



Review of Fund Transfers For the Park Board of Galveston

Why We Did This Memo

The City of Galveston and The Park Board of Trustees of Galveston entered into an Interlocal Agreement on October 21, 2019. The name of the Interlocal Agreement was:

Interlocal Agreement between The City of Galveston and The Park Board of Trustees of The City of Galveston concerning the management of city parks, paid parking, collection of hotel occupancy tax (HOT), and management of short-term rental registry and provision of coastal management and public space maintenance services.

Prior to entering the interlocal agreement, both the City and Park Board had (2) two questions which were deferred to The City Auditor's Office. The questions were:

Question (1) One: How does the Park Board's Cost Allocation Methodology differ from a normal cost allocation?

Question (2) Two: Are there any funds held at the Park Board that are available for Seawolf Park?

Our Answers

We researched both questions and advised the appropriate City and Park Board staff.

Answer to Question (1) One: Typically, cost allocation projects use a single step method that allocates departmental costs and non-departmental costs. For example, The Purchasing Department may include some facilities costs in their department for the year-end. A single step method applies an allocation to reallocate these facilities costs in an



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optimal manner to other recoverable program areas. An acceptable method that results in accurate program allocations. However, other certain non-departmental facilities costs may go unrecorded that the Purchasing Department received benefit for and is not aware of to record.

The Park Board of Galveston uses a double step method to allocate non-departmental costs within a department. Using the example above, the first step would include facilities costs included in the Purchasing Department year-end costs to transfer back to the Facilities Department. The second step would include both the Facilities Department and the Purchasing Department to allocate costs to other departments that received benefit from the costs. Applicable costing factors are determined through research provided by MAXIMUS, Inc., a third party contractor hired by The Park Board to perform these calculations. The double step method mitigates potential allocation inequities and has been widely accepted by federal cognizant agencies for more than 30 years.

Answer to Question (2) Two:

Seawolf Park has a cumulative balance of \$812,327 as of September 30, 2018 which is available to the park and held in The Park Board's General Fund – Pooled Cash account. In addition, current liabilities at September 30, 2018 associated with Seawolf Park equaled \$84,928. These amounts can be located in The Park Board of Galveston's Certified Annual Financial Statements.



City of Galveston

City Auditor's Office

Audit Plan

February 28, 2020

CONSULT-PARK2020-2

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End Results

The answers to these two questions were made known to the appropriate staff of The City of Galveston and The Park Board of Trustees. The Interlocal Agreement is complete and signed by both parties in a timely fashion. The City Auditor's Office hopes that these answers helped to facilitate the process. This memo is in lieu of an audit report and satisfies the requirements of item "CONSULT-PARK2020-2" of the City Auditor's Plan for the Year ending 2020.