



## City of Tacoma GPFC and Audit Advisory

### 2022 Audit Entrance Presentation

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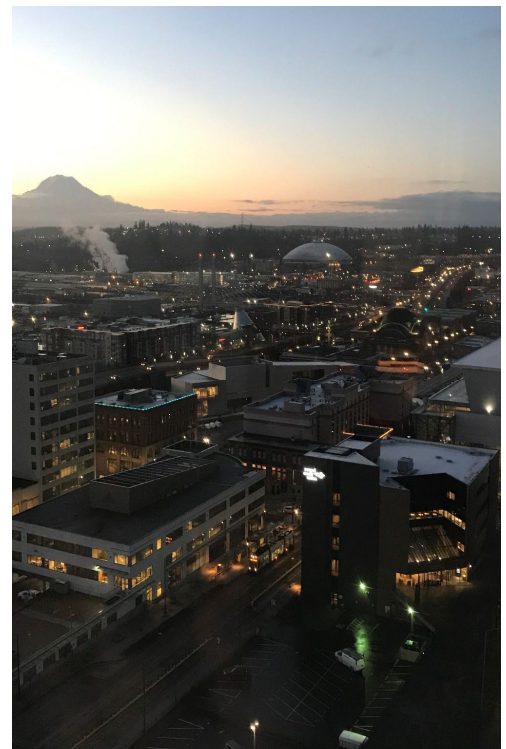
Olga A. Darlington, Partner  
March 7, 2023



## Agenda

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1. Moss Adams Service Team
2. Scope of Services
3. Audit Deliverables
4. Auditor's Responsibilities in a Financial Statement Audit
5. Consideration of Fraud in a Financial Statement Audit
6. Audit Timeline
7. Accounting Developments



# Your 2022 Service Team



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Over 20 years of public accounting experience, serving electric, water & wastewater utility clients



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Over 20 years of public accounting experience, serving government and utility clients



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*Energy & Utilities Services Group*  
9 years of public accounting experience serving municipal utility clients

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## Scope of Services

- Audit and report on the financial statements for City of Tacoma, Tacoma Public Utilities' - Power (Light) Division, Water Division, and Rail (Beltline) Division, and Environmental Services' – Solid Waste Division, and Wastewater and Storm Water Division
- Audit and report on internal control and compliance over financial reporting in accordance with *Government Auditing Standards*
- Issue a management letter of recommendations and observations, as necessary

### Annual Audit



- Annual financial statement audits for the year ending December 31, 2022
- Annual reports on internal control in accordance with *Government Auditing Standards*

### Limited Procedures



- Management discussion and analysis
- Schedule of the proportionate share of the net pension asset/liability
- Schedule of the pension contributions
- Schedule of changes in the total OPEB liability and related ratios

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# Audit Deliverables

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Reports of Independent Auditors on financial statements for the year ended December 31, 2022



Reports on Internal Controls (GAGAS)



Agreed Upon Procedures and report to the Environmental Protection Agency relating to Thea Foss and Wheeler- Osgood Problem Areas RD/RA Consent Decree



## Our Responsibilities

Assess if the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit doesn't relieve you or management of your responsibilities.

Perform an audit in accordance with:

- Generally accepted auditing standards issued by the AICPA
- *Government Auditing Standards* issued by the Comptroller General of the United States

Design the audit to provide assurance about whether the financial statements are free of material misstatement.

Consider internal control over financial reporting and compliance as a basis for designing effective audit procedures.

Communicate findings that are relevant to your responsibilities in overseeing the specific matters of the financial reporting process and administering federal awards.

When applicable, communicate particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement.






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# Consideration of Fraud in a Financial Statement Audit

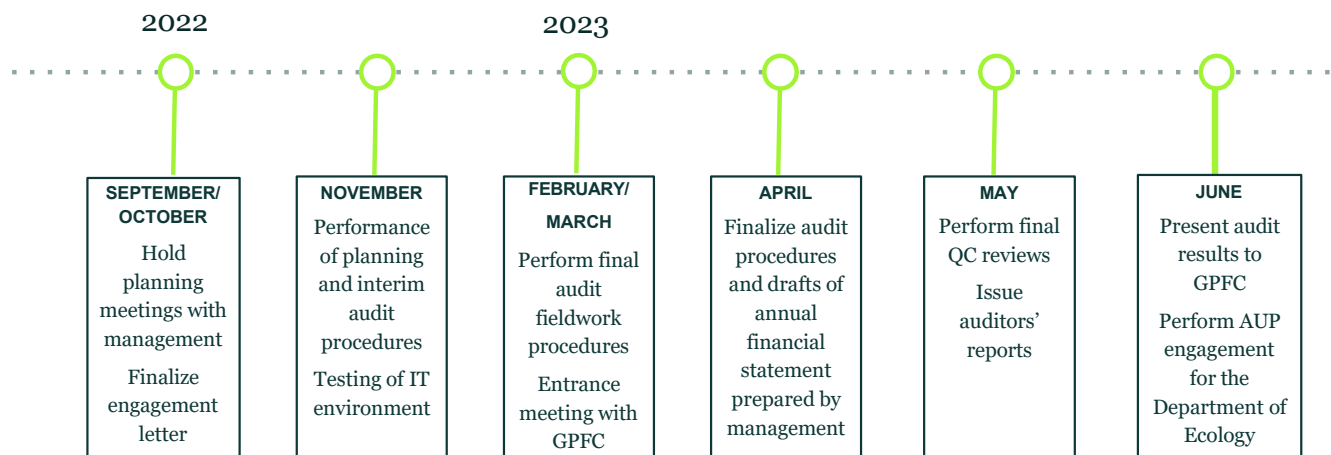
Auditor's responsibility: Obtain reasonable assurance the financial statements as a whole are free from material misstatement – whether caused by fraud or error

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

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## Audit Timeline



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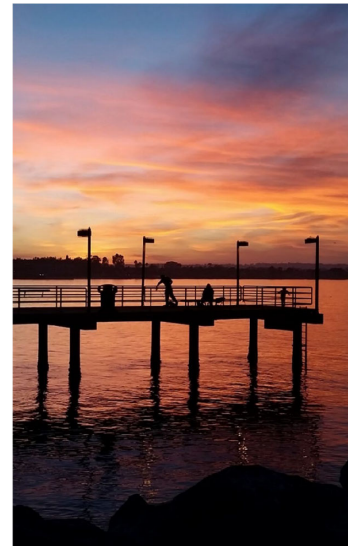


# Recent Accounting Developments 2022

**GASB 87 – Leases (effective in 2022):** Addresses the accounting change for the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the underlying contract. Impact will be to record leases on the balance sheet. We are working with management to assist in implementation of this standard in 2022.

**GASB 91 – Conduit Debt Obligations (effective in 2022):** This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Management does not believe that this statement is applicable to TPU and ES.

**GASB 92 – Omnibus 2020 (effective in 2022):** Enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This likely will not have a material impact to TPU and ES.



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# Future Accounting Developments 2023 - 24

**GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements (effective 2023):** Improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management is assessing the potential impact of this standard.

**GASB 96 – Subscription-Based Information Technology Arrangements (effective 2023):** Provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The standard establishes that a SBITA results in “right to use” asset and requires note disclosures. Management is assessing the potential impact of this standard.

**GASB 100 – Accounting Changes and Error Corrections (effective 2024):** Enhances accounting and financial reporting for accounting changes and error corrections to be more relevant and consistent, and also requires certain note disclosures. Management is assessing the potential impact of this standard.

**GASB 101 – Compensated Absences (effective 2024):** Updates the recognition and measurement guidance for compensated absences by using a unified model and amending the required disclosures. Management is assessing the potential impact of this standard.



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THANK  
YOU

