

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

The following is a summary of the results of operations through the fifth 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 5.8% below budget and 2.9% ahead of prior year. The increase over prior year was predominantly due to volume. Container volume was up 2.9% for the five months ending November from the same period last year.

Operating Expenses

Terminal operating expenses year to date were \$3.1 million (3.5%) under budget and \$5.2 million (6.5%) above prior year. The increase versus prior year was primarily due to volume.

Terminal maintenance expenses year to date were \$112.0 thousand (0.3%) under budget and \$3.9 million (10.3%) above prior year. Terminal maintenance is higher than prior year due to increased repairs, and the age of equipment. Efficiency measures continue to be evaluated and implemented.

General and administrative expenses year to date were \$3.6 million (13.4%) under budget and \$3.0 million (15.0%) higher than prior year. Variances are due to open positions and lower aid to local ports and advertising expenses. This trend will be correcting as staffing is put in place. Management continues to monitor general and administrative expenses to remain conservative where possible.

Facilities rental expenses were \$533.4 thousand (2.2%) below budget and \$838.9 thousand (3.6%) 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 \$181.5 thousand under budget and \$111.4 thousand below prior year, primarily due to continued low interest rates and market adjustments.

Year to date interest expense was \$366.7 thousand under budget and \$152.3 thousand below prior year.

Capital Contributions and Transfers

The CPF allocation year to date was \$622.7 thousand (3.8%) below budget and \$468.4 thousand (3.1%) ahead of prior year.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

STATEMENT OF NET POSITION

As of November 30, 2015

	Primary		Eliminations	Total
	Government	Component Unit		
	Authority	Virginia International Terminals, LLC		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 73,902,079	\$ 17,094,137	\$ -	\$ 90,996,216
Restricted assets:				
Cash and cash equivalents	74,702,214	3,260,450	-	77,962,664
Investments	-	14,047,273	-	14,047,273
Investments held by Treasurer of VA	192,414	-	-	192,414
Accounts receivable, net	3,423,675	71,398,246	-	74,821,921
Due from transportation trust	3,726,604	-	-	3,726,604
Due from component unit	6,134,674	-	(6,134,674)	-
Inventories	-	18,251,478	-	18,251,478
Prepaid expenses and other	265,863	6,024,422	-	6,290,285
Total current assets	162,347,523	130,076,006	(6,134,674)	286,288,855
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	43,202,695	-	-	43,202,695
Investments	13,812,984	-	-	13,812,984
Bond issue costs, net	32,015	-	-	32,015
Non-depreciable capital assets	231,567,379	-	-	231,567,379
Depreciable capital assets, net	522,797,891	27,904,130	-	550,702,021
Total noncurrent assets	811,412,964	27,954,130	-	839,367,094
Total Assets	973,760,487	158,030,136	(6,134,674)	1,125,655,949
DEFERRED OUTFLOW OF RESOURCES				
Pension and Bond Refunding Costs, Net	5,568,316	-	-	5,568,316
Total assets and deferred outflows	\$ 979,328,803	\$ 158,030,136	\$ (6,134,674)	\$ 1,131,224,265

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

STATEMENT OF NET POSITION

As of November 30, 2015

	Primary Government	Component Unit Virginia International Terminals, LLC	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 15,003,371	\$ 26,376,703	\$ -	\$ 41,380,074
Interest payable	8,639,555	-	-	8,639,555
Retainage payable	268,733	-	-	268,733
Long-term debt - current portion	20,737,031	-	-	20,737,031
Compensated absences - current portion	865,074	1,406,807	-	2,271,881
Payroll withholdings	(168,909)	388,036	-	219,127
Obligations under securities lending	1,993,157	-	-	1,993,157
Due to Parent Member	-	6,134,674	(6,134,674)	-
Total current liabilities	47,338,012	34,306,220	(6,134,674)	75,509,558
Noncurrent liabilities:				
Long-term debt	528,324,815	-	-	528,324,815
Compensated absences	12,087	1,638,539	-	1,650,626
Workers compensation costs	-	110,675	-	110,675
Accrued pension and OPEB obligations	631,288	12,334,108	-	12,965,396
Other noncurrent liabilities	13,277,025	-	-	13,277,025
Total noncurrent liabilities	542,245,215	14,083,322	-	556,328,537
Total Liabilities	589,583,227	48,389,542	(6,134,674)	631,838,095
DEFERRED INFLOW OF RESOURCES				
Defined Benefit Plan	883,362	1,597,608	-	2,480,970
Total liabilities and deferred inflows	590,466,589	49,987,150	(6,134,674)	634,319,065
NET POSITION				
Net Investment in Capital Assets	244,634,186	27,904,130	-	272,538,316
Restricted for:				
Debt service	26,348,741	17,307,723	-	43,656,464
Unrestricted	117,879,287	62,831,133	-	180,710,420
Total net position	388,862,214	108,042,986	-	496,905,200
	\$ 979,328,803	\$ 158,030,136	\$ (6,134,674)	\$ 1,131,224,265

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

For the Month Ended November 30, 2015

	Primary		Eliminations	Total
	Government	Component Unit		
	Authority	Virginia International Terminals, LLC		
Operating Revenues:				
Terminal operating revenues	\$ -	\$ 32,648,809	\$ -	\$ 32,648,809
Other revenues	736,976	-	-	736,976
Operating Revenues -Grants	361,350	-	-	361,350
Operating revenues from component unit	2,807,740	-	(2,807,740)	-
Total operating revenues	3,906,066	32,648,809	(2,807,740)	33,747,135
Operating Expenses:				
Terminal operations	112,982	14,920,997	-	15,033,979
Terminal maintenance	794,258	7,609,298	-	8,403,556
General and administrative	1,971,874	3,188,976	-	5,160,850
Facility Rental	4,578,034	-	-	4,578,034
Depreciation and amortization	3,568,187	343,952	-	3,912,139
Payments due to Authority	-	2,807,740	(2,807,740)	-
Total operating expenses	11,025,335	28,870,963	(2,807,740)	37,088,558
Operating income (loss)	(7,119,269)	3,777,846	-	(3,341,423)
Non-operating revenues (expenses)				
Interest income	(52,233)	1,218	-	(51,015)
Interest expense	(1,613,881)	-	-	(1,613,881)
Bond Issue Costs	(140,857)	-	-	(140,857)
Revenues from Federal Government	408,850	-	-	408,850
Revenues/Expenses (Primary Government)	-	-	-	-
Gain (loss) on disposals	-	-	-	-
Income (loss) before capital contributions and transfers	(8,517,390)	3,779,064	-	(4,738,326)
Capital contributions				
Commonwealth Port Fund allocation	3,416,906	-	-	3,416,906
Capital contributions (to) from other state agencies	-	-	-	-
Capital contributions (to) from component unit	-	-	-	-
State Grants	102,183	-	-	102,183
Increase (decrease) in Net Position	(4,998,301)	3,779,064	-	(1,219,237)
Net Position - Beginning of Month	393,860,515	104,263,922	-	498,124,437
Net Position - End of Month	\$ 388,862,214	\$ 108,042,986	\$ -	\$ 496,905,200

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 November 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Variance Actual/Budget</u>
Operating Revenues:				
Terminal operating revenues	\$ 32,648,809	\$ 39,024,140	\$ 34,220,163	\$ (6,375,331)
Other revenues	736,976	829,819	744,870	(92,843)
Operating revenues - Grants	361,350	371,271	474,184	(9,921)
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Total operating revenues	33,747,135	40,225,230	35,439,217	(6,478,095)
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Operating Expenses:				
Terminal operations	15,033,979	17,315,481	14,875,593	(2,281,502)
Terminal maintenance	8,403,556	8,354,677	7,051,245	48,879
General and administrative	5,160,850	5,082,749	4,050,996	78,101
Facility Rental	4,578,034	4,895,467	4,621,019	(317,433)
Depreciation and amortization	3,912,139	4,133,804	3,936,833	(221,665)
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Total operating expenses	37,088,558	39,782,178	34,535,686	(2,693,620)
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Operating income (loss)	(3,341,423)	443,052	903,531	(3,784,475)
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Non-operating revenues (expenses)				
Interest income	(51,015)	48,491	42,410	(99,506)
Interest expense	(1,613,881)	(1,691,922)	(1,657,520)	78,041
Bond Issue Costs	(140,857)	(140,857)	-	-
Revenues from Federal Government	408,850	408,850	-	-
Revenues/Expenses (Primary Government)	-	-	-	-
Gain/(loss) on disposals	-	-	-	-
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Income (loss) before capital contributions and transfers	(4,738,326)	(932,385)	(711,579)	(3,805,941)
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Capital contributions and transfers				
Commonwealth Port Fund allocation	3,416,906	3,164,204	3,035,729	252,702
Capital contributions (to) from other state agencies	-	-	-	-
Capital contributions (to) from component unit	-	-	-	-
State Grants	102,183	102,183	-	-
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Increase (decrease) in Net Position	(1,219,237)	2,334,002	2,324,150	(3,553,239)
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Cumulative Impact of GASB Equity Adjustment	-	-	-	-
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Increase (decrease) in Net Position After GASB Ac	(1,219,237)	2,334,002	2,324,150	(3,553,239)
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Net Position - Beginning of Month	498,124,437	498,317,270	454,575,659	(192,833)
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Net Position - End of Month	\$ 496,905,200	\$ 500,651,271	\$ 456,899,809	\$ (3,746,071)
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VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Five Months Ended November 30, 2015

	Primary Government		Component Unit	
	Authority	Virginia International Terminals, LLC	Eliminations	Total
Operating Revenues:				
Terminal operating revenues	\$ -	\$ 184,326,468	\$ -	\$ 184,326,468
Other revenues	4,001,748	-	-	4,001,748
Other Revenues - Grants	2,117,507	-	-	2,117,507
Operating revenues from component unit	50,031,903	-	(50,031,903)	-
Total operating revenues	56,151,158	184,326,468	(50,031,903)	190,445,723
Operating Expenses:				
Terminal operations	564,165	83,710,460	-	84,274,625
Terminal maintenance	3,008,151	38,330,184	-	41,338,335
General and administrative	7,954,749	15,276,124	-	23,230,873
Facility Rental	23,943,960	-	-	23,943,960
Depreciation and amortization	17,955,031	1,613,734	-	19,568,765
Payments due to Authority	-	50,031,903	(50,031,903)	-
Total operating expenses	53,426,056	188,962,405	(50,031,903)	192,356,558
Operating income (loss)	2,725,102	(4,635,937)	-	(1,910,835)
Non-operating revenues (expenses)				
Interest income	47,299	13,689	-	60,988
Interest expense	(8,092,930)	-	-	(8,092,930)
Bond Issue Costs	(139,627)	-	-	(139,627)
Revenues from Federal Government	4,797,588	-	-	4,797,588
Revenues/Expenses (Primary Government)	950,227	-	-	950,227
Gain (loss) on disposals	-	-	-	-
Income (loss) before capital contributions and transfers	287,659	(4,622,248)	-	(4,334,589)
Capital contributions				
Commonwealth Port Fund allocation	15,567,977	-	-	15,567,977
Capital contributions (to) from other state agencies	152,861	-	-	152,861
Capital contributions (to) from component unit	(486,116)	486,116	-	-
State Grants	836,867	-	-	836,867
Increase (decrease) in Net Position	16,359,248	(4,136,132)	-	12,223,116
Net Position - Beginning of Year	372,502,966	112,179,118	-	484,682,084
Net Position - End of Year	\$ 388,862,214	\$ 108,042,986	\$ -	\$ 496,905,200

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 Five Months Ended November 30, 2015

	<u>Actual</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Variance Actual/Budget</u>
Operating Revenues:				
Terminal operating revenues	\$ 184,326,468	\$ 196,156,902	\$ 179,329,319	\$ (11,830,434)
Other revenues	4,001,748	4,194,249	3,809,684	(192,501)
Operating revenues - Grants	2,117,507	1,856,353	1,866,540	261,154
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Total operating revenues	190,445,723	202,207,505	185,005,543	(11,761,782)
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Operating Expenses:				
Terminal operations	84,274,625	87,348,792	79,100,756	(3,074,167)
Terminal maintenance	41,338,335	41,450,340	37,470,129	(112,005)
General and administrative	23,230,873	26,817,135	20,200,979	(3,586,262)
Facility Rental	23,943,960	24,477,338	23,105,095	(533,378)
Depreciation and amortization	19,568,765	20,716,158	19,606,257	(1,147,393)
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Total operating expenses	192,356,558	200,809,763	179,483,216	(8,453,205)
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Operating income (loss)	(1,910,835)	1,397,742	5,522,327	(3,308,577)
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Non-operating revenues (expenses)				
Interest income	60,988	242,455	172,432	(181,467)
Interest expense	(8,092,930)	(8,459,609)	(8,245,778)	(366,679)
Bond Issue Costs	(139,627)	(139,627)	-	-
Revenues from Federal Government	4,797,588	4,797,588	-	-
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	(4,334,589)	(1,211,224)	(2,103,556)	(3,123,365)
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Capital contributions and transfers				
Commonwealth Port Fund allocation	15,567,977	16,190,683	15,099,554	(622,706)
Capital contributions (to) from other state agencies	152,861	152,861	-	-
Capital contributions (to) from component unit	-	-	-	-
State Grants	836,867	836,867	-	-
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Increase (decrease) in Net Position	12,223,116	15,969,187	12,995,998	(3,746,071)
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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	\$ 496,905,200	\$ 500,651,271	\$ 456,899,809	\$ (3,746,071)
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VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS
For the Five Months Ended November 30, 2015

	<u>Authority</u>
Cash flows from operating activities:	
Receipts from customers and users	\$54,390,592
Receipts from operating grants	2,117,506
Payments for operating expenses	(29,021,590)
Payments to employees	(5,959,256)
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Net cash provided by (used in) operating activities	21,527,252
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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	17,825,473
Acquisition of capital assets	(18,661,538)
Principal paid on long-term debt	(19,831,406)
Interest paid on long-term debt	(7,399,760)
Bond Issue Costs	(139,627)
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	989,728
Proceeds from federal government	4,797,588
Proceeds from sale of capital assets	-
Gain (loss) on disposals	-
Transfer to Local Government	-
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Net cash provided by (used in) capital and related financing activities	(21,955,431)
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Cash flows from investing activities:	
Proceeds from sales and maturities	15,698
(Gains)/Loss on LT investments	(8,382)
Interest and dividends received	(7,706)
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Net cash provided by (used in) investing activities	(389)
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Net increase (decrease) in cash and cash equivalents	(428,568)
Cash and cash equivalents at beginning of year	192,235,556
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Cash and cash equivalents at the end of period	\$191,806,988
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**VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS**

For the Five Months Ended November 30, 2015

	<u>Authority</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income/(loss)	2,725,102
Adjustments to reconcile earnings to net cash provided by operating activities:	
Depreciation and amortization	17,955,031
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,936,567)
(Increase) decrease in due from VIT	(2,770,563)
(Increase) decrease in prepaid expenses	2,778,617
(Increase) decrease in other noncurrent assets	0
Increase (decrease) in accounts payable	2,934,837
Increase (decrease) in accrued expenses	-
Increase (decrease) in short-term liabilities	(159,203)
Increase (decrease) in long-term liabilities	-
Net cash provided by (used in) operating activities	<u><u>21,527,252</u></u>

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

Special Funds (Terminal Revenues):

Revenues 50,968,094

Operating Expenditures:

Commerce Advertising	56,368
National & International Trade Services	1,235,924
General Management & Direction	10,272,618
GM&D - Facilities Rent	21,364,328
Debt Service for Port Facilities	7,636,428
Security Services	3,015,688
Payments in Lieu of Taxes	339,779
Port Facilities Planning	-
Reversion to the General Fund	-

Total Operating Expenditures 43,921,133

Capital Expenditures 67,835

Budgeted Revenues Over(Under)Expenditures	6,979,126
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Commonwealth Port Fund:

Revenues 17,715,464

Operating Expenditures:

Operational & Reserve Maintenance	1,961,533
Security Maintenance	399,086
Debt Service for Port Facilities	2,883,580
Aid to Localities	17,950
Reversion to the General Fund	-

Total Operating Expenditures 5,262,149

Capital Expenditures 10,166,174

Budgeted Revenues Over(Under)Expenditures	2,287,141
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Total All funds	9,266,267
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VIRGINIA PORT AUTHORITY
STATEMENT OF MONTHLY OPERATIONAL REVENUE AND EXPENDITURES (CASH BASIS)
For the Five Months Ended November 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	46,943,333	98,100,000	-	-	46,943,333	98,100,000
4.2% Transfer from TTF & Interest	-	-	17,715,464	38,934,217	17,715,464	38,934,217
Other	4,024,761	8,930,750	-	-	4,024,761	8,930,750
Total Revenues	<u>50,968,094</u>	<u>107,030,750</u>	<u>17,715,464</u>	<u>38,934,217</u>	<u>68,683,558</u>	<u>145,964,967</u>

	Annual Appropriation	Special Fund Expended	Unexpended Balance	Annual Appropriation	Commonwealth Port Fund Expended	Unexpended Balance	Annual Appropriation	Total Expended	Unexpended Balance
	Commerce Advertising	914,253	56,368	857,885	-	-	-	914,253	56,368
National and International Trade	4,374,365	1,235,924	3,138,441	-	(55,004)	55,004	4,374,365	1,180,920	3,193,445
Port Traffic Rate Management	-	-	-	-	-	-	-	-	-
General Mgmt. & Direction (excl Rent)	37,681,440	10,272,618	27,408,822	-	-	-	37,681,440	10,272,618	27,408,822
Facility Rental	27,489,328	21,364,328	6,125,000	-	-	-	27,489,328	21,364,328	6,125,000
Security Services	9,171,112	3,015,688	6,155,425	1,300,000	399,086	900,914	10,471,112	3,414,774	7,056,339
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	2,883,580	17,926,692	20,810,272	2,883,580	17,926,692
Terminal Revenue Bonds	17,621,294	6,285,062	14,371,140	-	-	-	17,621,294	3,250,154	14,371,140
Equipment Leases	11,394,750	1,351,366	10,043,384	-	-	-	11,394,750	1,351,366	10,043,384
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	450,301	1,499,699	3,107,625	790,080	2,317,545
Reversion to the General Fund	158,013	-	158,013	-	-	-	158,013	-	158,013
Total Expenditures	<u>111,153,754</u>	<u>43,921,133</u>	<u>69,524,821</u>	<u>25,060,272</u>	<u>3,695,913</u>	<u>21,364,359</u>	<u>136,214,026</u>	<u>45,324,847</u>	<u>90,889,179</u>

VIRGINIA PORT AUTHORITY
CAPITAL IMPROVEMENT PROGRAM
YEAR TO DATE EXPENDITURES (CASH BASIS)
As of November 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	1,014,287	1,072,943	71,856	1,001,088
Cargo Handling Facilites	16048	CPF	2,628,137	2,596,338	31,799	(68,582)	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	7,558,377	4,546,189	(2,838,044)	7,384,233
Improvements: Expand NIT and Other	16644	CPF	2,064,676	66,181	1,998,496	52,233	1,946,263
Improvements: Expand NIT and Other	16644	2008/2009 Bond	6,334,224	3,678,889	2,655,335	4,020,215	(1,364,880)
Craney Island Marine Terminal Expansion	17513	CPF	10,025,597	11,460.000000	10,014,137	13,166	10,000,971
Craney Island Marine Terminal Expansion	17513	2011 Bond	21,068,878	3,001,660	18,067,219	11,404,692	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	18,876,091	189,979,107	12,239,058	177,740,049