



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Port of Anacortes

For the period January 1, 2018 through December 31, 2018

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

May 16, 2019

Board of Commissioners
Port of Anacortes
Anacortes, 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

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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 Anacortes from January 1, 2018 through December 31, 2018.

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 year ended December 31, 2018, 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 – timesheet approval, pay rate increases, and leave accruals
- Marina – revenues for moorage and other services, cash receipting, and revenue adjustments
- Credit cards – approvals for purchases, validity of purchases, and documentation for public purpose
- Self-insurance for health and welfare, and unemployment

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 Anacortes is a municipal corporation of the State of Washington, created in 1926 to provide for the development and maintenance of harbors and terminals, promote tourism, and foster economic activity in its district. With one of eight natural deep water marine terminal facilities in Puget Sound, its 1,000+ slip marina, and its roughly 80 acres of commercial properties, the Port is instrumental to the success and economic development of the community. The Port is independent from other local or state governments and has geographic boundaries consisting of Fidalgo, Guemes, Cypress, Sinclair, and other neighboring islands, and a small strip of land bordering Padilla Bay up to and including Samish Island.

The Port serves approximately 22,000 citizens and is governed by an elected, five-member Board of Commissioners. The Board appoints an Executive Director to oversee the Port's daily operations as well as approximately 60 to 70 full-time, part-time, and seasonal employees. The Port operated on expenditures of \$15.6 million in fiscal year 2018. The Port also administers the Port of Anacortes Industrial Development Corporation, which was created to issue tax-exempt, non-recourse bonds to finance industrial development within Port boundaries. The corporation is governed by the Port Commissioners.

Contact information related to this report

Address:	Port of Anacortes 100 Commercial Avenue Anacortes, WA 98221-0297
Contact:	Jill Brownfield, Director of Finance and Administration
Telephone:	(360) 299-1807
Website:	www.portofanacortes.com

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Port of Anacortes 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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov