



MOSSADAMS

Port of Tacoma

Discussion with the Audit Committee

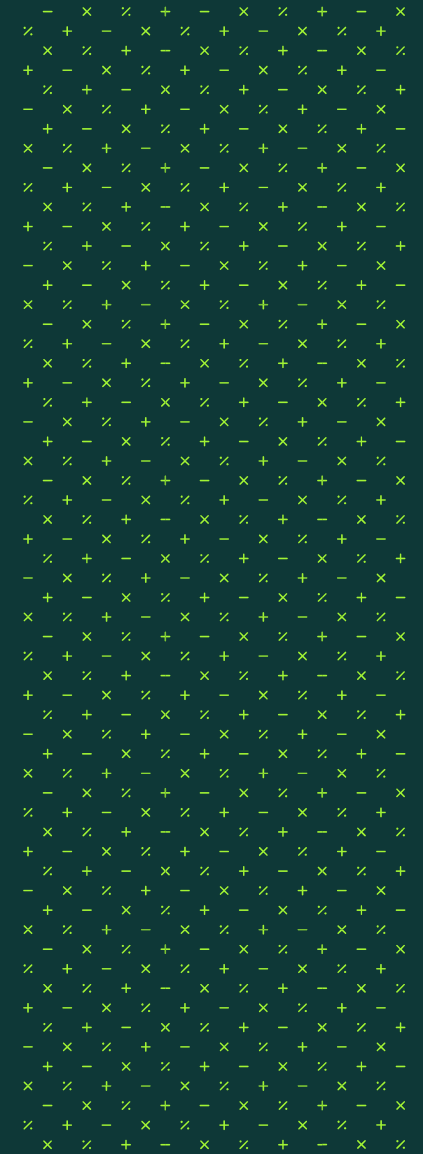
2024 AUDIT PLANNING

November 14, 2024

Presented by:

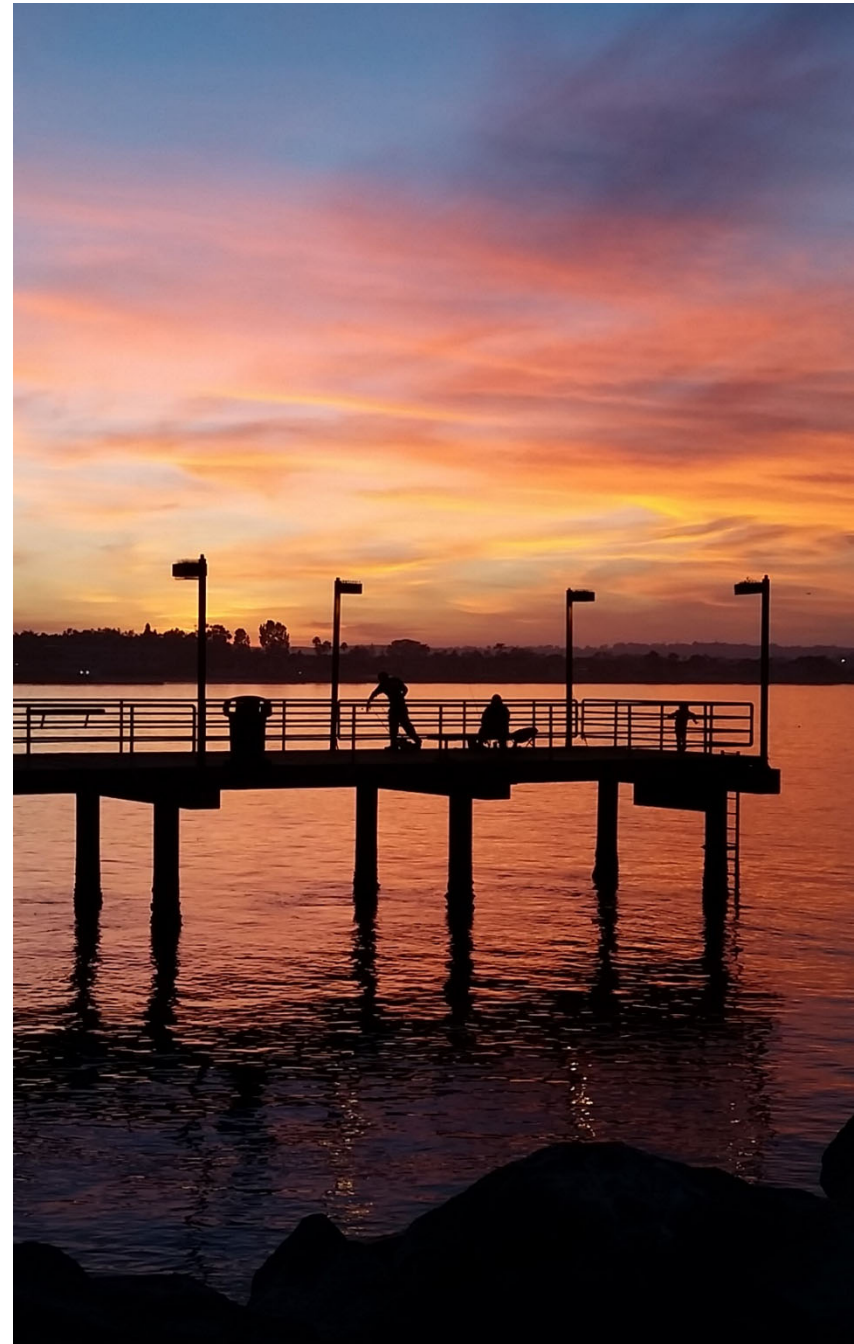
Olga A. Darlington, CPA, Partner

Dan Roberts, CPA, Senior Manager



Agenda

- Scope of Services
- Responsibilities (Auditor and Management)
- Audit Process
- Consideration of Fraud
- Risk Assessment
- Audit Timeline
- Moss Adams Service Team



Summary of Our Services and Deliverables

- Audit and report on annual financial statements of the Port of Tacoma, which include:
 - The Enterprise Fund
 - Post-Employment Health Care Benefits Trust Fund
- Report on internal control and compliance over financial reporting in accordance with *Government Auditing Standards*



Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

1

To express our opinion on whether 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 does not relieve you or management of your responsibilities.

2

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards* issued by the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

3

To consider internal control over financial reporting and internal control over compliance as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

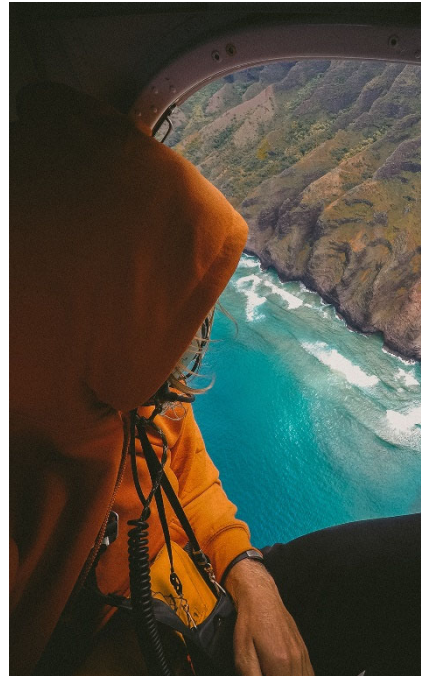
4

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process and administering federal awards. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



What is Materiality?

It's the amount of a misstatement that could influence the economic decisions of users, taken on the basis of the financial statements.



It's calculated using certain **quantitative** (total assets) and **qualitative** factors (covenants, expectations, or industry factors)

It identifies:

SIGNIFICANT RISK
AREAS

NATURE, TIMING,
EXTENT, AND
SCOPE OF TEST
WORK

FINDINGS OR
MISSTATEMENTS



Areas of Audit Emphasis



Internal controls over financial reporting and major business cycles
ERP system transition – *internal controls over information technology general computer controls*



Financial Statements and Disclosures & Required Supplementary Information



Statement of Net Position: *Testing areas include cash and investments, trade and lease receivables, capital assets and construction projects, investment in NWSA, accounts payable and accrued liabilities, bonds payable, environmental liabilities and classification of net position balances*



Management estimates: *Analyze management's assumptions in establishing allowance for uncollectible receivables, depreciable lives of capital assets, environmental and legal reserves, as well as actuarial assumption in establishing pension and OPEB liabilities*



Revenue Recognition: *Analyze significant leasing transactions, and test real estate revenue based on current and prior year information of revenue benchmarks such as square footage, dock occupancy, and container counts*

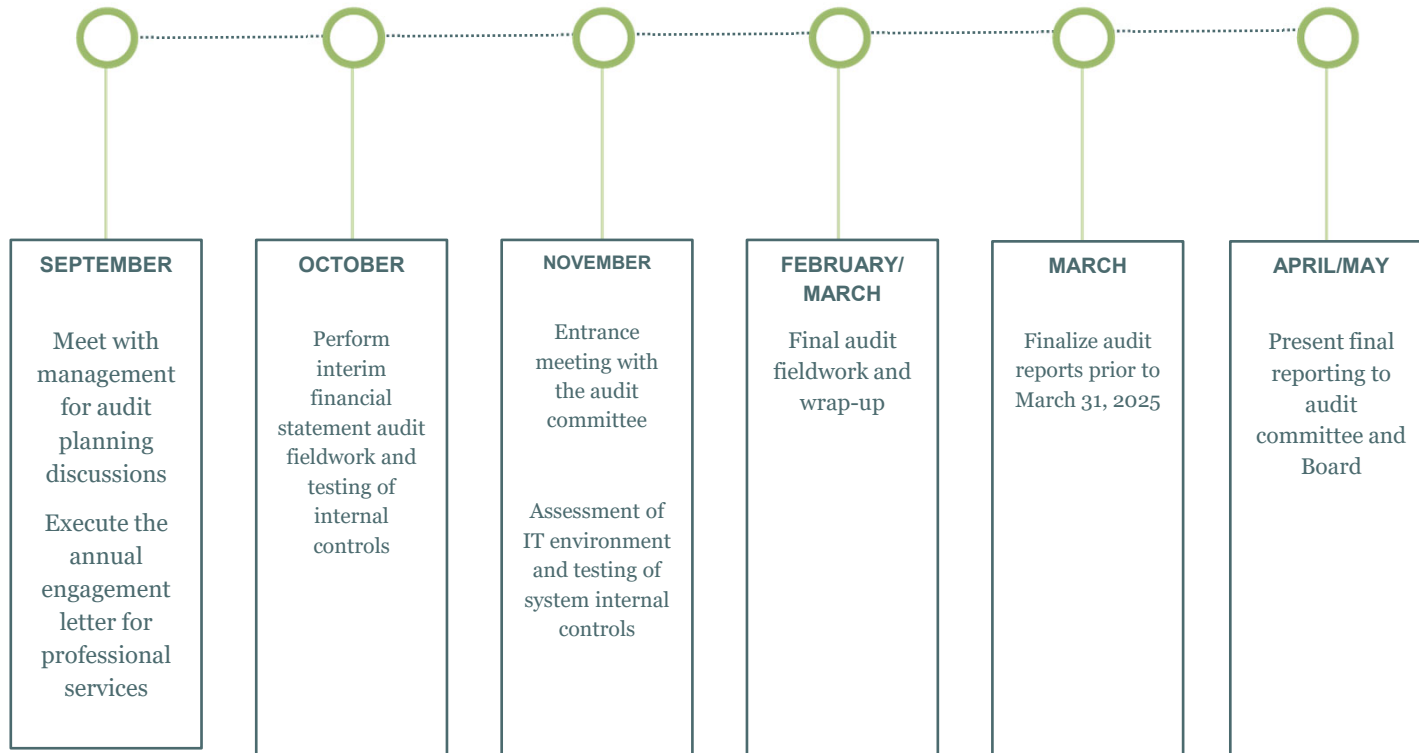


Post-Employment Health Care Benefits Trust Fund: *Focus on investments and benefit payments*



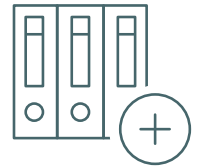
Audit Timeline

2024 – 2025



New Standards

- ❖ GASB 99, *Omnibus 2022* – Varied effective dates from 2023 and 2024.
- ❖ GASB 100, *Accounting Changes and Error Corrections* – Effective for the Port’s fiscal year 2024.
- ❖ GASB 101, *Compensated Absences* – Effective for the Port’s fiscal year 2024.
- ❖ GASB 102, *Certain Risk Disclosures* – Effective for the Port’s fiscal year 2025.
- ❖ GASB 103, *Financial Reporting Model Improvements* – Effective for the Port’s fiscal year 2026.



Your Service Team Leadership



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**THANK
YOU**

