



Port of Seattle

2018 Engagement Service Plan

December 7, 2018







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="483 420 866 521">Olga A. Darlington, Partner</p>	<p data-bbox="899 420 2168 581">Olga will serve as the lead client service partner, overseeing all projects we perform for the Port, and performing overall engagement review function.</p>
 <p data-bbox="514 669 866 770">Tammy Erickson, Partner</p>	<p data-bbox="899 669 2132 830">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="542 917 866 1018">Tyler Reparuk, Senior Manager</p>	<p data-bbox="899 917 2168 1079">Tyler will oversee the engagement team for all services provided to the Port, and will review testing performed by our team during the audits.</p>
 <p data-bbox="542 1166 866 1267">Lisa Dion, Senior Manager</p>	<p data-bbox="899 1166 2191 1267">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="495 391 811 548">Kimberly Koch, IT Consulting Partner</p>	<p data-bbox="842 417 2184 575">Kim will lead our audit procedures covering the Port's Information Technology (IT) systems, including general computer controls.</p>
 <p data-bbox="459 639 811 796">Kevin Villanueva, IT Consulting Director</p>	<p data-bbox="842 666 2191 823">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="537 888 811 1045">Maria Braun, IT Consulting Manager</p>	<p data-bbox="842 915 2191 1072">Maria will supervise staff and perform audit procedures related to the Port's IT systems, including general computing controls testing.</p>



Your 2018 Audit Service Team

- The following individuals will also serve on the Port of Seattle Engagement Team:
 - ❖ Anna Waldren, Senior
 - ❖ Cassie Johnson, Senior
 - ❖ Jade Carson, Experienced Staff
 - ❖ Connor McCaule, 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*;
- Audit and report on compliance related to 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;



Our Responsibilities



Audit – GAAS & GAGAS



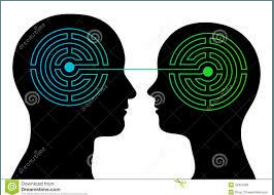
Read Other Information



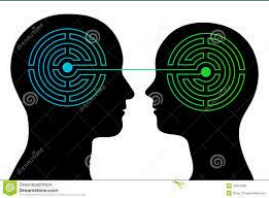
Report Non-Compliance (Single Audit)



Express Opinion / Issue Reports



Communicate – Audit Committee



Communicate – Management

Management's Responsibilities



Prepare Accurate FS



Internal Controls



Compliance



Report Fraud



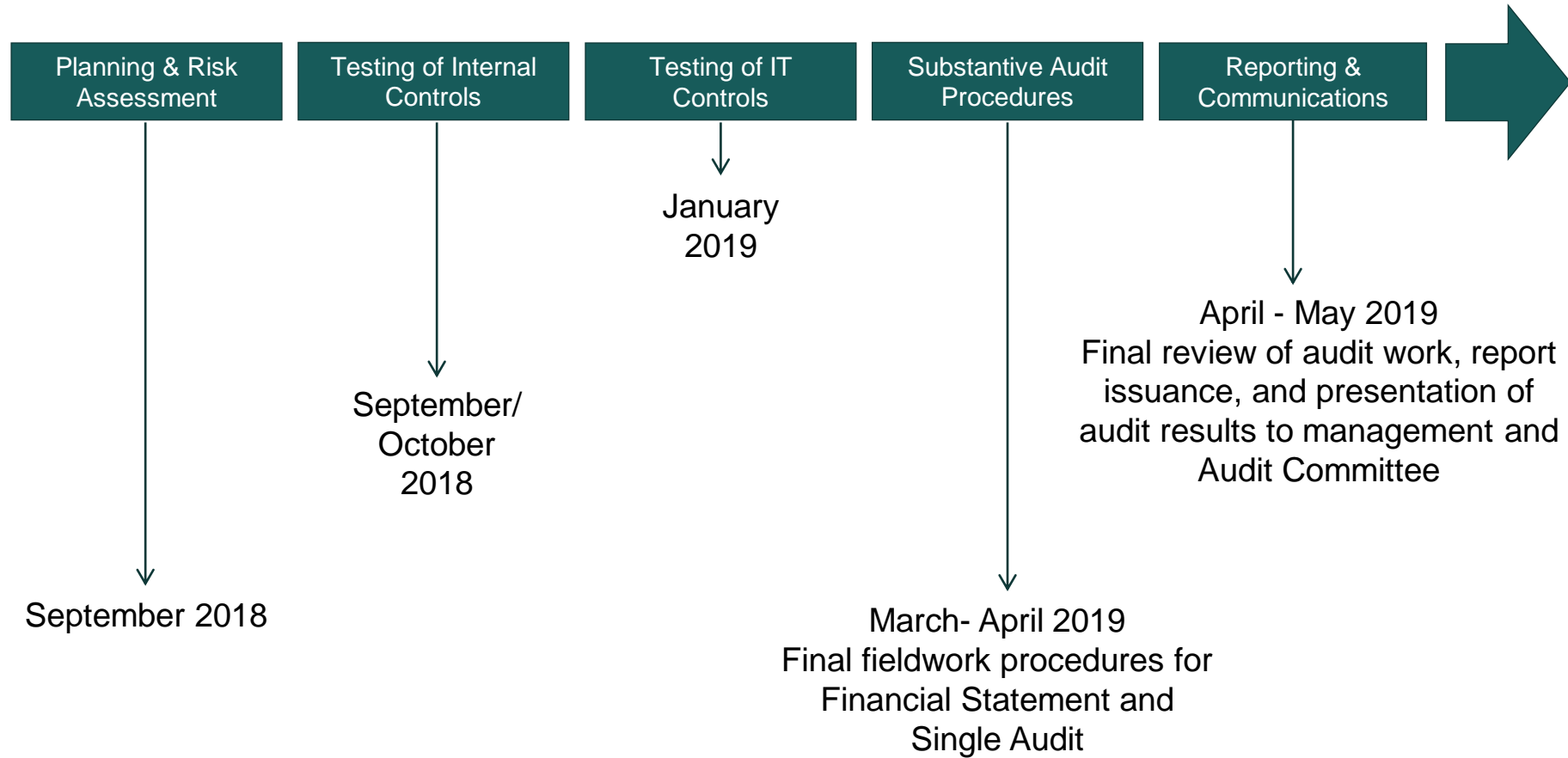
Make Available



Representation Letter



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
- Significant Accounts and Processes considered
 - ❖ IT Controls 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 Systems
 - ❖ 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 PFC 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 & OPEB Liabilities	Environmental Remediation Liability
Investments	Northwest Seaport Alliance – Joint Venture	Uniform Grant Guidance (Single Audit)



Accounting Pronouncements (GASB) – Effective for 2018 reporting

- **GASB 75** - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: Addresses accounting and financial reporting issues related to other postemployment benefit plans.
- **GASB 82** – *Pension Issues – amendment of GASB Statements No. 67, No. 68, and No. 73*: Addresses accounting and financial reporting clarifications related to issues identified in statements Nos. 67, 68, and 73.
- **GASB 85** – *Omnibus 2017*: 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. 86** - *Certain Debt Extinguishment Issues*: Improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt.



Accounting Pronouncements (GASB) – Effective for 2019 reporting

- **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.
- **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 88** - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (effective in 2019)*: Improves the information that is disclosed in notes to financial statements related to debt, including direct borrowings and direct placements.
- **GASB 90** - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61 (effective in 2019)*: Improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.



Accounting Pronouncements (GASB) – Effective for 2020 reporting

- ***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.
- ***GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period (effective in 2020)***: Establishes accounting requirements for interest cost incurred before the end of a construction period, and requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. We will work with management to plan for the implementation of this standard.





Questions?

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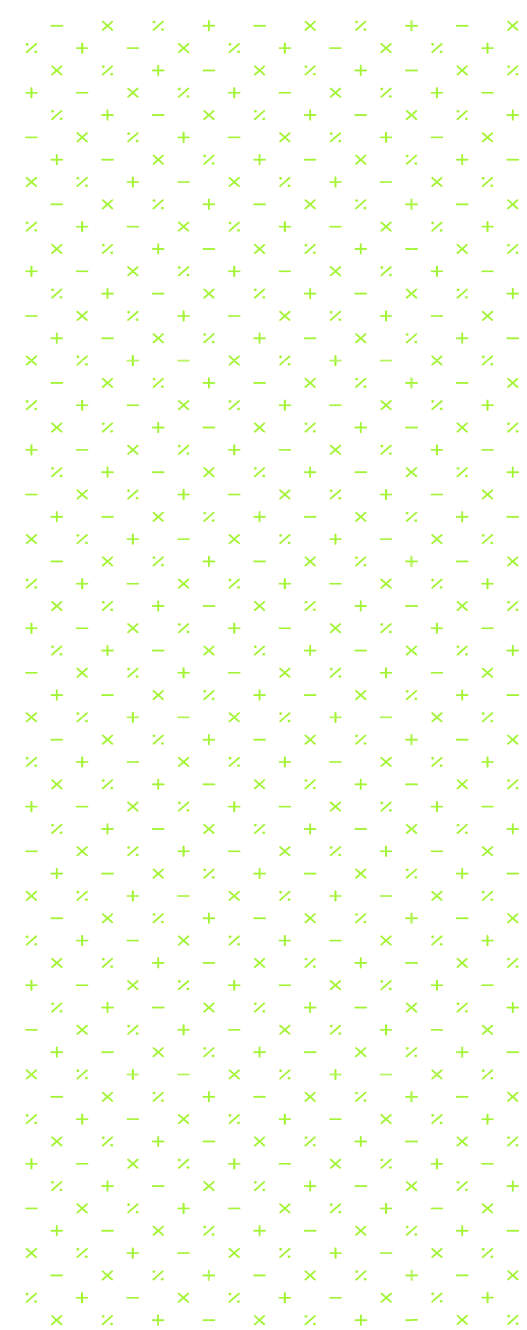
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