



Finance Report for
Fort Monroe Authority Board of Trustees Meeting
Bay Breeze Conference Center
December 12, 2013

Financial Statements / Cash on Deposit

The financial results presented here are for the seven-month period ended January 31, 2014 and 2013. These financial statements are presented on cash or accrual basis (as noted below) and conform to government accounting standards for the presentation of government-wide and fund-based activity.

Government Fund (Cash Basis)

As of January 31, 2014 the Authority government fund had \$2,285,800 in cash together with \$602,346 in restricted cash on deposit in public fund accounts at Old Point National Bank.

For the seven-month period the government fund had revenues of \$3,828,465 compared to \$4,706,357 in the prior fiscal year. The primary source of government fund revenue is \$3,798,862 in state intergovernmental revenue. The decrease against the prior year results from the reduction in the Authority's appropriation from \$6.23 million in FY13 to \$5.07 million for FY14.

Government fund expenses for the seven-month period were \$2,967,023 compared to \$2,633,385 for the prior fiscal year. The increase results principally from the \$346,514 in VDOT road repairs and regulatory signage that was funded and completed in FY13 but paid for in FY14.

The excess of revenues over expenditures for the seven-month period was \$861,442 compared to \$2,072,972 in the prior fiscal year. The reduction in excess revenues is related to the aforementioned decrease in state appropriation combined with increase in operating expenses.

The government fund net position as of January 31, 2014 was \$5,727,518 compared to \$5,055,275 in the prior fiscal year.

Enterprise Fund (Accrual Basis)

As of January 31, 2014 the Authority enterprise fund had \$434,275 in cash together with \$225,107 in restricted security deposits on deposit in public fund accounts at Old Point National Bank.

Business activity revenue for the seven-month period was \$1,665,324 compared to \$1,149,062 for the prior fiscal year. Residential rental net revenue increased \$339,063 compared to the prior year. Commercial rental revenue increased \$124,052 compared to the prior year.

Enterprise fund expenses for the seven-month period were \$2,846,624 compared to \$1,461,793 for the prior fiscal year. The increase in expenses results principally from higher utility charges associated with the FMA's operation of the natural gas, water and sewer systems; repair and maintenance costs associated with the additional portfolio of commercial buildings owned by the Commonwealth; the increase in the PILOT fee as a result of the additional buildings owned by the Commonwealth since June 2013; and the costs associated with creating an operations and maintenance program to address lead-based paint, asbestos and mold management of the buildings at Fort Monroe. It should be noted that the FMA has established a utility enterprise fund since it is billing third-party tenants such as the Chamberlin and St. Mary's Star of the Sea Catholic Church for utility consumption based on metered usage.

The net operating deficit for the seven-month period was \$1,181,300 compared to a net deficit of \$312,731 (before extraordinary expenses) in the prior fiscal year. The significantly larger deficit results from the \$1,384,831 increase in operating expenses offset by the \$516,262 increase in residential and commercial revenue achieved by the real estate department. The large 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.

Cash on Deposit

As of the close of business on February 10, 2014, the Fort Monroe Authority had on deposit at Old Point National Bank the following account balances:

Government Fund Operating Account	\$ 2,493,581
Government Restricted Account (VDOT)	352,346
Government Restricted Account (Building 83)	250,000
Enterprise Fund Operating Account	608,160

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

Revised FY14/New FY15/16 Budget Request

The budget introduced by Governor McDonnell on December 16, 2013 includes a supplemental appropriation for FY14 of \$701,620. The FMA had requested \$2,845,804 for critical projects such as roof repair/replacements to cure water intrusion in buildings with active residential tenants or commercial prospects, gutter cleaning and repairs, replacement of damaged fascia/soffit boards resulting from poorly maintained paint and gutters, commencement of an exterior painting program to address untreated wood, repair of inoperable elevators in commercial buildings, repair/replacement of HVAC units including boilers and chillers in commercial buildings to maintain temperature and moisture control. The Department of Planning and Budget (DPB) indicated the supplemental appropriation was reduced from the requested amount to provide for only the increase in operating expenses since any capital projects would be covered in the bond program proposed by Governor McDonnell.

The Governor's budget contains operational funding for the FMA of \$6,718,155 for FY15 and \$5,489,033 for FY16. The amounts match the amounts requested by the FMA.

The Governor's budget includes a proposed bond issuance of \$22.5 million dollars for capital improvements at Fort Monroe. This bond proposal is intended to cover the capital improvement program costs for the next 5-6 years and would allow the FMA to move aggressively to address a series of projects to deal with building conditions and infrastructure repairs to facilitate the implementation of the master plan. This program exceeds the \$10,991,410 requested by the FMA for capital projects in FY15 and FY16.

The Authority continues to work with DPB, the House Appropriation Committee and Senate Finance Committee staffs to maintain the current amounts proposed in the Commonwealth's FY15/FY16 biennial budget.