



# City of Tacoma GPFC and Audit Advisory

## 2025 Entrance Presentation

Olga A. Darlington, CPA, Principal

February 3, 2026

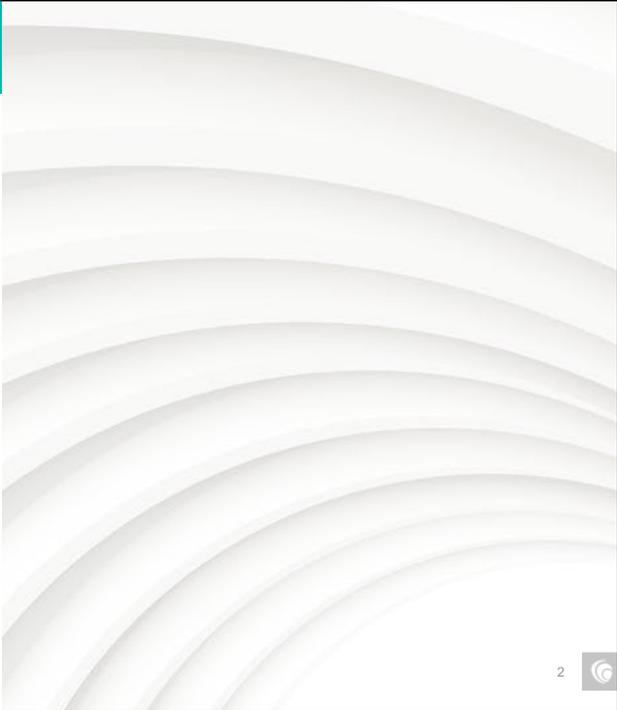
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## Agenda

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



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## Scope of Services

Relationships between Baker Tilly and the City of Tacoma:

### Annual Audit

- ❖ Annual financial statement audit for the year ending December 31, 2025, for City of Tacoma
- Tacoma Public Utilities' –
  - Power (Light) Division,
  - Water Division,
  - Rail (Beltline) Division, and
- Environmental Services' –
  - Solid Waste Division, and
  - Wastewater and Storm Water Division
- ❖ Annual reports on internal control in accordance with *Government Auditing Standards*

### Agreed Upon Procedures

- ❖ Report to the Environmental Protection Agency relating to Thea Foss and Wheeler-Osgood Problem Areas RD/RA Consent Decree

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## 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.

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## Significant Risks Identified

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

Significant Risks	Procedures
Capital Assets	The amount of capital assets has historically been significant. We will analyze the Division's additions and disposals during the year and inquire as to anticipated projects.

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## Areas of Audit Emphasis

DURING THE PLANNING OF THE AUDIT, WE HAVE IDENTIFIED THE FOLLOWING EMPHASIS AREAS:

Areas of Emphasis	Procedures
Internal control over financial reporting and significant business cycles	The key business cycles are as follows: Billings and cash receipts, cash disbursements, payroll, IT environment controls, ERP system transition
Revenue	Customer billing and Revenue Recognition and, evaluation of lease revenue and related receivable balances
Cash and investment balances	Testing of cash and investment balances is conducted in coordination with the state auditor's office
Management estimates	The key management estimates are as follows: Environmental, contingency and legal reserves, Pension and OPEB assumptions

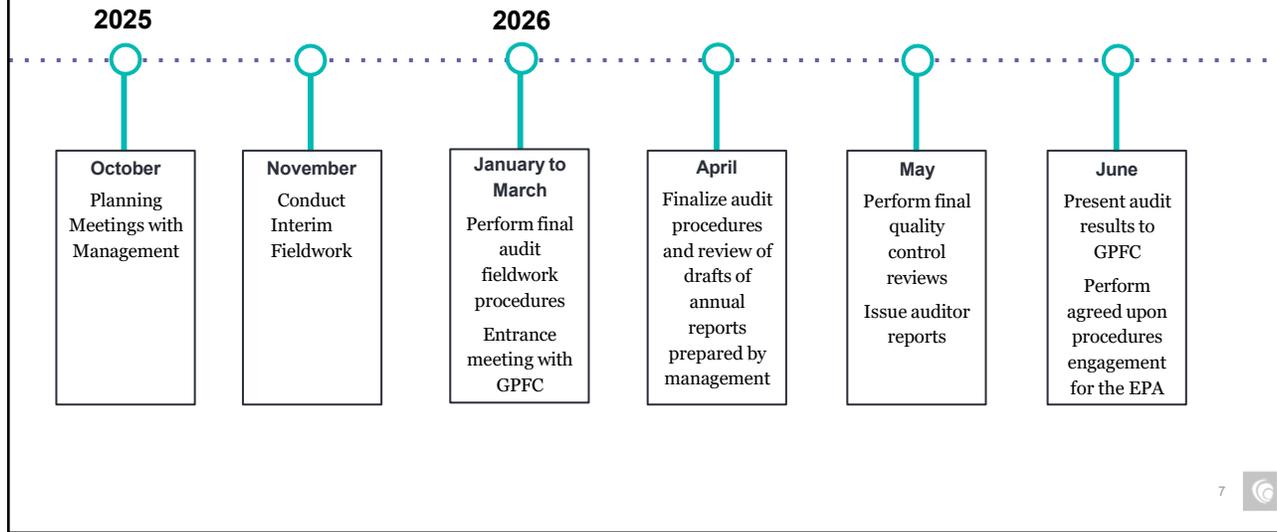
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# Audit Timeline



# Recent Accounting Developments

RECENT ACCOUNTING DEVELOPMENTS

# Recent Accounting Developments 2025

- **GASB Statement No. 102** – *Certain Risk Disclosures* (effective 2025)
- **GASB Statement No. 103** – *Financial Reporting Model Improvements* (effective 2026)
- **GASB Statement No. 104** – *Disclosure of Certain Capital Assets* (effective 2026)
- **GASB Statement No. 105** – *Subsequent Events* (effective 2027)



## Your Service Team



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