



Legislation Text

File #: 2019-0525, **Version:** 1

DATE: January 9, 2020

SUBJECT:

RESOLUTION ACCEPTING AND FILING THE EXTERNAL AUDITOR'S REPORT ON THE AUDIT OF THE DISTRICT'S FINANCIAL STATEMENTS AND SINGLE AUDIT FOR THE YEAR ENDING JUNE 30, 2019

EXECUTIVE SUMMARY:

The District's External Auditor, Macias, Gini, & O'Connell LLP (MGO), issued its Audit Report on the District's financial statements for the year ending June 30, 2019. Additionally, MGO issued their report (Single Audit) on the District's compliance with requirements for each of the District's major federal programs for year ending June 30, 2019.

On December 12, 2019 the Audit Oversight Committee (Committee) met and recommended that the Board accept and file the External Auditor's Report.

RECOMMENDATION:

Adopt a resolution accepting and filing with the Office of the District Clerk the External Auditor's Report on the Audit of the District's Financial Statements and Single Audit for the Year Ending June 30, 2019 pursuant to the District Act.

FISCAL IMPACT:

This agenda item has no fiscal impact.

COMPASS STRATEGIC GOALS:

The District's financial statements are prepared by District staff in accordance with applicable Generally Accepted Accounting Principles (GAAP) and audited by an independent external auditor on an annual basis. Financial reporting plays a critical role in establishing and maintaining the confidence of the public.

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

The District's financial statements are prepared by District staff and audited by an independent external auditor on an annual basis. An audit by an independent auditor is key to public confidence, and independent audits have long been recognized as important to credible and reliable financial and non-financial reporting. A financial statement audit is designed to provide the organization's stakeholders with reasonable assurance that an organization's financial statements are presented fairly, in all material respects, in conformity with GAAP. The work performed in an audit enables the audit firm to opine on the organization's financial statements taken as a whole.

In addition, the external auditors have opined on compliance for each of the District's major federal programs in accordance with Office of Management and Budget's OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations).

On December 12, 2019, MGO reported the results of the audit to the District's Audit Oversight Committee (Committee). To keep the Board and the public informed, the Committee recommended that the Board accept and file MGO's report. This action by the Board will allow completion of the District's FY2018/19 compliance with the Port Act, Section 52, which states "The accounts of the district shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants and a copy of the audit report shall be filed with the clerk for inspection by any person or persons interested."

General Counsel's Comments:

The Office of the General Counsel has reviewed the agenda sheet and attachments, as presented to it, and approves them as to form and legality.

Environmental Review:

The proposed Board action, including without limitation, a resolution accepting and filing the annual report on the audit of the District's financial statements does not constitute a "project" under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because it will not have a potential to result in a direct or indirect physical change in the environment and is, therefore, not subject to CEQA. No further action under CEQA is required.

In addition, the proposed Board action complies with Sections 21 and 52 of the Port Act, which allow for the Board to pass resolutions and which require the accounts of the District to be audited annually by an independent certified public accountant and for a copy of the audit report to be filed with the Clerk. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

Finally, the proposed Board action does not allow for "development," as defined in Section 30106 of the California Coastal Act, or "new development," pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or exclusion is not required.

Equal Opportunity Program:

Not applicable.

PREPARED BY:

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Port Auditor, Office of the Port Auditor

Attachment(s):

Attachment A:	Mandatory Communication - SAS 114 Letter
Attachment B:	CAFR
Attachment C:	Single Audit