

**PORT OF TACOMA – AUDIT COMMITTEE
THE FABULICH CENTER, ROOM 104
3600 PORT OF TACOMA ROAD, TACOMA, WASHINGTON**

PORT OF TACOMA AUDIT COMMITTEE:

Don Johnson, Chair

Clare Petrich, Vice Chair

STAFF PRESENT:

Darren Arakaki, Director, Accounting

Erin Galeno, CFAO

John Wolfe, CEO

Carolyn Lake, Port Counsel

Judi Doremus, Executive Assistant

Juliet Campbell, Clerk of the Port

10:30 AM – AUDIT COMMITTEE MEETING

1. CALL TO ORDER:

Commissioner Johnson called the Audit Committee Meeting to order at approximately 10:30 a.m. and lead the Pledge of Allegiance.

2. CONSENT AGENDA:

A. Minutes of December 3, 2018

It was moved and seconded to approve the December 3, 2018 Audit Committee Minutes. The motion carried unanimously.

3. PUBLIC COMMENT: None.

4. GENERAL BUSINESS:

A. External Auditor's Exit Conference

Presenter(s): Lisa Wilson and Kayla Lipston, RSM

- Financial statements were issued with an unmodified clean opinion. No material weaknesses or significant deficiencies were identified during the course of the audit in internal controls.
- Significant transactions for 2018 were discussed and included adoption of GASB 75. The adoption resulted in a restatement of assets. RSM noted that the restatement is just to reflect the adoption of the GASB, not as a result of any error.
- There were several settlements in 2018 including Portac, Brown & Hailey, Maytown, and APMT settlement.
- A high-level review of the financial statements was provided.
- GASB Pronouncements effective 2019 (84 and 90) and 2020 (87 and 89) were discussed. The big change is 87 in 2020. This changes how leases are viewed and accounted for on the income statements.

B. 2017 State Auditor's Office (SAO) Accountability Audit Recommendation

Presenter(s): Darren Arakaki

- SAO completed its audit in December for fiscal year 2017, covers compliance with state law and port policy. The Port had a clean audit, but SAO did have one recommendation to management related to one Port Purchase Card (P-Card) transaction that was compromised - not generated by the cardholder.
- The recommendation made is for the Port to follow existing policies to ensure all transactions are properly documented and reviewed. To prevent this from happening again, staff will review the existing policies and procedures with the cardholders, review the process with managers, and changes to procedure to ensure packets are accounted for on a timely basis.
- There are approximately 60 cardholders and several hundred transactions per month.

C. Internal Regulatory Compliance Report

Presenter(s): Erin Galeno

- The report is designed to inform the Commission of the Port's 2018 record of compliance with federal, state and local laws, as well as the Port's own policies.
- The purpose of the audits is to identify and correct and non-compliant activities.
- Staff reported the results of the 2018 report which identified a handful of non-compliant activities including three citations and a stormwater related issue.
- The compliance report is available to the public on the Port's website.

5. COMMISSIONER COMMENT: Commissioners thanked staff and auditors.

6. ADJOURNMENT:

There being no further business, Commissioner Johnson adjourned the meeting at 10:56 a.m.

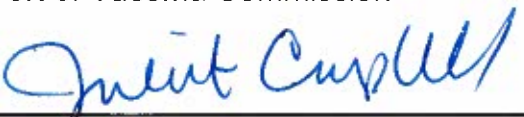


Donald C. Johnson, Audit Committee Chair
Port of Tacoma Commission

ATTEST:



Clare Petrich, Audit Committee Vice-chair
Port of Tacoma Commission



Juliet Campbell, Clerk
Port of Tacoma