



**Office of the Washington State Auditor**  
**Pat McCarthy**

**Accountability Audit Report**  
**Port of Edmonds**

**For the period January 1, 2016 through December 31, 2017**

**Published December 31, 2018**

**Report No. 1022914**





**Office of the Washington State Auditor  
Pat McCarthy**

December 31, 2018

Board of Commissioners  
Port of Edmonds  
Edmonds, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Port operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our independent audit report on the Port's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

## TABLE OF CONTENTS

Audit Results.....	4
Related Reports.....	5
Information about the Port.....	6
About the State Auditor's Office.....	7

## AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Port operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

### About the audit

This report contains the results of our independent accountability audit of the Port of Edmonds from January 1, 2016 through December 31, 2017.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the Port's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the years ended December 31, 2017 and 2016, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Payroll – employee and commissioner compensation
- Safeguarding and monitoring of theft sensitive assets
- Procurement – small public works projects
- Selected IT security policies, procedures, practices, and controls protecting financial systems, IT systems, and data
- Financial condition and fiscal sustainability of District operations
- Open public meeting minutes

## RELATED REPORTS

### **Financial**

Our opinion on the Port's financial statements is provided in a separate report, which includes the Port's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

## INFORMATION ABOUT THE PORT

The Port of Edmonds, located in Snohomish County, operates a marina on Puget Sound for recreational boating. The marina consists of an in-water facility with approximately 660 slips, a dry stack storage facility with approximately 230 spaces, two public boat launches, a travelift, a boatyard, a fuel dock, guest moorage, and parking facilities. In addition to the Port's marina operations, the Port rents its land to commercial users who then build suitable facilities on the land. The Port also owns and manages eight buildings, renting portions of those buildings to approximately 60 tenants. Major tenants include a hotel, an athletic club, three restaurants, a yacht broker/repair facility, and a yacht club. The Port serves over 18,000 citizens.

An elected, five-member Board of Commissioners governs the Port. Board Members serve staggered, four-year terms. The Board appoints an Executive Director to oversee the Port's daily operations as well as its approximately 30 employees. The Port is supported primarily through user fees. For 2016 and 2017, the Port operated on an annual expense budget of \$6,925,000 and \$6,908,000 respectively.

<b>Contact information related to this report</b>	
Address:	Port of Edmonds 336 Admiral Way Edmonds, WA 98020
Contact:	Tina Drennan, Finance Manager
Telephone:	425-774-0549
Website:	<a href="http://www.portofedmonds.org">www.portofedmonds.org</a>

*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the Port of Edmonds at <http://portal.sao.wa.gov/ReportSearch>.

## 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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

Our 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. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(360) 902-0370
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>