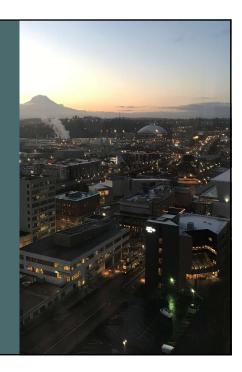


Audit Results Presentation

City of Tacoma Government Performance and Finance Committee and Audit Advisory Board

June 4, 2024



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Auditor's Report on the Financial Statements

Unmodified
Opinions on financial
statements, which are
presented fairly and
in accordance with US
GAAP – following
pronouncements
promulgated by GASB

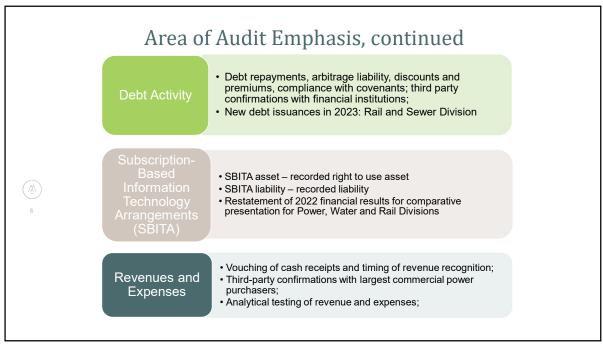
- Tacoma Public Utilities Power, Water, and Rail Divisions
- Environmental Services Wastewater/Stormwater Management and Solid Waste

Audits and reports on internal control and compliance over financial reporting in accordance with Government Auditing Standards

- No material weaknesses in internal control
- No compliance findings

Area of Audit Emphasis Internal Control Environment - Cash receipts/revenues, cash disbursements/payables, payroll, power trading, financial close and reporting; - Testing of the IT applications and IT general computer controls that support the various financial reporting systems; - Coordination with State Auditor's Office testing of City's cash and investment balances for existence, valuation, classification, evaluation of fair value; - Capital Assets - Consideration of capitalization policies, as well as testing of additions, retirements, overhead allocation, depreciation methods;

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COMMUNICATION WITH GOVERNING BODY

Significant Accounting Policies & Unusual Transactions

The auditor should determine that the advisory board and the finance committee are informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the finance committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Our Comments

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the Divisions are described in the notes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies.

Significant management estimates impacting the financial statements are included in Note 2, which discloses the Divisions' significant accounting policies: Allowance for Doubtful Accounts; Unbilled Revenues; Depreciable Lives of Capital Assets; Lease Receivables; Pension Accruals; and Environmental Liabilities;

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COMMUNICATION WITH GOVERNING BODY



Audit was performed according to the planned scope and timing



Significant accounting policies are summarized in Note 1 of each Division's financial statements



Financial statement disclosures were consistent, clear, and understandable



Representations were requested and received from management

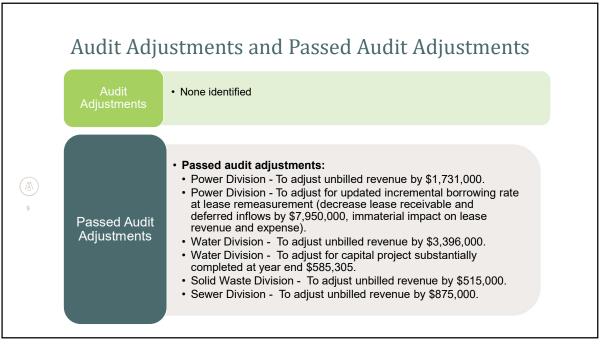


There were no disagreements with management or difficulties encountered during the audit



COMMUNICATION WITH GOVERNING BODY (continued) Summary of proposed and passed journal entries is presented in the next slide. The Divisions are subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statements. Moss Adams is independent with respect to the City and each Division Consideration of fraud in a financial statement audit Procedures performed included journal entry testing, third-party confirmations, and interviews of personnel

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Upcoming Accounting Pronouncements

GASB No. 100, *Accounting Changes and Error Corrections* – effective for the reporting year 2024.

GASB No. 101, $Compensated \ Absences$ — effective for the reporting year 2025.



GASB No. 102 Certain Risk Disclosures (effective in 2025).

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Acknowledgements The audit progressed on time and in an orderly fashion; our teams were working collaboratively on issues as they came up during the audit. Weekly meetings were held between Moss Adams and Funds' management and staff throughout the audit term. All City personnel across all departments were courteous, responsive, and fulfilled all of our requests in a timely manner.





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