

**VIRGINIA PORT AUTHORITY AND VIRGINIA INTERNATIONAL TERMINALS, LLC
FINANCIAL HIGHLIGHTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015**

The following is a summary of the results of operations through the third month of FY 2016.

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Actual vs. Budget and Prior Year**

Operating Revenues

Operating revenues year to date were 1.9% below budget and 6.0% ahead of prior year. The increase over prior year was predominantly due to volume. Container volume was up 4.8% for the three months ending September from the same period last year.

Operating Expenses

Terminal operating expenses year to date were \$740.8 thousand (1.4%) under budget and \$6.4 million (14.4%) above prior year. The increase versus prior year was primarily due to volume, and the inclusion of an additional terminal (PMT).

Terminal maintenance expenses year to date were \$557.7 thousand (2.3%) under budget and \$2.0 million (9.0%) above prior year. Terminal maintenance is higher than prior year in part due to the inclusion of an additional terminal not included in prior year results, volume, and the age of equipment. Efficiency measures continue to be evaluated and implemented.

General and administrative expenses year to date were \$3.5 million (21.5%) under budget and \$1.3 million (10.8%) higher than prior year. Variances are due to open positions and lower aid to local ports and advertising expenses. Management continues to monitor general and administrative expenses to remain conservative where possible.

Facilities rental expenses were \$171.5 thousand (1.2%) below budget and \$651.8 thousand (7.7%) higher than prior year. The Authority is in its fourth year under full facility rental rates per the VIG terminal lease.

Non-Operating Revenue & Expenses

Year to date interest income was \$99.5 thousand under budget and \$36.4 thousand below prior year, primarily due to continued low interest rates and market adjustments.

Year to date interest expense was \$210.2 thousand over budget and \$65.1 thousand below prior year.

Capital Contributions and Transfers

The CPF allocation year to date was \$745.1 thousand (7.7%) below budget and \$81.6 thousand (0.9%) above prior year. Staff will continue to monitor performance.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

STATEMENT OF NET POSITION

As of September 30, 2015

	Primary		Eliminations	Total
	Government	Component Unit		
	Authority	Virginia International Terminals, LLC		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 63,964,216	\$ 24,533,216	\$ -	\$ 88,497,432
Restricted assets:				
Cash and cash equivalents	71,836,594	3,257,675	-	75,094,269
Investments	-	15,419,748	-	15,419,748
Investments held by Treasurer of VA	192,414	-	-	192,414
Accounts receivable, net	3,262,510	76,666,835	-	79,929,345
Due from transportation trust	7,988,133	-	-	7,988,133
Due from component unit	21,016,236	-	(21,016,236)	-
Inventories	-	17,507,160	-	17,507,160
Prepaid expenses and other	166,068	4,865,793	-	5,031,861
Total current assets	168,426,171	142,250,427	(21,016,236)	289,660,362
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	35,394,631	-	-	35,394,631
Investments	13,809,170	-	-	13,809,170
Bond issue costs, net	32,015	-	-	32,015
Non-depreciable capital assets	221,449,019	-	-	221,449,019
Depreciable capital assets, net	529,800,350	25,152,083	-	554,952,433
Total noncurrent assets	800,485,185	25,152,083	-	825,637,268
Total Assets	968,911,356	167,402,511	(21,016,236)	1,115,297,631
DEFERRED OUTFLOW OF RESOURCES				
Pension and Bond Refunding Costs, Net	5,642,387	-	-	5,642,387
Total assets and deferred outflows	\$ 974,553,743	\$ 167,402,511	\$ (21,016,236)	\$ 1,120,940,018

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

STATEMENT OF NET POSITION

As of September 30, 2015

	Primary Government	Component Unit Virginia International Terminals, LLC	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 4,435,498	\$ 27,152,743	\$ -	\$ 31,588,241
Interest payable	5,250,267	-	-	5,250,267
Retainage payable	268,733	-	-	268,733
Long-term debt - current portion	20,737,031	-	-	20,737,031
Compensated absences - current portion	865,074	1,431,821	-	2,296,895
Payroll withholdings	24,707	434,495	-	459,202
Obligations under securities lending	1,993,157	-	-	1,993,157
Due to Parent Member	-	21,016,236	(21,016,236)	-
Total current liabilities	<u>33,574,467</u>	<u>50,035,295</u>	<u>(21,016,236)</u>	<u>62,593,526</u>
Noncurrent liabilities:				
Long-term debt	529,061,395	-	-	529,061,395
Compensated absences	12,087	1,638,539	-	1,650,626
Workers compensation costs	-	110,675	-	110,675
Accrued pension and OPEB obligations	3,929,495	12,334,108	-	16,263,603
Other noncurrent liabilities	13,277,025	-	-	13,277,025
Total noncurrent liabilities	<u>546,280,002</u>	<u>14,083,322</u>	<u>-</u>	<u>560,363,324</u>
Total Liabilities	<u>579,854,469</u>	<u>64,118,617</u>	<u>(21,016,236)</u>	<u>622,956,850</u>
DEFERRED INFLOW OF RESOURCES				
Pension and Bond Refunding Costs, Net	883,362	1,597,608	-	2,480,970
Total liabilities and deferred inflows	<u>580,737,831</u>	<u>65,716,225</u>	<u>(21,016,236)</u>	<u>625,437,820</u>
NET POSITION				
Net Investment in Capital Assets	234,053,807	25,152,083	-	259,205,890
Restricted for:				
Debt service	23,644,649	18,677,422	-	42,322,071
Pension	(7,170,405)	-	-	(7,170,405)
Unrestricted	143,287,861	57,856,780	-	201,144,641
Total net position	<u>393,815,912</u>	<u>101,686,286</u>	<u>-</u>	<u>495,502,198</u>
	<u>\$ 974,553,743</u>	<u>\$ 167,402,511</u>	<u>\$ (21,016,236)</u>	<u>\$ 1,120,940,018</u>

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Actual vs Budget and Prior Year

For the Month Ended September 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Variance Actual/Budget</u>
Operating Revenues:				
Terminal operating revenues	\$ 36,154,126	\$ 37,940,862	\$ 34,295,986	\$ (1,786,736)
Other revenues	781,328	816,619	710,808	(35,291)
Operating revenues - Grants	366,392	371,271	424,321	(4,879)
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Total operating revenues	37,301,846	39,128,752	35,431,115	(1,826,906)
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Operating Expenses:				
Terminal operations	16,711,644	17,204,453	15,223,761	(492,809)
Terminal maintenance	6,739,970	8,299,691	7,560,096	(1,559,721)
General and administrative	4,806,230	5,403,463	3,953,515	(597,233)
Facility Rental	4,841,191	4,895,468	4,621,019	(54,277)
Depreciation and amortization	3,895,810	4,135,450	3,969,896	(239,640)
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Total operating expenses	36,994,845	39,938,524	35,328,287	(2,943,679)
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Operating income (loss)	307,001	(809,773)	102,828	1,116,774
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Non-operating revenues (expenses)				
Interest income	(9,970)	48,491	33,469	(58,461)
Interest expense	(1,693,818)	(1,691,922)	(1,551,968)	(1,896)
Bond Issue Costs	(27,000)	-	-	(27,000)
Revenues from Federal Government	816,316	816,316	-	-
Gain/(loss) on disposals	-	-	-	-
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Income (loss) before capital contributions and transfers	(607,471)	(1,636,887)	(2,064,817)	1,029,416
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Capital contributions and transfers				
Commonwealth Port Fund allocation	3,693,725	3,393,158	3,415,278	300,567
Proceeds from other state agencies	204,079	-	-	204,079
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Increase (decrease) in Net Position	3,290,333	1,756,271	1,350,461	1,534,062
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Net Position - Beginning of Month	492,211,865	491,003,543	450,611,825	1,208,322
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Net Position - End of Month	\$ 495,502,198	\$ 492,759,814	\$ 451,962,286	\$ 2,742,384
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VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Actual vs Budget and Prior Year

For the Three Months Ended September 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Variance Actual/Budget</u>
Operating Revenues:				
Terminal operating revenues	\$ 114,527,994	\$ 116,484,387	\$ 108,052,852	\$ (1,956,394)
Other revenues	2,442,581	2,484,778	2,273,159	(42,197)
Operating revenues - Grants	824,546	1,113,812	850,926	(289,266)
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Total operating revenues	117,795,121	120,082,977	111,176,937	(2,287,857)
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Operating Expenses:				
Terminal operations	51,071,257	51,812,051	47,535,962	(740,794)
Terminal maintenance	24,042,803	24,600,527	22,064,020	(557,724)
General and administrative	12,702,024	16,173,451	11,461,606	(3,471,427)
Facility Rental	14,514,908	14,686,403	13,863,057	(171,495)
Depreciation and amortization	11,714,284	12,437,594	11,947,268	(723,310)
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Total operating expenses	114,045,276	119,710,026	106,871,913	(5,664,749)
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Operating income (loss)	3,749,844	372,952	4,305,024	3,376,893
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Non-operating revenues (expenses)				
Interest income	45,960	145,473	82,403	(99,513)
Interest expense	(4,865,598)	(5,075,765)	(4,930,738)	210,167
Bond Issue Costs	1,230	1,230	-	-
Commonwealth Rail Relocation expenses	-	-	(649,145)	-
Revenues from Federal Government	1,849,268	1,849,268	-	-
Revenues/Expenses (Primary Government)	950,227	950,227	447,463	-
Gain/(loss) on disposals	-	-	-	-
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Income (loss) before capital contributions and transfers	1,730,931	(1,756,616)	(744,994)	3,487,547
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Capital contributions and transfers				
Commonwealth Port Fund allocation	8,885,104	9,630,267	8,803,469	(745,163)
Proceeds from other state agencies	204,079	204,079	-	-
Operating transfers to component unit	-	-	-	-
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Increase (decrease) in Net Position	10,820,114	8,077,730	8,058,475	2,742,384
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Net Position - Beginning of Year	484,682,084	484,682,084	443,903,811	-
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Net Position - End of Year	\$ 495,502,198	\$ 492,759,814	\$ 451,962,286	\$ 2,742,384
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VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS
For the Three Months Ended September 30, 2015

	<u>Authority</u>
Cash flows from operating activities:	
Receipts from customers and users	\$28,224,260
Receipts from operating grants	824,545
Payments for operating expenses	(21,160,369)
Payments to employees	(3,275,529)
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Net cash provided by (used in) operating activities	4,612,907
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Cash flows from noncapital financing activities:	
Transfer to Primary Government	-
Noncapital transfer to component unit	-
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Net cash provided by (used in) noncapital financing activities	-
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Cash flows from capital and related financing activities:	
Payments from short-term debt	-
Proceeds from long-term debt	-
CPF Contribution	6,892,062
Acquisition of capital assets	(8,390,317)
Principal paid on long-term debt	(19,094,826)
Interest paid on long-term debt	(7,561,715)
Bond Issue Costs	1,230
Expenditures for Commonwealth Rail relocation	-
Transfer from primary government	950,227
Capital Transfer to component unit	-
Capital Transfer from component unit	(486,116)
Proceeds from primary govt or other state agencies	204,079
Proceeds from federal government	1,849,268
Proceeds from sale of capital assets	-
Gain (loss) on disposals	-
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Net cash provided by (used in) capital and related financing activities	(25,636,108)
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Cash flows from investing activities:	
Proceeds from sales and maturities	11,829
(Gains)/Loss on LT investments	(699)
Interest and dividends received	(28,045)
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Net cash provided by (used in) investing activities	(16,914)
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Net increase (decrease) in cash and cash equivalents	(21,040,115)
Cash and cash equivalents at beginning of year	192,235,556
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Cash and cash equivalents at the end of period	\$171,195,441
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**VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS**

For the Three Months Ended September 30, 2015

	<u>Authority</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income/(loss)	14,736,797
Adjustments to reconcile earnings to net cash provided by operating activities:	
Depreciation and amortization	10,799,711
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,775,401)
(Increase) decrease in due from VIT	(17,652,125)
(Increase) decrease in prepaid expenses	2,804,341
(Increase) decrease in other noncurrent assets	0
Increase (decrease) in accounts payable	(4,334,827)
Increase (decrease) in accrued expenses	-
Increase (decrease) in short-term liabilities	34,412
Increase (decrease) in long-term liabilities	-
Net cash provided by (used in) operating activities	<u>4,612,907</u>

VIRGINIA PORT AUTHORITY
CASH FLOW SUMMARY
EXCLUDING CONSTRUCTION AND DEBT SERVICE FUNDS
For the Three Months Ended September 30, 2015

Special Funds (Terminal Revenues):

Revenues 26,476,168

Operating Expenditures:

Commerce Advertising	34,989
National & International Trade Services	747,530
General Management & Direction	5,598,292
GM&D - Facilities Rent	12,811,834
Debt Service for Port Facilities	4,517,481
Security Services	1,630,462
Payments in Lieu of Taxes	339,779
Port Facilities Planning	-
Reversion to the General Fund	-

Total Operating Expenditures 25,680,367

Capital Expenditures 44,623

Budgeted Revenues Over(Under)Expenditures 751,179

Commonwealth Port Fund:

Revenues 7,199,222

Operating Expenditures:

Operational & Reserve Maintenance	1,605,022
Security Maintenance	137,741
Debt Service for Port Facilities	1,717,814
Aid to Localities	17,950
Reversion to the General Fund	-

Total Operating Expenditures 3,478,527

Capital Expenditures 4,220,540

Budgeted Revenues Over(Under)Expenditures (499,845)

Total All funds 251,334

VIRGINIA PORT AUTHORITY
STATEMENT OF MONTHLY OPERATIONAL REVENUE AND EXPENDITURES (CASH BASIS)
For the Three Months Ended September 30, 2015

	Special Fund		Commonwealth Port Fund		Total Revenue	Total Budget
	Special Fund Amount	Annual Budget	Commonwealth Port Fund Amount	Annual Budget		
Revenues-						
Transfer from VIT	24,140,231	98,100,000	-	-	24,140,231	98,100,000
4.2% Transfer from TTF & Interest	-	-	6,760,062	38,934,217	6,760,062	38,934,217
Other	2,335,937	8,930,750	439,160	-	2,775,097	8,930,750
Total Revenues	26,476,168	107,030,750	7,199,222	38,934,217	33,675,390	145,964,967

	Annual	Special Fund	Unexpended	Annual	Commonwealth	Unexpended	Annual	Total	Unexpended
	Appropriation	Expended	Balance	Appropriation	Port Fund Expended	Balance	Appropriation	Expended	Balance
Commerce Advertising	914,253	34,989	879,264	-	-	-	914,253	34,989	879,264
National and International Trade	4,374,365	747,530	3,626,835	-	(66,000)	66,000	4,374,365	681,530	3,692,835
Port Traffic Rate Management	-	-	-	-	-	-	-	-	-
General Mgmt. & Direction (excl Rent)	46,233,934	5,598,292	40,635,642	-	(2,005)	2,005	46,233,934	5,596,287	40,637,647
Facility Rental	18,936,834	12,811,834	6,125,000	-	-	-	18,936,834	12,811,834	6,125,000
Security Services	9,171,112	1,630,462	7,540,651	1,300,000	137,741	1,162,259	10,471,112	1,768,203	8,702,910
Port Facilities Planning	1,191,574	-	1,191,574	-	-	-	1,191,574	-	1,191,574
Debt Service for Port Facilities-	-	-	-	-	-	-	-	-	-
Commonwealth Port Fund Bonds	-	-	-	20,810,272	1,717,814	19,092,458	20,810,272	1,717,814	19,092,458
Terminal Revenue Bonds	17,621,294	3,665,510	15,743,219	-	-	-	17,621,294	1,878,075	15,743,219
Equipment Leases	11,394,750	851,971	10,542,779	-	-	-	11,394,750	851,971	10,542,779
Aid to Localities	-	-	-	1,000,000	17,950	982,050	1,000,000	17,950	982,050
Payment in Lieu of Taxes	1,157,625	339,779	817,846	1,950,000	-	1,950,000	3,107,625	339,779	2,767,846
Reversion to the General Fund	158,013	-	158,013	-	-	-	158,013	-	158,013
Total Expenditures	111,153,754	25,680,367	86,815,198	25,060,272	1,805,500	23,254,772	136,214,026	26,144,056	110,069,970

VIRGINIA PORT AUTHORITY
CAPITAL IMPROVEMENT PROGRAM
YEAR TO DATE EXPENDITURES (CASH BASIS)
As of September 30, 2015

Projects	Project Code	Funding	Appropriation Available	Year To Date Expenditures	Unexpended Balance	Unexpended Obligated Balance	Unexpended Unobligated Balance
Operational Maintenance	62601	CPF	8,100,000	947,246	7,152,754	(472,246)	7,625,000
Maintenance Reserve	13804	CPF	2,087,230	657,776	1,429,454	428,366	1,001,088
Cargo Handling Facilites	16048	CPF	2,628,137	545,692	2,082,445	1,982,063	100,382
Cargo Handling Facilites	16048	SF	1,941,890	1,655	1,940,235	55,769	1,884,466
Improvements: Expand Empty Yard	16643	CPF	12,104,566	3,674,848	8,429,718	1,235,705	7,194,013
Improvements: Expand NIT and Other	16644	CPF	2,064,676	42,968	2,021,708	254,751	1,766,957
Improvements: Expand NIT and Other	16644	2008/2009 Bond	6,334,224	2,461,024	3,873,199	5,689,660	(1,816,460)
Craney Island Marine Terminal Expansion	17513	CPF	10,025,597	-	10,025,597	24,626	10,000,971
Craney Island Marine Terminal Expansion	17513	2011 Bond	21,068,878	8,831	21,060,047	14,397,521	6,662,526
Expand Port Terminal	17956	2012 Bond	105,500,000	-	105,500,000	-	105,500,000
Procure APMT Equipment	18125	MELP/SF	37,000,000	-	37,000,000	-	37,000,000
Total			208,855,197	8,340,040	200,515,157	23,596,215	176,918,943