of Transportation:	
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528
Discretionary Safety Grants	20.614
Virginia Highway & Safety Office:	
Discretionary Safety Grants	20.614
Washington Metropolitan Area Transit Authority:	
Discretionary Safety Grants	20.614
 DEPARTMENT OF ENERGY	
<u>Direct Payments:</u>	
Conservation Research and Development	81.086
<u>Pass-through Payments:</u>	
D.C. Mid-America Regional Council:	
Renewable Energy Research and Development	81.087
Virginia Electric and Power Company:	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117
Opotony, Inc.:	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117
 DEPARTMENT OF ENVIRONMENTAL PROTECTION	
<u>Direct Payments:</u>	
National Clean Diesel Emissions Reduction Program	66.039
State Clean Diesel Grant Program	66.040
Water Pollution Control State, Interstate and Tribal Program Support	66.419
Performance Partnership Grants	66.605

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

ATTACHMENT A
Year Ending June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number
DEPARTMENT OF HOMELAND SECURITY	
<u>Pass-through Payments:</u>	
D.C. Office of Deputy Mayor for Public Safety & Justice:	
District Crisis Communication	97.067
Personal Preparedness Incident	97.067
Metro Public Safety Radio	97.067
District Training Exercise	97.067
Emergency Preparedness Website	97.067
District Full Scale Exercise	97.067
Programmatic Support STC	97.067
Regional Incident Coordination	97.067
PMO & Secretariat Support	97.067
Situational Awareness Dashboard Development (SADD)	97.067
Disaster Debris Plans	97.067
Metro Station Emergency	97.067
District Emergency Response	97.067
District Recovery Plan	97.067
District Damage Assessment	97.067
District Mass Care Plans	97.067
District Prevention Protection	97.067
District Preparedness System	97.067
District Evacuation Planning	97.067
Heavy Transportation Rescue	97.067
Regional Water System Threat	97.067
Regional Water System Response	97.067
District-All Hazards Inc.	97.067
Strategic Support for HSE	97.067
Washington Regional Threat	97.067
Metro Public Safety Radio	97.067
Strategic Support for HSE	97.067
Programmatic Support STC	97.067
PMO & Secretariat Support	97.067
District Emergency Response	97.067
NCR Situational Awareness	97.067
Regional Information	97.067
Metro Shutdown	97.067
WMATA Shutdown Planning	97.067
Tactical Response Multi-Site	97.067
Technical Rescue PPE	97.067
District Preparedness Sys Pl	97.067
District Preparedness Frame	97.067
District All Hazards Incident Management Team	97.067
District Fire Rescue Preparedness	97.067
District Logistics Mgmt. & Response	97.067
State Program Manager	97.067
District Snow Storm After Act	97.067
WMATA Rail Operations Control	97.067
Metro Public Safety Communication	97.067
District Recovery Plan	97.067

Representation Letter



December 1, 2017

PBMares, LLP
558 South Main Street
Harrisonburg, Virginia 22801

This representation letter is provided in connection with your audit of the basic financial statements of Metropolitan Washington Council of Governments (MWCOG) as of and for the year ended June 30, 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of December 1, 2017:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 2, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP, if any.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Net position and fund balance classifications.

- b. The fair value of investments.
 - c. Leases and material amounts of rental obligations under long-term leases.
 - d. The effect on the financial statements of GASB Statement No. No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, GASB Statement No. 85, Omnibus 2017, and GASB Statement No. 87, Leases, which have been issued, but which we have not yet adopted.
 - e. Significant estimates known to management.
 - f. Deposits and investment securities categories of risk.
 - g. Line of credit
 - h. Guarantees, whether written or oral, under which the MWCOG is contingently liable.
9. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
- a. The MWCOG has no significant amounts of idle property and equipment.
 - b. The MWCOG has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
10. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
- a. To reduce receivables to their estimated net collectable amounts, if necessary.
 - b. For pension obligations attributed to employee services through June 30, 2017.
11. There are no:
- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - c. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed.

- d. Agreements to repurchase assets previously sold.
 - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - f. Material concentrations known to management.
 - g. Security agreements in effect under the Uniform Commercial Code.
 - h. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - i. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - j. Significant estimates and material concentrations known to management which are required to be disclosed.
 - k. Risk financing activities.
 - l. Derivative financial instruments.
 - m. Special or extraordinary items.
 - n. Arbitrage rebate liabilities.
 - o. Risk retentions, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2017 and/or for expected retroactive insurance premium adjustments applicable to periods through June 30, 2017.
 - p. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - q. Material losses to be sustained as a result of purchase commitments.
 - r. Environmental cleanup obligations.
 - s. Contractual obligations for construction and purchase of real property or equipment.
12. Net position (restricted and unrestricted) and fund balances are properly classified and, when applicable, approved.
13. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the Statement of Activities, and allocations have been made on a reasonable basis.
14. Revenues are appropriately classified in the Statement of Activities.
15. Capital assets are properly capitalized, reported and depreciated or amortized.

16. We agree with the findings of specialists in evaluating the assertion found in footnote 8, Pension Plan, and we have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
17. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders.
18. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
19. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

20. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the MWCOC from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing body and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
21. All transactions have been recorded in the accounting records and are reflected in the financial statements.
22. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
23. We have no knowledge of allegations of fraud or suspected fraud, affecting the MWCOC's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.

- c. Others where the fraud could have a material effect on the financial statements.
- 24. We have no knowledge of any allegations of fraud or suspected fraud affecting the MWCOG's financial statements received in communications from employees, former employees, analysts, regulators, or others.
- 25. We have disclosed all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing the financial statements.
- 26. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- 27. We have disclosed to you the identity of the MWCOG's related parties and all the related-party relationships and transactions of which we are aware.
- 28. We have informed you of the significant deficiency and material weakness in the design or operation of internal controls that could adversely affect the MWCOG's ability to record, process, summarize, and report financial data.
- 29. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 30. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Required Supplementary Information

- 31. With respect to Management's Discussion and Analysis and the Required Supplementary Information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. All underlying assumptions or interpretations are presented in the financial statements.

Compliance Considerations

In connection with your audit conducted in accordance with Government Auditing Standards, we confirm management:

32. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
33. Is responsible for compliance with the laws, regulations, and provisions of contracts applicable to the auditee.
34. Has not identified any instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
35. Has not identified any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts that have a material effect on the determination of financial statement amounts.
36. Has not identified any instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
37. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
38. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
39. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
40. Has a process to track the status of audit findings and recommendations.
41. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
42. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
43. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), we confirm:

44. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
45. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
46. Management is responsible for establishing and maintaining, and has established and will maintain effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
47. Management has prepared the Schedule of Expenditures of Federal Awards in accordance with Uniform Guidance and has included expenditures made during the period being audited for all awards provided by federal agencies.
48. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
49. Management has identified and disclosed to the auditor the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on the major program.
50. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
51. Management has not identified any amounts questioned nor any known noncompliance with the direct and material compliance requirements of federal awards.
52. Management believes that the auditee has complied with the direct and material compliance requirements.
53. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
54. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
55. Management has not identified any communications from grantors concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

56. Management is responsible for taking corrective action on audit findings of the compliance audit.
57. Management has not identified any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
58. Management has stated there is no known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
59. Management has not identified any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiency and material weakness in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
60. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
61. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency, as applicable.
62. Management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
63. If applicable, management has issued management decisions for audit findings that relate to federal awards it makes to subrecipients and that such management decisions are issued within six months of acceptance of the audit report by the FAC. Additionally, management has followed up to ensure that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.
64. Management has considered the results of subrecipient monitoring and audits, and has made any necessary adjustments to the auditee's own books and records.
65. Management has charged costs to federal awards in accordance with applicable cost principles and the Uniform Guidance.
66. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.
67. The reporting package does not contain protected personally identifiable information.
68. Management will accurately complete the appropriate sections of the data collection form.

PBMares, LLP
December 1, 2017

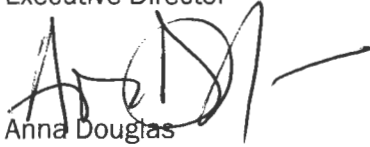
METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS



Chuck Bean
Executive Director



Leta Simons
Chief Financial Officer



Anna Douglas
Controller