



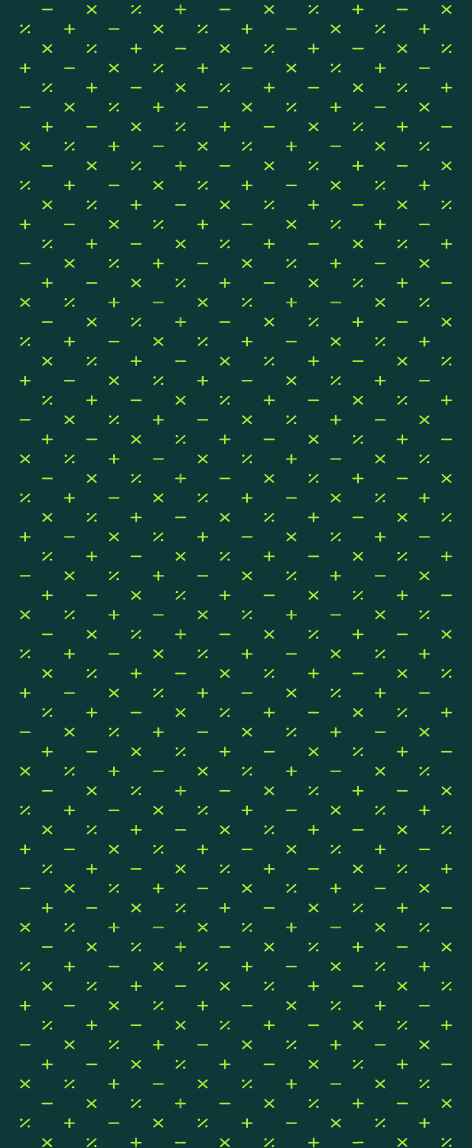
MOSSADAMS

Port of Los Angeles

2022 AUDIT PLANNING

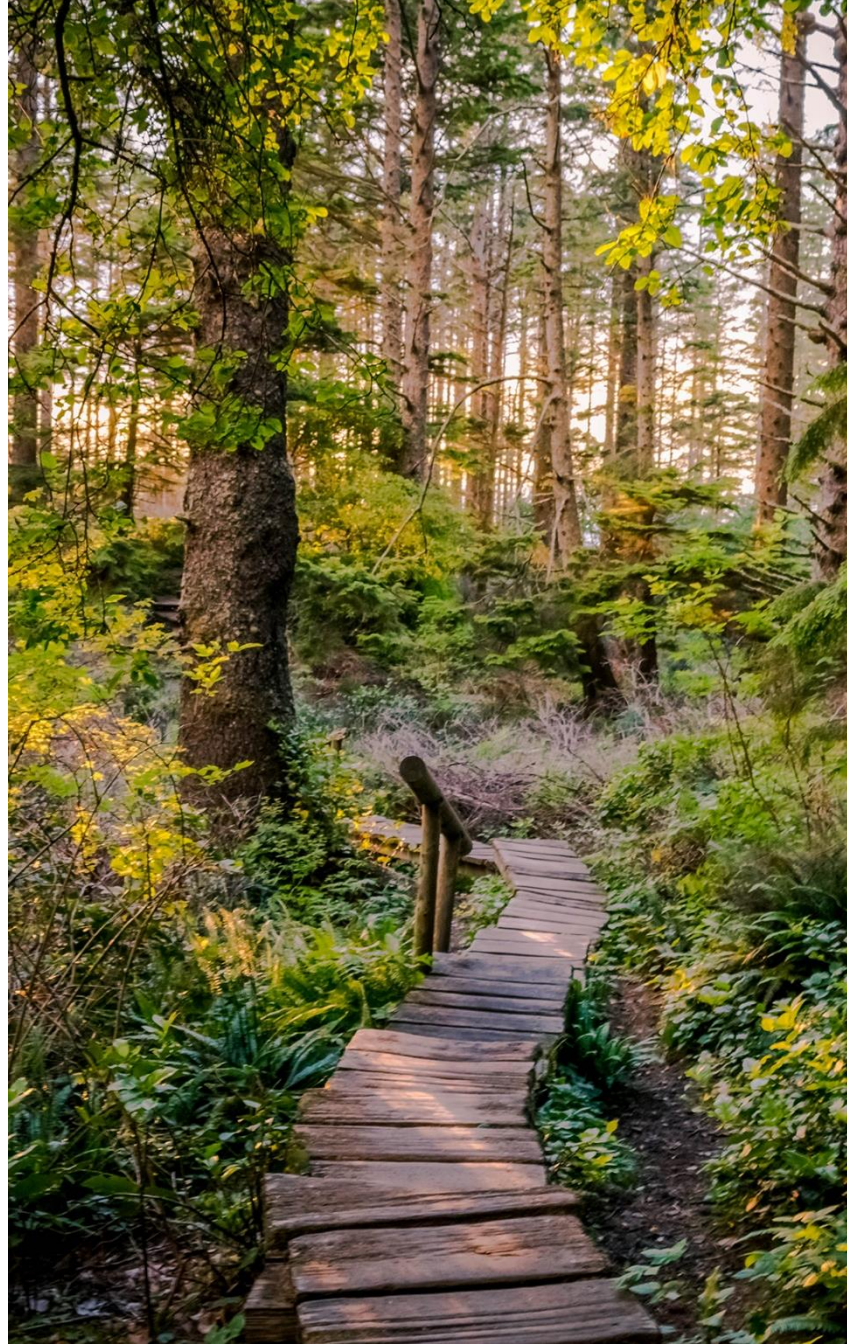
October 6, 2022

Discussion with Management
and the Audit Committee



Agenda

1. Your Service Team
2. Scope of Services
3. Auditor's Responsibility in a Financial Statement Audit
4. Areas of Audit Emphasis and Significant Risks Identified
5. Consideration of Fraud
6. Audit Timeline
7. Recent Accounting Developments
8. Questions



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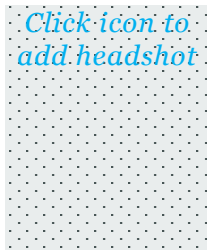
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Scope of Services

Relationships between Moss Adams and Port of Los Angeles:

Annual Audit



- Annual financial statement audit for the year ended June 30, 2022
- Annual report on internal control in accordance with *Government Auditing Standards*
- Single Audit over federal award expenditures
- Annual financial statement audit for Los Angeles Harbor Improvement Corporation for the year ended June 30, 2022

Limited Procedures



- Management's discussion and analysis
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Pension Contributions
- Schedule of Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability
- Schedule of OPEB Contributions



Auditor's Responsibilities in a Financial Statement Audit

- Auditor is responsible for:
 - forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in conformity with applicable financial reporting framework
 - communicating significant matters, as defined by professional standards, arising during the audit that are relevant to you
 - when applicable, communicating particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement
- The audit of the financial statements doesn't relieve management or you of your responsibilities.
- The auditor is not responsible for designing procedures for the purpose of identifying other matters to communicate to you.



Areas of Audit Emphasis and Significant Risks Identified

During the planning of the audit, we identified the following significant risks:

Risk Areas	Procedures
Internal Control Environment	Cash receipts/receivables, cash disbursements/payables, payroll, construction in progress/project management, and expenditures of federal grants
Capital Assets	Consideration of capitalization policies and potential impairment, testing of CIP additions, asset retirements, overhead application, and depreciation
Revenue Recognition	Shipping, wharfage, and rental revenues
Management Estimates	Legal contingencies, depreciation, allowance for doubtful accounts, pension, and OPEB actuarial valuations for calculation of liabilities



Areas of Audit Emphasis and Significant Risks Identified *(continued)*




During the planning of the audit we have identified the following significant risks:

Significant Risks	Procedures
Uniform Grant Guidance (Single Audit)	Testing control, procedures and expenditures of federal awards in accordance with grant guidelines and Uniform Grant Guidance
GASB 87 - Leases	Test the Ports implantation of lease accounting and retrospective financial statement presentation



Consideration of Fraud in a Financial Statement Audit

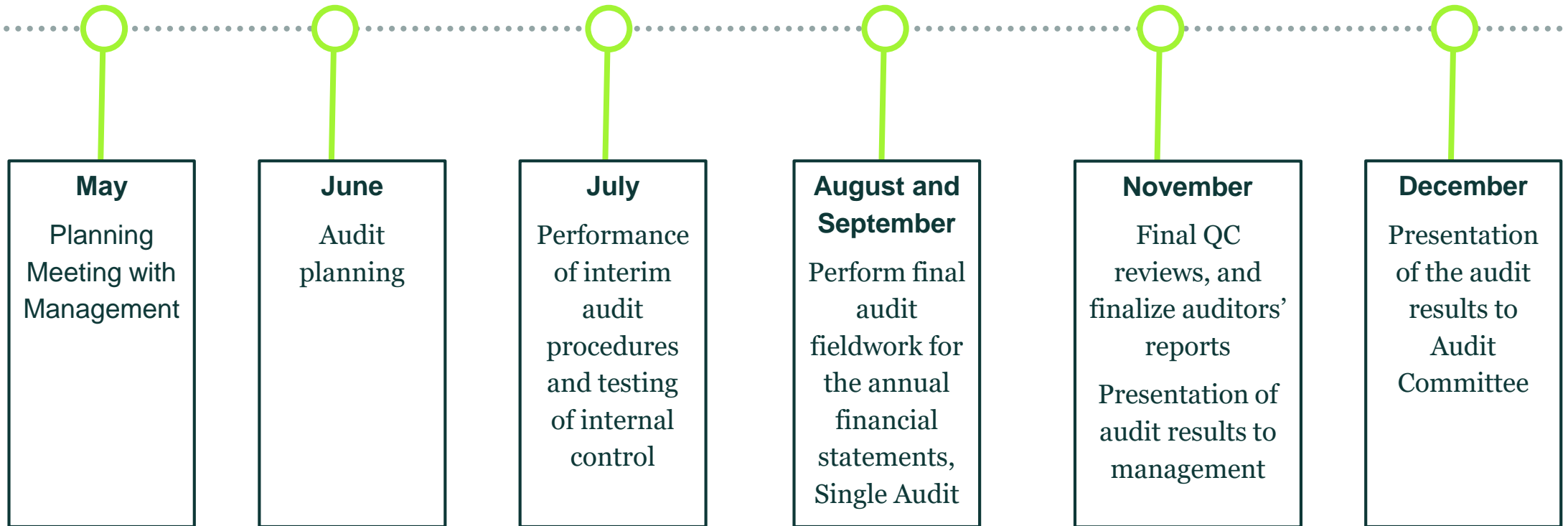
Auditor's responsibility: Obtain reasonable assurance the financial statements as a whole are free from material misstatement – whether caused by fraud or error

	Procedures to address the risk of fraud	
	Identify the risks of material misstatement due to fraud	<ul style="list-style-type: none">• Perform procedures to address identified risks• Inherent limitation of an audit
	Unavoidable risk exists that some material misstatements may not be detected	



Audit Timeline

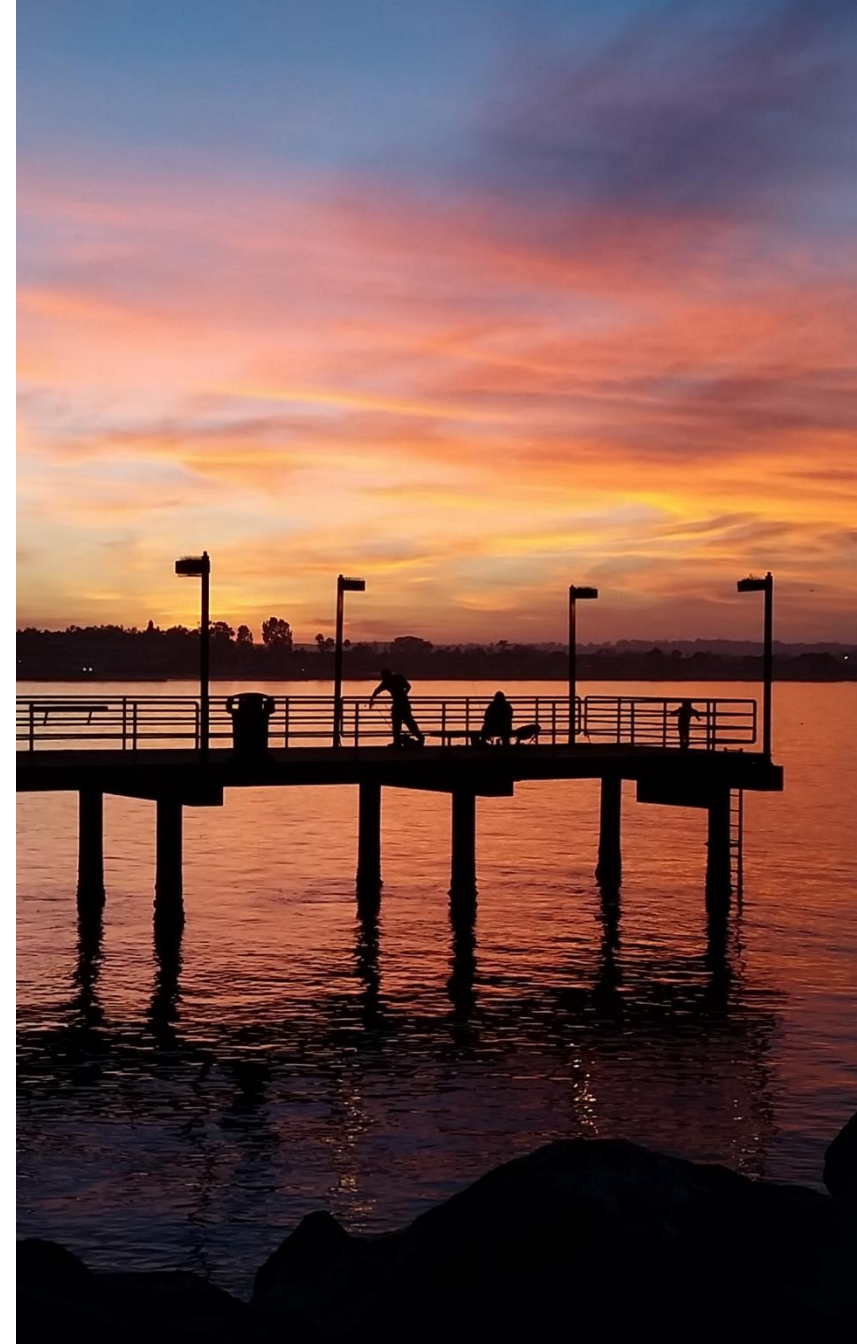
2022



Recent Accounting Developments

GASB Statement No. 87 *Leases* – effective for 2022

- Establishes a single model for lease accounting based on the foundational principle that **leases are financings of the right to use an underlying asset.**
- Lessee is required to recognize a lease liability and an intangible right-to-use lease asset
- Lessor is required to recognize a lease receivable and a deferred inflow of





**THANK
YOU**

