

# NORTHWEST SEAPORT ALLIANCE AUDIT COMMITTEE POST-AUDIT MEETING APRIL 19, 2019

Presented by Lisa T. Wilson, CPA and Kayla Lipston

# Reports issued

- Unmodified opinion on the financial statements of NWSA, issued April 5, 2019
  - There were no material weaknesses or significant deficiencies identified during the course of our audit work
- Single audit reports
  - Audit and report on internal control and compliance over financial reporting in accordance with *Government Auditing Standards*
    - No findings of noncompliance noted
  - Audit and report on compliance related to the major federal award programs, the schedule of expenditures of federal awards and related internal controls
    - No findings of noncompliance noted

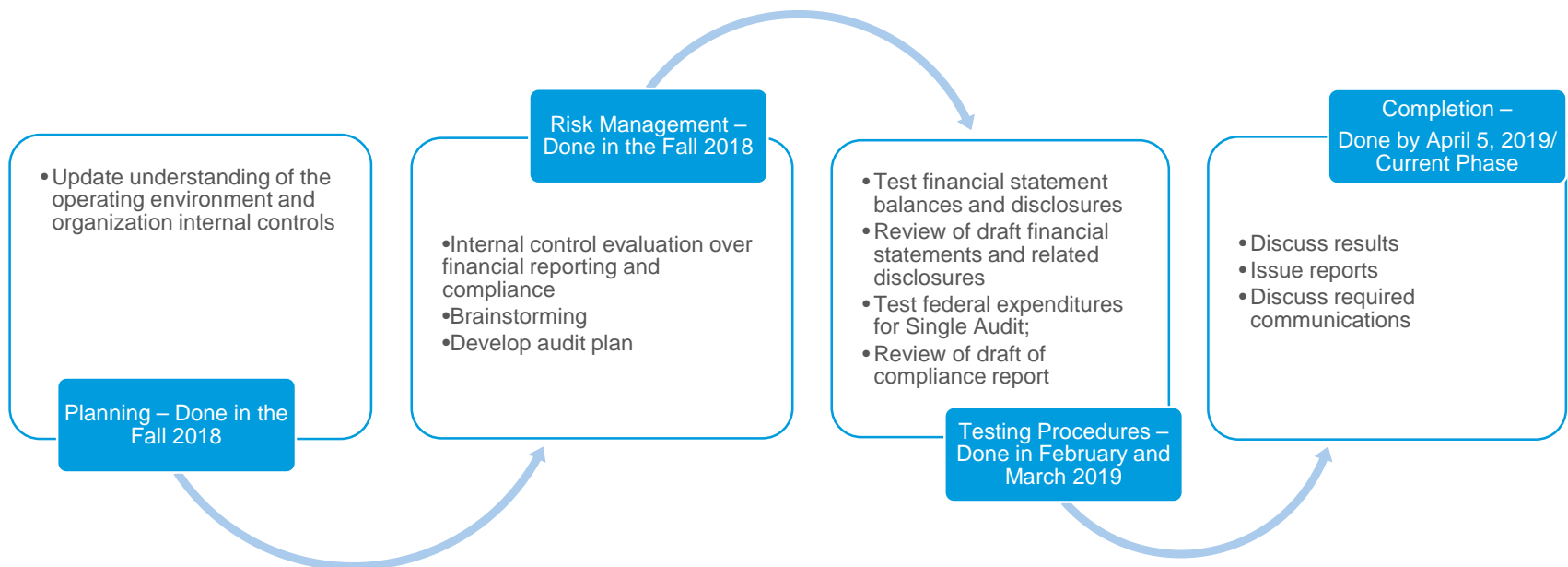
# Scope of Work – Financial Statement Audit

- To form an opinion on the fairness of presentation of the financial statements of the Northwest Seaport Alliance for the year ended December 31, 2018
- To consider internal controls to design audit procedures that are appropriate, but not for the purpose of expressing an opinion on the effectiveness of internal controls
- The audit was performed in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards and Uniform guidance

# Scope of Work – Single Audit

- To form an opinion on compliance for the NWSA's major federal program based on the compliance requirements set forth in the OMB Compliance Supplement
- To consider internal controls over compliance to design audit procedures that are appropriate, but not for the purpose of expressing an opinion on the effectiveness of internal controls
- The audit was performed in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards and Uniform guidance
- NWSA had one major program for 2018

# Audit Approach



# Summary of Audit and Compliance Work

- All significant financial statement balances were audited through a combination of outside confirmations, substantive testing over certain transactions, and analytical procedures
- Additional work performed over journal entries and future commitments
- Verified all appropriate disclosures were reflected in the audited financial statements and compliance report
- TIGER Grant tested for applicable compliance requirements

# Significant Transactions related to 2018

Significant transactions discussed with management include the following:

- Allocation of expenses from the each homeport
- Joint venture accounting and related disclosures
- Single Audit over TIGER Grant

Subsequent Events:

- Reevaluation of Membership Interest resulting in Port of Seattle agreeing to contribute \$32M to the NWSA

# Summary Financial Information

Assets	2018	2017
Current Assets	\$91,948	\$ 100,803
Non-Current Assets	13,369	12,535
Net Capital Assets	234,235	152,228
Other Assets	2,600	3,025
<b>Total assets</b>	<b>\$342,152</b>	<b>\$268,591</b>
Deferred outflows of resources	\$1,652	\$481



# Summary Financial Information

Liabilities/Net Position	2018	2017
Current Liabilities	\$36,837	\$41,553
Non-Current Liabilities	21,710	19,642
<b>Total liabilities</b>	<b>\$58,547</b>	<b>\$61,195</b>
Net Investment in Capital Assets	\$234,235	\$152,228
Unrestricted	49,764	55,300
<b>Total net position</b>	<b>\$283,999</b>	<b>\$207,528</b>
Deferred inflows of resources	\$1,258	\$349

# Summary Financial Information

Income Statement	2018	2017
Operating Revenues	\$192,574	\$194,985
Operating Expenses	82,827	83,715
Depreciation	6,305	2,180
<b>Operating income</b>	<b>\$103,442</b>	<b>109,090</b>
Non-Operating Income, Net	4,638	437
Capital Grant Contributions	3,905	324
<b>Increase in net position</b>	<b>\$111,985</b>	<b>\$ 109,851</b>

# Summary Financial Information

Cash Flows	2018	2017
Net cash provided by operating	\$119,639	\$ 102,545
Net cash used in non-capital financing	(121,400)	(113,320)
Net cash (used in) capital and related financing	(2,000)	(834)
Net cash provided by (used in) investing	6,888	(3,075)
<b>Net increase (decrease) in cash</b>	<b>3,127</b>	<b>(14,684)</b>
Beginning Cash Balance	7,134	21,818
<b>Ending cash balance</b>	<b>\$10,261</b>	<b>\$ 7,134</b>

# Summary of Federal Awards

- Federal Grantor: U.S. Department of Transportation
- Pass-Through Grantor: Port of Seattle
- Program Title: TIGER Discretionary Grant – T46 Modernizations
- CFDA # 20.933
- Grant Identification Number: DRMA91G1500002
- Total Federal Expenditures: \$3,776,595

# Required Communications

ITEMS TO BE COMMUNICATED	AUDITOR'S RESPONSE
The Auditor's Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards	<ul style="list-style-type: none"><li>• Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with the Commission's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financials statements does not relieve the Managing Members or management of their responsibilities.</li></ul>
Representations the Auditor is Requesting from Management	<ul style="list-style-type: none"><li>• We requested that management provide certain representations relevant to balances and disclosures presented in the financial statements in the management representation.</li></ul>
Significant Difficulties, if Any, Encountered in Performing the Audit	<ul style="list-style-type: none"><li>• For the Financial statement audit there were none.</li><li>• For the Single Audit there were anticipated first year audit challenges but we found management willing to work closely with our team to ensure that all questions were addressed as timely as possible.</li></ul>

\*Professional standards established by the American Institute of Certified Public Accountants require independent auditors to communicate certain matters directly to those charged with governance. This report presents a brief explanation of each of the communication requirements and our response as it relates to your organization.

# Required Communications

ITEMS TO BE COMMUNICATED	AUDITOR'S RESPONSE
Disagreements with Management, if Any	<ul style="list-style-type: none"><li>• There were no such disagreements.</li></ul>
Major Issues Discussed with Management Prior to Retention	<ul style="list-style-type: none"><li>• There were none.</li></ul>
Qualitative Aspects of Accounting Practices	<ul style="list-style-type: none"><li>• The NWSA's accounting practices are consistent with accounting practices of other similar entities and are considered reasonable.</li></ul>
Internal Control Related Matters Identified in an Audit	<ul style="list-style-type: none"><li>• There were no internal control deficiency related matters that are required to be reported in writing.</li></ul>
Significant Audit Adjustments and Uncorrected Misstatements	<ul style="list-style-type: none"><li>• There were no audit adjustments or uncorrected misstatements.</li></ul>

# New GASB Pronouncements Effective in Future Years

- Effective in 2019
  - 84: Fiduciary activities – Identification of fiduciary activities for accounting and reporting purposes
  - 90: Majority Equity Interests – an amendment of GASB No. 14 and No. 61. Primary objective is to improve consistency and comparability of reporting a government's equity interest in a legally separate organization.
- Effective in 2020
  - 87: Leases - Single model for accounting for leases based on the principle that leases are financings of the right of use an underlying asset
    - Lessor: Recognize a lease receivable and a deferred inflow of resources
    - Lessee: Recognize a lease liability and an intangible right-to-use lease asset

## Other communication

- Weekly meetings were held between RSM and NWSA management and staff throughout audit fieldwork
- Technical discussions during the year related to upcoming new accounting pronouncements
- •The audits progressed on time and in an orderly fashion; all requested schedules and draft financial statements were received timely
- •All NWSA personnel that we worked with during the audits helpful, open, responsive and fulfilled all of our requests in a timely manner



# Next Steps

- The Data Collection Form is in the process of being prepared and will be submitted to the Data Clearing House website