

# Port of Tacoma

## Report on 2023 Audit Results

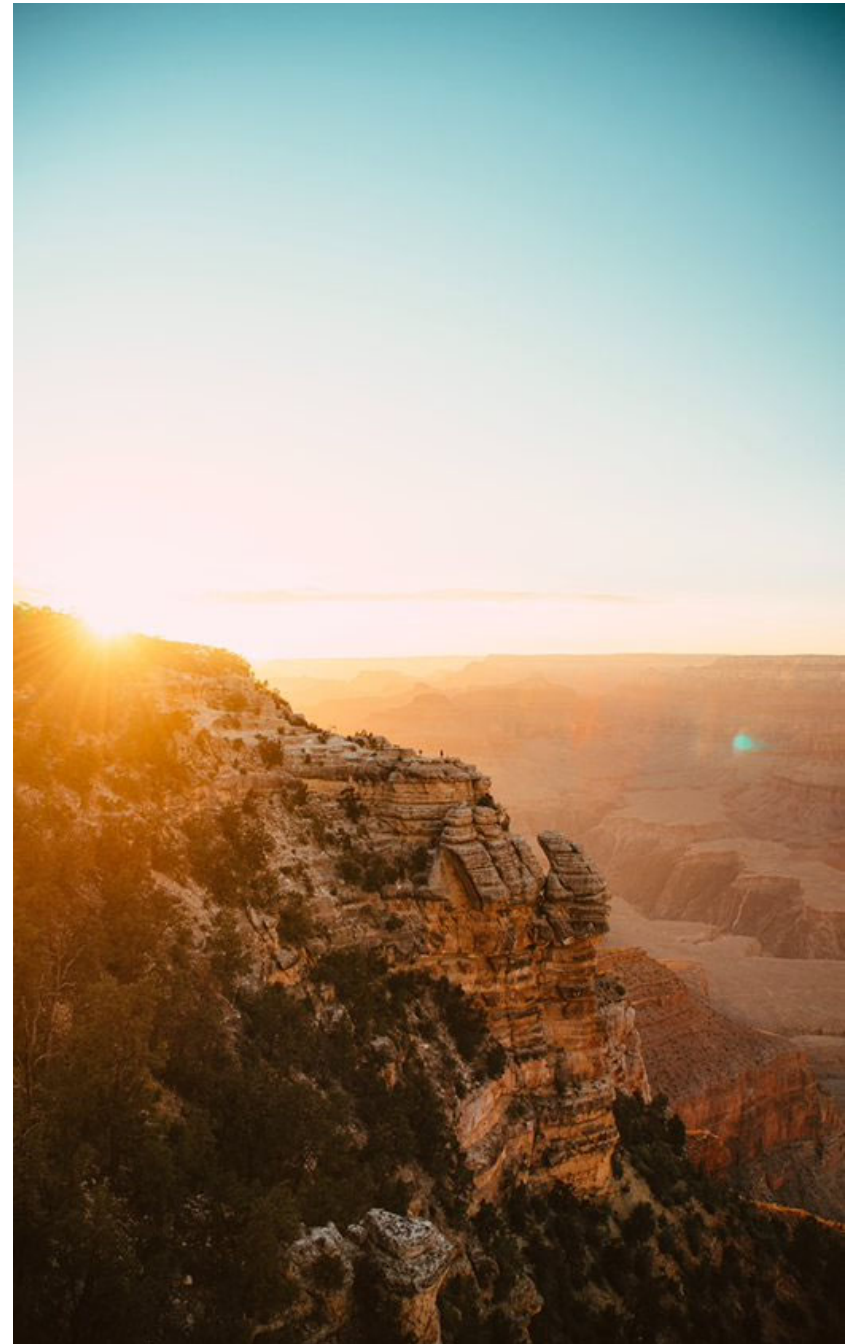
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# Agenda

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- **Auditor Reports Issued**
- **Areas of Audit Emphasis**
- **Matters Required to be Communicated to the Audit Committee**
- **New & Upcoming Accounting Pronouncements**
- **Other Communications**



# Auditor Reports Issued

Auditor Report on Financial Statements for the Enterprise Fund and the Post-Employment Health Care Benefits Trust Fund

- Unmodified opinion
- Financial statements are presented fairly in accordance with U.S. GAAP
- Dated April 3, 2024

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

- No internal control over financial reporting findings noted
- No compliance findings noted
- Dated April 3, 2024

Report on Agreed Upon Procedures for Washington Department of Ecology and Environmental Protection Agency

- Dated April 5, 2024



# Areas of Audit Emphasis

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- **Internal control environment**
  - Capital assets/project management, cash receipts/receivables, cash disbursements/payables, payroll, bond and investment transactions, and general computer controls over IT systems
- **Management estimates**
  - Allowance for doubtful accounts, environmental remediation liability, legal contingencies and insurance recoveries, compensated absences, pension and other post employment benefits
- **Capital assets**
  - Consideration of capitalization policies, testing of additions, retirements, overhead application, and depreciation; consideration of timely closing of capital improvement projects
  - Implementation of GASB 96, *Subscription-Based Information Technology Arrangements*, as of January 1, 2022, which resulted in restatement of previously reported 2022 financial statements
- **Northwest Seaport Alliance (NWSA) investment & revenue**
  - Confirmed the Port of Tacoma's share of investment and operating revenue through agreement to NWSA audited financial statements, testing of contributions payments and distribution receipts



## Areas of Audit Emphasis (continued)

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- **Bond activity**

- Confirmed all outstanding bonds (no 2023 new issuances)
- Debt repayments, discounts and premiums, compliance with bond covenants

- **Revenue recognition**

- Operating revenue analysis using business indicators such as number of lifts, number of autos processed, and square footage leased
- Ad valorem tax levy, investment income, and capital grant contributions
- Consideration of the collectability of related receivables

- **Fiduciary activities**

- Testing of investment balances and plan distributions for the Post-Employment Health Care Benefits Trust Fund



# Required Communications

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- **Auditor and Management responsibilities for financial statements under Generally Accepted Auditing Standards and Government Auditing Standards**
  - To form and express an opinion about whether the financial statements are fairly presented; to plan and perform the audit in accordance with generally accepted auditing standards and Government Auditing Standards
  - Our audit does not relieve Port management and the Port Commission of its responsibilities
- **Audit was performed according to the planned scope**
- **Significant accounting policies are summarized in Note 1 to the 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**



## Required Communications (continued)

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- **There were no uncorrected audit adjustments identified**
- **Consultation with other independent auditors (none of which we are aware)**
- **Illegal acts (none noted)**
- **Ability to continue as a going concern (no disclosure necessary)**
- **Consideration of fraud in a financial statement audit**
  - Procedures performed included journal entry testing, third-party confirmations, and interviews of personnel



# New & Upcoming Accounting Pronouncements

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- **Upcoming accounting pronouncements**
  - GASB Statement No. 99, *Omnibus 2022* (effective 2024)
  - GASB Statement No. 100, *Accounting Changes and Error Corrections* (effective 2024)
  - GASB Statement No. 101, *Compensated Absences* (effective 2024)
  - GASB Statement No. 102, *Certain Risk Disclosures* (effective 2025)

We have been working with management to plan for the implementation of these standards.





# Acknowledgements

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- Regular status meetings were held between Moss Adams and Port management and staff throughout the audit term
- The audits progressed on time and in an orderly fashion, in a hybrid remote/on-site work environment
- All Port personnel organization-wide were responsive and fulfilled all our requests in a timely manner
- ‘Tone at the Top’ and attitude from management was one of openness in response to audit requests and discussion points



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