



Finance Report for
Fort Monroe Authority Board of Trustees Meeting
Bay Breeze Conference Center
July 25, 2013

Financial Statements / Cash on Deposit

The Finance Department is actively engaged in the account review and preparation of schedules and workpapers for the FY13 audit. Due to the effort required to prepare for the audit of the Government, Enterprise and Foundation financial statements, the June financials have not been completed at the time of this report. Submitted with this report are the fiscal year-to-date financial statements for the eleven months ended May 31, 2013.

Government Fund (Cash Basis)

As of May 31st the Authority had \$3,617,554 on deposit at Old Point National Bank.

Government fund revenue for the eleven-month period was \$5,869,035 versus \$3,082,750 for the previous year. Primary revenue sources include \$4,716,495 in appropriation deposits from the general fund, \$882,616 in grant reimbursements from OEA and the pass-through of \$264,260 in VDOT maintenance funds from the City of Hampton. The Authority received small revenue contributions from NPS grants, CBS Television Studios and interest income.

Government fund expenses for the eleven-month period were \$3,881,815 versus \$2,757,449 for the prior year. The principle causes for the year-over-year increase in expenses are the full-year impact of the Veolia public works contract that commenced in April 2012, the increase in personnel and employee benefit costs related to the conversion of contract employee to state employees and new positions as part of the Casemate Museum transfer, and an increase in consulting contracts related to the Master Plan project and building condition assessments and remediation.

The increase in net assets for the ten months was \$1,987,220 largely due to the delay in property transfer.

As a reminder, due to the large cash balance and the delay in property transfer from the Army, the Authority's final quarterly general fund appropriation was reduced by \$1,509,979 to reflect reduced FY13 expenses related to the delay.

Enterprise Fund – (Accrual Basis)

As of May 31st enterprise fund operating cash on deposit was \$51,841.

Business activity revenue for the eleven-month period was \$1,950,827 with expenses of \$2,153,391 resulting in a net operating loss (before extraordinary expenses) of \$202,564. Total net operating loss including the cost to remove the Wherry Apartments is \$841,233.

Residential property revenue for the eleven-month period was \$1,748,724 compared to \$1,220,057 for the prior year. Residential operating expenses for the period were \$1,575,949 compared to \$1,262,650 for the prior year. Residential properties operated at a net profit (before extraordinary expenses) of \$172,775 for the period compared to a net loss of \$42,593 for the prior year.

Commercial property revenue for the eleven-month period was \$195,240 compared to \$27,818 for the prior year. Commercial operating expenses for the period were \$570,640 compared to \$366,127 for the prior year. Commercial properties operated at a net loss of \$375,400 compared to a net loss of \$338,309 for the prior year. Commercial prospect activity continues to improve and several new leases have been signed during the fiscal year but the commercial properties are still expected to operate at a large operating loss due to the large amount of vacant commercial property that must be operated and maintained by the FMA.

Cash on Deposit

As of the close of business on July 17, 2013, the Fort Monroe Authority had on deposit at Old Point National Bank the following account balances:

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|---|--------------|
| Government Fund Operating Account | \$ 2,520,032 |
| Government Restricted Account (VDOT) | 352,346 |
| Government Restricted Account (Building 83) | 250,000 |
| Enterprise Fund Operating Account | 339,182 |

The finance department believes that the current cash balance will provide enough funding to meet the near-term operating requirements of the Fort Monroe Authority.

Revised FY13/New FY14 Budget Request

At its meeting on June 20th, the Finance Committee approved revised FY13 budgets for the government and enterprise funds. The Committee also approved provisional budgets for FY14 pending the finalization of the OEA grant. Copies of the approved budgets are included with this report.