



CliftonLarsonAllen

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VIRGINIA PORT AUTHORITY

Audit Results for the Year Ended June 30, 2014

November 17, 2014



Agenda

- 2014 Audit Results
 - Governance Communication
 - 2014 Audit Focus Areas
 - Financial Recap
 - Responsibilities
 - Required Communications
 - Emerging Industry Issues
- Questions

2014 Audit Results

Governance Communication

- Unmodified Opinion on the financial statements
- Auditor's responsibility
 - Audit performed in accordance with Generally Accepted Auditing Standards (GAAS)
- Accounting policies
 - GASB Statement No. 65 adopted in fiscal 2014
- Significant estimates
 - Allowance for uncollectible receivables
 - Useful lives of capital assets
 - Liability for postemployment benefits
 - Compensated absences
- No significant corrected or uncorrected misstatements
- No disagreements with management or difficulties encountered

2014 Audit Results

Audit Focus Areas

- GASB 65 implementation
- Cash and Investments
- Revenue recognition, including related receivables
- Debt management, compliance and issuance costs
- Grant compliance
- Payroll expenses and related accruals
- Significant estimates

2014 Audit Results

Financial Recap

- Net position of the Authority has decreased by \$18m from 2013 to 2014 but assets still exceed liabilities
- Consistent with prior years, the operating loss is supplemented by non-operating revenues and capital contributions
- Operating Revenues decreased \$15.1m as a result of reduced operating transfers from VIT
- Reclassification of Bond issuance costs and interest expense in accordance with GASB 65.

2014 Audit Results

Grant Compliance

- Major Program Tested
 - America's Highways
- Communicating Internal Control Related Matters Identified in an Audit
 - Defines deficiency, significant deficiency, and material weakness.
 - No material weaknesses noted identified
 - No “other matters”

Responsibilities in a Financial Statement Audit

- Those Charged with Governance
 - Oversight of the audit process
- Management
 - Preparation of financial statements
 - Selection of accounting policies
 - Design and implementation of internal controls over financial reporting
- Auditors
 - Perform an audit in accordance with GAAS
 - Issue auditor's opinion

Responsibilities under GAAS

- We are responsible for:
 - Expressing an opinion on whether financial statements are presented fairly in conformity with U.S. Generally Accepted Accounting Principles in all material respects.
 - Expressing an opinion only over the financial statements identified in our report. Other information included in your financial statement package (management’s discussion and analysis) was read/reviewed, but not subject to audit testing.
 - Performing audit in accordance with required auditing standards.
 - Communication of significant matters related to the audit, including information required by law/regulations.

Responsibilities under GAAS (continued)

An audit in accordance with GAAS:

- Does not relieve management of its responsibilities to prepare the financial statements in accordance with generally accepted accounting principles (GAAP)
- Includes consideration of internal control as basis for audit procedures, but not to opine on effectiveness of internal controls. Management is responsible for designing and implementing internal controls over financial reporting and compliance.
- Does not guarantee that internal controls will continue to function in the future.

New Accounting Standards

- **June 30, 2015**

- Statement 68 – Pensions-Employers

- ◇ A government participating in a cost-sharing plan would report a liability in its own financial statements that is equivalent to its proportionate share of the net pension liability of all the employers in the cost-sharing plan

- **June 30, 2015**

- Statement 71 –Employers

- ◇ Provided clarification of Statement 68 for contributions made after the measurement date.

Questions and Discussion

We welcome any questions pertaining to the audit, matters of communication letters, or other matters related to the engagement.

We appreciate the opportunity to serve as the auditors for the Virginia Port Authority and welcome any feedback relative to our performance.

Thank you!



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