



Finance Report for
Fort Monroe Authority Board of Trustees
George Washington Birthplace National Monument
March 17, 2016

Financial Statements

The statements presented here are for the seven-month period ended January 31, 2016. These statements are internal reports produced by the Authority's staff. The Authority follows government accounting standards for the presentation of government-wide and fund-based activity but these financial statements have not been audited by an independent third-party auditor.

Government Fund (Cash Basis)

Statement of Net Assets (Page 1)

This is an interim financial statement and in accordance with generally accepted practice. The results are presented on a cash basis.

As of January 31, 2016, the Authority government fund had \$2,742,936 in cash on deposit in public fund accounts at Old Point National Bank (OPNB). The Authority also has \$616,141 in restricted cash on deposit at the same bank to cover FY16 VDOT invoices, the remaining renovations to Building 83, the Historic Structure Report for the Casemate Museum, and the renovation of Building 80 into ten apartment units.

As of the same date, the Authority had \$8,019,042 in other current assets compared to \$4,720,747 in the prior year. The largest component of the balance is the Interfund Receivable from the Enterprise Fund.

The Authority had net fixed assets of \$518,628 as of January 31, 2016 compared to \$305,876 in the prior year. The largest component of the net capital is the construction in process account for the renovation of the new FMA administrative office. As previously reported, once this project is complete this asset balance will be transferred to the Commonwealth's financial statements.

After including the small balance in other assets, the Authority had \$11,897,860 in total assets as of January 31, 2016, compared to \$10,078,153 for the prior year.

As of January 31, 2016, the Authority had a \$346,446 in current liabilities compared to \$103,980 in the prior year.

The government fund net position as of January 31, 2016 was \$11,897,860 compared to \$10,078,153 as of January 31, 2015.

Statement of Activities (Page 2)

For the fiscal year, the government fund had revenues of \$3,586,443 compared to \$5,065,364 for the prior year. The principal source of government fund revenue was \$3,079,417 in state appropriations. The variance in general fund appropriations results from the reduction in the Authority's appropriation from \$6.4M in FY15 to \$5.1M in FY16. The Authority also received \$301,499 in reimbursements from the Office of Economic Adjustment (OEA) and \$193,656 in pass-through VDOT road maintenance funds from the City of Hampton.

Government fund expenses for the first seven months of the fiscal year were \$2,784,205 compared to \$2,385,533 in the prior fiscal year. A large portion of the increase was related to the timing of the payment of FY15 VDOT invoices.

The excess of revenues over expenditures for fiscal year was \$802,238 compared to an excess of \$2,679,831 in the prior fiscal year. The decrease results from the decrease in appropriations combined with higher expenses than in the prior year.

Casemate Museum Statement of Activities (Page 3)

This statement reflects the activities of the Casemate Museum for the first seven months of the year. The revenue and expenses reflected here are included in the Government Fund statement on the previous page.

For the fiscal year, the Casemate Museum collected \$4,861 in revenue from tour groups, compared to \$3,240 in the prior year. Expenses for the first seven months of the fiscal year were \$329,394, compared to \$279,990 for the prior fiscal year. The increase in cost is related to the engineering consultants on the historic structure report for the Casemate Museum. These costs will be reimbursed by the OEA grant.

The net cost to operate the Museum for the seven-month period was \$324,533 compared to \$276,750 in the prior year.

Enterprise Fund (Accrual Basis)

Balance Sheet (Page 1)

As of January 31, 2016, the Authority enterprise fund had \$308,363 in cash on deposit as well as \$269,948 in restricted security deposits in public fund accounts at OPNB and \$500 in petty cash.

Other current assets (pre-paid expenses and accounts receivable) for the current year totaled \$685,070 compared to \$94,799 as of January 31, 2014.

The Enterprise Fund had \$829,299 in net fixed assets on January 31, 2016, compared to \$42,715 for the prior year. The large increase over the prior year stems from the construction in progress account for the renovation of Building 80 into ten apartment units. Some of the costs for the renovation of Building 83 as the FMA's main office are also shown in the Enterprise Fund. These funds will be transferred to the Government Fund once the project accounting is complete. Once these projects are completed, these asset balances will be transferred to the Commonwealth financial statements.

As of January 31, 2016, the Enterprise Fund had \$8,605,685 in current liabilities compared to \$5,330,211 on January 31, 2015. The increase in current liabilities results from the increase in the interfund payable to the Government Fund for operational deficit funding for the commercial real estate and utility funds.

The enterprise fund net equity position as of January 31, 2016 is a deficit of \$6,512,505 compared to a deficit of \$5,330,211 for the prior year.

Income Statement (Page 2)

Business activity revenue for the first seven months of the fiscal year was \$2,541,383, compared to \$2,171,706 for the prior fiscal year.

Business-related expenses for the seven-month period were \$3,640,013, compared to \$3,554,083 for the prior fiscal year.

The net operating deficit for the first seven months was \$1,098,630, compared to a net deficit of \$1,382,377 in the prior year. As frequently reported, the net deficit is expected to continue as a result of the portfolio of vacant commercial buildings that must be maintained by the Authority until the buildings are leased or sold.

Balance Sheet by Sub-Fund (Page 3)

This report presents the balance sheet as of January 31, 2015 for the four sub-funds of the Enterprise Fund – residential leasing, commercial leasing, special events, and utility. This report reflects that residential leasing has generated \$1,726,282 in net earnings since the Authority started leasing residential properties in January 2011. In comparison, over the same time period, commercial leasing has operated at a \$7,300,483 deficit due to the high vacancy rates in the commercial portfolio combined with the cost to condition, insure and maintain vacant historic buildings. Special Events has a positive cumulative net income of \$65,760. The Utility Fund has operated at a deficit of \$1,003,609 since its inception in October 2013, following the transfer of 312.75 acres of land to the Commonwealth along with all the utility systems. The deficit is expected to continue as a result of the cost of maintaining the infrastructure, including street lights and conditioning the air in public use buildings.

Income Statement by Sub-Fund (Page 4)

This report presents the income statement for each of the four sub-funds listed above. For the seven-month period, residential leasing generated \$363,626 in net income while Special Events generated \$24,812 in net income. Commercial leasing operated at a deficit of \$1,297,064 for the first seven months due to the large number of vacant commercial buildings. The utility fund operated at a deficit of \$190,005 through January 31, 2016. The Utility Fund will normally operate at a net loss due to the unbillable utility consumption for street lights, parking lots and infrastructure buildings.

Comparable Income Statement for Leasing Activities (Page 5)

This report details the year-to-year comparison for the two property leasing sub-funds.

Residential net revenue for the seven-month period was \$1,548,081 compared to \$1,522,171 in the prior year. During the same period commercial net revenue was \$433,894 compared to \$356,290 in the previous fiscal year.

For the first seven months of the fiscal year, expenses for residential leasing were \$1,184,454 compared to \$1,131,447 for the same period in the prior fiscal year. Commercial expenses for the same period were \$1,730,958 compared to \$1,914,525 in the prior fiscal year.

For the first seven months of the fiscal year, residential leasing generated \$363,626 in net income compared to \$390,724 in the prior year. Commercial leasing operated at a deficit of \$1,297,064 for the seven months compared to \$1,558,235 for the prior fiscal year.

Statement of Activities for Special Events (Page 6)

This statement reflects the results of the various special events permitted or produced by the Authority. Through January 31, 2016, the Authority generated \$33,512 in facility rental and ticket sales. A large contributor to the increasing special event revenue is the rental income from the Post Theater. For the first seven months, the theater rental revenue was \$9,350, the largest individual revenue category for the year. The Fort Monroe Foundation continues to support many of these programs, which resulted in net expenses of only \$8,700 for the first seven months of the fiscal year. As a result, the Special Events at Fort Monroe generated net income for the period year of \$24,812.

Cash on Deposit

At of the close of business on March 9, 2016, the Fort Monroe Authority had on deposit at Old Point National Bank the following account balances:

Government Fund Operating Account	\$ 3,244,537
Government Fund Restricted Accounts	609,430
Flexible Spending Employee Account Balances	6,173
Enterprise Fund Residential Operating Account	323,577
Enterprise Fund Residential Security Deposit Account	235,387
Enterprise Fund Utility Operating Account	171,541
Enterprise Fund Special Events Account	71,885

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.

OEA Grant Status

There is no change in the OEA awarded a grant in the amount of \$1,102,294. The Authority staff is meeting with Jay Sweat, OEA Project Manager, on April 27th to talk about the FMA grant request for FY17.

FY15 Audit

As reported at the December Board, meeting the audit firm of has completed the audit work for the FY15 financial statements. The audit report stated:

In our opinion, the financial statements ... present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Authority, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

This the Authority's sixth consecutive clean audit opinion.

FY16 Budget

There are no requested revisions to the FY16 budget since the December Board of Trustees meeting.

FY17/18 Budget

Both the House and Senate approved budgets including general fund appropriations for the Fort Monroe Authority of \$5,298,368 for FY17 and \$5,298,372 for FY18. Since both bills contain the same language it is expected that the conference committee will make no changes to these amounts.