

Item No: 3

Date of Meeting: April 22, 2022

NORTHWEST SEAPORT ALLIANCE AUDIT COMMITTEE POST-AUDIT MEETING APRIL 22, 2022

Presented by Kevin Smith, CPA and Kayla Lipston,
CPA



Reports Issued

- Unmodified opinion on the financial statements of the Northwest Seaport Alliance, issued April 5, 2022
 - 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, 2021
- 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 2021

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 2021

Significant transactions discussed with management include the following:

- Implementation of GASB 87
- Allocation of expenses from each homeport
- Joint venture accounting and related disclosures
- Single Audit over TIGER Grant

Summary Financial Information

Assets	2021	2020
Current assets	\$102,167	\$80,708
Long-term investments	25,289	24,310
Net capital and intangible assets	514,611	434,496
Lease receivable, net of current portion	1,206,296	1,261,027
Other assets	5,071	-
Total assets	\$1,853,434	\$1,800,541
Deferred outflows of resources	\$1,085	\$1,377

Summary Financial Information

Liabilities/Net Position	2021	2020
Current liabilities	\$40,996	\$48,499
Noncurrent liabilities	9,105	6,346
Total liabilities	\$50,101	\$54,845
Net investment in capital assets	\$499,402	\$413,055
Restricted – investments	4,655	1,196
Restricted – pension	308	-
Unrestricted	33,265	35,041
Total net position	\$537,630	\$449,402
Deferred inflows of resources		
Leases deferred inflow	\$1,261,033	\$1,297,023
Pension deferred inflow	5,755	758
Total deferred inflows of resources	\$1,266,788	\$1,297,781

Summary Financial Information

Income Statement	2021	2020
Operating revenues	\$150,320	\$133,003
Operating expenses	88,691	93,795
Depreciation & amortization	14,970	13,810
Operating income	\$46,659	\$25,398
Non-Operating revenues (expenses), net	59,880	50,037
Capital grant contributions	5,457	2,129
Increase in net position before managing members contributions and distributions	\$111,996	\$77,564
Total managing members investment, net	(\$23,658)	\$18,462
Net position, beginning of year	\$449,292	\$353,376
Adjustment related to adoption of GASB 87	-	(110)
Ending net position	\$537,630	\$449,292

Summary Financial Information

Cash Flows	2021	2020
Net cash provided by operating	\$62,379	\$34,652
Net cash used in noncapital financing	(122,042)	(119,086)
Net cash used in capital and related financing	67,324	51,134
Net cash (used in) provided by investing	(5,815)	37,512
Net increase in cash	1,845	4,212
Beginning cash balance	5,295	1,083
Ending cash balance	\$7,140	\$5,295

Summary of Major Federal Awards

- Federal Grantor: U.S. Department of Transportation
- Pass-Through Grantor: Port of Seattle
- Program Title: TIGER Discretionary Grant – T46 Modernizations
- Assistance Listing # 20.933
- Grant Identification Number: DTMA91G1500002
- Total Federal Expenditures: \$1,096,307

Required Communications

ITEMS TO BE COMMUNICATED	AUDITOR'S RESPONSE
The Auditor's Responsibility Under U.S. Generally Accepted Auditing Standards and <i>Government Auditing Standards</i>	<ul style="list-style-type: none">• 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.
Representations the Auditor is Requesting from Management	<ul style="list-style-type: none">• We requested that management provide certain representations relevant to balances and disclosures presented in the financial statements in the management representation.
Significant Difficulties, if any, Encountered in Performing the Audit	<ul style="list-style-type: none">• For the Financial Statement audit there were none.• For the Single Audit there were none.

*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">• There were no such disagreements.
Major Issues Discussed with Management Prior to Retention	<ul style="list-style-type: none">• There were none.
Qualitative Aspects of Accounting Practices	<ul style="list-style-type: none">• The NWSA's accounting practices are consistent with accounting practices of other similar entities and are considered reasonable.
Internal Control Related Matters Identified in an Audit	<ul style="list-style-type: none">• There were no internal control deficiency related matters that are required to be reported in writing.
Significant Audit Adjustments and Uncorrected Misstatements	<ul style="list-style-type: none">• There were no audit adjustments• There was one uncorrected misstatement that was related to an over accrual of capital projects and an under accrual of maintenance expenses. Management determined this was immaterial therefore, no audit adjustment was recorded.

New GASB Pronouncements continued

- 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements – Effective 2022
 - Addresses issues related to public-private and public-public partnership arrangements and provides guidance for the accounting and financial reporting for availability payments arrangements.
- 96: Subscription - Based Information Technology Arrangements – Effective 2023
 - Addresses the accounting and financial report for subscription-based information technology arrangements.

Next Steps

- The Data Collection Form has been submitted to the Data Clearinghouse website

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