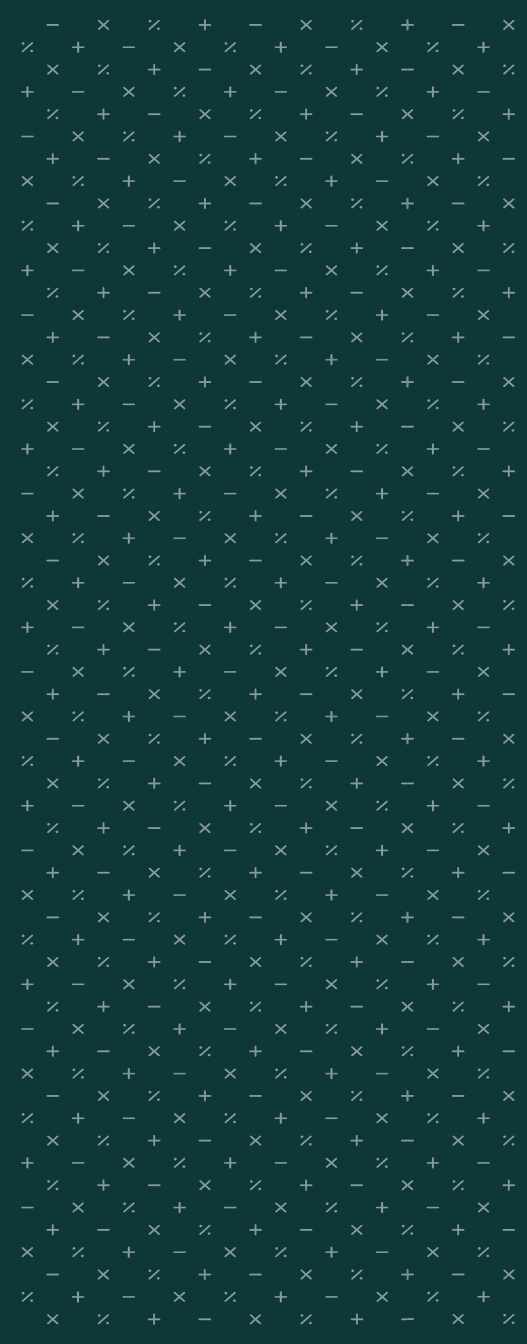




Port of Seattle

2017 Engagement Service Plan

September 12, 2017







Agenda

- Moss Adams Service Team Leaders
- Services to be Provided
- Responsibilities (Auditor / Management)
- Phases and Timing of the Audit
- Our Audit Approach
- Areas of Audit Emphasis
- Auditing and Accounting Standards Update






Your 2017 Audit Service Team Leaders

Team Member	Responsibilities
 <p data-bbox="435 413 780 505">Olga A. Darlington, Partner</p>	<p data-bbox="804 407 2201 498">Olga will serve as your lead client service partner, performing engagement review and overseeing all projects we perform for the Port.</p>
 <p data-bbox="435 649 780 740">Tammy Erickson, Partner</p>	<p data-bbox="804 639 2149 731">Tammy will serve as the second reviewer of our reports, serving in the QC role, and will consult on technical issues or key elements of the audits, as needed.</p>
 <p data-bbox="435 887 780 978">Tyler Reparuk, Manager</p>	<p data-bbox="804 877 2180 969">Tyler will oversee the engagement team for all services provided to the Port, and will review testing performed during the audits.</p>
 <p data-bbox="435 1122 780 1213">Lisa Dion, Manager</p>	<p data-bbox="804 1119 2061 1197">Lisa will supervise our staff in the field, and manage each of the audits we perform.</p>



Your 2017 Audit Service Team Leaders

Team Member	Responsibilities
 <p data-bbox="495 391 780 532">Kimberly Koch, IT Consulting Partner</p>	<p data-bbox="811 408 2149 498">Kim will lead our audit procedures covering the Port's Information Technology (IT) systems, including general computer controls.</p>
 <p data-bbox="464 624 780 766">Kevin Villanueva, IT Consulting Director</p>	<p data-bbox="811 637 2189 771">A Qualified Security Assessor, Kevin will serve as an additional reviewer of our IT procedures and will oversee testing procedures related to IT security and related issues.</p>
 <p data-bbox="495 861 780 1002">Maribelle Clear, IT Consulting Manager</p>	<p data-bbox="811 874 2172 964">Maribelle will supervise staff and perform audit procedures related to the Port's IT systems, including general computing controls testing.</p>



Your 2017 Audit Service Team

- The following individuals will also serve on the Port of Seattle Engagement Team:
 - Anna Waldren, Senior
 - Krista Gregory, Experienced Staff
 - Will Van Curen, Experienced Staff
 - Savannah Stell, Experienced Staff
 - Fiona Deng, Branch Richards & Co; Subcontractor, Experienced Staff



Summary of Our Services

- Audit and report on financial statements for both the Enterprise Fund and the Warehousemen's Pension Trust Fund to be included in the Port's Comprehensive Annual Financial Report;
- Audit and report on internal control and compliance over financial reporting in accordance *with Government Auditing Standards*
 - Issue a management letter of recommendations and observations, as necessary;
- Audit and report on compliance related to the Airport Improvement Program (AIP) and other Major Federal Award Program(s), the Schedule of Expenditures of Federal Awards and related internal controls in accordance with the Uniform Grant Guidance;
- Audit and report on the schedule of Passenger Facility Charge (PFC) program receipts and expenditures, and related internal controls;
- Audit and report on the schedule of net revenues available for revenue bond debt service;
- Agreed Upon Procedures and report to State of Washington Department of Ecology relating to Terminal 91 Facility;



Management's Responsibilities



Prepare Accurate FS



Internal Controls



Compliance



Report Fraud



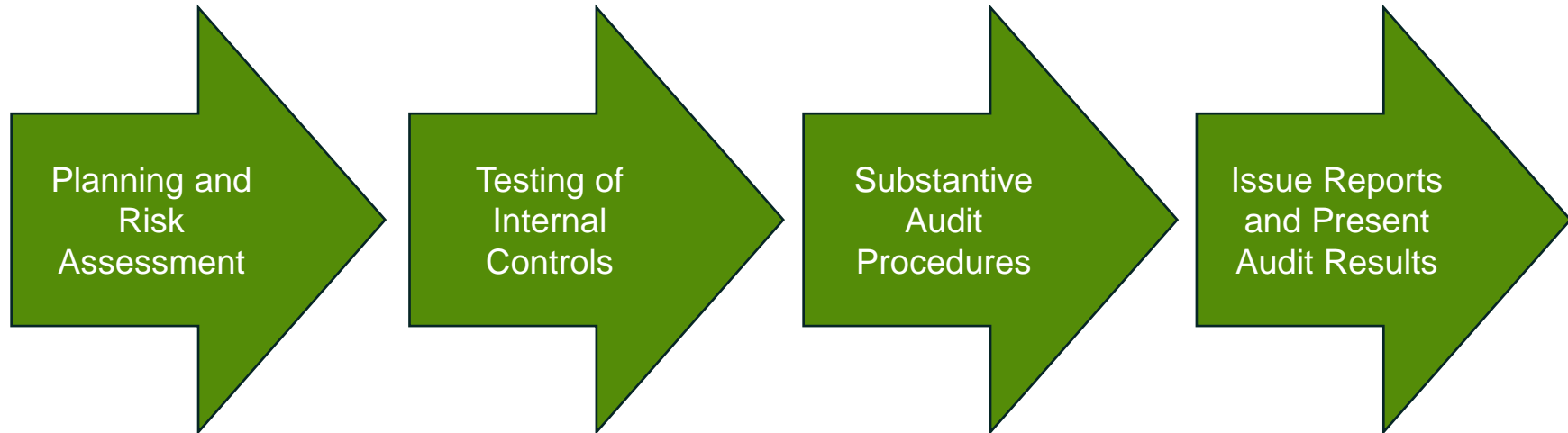
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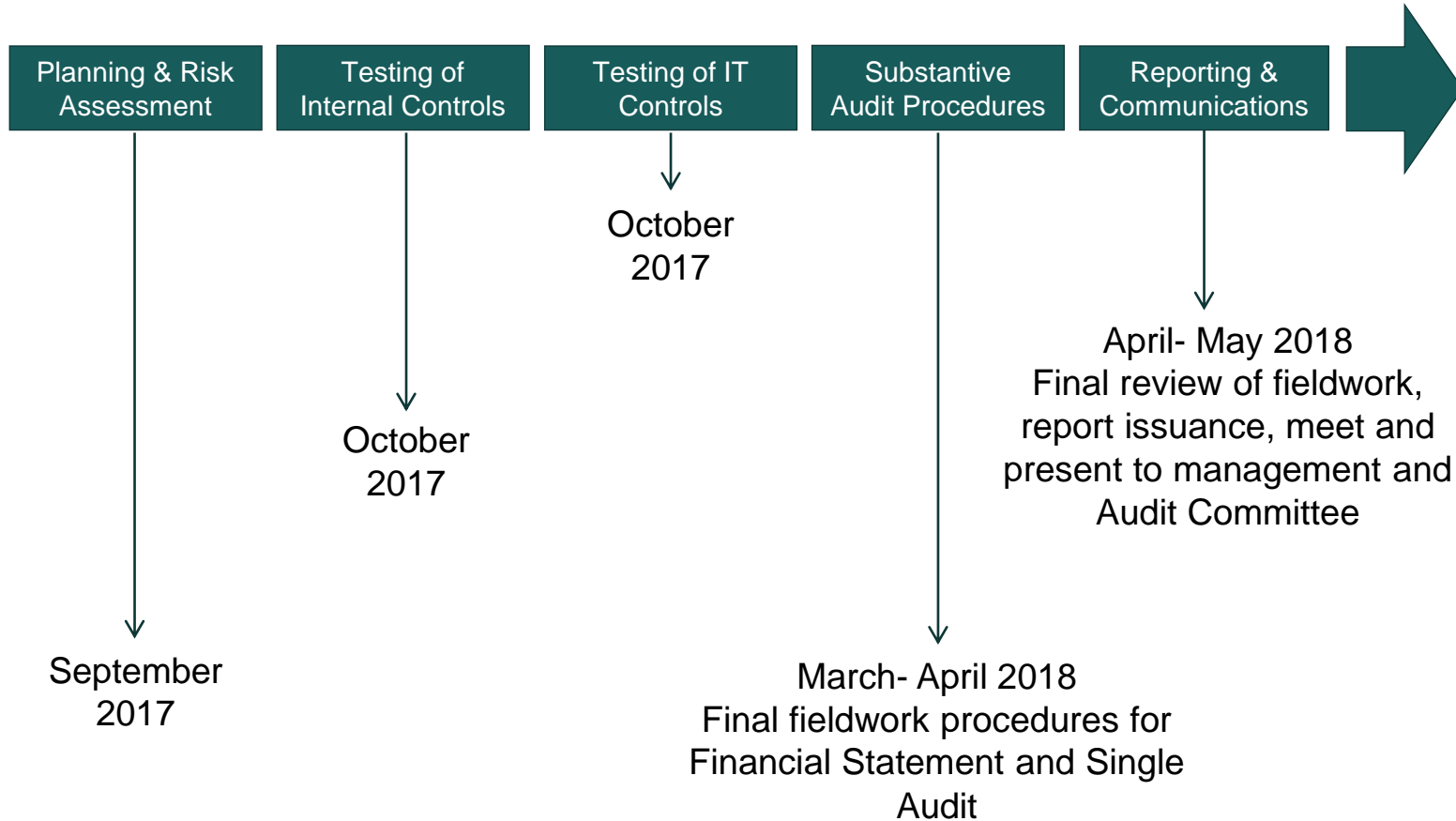
Representation Letter



Phases of the Audit



Audit Timeline



Planning and Risk Assessment

- Audit risk involves the risk of material misstatement in the financial statements:
 - Inherent risk, control risk and detection risk;
- Audit is designed to provide reasonable:
 - Not absolute – assurance that the financial statements are free of material misstatements;
- Audit scope and approach is determined based upon results of risk assessment;



Evaluation of Internal Controls

- Evaluate components of internal controls
- Top-down approach
- Significant Accounts and Processes considered
 - Billings and accounts receivable, leases, capital assets and projects, procurement, cash disbursements, payroll, debt, treasury, environmental remediation liability and contingencies, other revenues, financial close and reporting
- IT Controls
 - Application controls
 - General computing controls
- Administration of federal awards (Single Audit)
 - Includes tests of compliance



Substantive Audit Procedures

- Tests of Details
 - Directed testing and audit sampling
 - Random and judgmental sampling methods are used
 - Compliance with requirements of the major federal awards and the Passenger Facility Charge program
- Analytical Procedures
 - Comparison of current and prior year results, and actual to budgeted amounts
 - Analysis of detailed changes within certain accounts such as capital assets, long term debt and investments
 - Predictive analytics for income statement accounts, based upon history, data independent of accounting department, and industry expectations
 - Holistic review of overall financial statements



Areas of Audit Emphasis

Internal Control Cycles	Management Estimates	Bond Accounts
Accounting for Leases	Revenue Recognition	Capital Assets
Net Position Classification	Pension Liability	Environmental Remediation Liability
Other Postemployment Benefits	Northwest Seaport Alliance – Joint Venture	Uniform Grant Guidance (Single Audit)



Accounting Pronouncements (GASB)

- **GASB 74** - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*– (effective Fiscal Year 2017) and **GASB 75** - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*– (effective for 2018): Addresses accounting and financial reporting issues related to other postemployment benefit plans. We will work with management to plan for the implementation of these standards.
- **GASB 82** – *Pension Issues –amendment of GASB Statements No. 67, No. 68, and No. 73 (effective in 2018)*: Addresses accounting and financial reporting clarifications related to issues identified in statements Nos. 67, 68, and 73. We will work with management to plan for the implementation of this standard.
- **GASB 83** – *Certain Asset Retirement Obligations (effective in 2019)*: Addresses accounting and financial reporting for certain asset retirement obligations. We will work with management to plan for the implementation of this standard.



Accounting Pronouncements (GASB)

- ***GASB 84 – Fiduciary Activities (effective in 2019)***: Addresses the improvement of guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. We will work with management to plan for the implementation of this standard.
- ***GASB 85 – Omnibus 2017 (effective in 2018)***: Addresses practice issues that have been identified during implementation and application of certain GASB Statements. We will work with management to plan for the implementation of this standard.
- ***GASB 87 – Leases (effective 2020)***: Addresses the accounting change for the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the underlying contract. We will work with management to plan for the implementation of this standard.





Questions?

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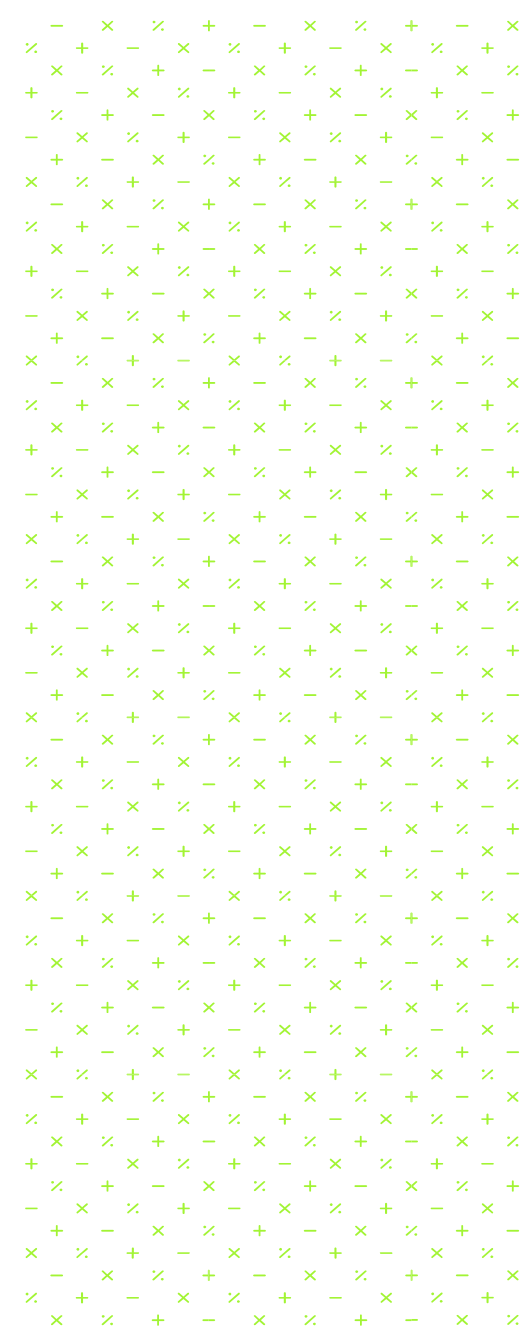
Tyler Reparuk, tyler.reparuk@mossadams.com 206.302.6431

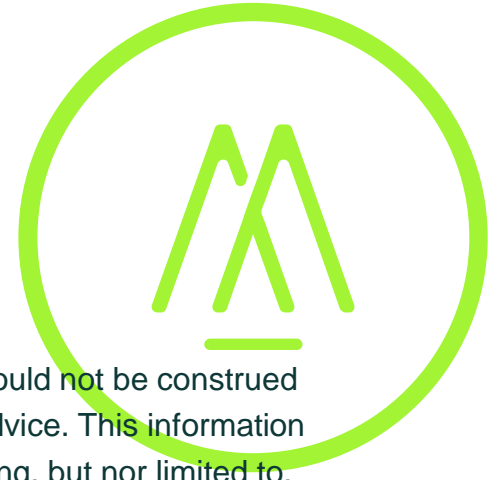
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THANK
YOU

