

MINUTES

Port of Tacoma Audit Committee

Thursday, December 10, 2020

Video/Teleconference Dial-in: 1-253-61-7-4257 Conference ID: 792 482 38#

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The meeting was called to order at 10:45 a.m. Commissioners Dick Marzano and Deanna Keller were both present. Commissioner Marzano led the Pledge of Allegiance.

2. APPROVAL OF THE MINUTES

It was moved and seconded to approve the minutes from the May 6, 2020 Port of Tacoma Audit Committee.

The motion passed unanimously.

3. PUBLIC TESTIMONY

None.

4. EXTERNAL AUDITS**A. 2020 Financial Audit Overview**

Presented by Lisa Wilson and Kayla Lipston of RSM.

- Ms. Lipston provided an overview of the scope of work, audit approach, planning and risk assessment.
- Ms. Wilson presented the GASB Pronouncements effective 2020.
 - GASB 87: Leases are now recorded on the balance sheet versus in the footnotes. The income statement impact is about the same as prior years.
 - GASB 89: Accounting requirements for interest cost incurred before the end of a construction period.
- GASB Pronouncements effective 2022 were then presented.
 - GASB 93: Replacement of Interbank Offered Rates (IBOR).
 - GASB 97: It is not anticipated to have a significant impact on the Port. This will continue to be evaluated. RSM explained that this pronouncement has to do with analyzing Certain Component Unit Criteria and how to consolidate the activity into financial statements. The Port does not have any Component Unit activity at this time. GASB 97 also provides additional guidance on how to evaluate Deferred Compensation Plans and how the plans are reported in the financial statements.

B. 2019 State Auditor's Office (SAO) Accountability Audit

Presented by Saundra Groshong, Gus Ramos, and Dave Smolko of the SAO

- Ms. Groshong introduced the audit team.
- Mr. Smolko introduced the areas the SAO intends to audit for 2019. He noted the list he is providing is different than the materials submitted on the slides for today's presentation, as the audit plan had not been completed prior to this meeting's publishing deadlines. The areas include:
 - Cost allocation to The Northwest Seaport Alliance.
 - Lease compliance criteria
 - Public works contracting with a focus on new contracts
 - Self-insurance liability
 - Payroll, support and approval of overtime bonus pay
 - Economic development fund

- The audit schedule was discussed.
- The estimated cost is \$37,000 which may be adjusted based on risk.

C. 2021 Audit Committee Calendar

Presented by Darren Arakaki, Port Auditor

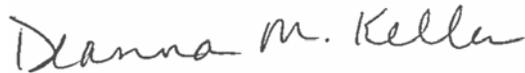
- Audit Committee proposes to meet in April, June and November 2021.
- This is the last year of the Port's contract with RSM. The RFP process should begin in April. Staff provided a caveat that with the pandemic and staff working remotely, there is risk to onboarding potentially new auditors. This will be considered by the Commission in April. If an RFP is issued, selection would begin in June.
- One of the responsibilities of the Audit Committee per its charter is to identify and analyze potential risk and suggest any other audit work. He asked that if Committee members have any in mind, that it can be discussed and added to the calendar.

5. COMMITTEE COMMENTS

- Commissioner Keller thanked staff and auditors for their work.
- Executive Director, Eric Johnson thanked staff and auditors for their transparency and work. He recognized and thanked Don Kelly, Manager Financial Reporting and Deputy Auditor, for his 21 years of service to the Port of Tacoma. This is the last audit committee meeting he will be participating in for the Port of Tacoma. He has accepted another position at another port which is a promotion for him.
- Commissioner Marzano thanked staff and auditors for their work and wished all happy holidays.

6. ADJOURN

The meeting ended at 11:10 a.m.



Deanna M. Keller, Chair
Port of Tacoma Audit Committee



Dick Marzano, Vice Chair
Port of Tacoma Audit Committee



Juliet Campbell, Clerk
Port of Tacoma