

**GALVESTON PORT FACILITIES CORPORATION
REQUEST FOR DISCUSSION AND
DIRECTORS ACTION**

BUSINESS

PREPARED BY: Mark Murchison Treasurer June 25, 2019

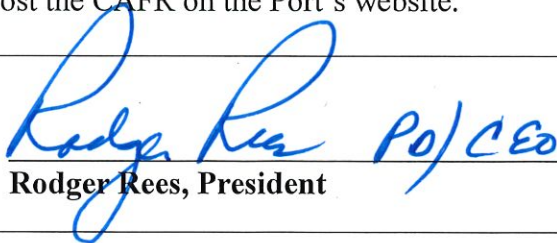
SUBJECT: Discuss and Consider Acceptance of the Galveston Wharves (Port) and Galveston Port Facilities Corporation (GPFC) Consolidated 2018 Financial Audit, the Comprehensive Annual Financial Report (CAFR), and the Federal Single Audit

BACKGROUND: RSM US, LLP. was engaged to perform the Consolidated Port and its blended component unit GPFC's annual Financial Audit for the Year Ending December 31, 2018. As the Port's auditor, RSM prepares the Federal Single Audit that is required of recipients of Federal Grants.

ADDITIONAL INFORMATION ATTACHED: No _____ Yes X

RECOMMENDATIONS: The Directors of the Galveston Port Facilities Corporation are respectfully requested to accept the Port's 2018 Annual Financial Audit as submitted by the accounting firm of RSM US, LLP containing an unqualified opinion and financial statements that show a positive change in Net Position of \$7,048,669 and Total Net Position of \$134,898,690. Included in the 2018 CAFR is a prior period adjustment to the Hurricane IKE FEMA receivable. The Board is also requested to instruct staff to forward copies of the Report to the City of Galveston and to the Port's Bond Repositories and to post the CAFR on the Port's website.

Respectfully Submitted By:


Rodger Rees, President

DATE ACTION TAKEN: _____

Approved: _____
Disapproved: _____
Deferred To: _____
Incorporated into Minutes: _____

Motion By: _____
Seconded By: _____
Unanimous: Yes _____ No _____
By: _____

GALVESTON PORT FACILITIES CORPORATION

Briefing

Discuss and Consider Acceptance of the Galveston Wharves (Port) and Galveston Port Facilities Corporation (GPFC) Consolidated 2018 Financial Audit, the Comprehensive Annual Financial Report (CAFR) and the Federal Single Audit

Background

RSM US, LLP was engaged to perform the Consolidated Port and its blended component unit GPFC's annual Financial Audit for the Year Ending December 31, 2018. As the Port's auditor, RSM also prepares the Federal Single Audit that is required of recipients of Federal Grants

Current Situation

Port Staff received the Independent Auditor's Report for Year Ending December 31, 2018 from RSM. Attached is a draft copy of the Comprehensive Annual Financial Report and the Federal Single Audit Report. The 2018 Audit combines the Financial Statements of the Wharves with the Financial Statements of its blended component unit the Galveston Port Facilities Corporation (GPFC). Without this inclusion, the reporting entity's (Wharves') financial statements might be misleading or incomplete. A detailed explanation is furnished in Note 1 of the Independent Auditor's Report.

The 2018 Audit includes a prior period adjustment of \$8,279,129 to the net receivable related to Hurricane IKE. Staff discussed the aspects and possible adjustment at the December 18, 2018 Workshop and at the January 29, 2019 workshop presentation of year end 2018 results noting that Staff expected an adjustment as part of the 2018 final audited report when unaudited final results for the 2018 were presented.

The CAFR contains an unqualified opinion on the Wharves' Financial Statements. The Financial Statements show a positive change in Net Position of \$7,048,669 and Total Net Position of \$134,898,690.

Fiscal Impact

Not Applicable.

Staff Recommendation

The Directors are respectfully requested to review the attached documents, to listen to the briefing of the external auditors, the President and the Treasurer, and to accept the 2018 Comprehensive Annual Financial Report and Federal Single Audit Report. The Directors are also requested to instruct staff to forward copies of the Reports to the City of Galveston, to the Port's Bond Repositories and to post the CAFR on the Port's website.