Finance Report for
Fort Monroe Authority Board of Trustees Meeting
Patrick Henry Building, Richmond, VA
February 16, 2017

Financial Statements

Since the introduction of the new statement format, the Finance Report will focus on the presentation of the consolidated report. Information on the individual sub-funds can be found on the supporting statements included with the consolidated report.

As a reminder, in order to facilitate the consolidated reporting, the government fund has been converted from cash basis to accrual basis reporting. As a result some account activity not normally presented on the government fund interim statements are now presented on the Statement of Net Position. The most notable of these accounts are the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflow of Resources. In addition, in an effort to more accurately reflect the net financial position of the Authority, the Due From Intercompany receivables and Due To Intercompany payables accounts have been adjusted on the consolidated Statement of Net Position.

Statement of Net Position

The Statement of Net Position reflects the Authority's financial position as of December 31, 2016. As of that date, the Authority had $3,849,375 in operating and petty cash funds. In addition the Authority had $327,402 in restricted cash which consists primarily of resident and tenant security deposits. The large reduction in restricted cash from the prior year is a result of the completion of the FMA office renovation of Building 83 and the apartment conversion of Building 80. Funds had been committed at the end of FY15 to restrict the use of funds for the two capital projects.

In the Accounts Receivable section, Other Receivables has decreased by $220,155 compared to last fiscal year due to a delay in requesting OEA reimbursements as a result of the staffing changes in the Finance Department.

In the Fixed Assets section, the Construction in Progress balance has decreased by $759,667 due to the transfer of $628,660 for the completed apartment conversion of Building 80 and $677,093 for the completed renovation of Building 80 as the Authority's main office. The amount for the current year are principally the landlord improvements for the Oozlefinch Craft Brewery. The balance will be transferred to the Commonwealth financial statements at the end of the fiscal year.

In the Other Assets section, the credit balances in the intercompany accounts reflect a timing difference in transactions posted between the sub-funds. Deferred Outflow of Resources reflects the Authority's pro-rata share of the deferred outflows for the state employee defined benefit pension plan.

The reduction in Total Assets compared to the prior year is largely due to the completion of the construction projects and the transfer of the completed construction projects to the Commonwealth financial accounts.

In the Other Liabilities section, the Deferred Inflow of Resources reflects the Authority's pro-rata share of the deferred inflows for the state employee pension plans. The Net Pension Liability reflects the Authority's proportionate share of the difference between the net present value of projected pension benefit payments to eligible Authority employees less the amount of the VRS pension plan net position.

Retained earnings dropped versus the prior year due to the recording of the pension liability and other pension related entries and the transfer of the construction projects to the Commonwealth financial reports.

Statement of Activities

The Statement of Activities reflects the revenue and costs for the first six months of the fiscal year. The budget figures reflected on these statements are a pro-rata portion of the annual budget which may reflect in some differences in timing of expenses versus budget.

Consolidated revenue for the six-month period was $6,010,491 compared to $5,721,722 for the first six months of the last fiscal year and $7,005,406 in budgeted revenue. No OEA grant reimbursements have been submitted due to change in the Senior Accounting position. The Authority had not posted the second quarter VDOT transfer from Hampton as of December 31. Residential Revenue was ahead of budget and prior year due to the continued high rate of residential occupancy. Commercial revenue is below prior year levels due to a large CAM reconciliation billing in FY16 and is below budget due to delays in executing leases for new commercial tenants. Utility revenue is higher than the prior year due to a change in accounting practice implemented last year. Miscellaneous Revenue includes $242 thousand dollars for the final payment from FEMA on Hurricane Irene mitigation projects.

Payroll and fringe expenses are slightly higher than last year due to the increased cost of fringe benefits but below budget for the first six months. Other operating expenses were higher than the same period last year due primarily to unreimbursed damage costs from Hurricane Matthew (Insurance) and the change in accounting practices for the utility fund (Utility & Public Works Expenses). Expenses for the first six months of the year are $1,225,582 below budgeted levels due to the unrealized transactions in commercial leasing activity and the delay in implementing repair and renovation projects due to the vacancy in the Historic Preservation Officer Position.

The surplus of revenue over costs for the first six months of the fiscal year was $230,667 compared to $390,693 from the prior year.

Cash on Deposit

As of the close of business on February 9, 2017, the Fort Monroe Authority had on deposit at Old Point National Bank the following account balances:

Government Fund Operating Account	$ 3,604,028
Government Fund Restricted Accounts	138,200
Flexible Spending Employee Account Balances	6,311
Enterprise Fund Residential Operating Account	682,241
Enterprise Fund Residential Security Deposit Account	270,646
Enterprise Fund Utility Operating Account	56,848
Enterprise Fund Special Events Account	102,059

The finance department believes that the current cash balance together with the remaining general fund transfers and business revenue will provide enough funding to meet the near-term operating requirements of the Fort Monroe Authority.

FY17/18 Budget Update

The most recent version of the FY17/18 biennial state budget includes $5,082,648 in general fund appropriations for FY17 which is the net amount of the original $5,298,368 less the $215,720 for the 5% budget saving strategies requested by the Governor and accepted by the Secretary of Commerce and Trade. The general fund appropriation for FY18 in the current budget bill is $4,974,791 which is the net amount from the original $5,298,369 less the $323,581 for the 7.5% budget saving strategies requested by the Governor and accepted by the Secretary of Commerce and Trade. These amounts are consistent with the amounts previously reported to the Board of Trustees.