



**TO:** T.C. Broadnax, City Manager  
**FROM:** Andy Cherullo, Director, Finance Department  
**COPY:** City Council and City Clerk  
**SUBJECT:** Request for Resolution – Component Unit Audit Services – November 5, 2013  
**DATE:** October 11, 2013

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**SUMMARY:**

The City annually prepares a Comprehensive Annual Financial Report (CAFR) that is audited by the Washington State Auditor’s Office. The financial statements covered by the CAFR include only the summary level financial information on the City’s Utilities. To provide more comprehensive financial information for those utilities, the City also prepares component unit financial reports for Power, Water, Rail, Wastewater and Surface Water and Solid Waste Management utilities, which must be separately audited.

The Finance Department is seeking approval of a contract for auditing services with Moss Adams for audits of the component units - Tacoma Public Utilities’ Power, Water and Rail utilities, and Environmental Services’ Solid Waste, Surface Water and Wastewater utilities. The contract is for audits of each utility for each of the five years ending December 31, 2013 through 2017.

**BACKGROUND:**

The City issued Requests for Proposals (RFPs) for Independent Audit Services for the Utilities in June 2013. The selection advisory committee selected Moss Adams LLP as the external auditor for component unit audit services, for each of the five years ending December 31, 2013 through 2017 with the option to renew the contract three additional one-year terms.

**ISSUE:**

The total estimated cost for each utility is \$347,000 for Power; \$311,000 for Water; \$228,000 for Rail; \$119,000 for Solid Waste and \$191,000 for Surface Water and Wastewater. The Tacoma Public Utility (TPU) Board approved the contract at its October 23, 2013 meeting.

**ALTERNATIVES:**

External audit services are required to provide financial statements that are usable by the TPU Board, the City Council, rating agencies, bondholders and other external users.

**RECOMMENDATION:**

Award the contract to Moss Adams LLP as the external auditor for component unit audit services for Tacoma Public Utilities’ Power, Water and Rail utilities, and Environmental Services’ Solid Waste, Surface Water and Wastewater utilities for each of the five years ending December 31, 2013, through 2017.



**FISCAL IMPACT:**

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4700 - Power	561000	5311100	\$347,000
4600 - Water	581000	5311100	\$311,000
4500 - Rail	591004	5311100	\$228,000
4200 - Solid Waste	512025	5311100	\$119,000
4300 - Wastewater	523925	5311100	\$115,000
4301 - Surface Water	521925	5311100	\$76,000
<b>TOTAL</b>			<b>\$1,196,000</b>

\* General Fund: Include Department

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4700 - Power	561000	Various	\$347,000
4600 - Water	581000	Various	\$311,000
4500 - Rail	591004	Various	\$228,000
4200 - Solid Waste	512025	Various	\$119,000
4300 - Wastewater	523925	Various	\$115,000
4301 - Surface Water	521925	Various	\$76,000
<b>TOTAL</b>			<b>\$1,196,000</b>

**POTENTIAL POSITION IMPACT:**

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
N/A			
<b>TOTAL</b>			

*This section should only be completed if a subsequent request will be made to increase or decrease the current position count.*

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:** Power \$65,000, Water \$58,000, Rail \$43,000, Wastewater \$22,000, Surface Water \$14,000, Solid Waste \$23,000

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Yes

**IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED?** N/A