

# News Release

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## 2004 Reported Financial Results Improve

### For Immediate Release

The 2004 Fiscal Year Annual Financial Report (Audit), submitted by Null-Lairson, PC for the Port of Galveston, resulted in significantly improved financial results for Fiscal Year 2004.

At the Board meeting held on May 20<sup>th</sup> the Board of Trustees accepted the Annual Financial Audit of the Wharves for the year 2004 as presented by the Wharves outside auditing firm Null-Lairson P.C. **The profit and loss section of the audit revealed that the Port incurred a loss of (\$59,786) for the year as compared to the original reported loss of \$734,501. This reduced the previously reported loss by \$674,715.**

The audit adjustments that reduced the originally reported loss were:

1. Increased Revenue of \$164,670 from the collection of Dockage earned last year from oil rigs located at the old Todd shipyard. At year end there was uncertainty as to whether the Port could collect these revenues, so the revenues were conservatively not included in the financial statements.
2. Increased Expenses totaling \$72,008 were due to increases in Salaries and Contract Labor of \$25,792; Repairs and Maintenance Expense of \$14,021; Other Operating Expenses of \$17,990; and Office & Sales Expense of \$14,205.
3. Decreased Depreciation Expense of (\$112,728) as construction projects that were originally scheduled to be completed by years end were not finished. Therefore, the depreciation that had been recorded in the year 2004 for these items was premature and will be reported in a future period when construction has been completed.
4. Decreased Interest Expense of (\$469,318) During the year the Port paid interest on the bond issue to construct Cruise Terminal 2. Because this interest was paid during the construction of the terminal the auditors included the interest as part of the cost of the terminal instead of expensing the cost. This resulted in a reduction of interest expense with an equal amount of increased cost to the terminal. Adding this interest to the cost of the Terminal will continue until the terminal is complete.

***As stated above these changes reduced the initially reported loss of (\$734,501) to a audited loss of (\$59,786) for the 2004 Fiscal Year which corresponds to the results of the 2004 Fiscal Year Annual Financial Report (Audit) submitted by Null-Lairson, P.C.***

It should also be noted that federal grant revenues of \$1,295,345 that were received during Fiscal Year 2004 **were not** included in the above financial calculations.

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