



Office of the Washington State Auditor

Pat McCarthy

City of Tacoma

**Government Performance and Finance
Committee
October 18, 2017**

**Joanne Klein, Audit Manager
Linda Mastin, Assistant Audit Manager**

About our Office

The Washington State Auditor's Office holds state and local governments accountable for the use of public resources. Our goal is government that works better, costs less and earns greater public trust.



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Today's presentation

- Financial audit results
- Federal audit results
- 2016 Accountability Audit
- Other information
- Contacts

Audit reports

Financial and Federal



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit
Report
City of Tacoma
Pierce County

For the period January 1, 2016 through December 31, 2016

Published September 21, 2017
Report No. 1019851



Comprehensive Annual Financial Review letter (CAFR)



Office of the Washington State Auditor
Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 24, 2017
Mayor and City Council
City of Tacoma
Tacoma, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Tacoma, Pierce County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Power, Sewer, Water, and Solid Waste Funds, which are presented as major funds and represent 92 percent, 92 percent and 92 percent, respectively, of all the assets, net position, and revenues of the business-type activities. We also did not audit the financial statements of the Tacoma Rail fund which represents one percent, two percent and four percent, respectively, of all assets, net position, and revenues of the business type activities and two percent, two percent, and seven percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units and remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Power, Sewer, Water, Solid Waste, and Tacoma Rail funds is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material

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2016 financial statement results

- Financial statement audits
 - Unmodified opinion on the financial statements
 - No significant deficiencies or material weaknesses in the design or operation of internal controls
 - Letter to management regarding a control deficiency over financial statement preparation relating to complete and accurate reporting of capital assets.
 - No instances of noncompliance were material to the financial statements

2016 Federal Audit Results

- Federal Audit

- No significant deficiencies or material weaknesses in design or operation of internal control
- Unmodified opinion on compliance with major program requirements
- No findings required to be disclosed under Uniform Guidance

Federal programs tested

- ❑ Public Safety Partnership and Community Policing, CFDA No. 16.710
- ❑ Community Development, Section 108 Loan, CFDA No. 14.248

Areas of Focus – 16.710

Activities allowed/Allowable costs

Cash Management

Reporting

Areas of Focus – 14.248

Reporting

Police department fraud loss

- The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.
- However, we noted certain matters that we are reporting to the management of the City in a separate special investigation letter dated October 18, 2017.

Accountability audit

Our focus:

- Self Insurance
- Police department
- Open Public Meeting Act
- Purchase card controls and expenditures
- Permit receipting

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