



PRESENTATION TO
METROPOLITAN WASHINGTON COUNCIL OF
GOVERNMENTS
BOARD OF DIRECTORS

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SUMMARY OF AUDIT RESULTS

- ❑ AN UNQUALIFIED OPINION ON THE FINANCIAL STATEMENTS
- ❑ AN UNQUALIFIED OPINION ON OMB CIRCULAR A-133 SINGLE AUDIT.
- ❑ NO REPORTABLE CONDITIONS OR MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROLS AND ON COMPLIANCE. HOWEVER, THERE WERE AREAS OF SUGGESTED IMPROVEMENTS THAT WE HAVE IDENTIFIED IN THE MANAGEMENT LETTER.

SUMMARY OF KEY FINANCIAL DATA

- ❑ **GASB 33 ADOPTION.** GASB 33 RESULTED IN A SIGNIFICANT DECREASE IN DEFERRED REVENUE. DEFERRED REVENUE ONLY RECOGNIZED WHEN THE PROGRAM ELIGIBILITY REQUIREMENTS ARE NOT MET. THIS DOES NOT CHANGE THE FINANCIAL CONDITION OF COG.
- ❑ **GASB 40.** GASB 40 IS AN UPDATE TO GASB 3 CREDIT RISK DISCLOSURE REQUIREMENTS. IT ESTABLISHED MORE COMPREHENSIVE DISCLOSURE REQUIREMENTS ADDRESSING OTHER COMMON RISKS OF DEPOSITS AND INVESTMENTS.
- ❑ **PROFIT DISTRIBUTIONS.** THE PROFIT DISTRIBUTIONS RECEIVED FROM OWNERSHIP AND OPERATION OF THE PROPERTY CO-OWED BY COG WAS REFLECTED AS REVENUE AND NOT AS A REDUCTION TO RENT EXPENSE
- ❑ **FUND BALANCE/NET ASSETS RESTATEMENT.** FUND BALANCE RESTATED FOR THE GASB 33 ADOPTION AND REVENUE RECOGNITION OF PRIOR YEARS PROFIT DISTRIBUTIONS.
- ❑ **OPERATING RESULTS.** COG HAD AN INCREASE IN FUND BALANCE OF \$263,805 FOR THE FUND FINANCIAL STATEMENTS AND A DECREASE IN NET ASSETS OF \$378,238 FOR THE GOVERNMENT WIDE FINANCIAL STATEMENTS. THE DIFFERENCE IS MAINLY DUE TO THE FACT THAT ACCRUED VACATION EXPENSES AND DEPRECIATION EXPENSE ARE NOT REFLECTED IN THE FUND FINANCIAL STATEMENTS.

REQUIRED COMMUNICATIONS

ITEMS TO BE COMMUNICATED

The Auditor's Responsibility Under Generally Accepted Auditing Standards: The auditor should communicate the level of responsibility assumed for the internal control structure, illegal acts, and other matters under generally accepted auditing standards.

Communications with other Accountants: When the auditor is aware that management has consulted with other accountants about significant accounting or auditing matters, the auditors' views about the subject of the consultation should be communicated to the Board of Directors.

Disagreements or Major Issues Discussed with Management: Any disagreements or major issues that were discussed with management should be disclosed to the Board.

Significant Audit Adjustments: All significant adjustments arising from the audit should be communicated to the Board of Directors.

Management Judgments and Accounting Estimates: The Board should be informed about the process used by management in forming particularly sensitive accounting estimates and about the basis for the auditors' conclusions regarding the reasonableness of those estimates.

AUDITORS' RESPONSE

Communicated to management in our engagement letter and opinion on the financial statements

To our knowledge, no consultations were made by management with other accountants with respect to audit issues.

There were no disagreements. Discussions with management concerning the accounting treatment of profit distributions received in the current and prior fiscal years.

All audit adjustments were communicated to COG management.

We reviewed the estimates made by management. The most significant estimates related to deferred revenue, depreciation expense, and accrued expenses.

REQUIRED COMMUNICATIONS

ITEMS TO BE COMMUNICATED	AUDITORS' RESPONSE
<p><i>Management Letter and Reportable Conditions:</i> Reportable conditions, and other internal control weaknesses identified by the auditor should be brought to the attention of the Board.</p>	Management letter provided to management.
<p><i>Significant Accounting Policies and Unusual Transactions:</i> The auditor should determine that the Board is informed about the initial selection of and changes in significant accounting policies as well as the methods used to account for significant unusual transactions.</p>	GASB 33 was the only significant change in accounting policies. There were no unusual transactions.
<p><i>Difficulties Encountered in Performing the Audit:</i> Serious difficulties encountered in dealing with management that relate to the performance of the audit are required to be brought to the attention of the Board.</p>	None encountered.
<p><i>Fraud and Illegal Acts:</i> The Board should be adequately informed of fraud and illegal acts coming to the auditors' attention during the course of the audit.</p>	There were none that came to our attention.