

Washington State Auditor's Office
Accountability Audit Report

Port of Olympia
Thurston County

Report Date
June 15, 2007

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September 14, 2007



Washington _____
State Auditor

Brian Sonntag



**Washington State Auditor
Brian Sonntag**

September 14, 2007

Board of Commissioners
Port of Olympia
Olympia, Washington

Report on Accountability

Please find attached our report on the Port of Olympia's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the Port's financial statements and compliance with federal laws and regulations. The results of that audit will be included in a separately issued audit report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Thurston County
June 15, 2007**

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Audit Summary

**Port of Olympia
Thurston County
June 15, 2007**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Port of Olympia.

We performed audit procedures to determine whether the Port complied with state laws and regulations and its own policies and procedures. We also examined Port management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from January 1, 2006, through December 31, 2006.

RESULTS

In most areas, the Port complied with state laws and regulations and its own policies and procedures in the areas we examined. We noted certain issues which were communicated to management.

RELATED REPORTS

Our opinion on the Port's financial statements and compliance with federal program requirements is provided in a separate report, which includes the Port's financial statements. That report includes a federal finding regarding a suspension and debarment compliance violation for the Port's Federal Aviation Administration Airport Improvement Grant.

CLOSING REMARKS

We thank Port officials and personnel for their assistance and cooperation during the audit.

Description of the Port

Port of Olympia Thurston County June 15, 2007

ABOUT THE PORT

The Port of Olympia was created in 1922 by a vote of the citizens of Thurston County. The Port operates four primary industries: a marine terminal, an airport, a marina and Boatworks, and property leasing and rental. It owns and operates waterfront facilities on approximately 200 acres of southern Puget Sound. Waterfront services include deep water shipping terminals, a 23-acre cargo yard, 25 acres that are available for commercial development, public access areas and a full-service recreational marina for 738 boats. The Boatworks contains a 200 foot concrete work dock with utilities for in-water boat repairs and maintenance and a separate dock for haul-outs. The Port also operates the Olympia Airport, a 600-acre, fully instrumented general aviation facility. Adjoining the airport is the 800-acre New Market Industrial Park.

In 1981, the Port formed the Port of Olympia Economic Development Corporation (EDC) to assist in facilitating local economic development. The EDC is a component unit of the Port and its financial activities are blended in the Port's financial statements

A three-member Board of Commissioners, elected by the public, governs the Port. The appointed Executive Director and seven departmental and business directors are responsible for the day-to-day operations and management of the Port activities. In 2006, the Port employed a staff of approximately 53 and operated on a general budget of approximately \$10 million.

AUDIT HISTORY

We audit the Port annually. The Port had one federal audit finding in 2002 regarding its Federal Aviation Administration (FAA) Airport Improvement Grant. The Port has been free of findings in the past three audits. However, the current audit noted one finding for the Port's noncompliance with suspension and debarment requirements over its FAA Airport Improvement Grant.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Steven Pottle (resigned November 2006)
Paul Telford
Robert VanSchoorl
William McGregor (effective November 2006)

APPOINTED OFFICIALS

Executive Director
Finance Director

Ed Galligan
Steve Davis

ADDRESS

Port

915 Washington Street N.E.
Olympia, WA 98501-6964
(360) 528-8040

Audit Areas Examined

Port of Olympia Thurston County June 15, 2007

In keeping with general auditing practices, we do not examine every portion of the Port of Olympia's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the Port were examined during this audit period:

ACCOUNTABILITY

We evaluated the Port's accountability and compliance with laws, regulations, contracts and grant agreements in the following areas:

- Cash receipting (Boatworks)
- Payroll
- Lease agreements
- General disbursements
- Constituent referral (bond covenants)
- Conflict of interest
- Insurance and bonding
- Competitive bid law
- Open Public Meetings Act
- Small and attractive assets, such as laptop computers

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with federal program requirements, as applicable, for the Port's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report.

FINANCIAL AREAS

Our opinion on the Port's financial statements is provided in a separate report. That report includes the Port's financial statements and other required financial information. We examined the financial activity and balances of the Port including:

- Cash and cash equivalents
- Capital assets
- Revenues and receivables
- Expenses and liabilities
- Equity
- Subsequent events
- Going concern
- Review of financial statements and notes



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

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