

**GEORGETOWN BUSINESS
IMPROVEMENT DISTRICT, INC.**

MANAGEMENT LETTER

**FOR THE YEAR ENDED
SEPTEMBER 30, 2011**



Board of Directors
Georgetown Business Improvement District, Inc.
1055 Thomas Jefferson St., NW
Suite L-11
Washington, DC 20007

We have audited the financial statements of Georgetown Business Improvement District, Inc. for the year ended September 30, 2011 and 2010 and have issued our report thereon dated January 2, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence and meeting about planning matters in June 2011 and continuing through January 2, 2012.

Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Georgetown Business Improvement District, Inc. are described in note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Georgetown Business Improvement District, Inc. during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the

financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Deferred income

Management's calculation of deferred income was based on actual receipts of BID tax revenues, as identified by the District of Columbia, for amounts received in September 2011 for subsequent year BID taxes.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Commitments

Management has established procedures for monitoring its contractual commitments for various services.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter January 2, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Georgetown Business Improvement District, Inc.'s financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Georgetown Business Improvement District, Inc.'s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and the Board of Directors and management of Georgetown Business Improvement District, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Secker & Associates, PC

January 2, 2012
Rockville, MD

Schedule of Audit Adjustments and Management Recommendations

Audit Adjustments

During our audit we made the following adjustments to the financial statements.

Reclassification of long term assets. Website development costs in the amount of \$33,222 and utility pole electrical outlets in the amount of \$84,155 were reclassified from expense to fixed assets. Depreciation expense of \$3,691 was also recorded to reflect the current year portion of depreciation.

Management has indicated that these amounts were reported on the interim financial statements as an expense so that these expenditures could be monitored against budget line items for major projects.

Monitoring of Payments from the District of Columbia

In our prior year management letter we noted that the District of Columbia sometimes makes payments to Georgetown BID but does not indicate what tax account should be credited for the amounts received (unidentified deposits). We also indicated that management has actively sought clarification on these amounts and returned unidentified payments to the District of Columbia.

During the current audit we noted that management has continued to monitor these unidentified payments and that management segregates these payments in the general ledger so that the financial statements reflect BID tax revenues which are identified to a specific account.

As of September 30, 2011 the unidentified deposits were approximately \$13,400.

We recommend that the management and the Board continue their efforts in monitoring the unidentified amounts and take steps to resolve this issue with the District of Columbia on an as needed basis.