

Washington State Auditor's Office
Accountability Audit Report

Port of Olympia
Thurston County

Report Date
May 17, 2006

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Washington _____
State Auditor

Brian Sonntag



**Washington State Auditor
Brian Sonntag**

June 16, 2006

Board of Commissioners
Port of Olympia
Olympia, Washington

Report on Accountability for Public Resources

Please find attached our report on the Port of Olympia's accountability for public resources 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
May 17, 2006**

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Audit Summary

**Port of Olympia
Thurston County
May 17, 2006**

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, 2005, through December 31, 2005.

RESULTS

The Port complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

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.

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 May 17, 2006

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 delegated the responsibility to manage and operate the day-to-day activities of the Port. In 2005, the Port employed a staff of approximately 42 and operated on a general budget of \$10.7 million that included environmental contamination budgeted costs of \$494,000 for the cleanup of the McFarland Cascade Pole site and capital projects budget of \$2.3 million.

AUDIT HISTORY

We audit the Port annually. With the exception of a federal compliance finding in 2002, the Port has been free of audit findings for the past five years. We believe that this reflects the Port's commitment to maintaining a strong financial system.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

President

Vice-President

Treasurer

Steven C. Pottle

Paul Telford

Robert A. VanSchoorl

APPOINTED OFFICIALS

Executive Director

Director of Finance and Port Auditor

Ed B. Galligan

Steven M. Davis

ADDRESS

Port

915 Washington Street Northeast
Olympia, WA 98501-6964
(360) 528-8040

Audit Areas Examined

Port of Olympia Thurston County May 17, 2006

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 FOR PUBLIC RESOURCES

We evaluated the Port's accountability in the following areas:

- Payroll
- Cash disbursements
- Safeguarding of assets
- Cash receipting and revenues (marine terminal and Swantown marina)

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Ethics/conflict of interest laws
- Open Public Meetings Act
- Lease agreements
- Promotional hosting

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 investments
- Revenues
- Expenditures
- Long-term debt
- Overall presentation of the financial statements