



City of Tacoma GPFC and Audit Advisory

2017 Audit Service Plan

Presented December 6, 2017

Olga A. Darlington, Partner





Agenda

- Your service team
- Communication
- Phases of the Audit and Timeline
- Scope of Services
- Responsibilities Under Auditing Standards
- Risk Assessment - areas of emphasis
- New Accounting Standards



Engagement Lead

Our service philosophy is to bring together a team of professionals with relevant industry experience to consistently provide superior client service. Your service team has significant industry experience with the depth of knowledge that's necessary to be responsive to your needs.

Team Member		Role	Contact Information
Olga A. Darlington, Partner <i>Energy & Utilities Industry Group</i> Over 18 years public accounting experience, serving energy and utility clients		Engagement Partner	Phone: 425-551-5712 Email: olga.darlington@mosadams.com
Laurie Tish, Partner <i>Government Services National Practice</i> Over 25 years public accounting experience, serving government and utility clients		QC Partner	Phone: 206-302-6466 Email: laurie.tish@mossadams.com

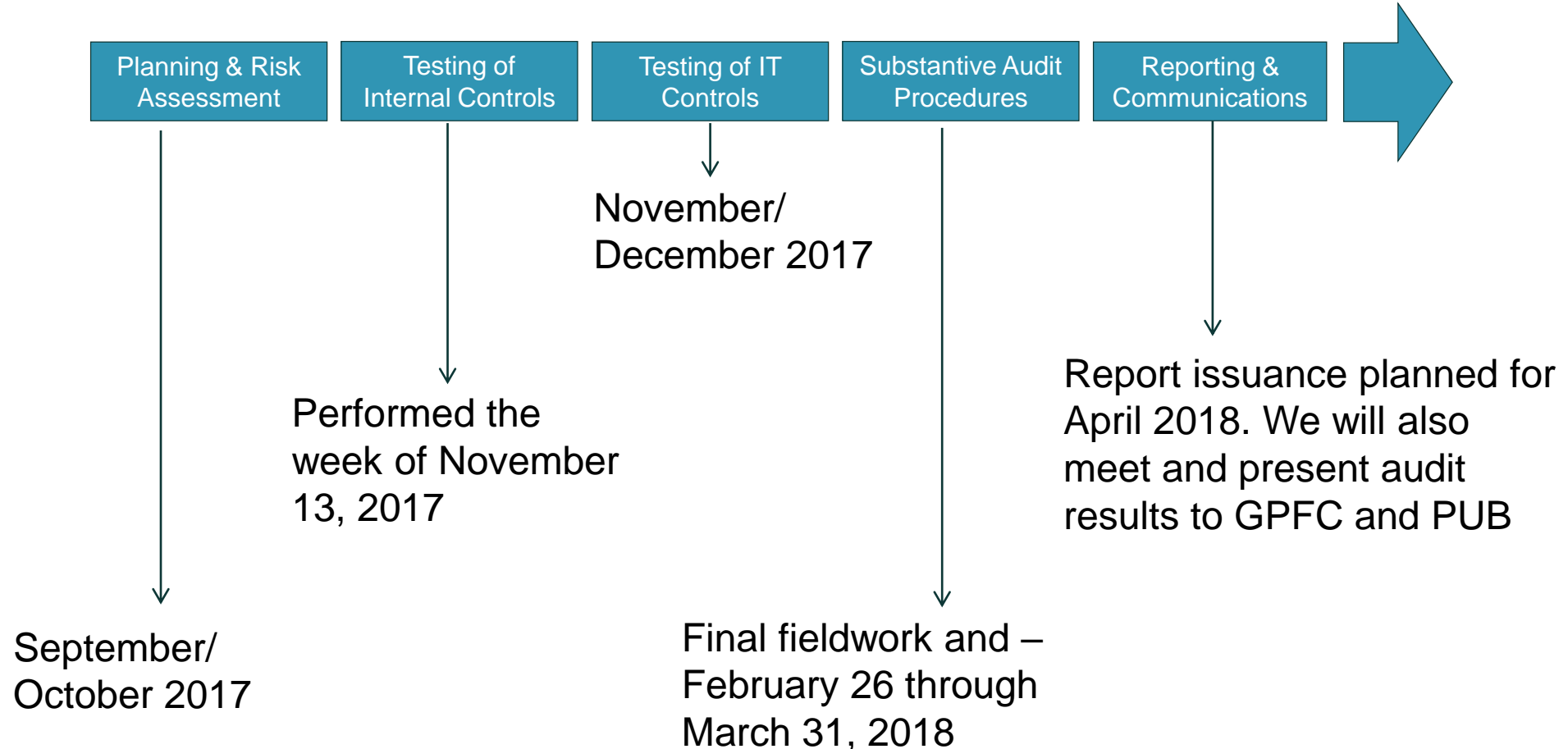


Communication with Those Charged with Governance

- Direct access to the Committee
 - Establish two-way communication
 - Address questions/concerns
- Audit entrance presentation – during planning & interim stages of the audit
- Audit exit and final report presentation – upon completion of the audit



Phases of the audit and timeline



Scope of Services

- We have been engaged to audit the City of Tacoma - Power (Light) Division, Water Division, Rail (Beltline) Division, Environmental Services' Wastewater and Surface Water Management Division, and Solid Waste Management Division financial statements and related notes as of December 31, 2017 in accordance with *Government Auditing Standards*.
- We have not been engaged to report on whether specific supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.
- Certain procedures will be performed on required supplementary information, but this information will not be subject to audit



Our Responsibilities



Audit – GAAS & GAGAS



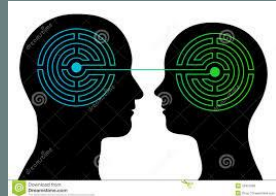
Read Other Information



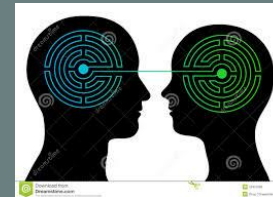
Report Fraud or Non-Compliance



Express Opinion / Issue Reports



Communicate – GPFC & PUB



Communicate – Management

Our Responsibilities Under Auditing Standards

- Ensure that you are aware of any significant deficiencies or material weaknesses
- Communicate those matters that have come to our attention as a result of the performance of the audit
- Immediately inform management and the Board about any information indicating illegal acts or fraud that may have occurred
- Conduct the audit in accordance with generally accepted government auditing standards (GAGAS)
- Express an opinion on the financial statements based on our audit
- Read other information contained in audited financial statements and consider whether the information is materially consistent with the information in the financial statements (such as bond issuance documents)



Management's Responsibilities



Prepare Accurate Reports



Internal Controls



Compliance



Report Fraud



Make Available



Representation Letter



Management's Responsibilities

- Establish and maintain adequate records and internal controls over financial reporting
- Prepare financial statements that are materially correct and in compliance with applicable accounting standards
- Provide written representations about management's responsibilities and assertions prior to issuance of our reports
- Make accurate and complete financial statement information available to us
- Make entity personnel available to us
- Inform us about all known or suspected fraud affecting the entity
- Identify and ensure compliance with laws and regulations applicable to the entity's activities



Areas of Emphasis – Risk Assessment

- Billings and revenue structure for all funds
- Plant assets
 - Work order testing for cost accumulation, monitoring, and classification of capital vs. expense
- Revenues
 - Service fees
 - Power trading and derivatives
- Management estimates & contingent liabilities
 - Unbilled revenues, allowances for bad debt, accrued liabilities, pensions, environmental



New Accounting Standards

- **GASB 75** - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*— (effective for 2018): Addresses accounting and financial reporting issues related to other postemployment benefit plans. We will work with management to plan for the implementation of these standards.
- **GASB 82** – *Pension Issues –amendment of GASB Statements No. 67, No. 68, and No. 73 (effective in 2018)*: Addresses accounting and financial reporting clarifications related to issues identified in statements Nos. 67, 68, and 73. We will work with management to plan for the implementation of this standard.
- **GASB 83** – *Certain Asset Retirement Obligations (effective in 2019)*: Addresses accounting and financial reporting for certain asset retirement obligations. We will work with management to plan for the implementation of this standard.





THANK
YOU

