

Item No.: 4B

Date of Meeting: April 17, 2018

NORTHWEST SEAPORT ALLIANCE AUDIT COMMITTEE POST-AUDIT MEETING APRIL 17, 2018

Presented by Lisa T. Wilson, CPA and Liane K. Williams, CPA



Audit Results

- Financial statements were issued, with an unmodified “clean” opinion dated March 29, 2018
- There were no material weaknesses or significant deficiencies identified during the course of our audit work
- We provide reasonable assurance, not absolute, that the financial statements are materially stated

Scope of Work

- To form an opinion on the fairness of presentation of the financial statements of the Northwest Seaport Alliance for the year ended December 31, 2017
- 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

Audit Approach



Summary of Work Performed

- All significant 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

Significant Transactions for 2017

Significant transactions discussed with management include the following:

- Allocation of expenses from the each homeport
- Joint venture accounting and related disclosures
- Adoption of GASB 68 relating to pensions

Summary Financial Information

Assets	2017	2016
Current Assets	\$113,338	\$ 119,740
Net Capital Assets	152,228	80,532
Other Assets	3,025	3,447
Total assets	\$268,591	\$203,719
Deferred outflows of resources	\$481	\$ - -

Summary Financial Information

Liabilities/Net Position	2017	2016
Current Liabilities	\$41,553	\$58,927
Non-Current Liabilities	19,642	13,655
Total liabilities	\$61,195	\$72,582
Net Investment in Capital Assets	\$152,228	\$80,532
Unrestricted	55,300	50,605
Total net position	\$207,528	\$131,137
Deferred inflows of resources	\$349	\$ - -

Summary Financial Information

Income Statement	2017	2016
Operating Revenues	\$194,985	\$195,170
Operating Expenses	83,715	79,732
Depreciation	2,180	532
Operating income	\$109,090	114,906
Non-Operating Income, Net	437	8,262
Capital Grant Contributions	324	7,969
Increase in net position	\$109,851	\$ 131,137

Summary Financial Information

Cash Flows	2017	2016
Net cash provided by operating	\$102,545	\$ 117,007
Net cash used in non-capital financing	(113,320)	(28,322)
Net cash (used in) provided by capital and related financing	(834)	1,700
Net cash used in investing	(3,075)	(68,567)
Net (decrease) increase in cash	(14,684)	21,818
Beginning Cash Balance	21,818	-
Ending cash balance	\$7,134	\$ 21,818

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">• 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">• 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 or uncorrected misstatements.

New GASB Pronouncements Effective in Future Years

- Effective in 2018
 - 85: Omnibus; addresses various practice issues
 - Money market investments may be measured at amortized cost
- Effective in 2019
 - 84: Fiduciary activities – Recognition of component units for fiduciary activities that meet the criteria
- 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

Next Steps

- The State Auditors will review our audit workpapers as part of their annual single audit