

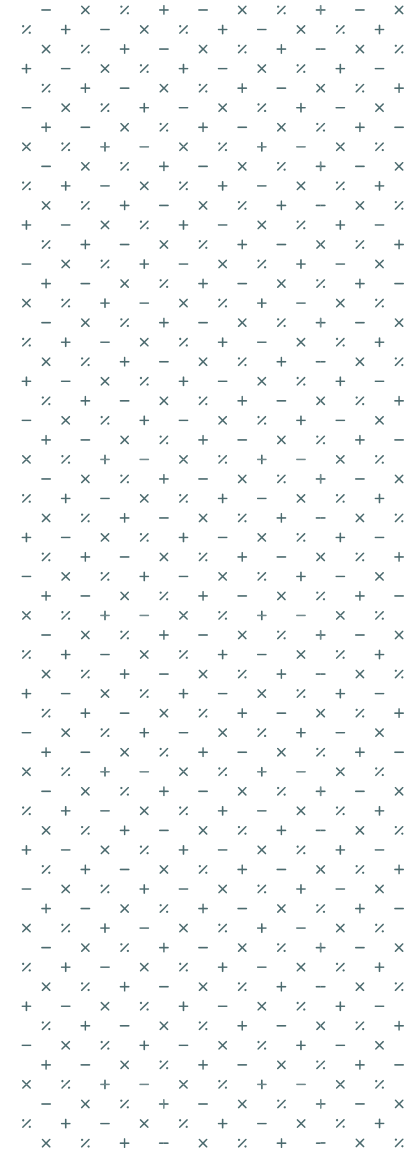


Port of Seattle

2020 Audit Entrance Presentation

December 10, 2020

Presented by: Olga A. Darlington, Partner
Anna Waldren, Manager







Agenda

- Moss Adams Service Team
- Services to be Provided & Deliverables
- Responsibilities (Auditor and Management)
- Audit Timeline
- Audit Process
- Areas of Audit Emphasis
- Relationship with Audit Committee



Your 2020 Service Team Leaders

Team Member	Responsibilities
 <p data-bbox="380 420 678 498">Olga A. Darlington, Partner</p>	<p data-bbox="705 420 1776 545">Olga will serve as the lead client service partner, overseeing all engagements we perform for the Port, and addressing any technical questions/issues and new standards implementation.</p>
 <p data-bbox="401 608 678 686">Tammy Erickson, Partner</p>	<p data-bbox="705 615 1835 693">Tammy will serve as the QC reviewer of our reports, and will consult on technical issues or key elements of the audits, as needed.</p>
 <p data-bbox="438 796 678 874">Anna Waldren, Manager</p>	<p data-bbox="705 796 1843 874">Anna will supervise our team in the field, and manage each of the audits we perform.</p>
Team Member	Responsibilities
 <p data-bbox="495 1056 678 1134">Max Jasper, Manager</p>	<p data-bbox="705 1056 1843 1134">Max will supervise our IT team and perform audit procedures related to the Port's IT systems, including general computing controls testing.</p>



Your 2020 Audit Service Team

The following individuals will also serve on the Port of Seattle engagement team

- **Caroline Mahalitic**, Senior
- **Connor McCauley**, Senior
- **Sam Dalin**, Experienced Staff
- **Fiona Deng**, Branch Richards & Co., SBE Subcontractor
- **Carmelle Marescot Palomino**, Marescot Palomino & Associates, SBE Subcontractor



Summary of Our Services and Deliverables

- Audit and report on financial statements for the Port's Enterprise Fund and Fiduciary Fund, comprised of the Warehousemen's Pension Trust Fund, included in the Port's Comprehensive Annual Financial Report;
- 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
- Agreed Upon Procedures and report to the Environmental Protection Agency relating to East Waterway SRI/FS



Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

1

To express our opinion on whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

2

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards* issued by the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement.

3

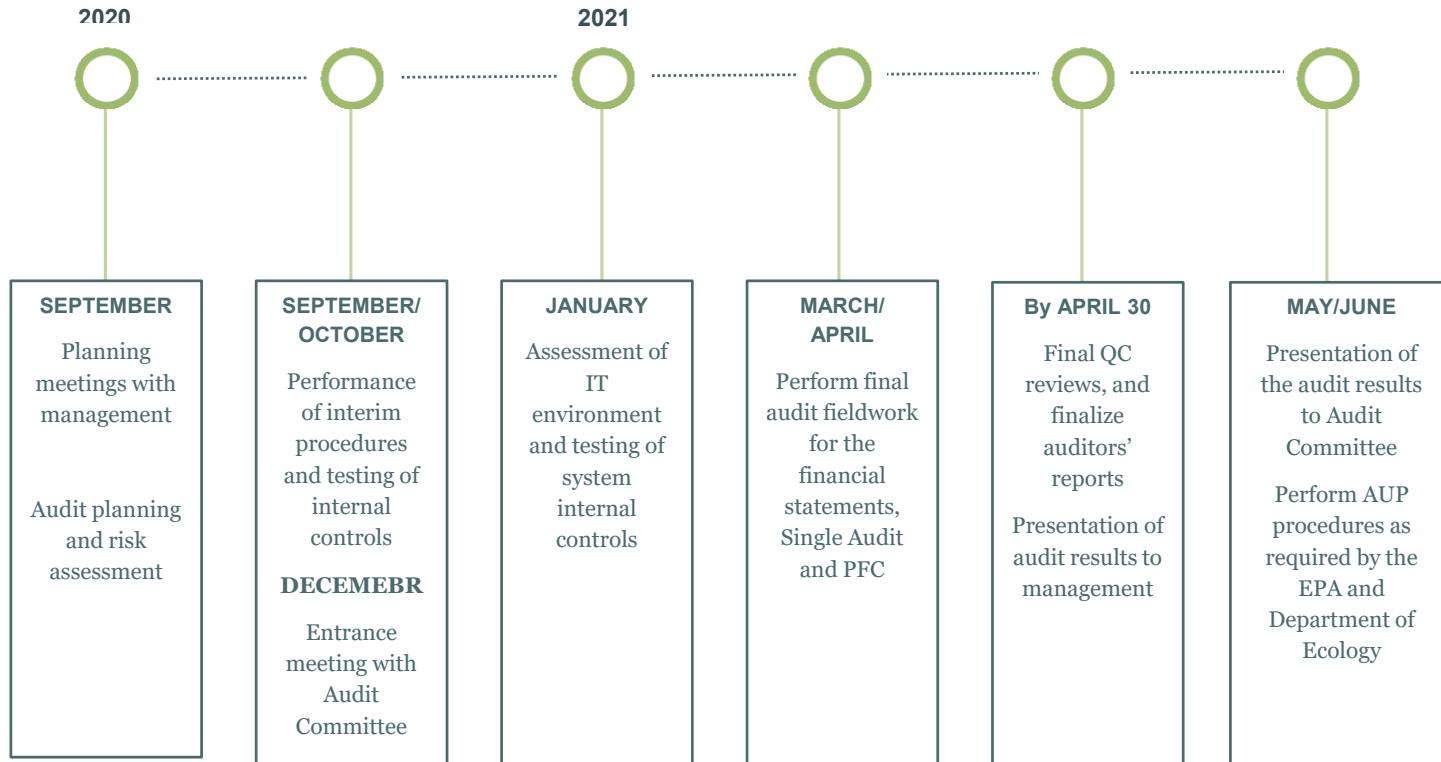
To consider internal control over financial reporting and internal control over compliance as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process and administering federal awards. However, **we** are not required to design procedures for the purpose of identifying other matters to communicate to you.



Audit Timeline



Audit Process - Planning and Risk Assessment

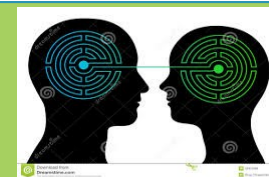
- **Audit risk involves the risk of material misstatement in the financial statements:**
 - Inherent risk, control risk and detection risk;
 - Consideration of fraud
- **Audit is designed to provide reasonable:**
 - Not absolute – assurance that the consolidated financial statements are free of material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



Risk Based Audit



Reasonable Assurance



Consideration of Fraud



Audit Process – Testing Procedures



Internal Controls

- IT General & Application Controls
- Revenue Cycle – Leases, Airlines revenues
- Disbursement Cycle
- Payroll Cycle
- Financial Close & Reporting
- Compliance with Federal Awards & PFC Audit Guide

Analytical Procedures

- Revenue and expenses
- Accruals
- Trends, comparisons, and expectations

Substantive Procedures

- Confirm account balances
- Vouch to supporting documentation
- Examine objective evidence
- Tests of details
- Representations from attorneys and management



Areas of Audit Emphasis

Internal Control Cycles	Management Estimates	Debt
Accounting for Leases	Revenue Recognition	Capital Assets
Net Position Classification	Pension & OPEB Liabilities	Environmental Remediation Liability
Investments	Northwest Seaport Alliance – Joint Venture	Grant Compliance Audit – CARES funds



Our Relationship with the Audit Committee

- The Committee serves as “Those Charged with Governance”
- Our primary responsibility is to report to the Committee
- We will:
 - Ask you to approve our audit plan
 - Communicate any material weaknesses in internal control or material irregularities as soon as they arise
 - Report on status throughout the audit
 - Provide an exit conference summarizing results of the audit
 - Be available to the Committee members at any time



Questions?

Team Contact Information

Olga A. Darlington, olga.darlington@mossadams.com (425) 551-5712

Tammy Erickson, tammy.erickson@mossadams.com (509) 777-0149

Anna Waldren, anna.Waldren@mossadams.com (206) 302-6282

Max Jasper, max.jasper@mossadams.com (253) 284-5274





The material appearing in this presentation is for informational purposes only and should not be construed as advice of any kind, including, without limitation, legal, accounting, or investment advice. This information is not intended to create, and receipt does not constitute, a legal relationship, including, but not limited to, an accountant-client relationship. Although this information may have been prepared by professionals, it should not be used as a substitute for professional services. If legal, accounting, investment, or other professional advice is required, the services of a professional should be sought. Assurance, tax, and consulting offered through Moss Adams LLP. Investment advisory offered through Moss Adams Wealth Advisors LLC. Investment banking offered through Moss Adams Capital LLC.

THANK
YOU