

The Port of Virginia

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC.

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For The Budgeted and Forecasted Year Ending June 30, 2016 and Budgeted Year Ending June 30, 2017

	Forecasted			Forecasted to FY17	
	Budgeted FY16	FY16 (As of April 30, 2016)	Budgeted FY17	%	Budget \$ Change
Operating Revenues:					
Terminal operating revenues	\$ 475,199,764	\$ 440,472,254	\$ 469,039,818	6.5%	\$ 28,567,564
Other revenues	10,013,622	9,479,609	10,180,678	7.4%	701,069
Other Revenues - Grants	4,455,248	5,758,441	5,800,000	0.7%	41,559
Total operating revenues	489,668,634	455,710,304	485,020,496	6.4%	29,310,192
Operating Expenses:					
Terminal operations	210,410,252	193,118,687	209,164,426	8.3%	16,045,740
Terminal maintenance	101,073,440	98,174,113	103,150,603	5.1%	4,976,490
General and administrative	64,158,560	59,777,275	59,708,464	-0.1%	(68,811)
Facility rental	59,566,579	55,595,565	61,153,500	10.0%	5,557,935
Depreciation and amortization	51,771,981	47,779,888	49,633,012	3.9%	1,853,124
Total operating expenses	486,980,812	454,445,528	482,810,005	6.2%	28,364,477
Operating income (loss)	2,687,822	1,264,776	2,210,491	-74.8%	945,714
Non-operating revenues (expenses)					
Interest income	581,892	450,761	490,850	8.9%	40,089
Interest expense	(20,303,061)	(18,754,568)	(18,594,118)	0.9%	160,450
Bond issue cost	-	(194,705)	(650,000)	233.8%	(455,295)
Revenues from Federal Government	8,984,250	5,738,746	14,832,000	158.5%	9,093,254
Revenues/Expenses (Primary Government)	21,437,500	(147,115)	-	-100.0%	147,115
Gain (loss) on disposals	-	-	-	0.0%	-
Income (loss) before capital contributions and transfers	13,388,403	(11,642,105)	(1,710,777)	85.3%	9,931,328
Capital contributions and transfers					
Commonwealth Port Fund allocation	40,400,867	39,109,583	41,725,606	6.7%	2,616,023
Increase (decrease) in Net Position	53,789,270	27,467,478	40,014,829	45.7%	12,547,351
Net Position - Beginning of Year	443,903,811	443,903,811	471,371,289	6.2%	27,467,478
Net Position - End of Year	\$ 497,693,081	\$ 471,371,289	\$ 511,386,117	8.5%	\$ 40,014,829

The Port of Virginia
VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Budgeted For The Twelve Months Ended June 30, 2017

	GROSS		Shared Services	Primary Government	Component Unit		Total
	Authority	Elimination	Authority	Virginia International Terminals, LLC	Eliminations		
Operating Revenues:							
Terminal operating revenues	\$ -	\$ -	\$ -	\$ 469,039,818	\$ -	\$ 469,039,818	
Other revenues	26,995,833	(16,815,155)	10,180,678	-	-	10,180,678	
Other Revenues - Grants	5,800,000		5,800,000	-	-	5,800,000	
Operating revenues from component unit	114,119,063		114,119,063	-	(114,119,063)	-	
Total operating revenues	146,914,897	(16,815,155)	130,099,742	469,039,818	(114,119,063)	485,020,496	
Operating Expenses:							
Terminal operations	1,422,000		1,422,000	207,742,426	-	209,164,426	
Terminal maintenance	9,667,047		9,667,047	93,483,556	-	103,150,603	
General and administrative	37,098,458	(16,815,155)	20,283,303	39,425,161	-	59,708,464	
Facility rental	61,153,500		61,153,500	-	-	61,153,500	
Depreciation and amortization	46,268,680		46,268,680	3,364,332	-	49,633,012	
Payments due to Authority	-		-	114,119,063	(114,119,063)	-	
Total operating expenses	155,609,685	(16,815,155)	138,794,530	458,134,539	(114,119,063)	482,810,005	
Operating income (loss)	(8,694,788)	-	(8,694,788)	10,905,279	-	2,210,491	
Non-operating revenues (expenses)							
Interest income	490,850		490,850	-	-	490,850	
Interest expense	(18,594,118)		(18,594,118)	-	-	(18,594,118)	
Bond issue cost	(650,000)		(650,000)	-	-	(650,000)	
Revenues from Federal Government	14,832,000		14,832,000	-	-	14,832,000	
Revenues/Expenses (Primary Government)	-		-	-	-	-	
Gain (loss) on disposals	-		-	-	-	-	
Income (loss) before capital contributions and transfers	(12,616,056)	-	(12,616,056)	10,905,279	-	(1,710,777)	
Capital contributions							
Commonwealth Port Fund allocation	41,725,606		41,725,606	-	-	41,725,606	
Increase (decrease) in Net Position	29,109,550		29,109,550	10,905,279	-	40,014,829	
Net Position - Beginning of Year	365,836,918		365,836,918	105,534,371	-	471,371,289	
Net Position - End of Year	\$ 394,946,467		\$ 394,946,467	\$ 116,439,650	\$ -	\$ 511,386,117	

VIRGINIA INTERNATIONAL TERMINALS, LLC. (Consolidated)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Budgeted and Forecasted Year Ending June 30, 2016 and Budgeted Year Ending June 30, 2017

	Forecasted			Forecasted to FY17	
	Budgeted FY16	FY16 (As of April 30, 2016)	Budgeted FY17	%	Budget \$ Change
Operating Revenues:					
Terminal operating revenues	\$ 475,199,764	\$ 440,472,254	\$ 469,039,818	6.5%	\$ 28,567,564
Other revenues	-	-	-	0.0%	-
Other Revenues - Grants	-	-	-	0.0%	-
Total operating revenues	475,199,764	440,472,254	469,039,818	6.5%	28,567,564
Operating Expenses:					
Terminal operations	207,972,596	191,705,143	207,742,426	8.4%	16,037,283
Terminal maintenance	92,938,765	88,552,095	93,483,556	5.6%	4,931,461
General and administrative	39,359,450	35,434,618	39,425,162	11.3%	3,990,544
Facility rental	-	-	-	0.0%	-
Depreciation and amortization	5,794,687	3,951,595	3,364,332	-14.9%	(587,263)
Total operating expenses	346,065,498	319,643,451	344,015,477	7.6%	24,372,026
Operating income (loss)	129,134,266	120,828,803	125,024,341	3.5%	4,195,538
Transfers to the Authority	121,883,656	116,321,472	114,119,063	-1.9%	(2,202,409)
Operating income (loss) after Transfer	\$ 7,250,610	\$ 4,507,331	\$ 10,905,278	141.9%	6,397,947

VIRGINIA INTERNATIONAL TERMINALS, LLC
CONSOLIDATED INCOME STATEMENT

	Fiscal Year 2017 Operating Budget			TOTAL
	VIT	HRCP	Eliminations	
Operating Revenues:				
Terminal operating revenues	\$ 421,153,151	\$ 63,534,613	\$ (15,647,946)	\$ 469,039,818
Other revenues	-	-	-	-
Operating revenues - Grants	-	-	-	-
Total operating revenues	421,153,151	63,534,613	(15,647,946)	469,039,818
Operating Expenses:				
Terminal operations	198,499,472	24,226,557	(14,983,602)	207,742,426
Terminal maintenance	73,471,352	20,676,548	(664,344)	93,483,556
General and administrative	34,156,177	5,268,985	-	39,425,162
Facility Rental	-	-	-	-
Depreciation and amortization	2,794,769	569,563	-	3,364,332
Total operating expenses	308,921,770	50,741,653	(15,647,946)	344,015,477
Operating income (loss)	\$ 112,231,381	\$ 12,792,960	\$ -	\$ 125,024,341

VIRGINIA INTERNATIONAL TERMINALS, LLC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Budgeted and Forecasted Year Ending June 30, 2016 and Budgeted Year Ending June 30, 2017

	Budgeted FY16	FY16 Forecasted (As of April 30, 2016)	Budgeted FY17	Forecasted to FY17 Budget	
				%	\$ Change
Operating Revenues:					
Terminal operating revenues	\$ 424,332,578	\$ 395,636,404	\$ 421,153,151	6.4%	\$ 25,516,747
Other revenues	-	-	-	0.0%	-
Other Revenues - Grants	-	-	-	0.0%	-
Total operating revenues	424,332,578	395,636,404	421,153,151	6.4%	25,516,747
Operating Expenses:					
Terminal operations	194,428,680	182,658,108	198,499,472	8.7%	15,841,364
Terminal maintenance	73,833,063	69,371,438	73,471,352	5.9%	4,099,914
General and administrative	35,545,056	30,771,989	34,156,177	11.0%	3,384,188
Facility rental	-	-	-	0.0%	-
Depreciation and amortization	5,778,226	3,519,881	2,794,769	-20.6%	(725,112)
Total operating expenses	309,585,024	286,321,416	308,921,770	7.9%	22,600,354
Operating income (loss)	\$ 114,747,554	\$ 109,314,988	\$ 112,231,381	2.7%	\$ 2,916,393

VIRGINIA INTERNATIONAL TERMINALS, LLC.
Cash Budget Projections
Fiscal Year Ending June 30, 2017

Gross Receipts **\$ 435,696,426**

Disbursements:

Maintenance/Operations	273,000,000
Accounting/Administration	36,362,003
WTC Rent	840,000
CE Replenishment	-
CEMA - Spending	10,075,360
CEMA - Growth	500,000
CE Reserve - Growth	800,000
Total Disbursements	<u>321,577,363</u>

Accrued Transfer to VPA Calculated **\$ 114,119,063**

Plus June 16 rec'd in July 16	10,591,023
Less Jun 17 to be paid in July 17 (FY18)	<u>(12,096,174)</u>

Cash Transfer to VPA **\$ 112,613,912**

VPA Security Surcharge Transfers **\$ 9,840,678**

Total Payments to VPA **\$ 122,454,591**

Notes:

1) 1997 Bond Reserve Calculations (FYE 6/30/2016)

Estimated Cash Budget: Maintenance/Operating Expense	\$ 273,000,000
CE Reserve 8.3% (1/12th)	22,800,000
CEMA Account 6%	16,400,000

2) Reserve Increase

a) CE Reserve

FYE 6/30/2016	22,000,000
FYE 6/30/2017	<u>22,800,000</u>
Increase	<u>\$ 800,000</u>

b) CEMA Reserve

FYE 6/30/2016	15,900,000
FYE 6/30/2017	<u>16,400,000</u>
Increase	<u>\$ 500,000</u>

Virginia International Terminals, LLC
Schedule of Capital Expenditures
For the Fiscal Year Ending June 30, 2017

TOTAL CEMA BUDGET FOR INFORMATION TECHNOLOGY 2016-2017

<u>TERM</u>	<u>ITEM DESCRIPTION</u>	<u>TOTAL COST</u>
VIG	N4 Implementation	\$ 6,000,000
Multiple Locations	Reservation System	\$ 500,000
Multiple Locations	Navis Breakbulk Module	\$ 250,000
Multiple Locations	CRM and Customer Service Phase II/ACD	\$ 161,000
NIT	NIT DGPS Vessel implementation	\$ 160,400
Multiple Locations	Remote Access Improvements	\$ 75,000
NIT	IKE decommission: recoding ILA Labor	\$ 75,000
Multiple Locations	POV/VIT New Hire equipment	\$ 60,000
FSC	Upgrade Dynamics GP v 10 to2015	\$ 40,000
SUBTOTAL		\$ 7,321,400

TOTAL CEMA BUDGET FOR OPERATIONS AND MAINTENANCE 2016-2017

<u>TERM</u>	<u>ITEM DESCRIPTION</u>	<u>TOTAL COST</u>
Multiple Locations	Small equipment, building, and infrastructure improvements	\$ 2,753,960
SUBTOTAL		\$ 2,753,960

TOTAL CEMA BUDGET FOR VIT 2016-2017

\$ 10,075,360

VIRGINIA PORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Budgeted and Forecasted Year Ending June 30, 2016 and Budgeted Year Ending June 30, 2017

	Budgeted FY16	Forecasted FY16 (As of April 30, 2016)	Budgeted FY17	Shared Services Eliminations	Total Budgeted FY17	Forecasted to Budget %	Forecasted to Budget \$ Change
Operating Revenues:							
Operating revenues from component unit	\$ 121,883,656	\$ 116,321,472	\$ 114,119,063	\$ -	\$ 114,119,063	-1.9%	\$ (2,202,409)
Other revenues	10,013,622	9,479,609	26,995,833	(16,815,155)	10,180,678	7.4%	701,069
Other Revenues - Grants	4,455,248	5,758,441	5,800,000	-	5,800,000	0.7%	41,559
Total operating revenues	136,352,526	131,559,522	146,914,897	(16,815,155)	130,099,742	-1.1%	(1,459,780)
Operating Expenses:							
Terminal operations	2,437,656	1,413,544	1,422,000	-	1,422,000	0.6%	8,456
Terminal maintenance	8,134,675	9,622,018	9,667,047	-	9,667,047	0.5%	45,029
General and administrative	24,799,110	24,342,657	37,098,458	(16,815,155)	20,283,303	-16.7%	(4,059,354)
Facility rental	59,566,579	55,595,565	61,153,500	-	61,153,500	10.0%	5,557,935
Depreciation and amortization	45,977,294	43,828,293	46,268,680	-	46,268,680	5.6%	2,440,387
Total operating expenses	140,915,314	134,802,077	155,609,685	(16,815,155)	138,794,530	3.0%	3,992,453
Operating income (loss)	(4,562,788)	(3,242,555)	(8,694,788)	-	(8,694,788)	-168.1%	(5,452,233)
Non-operating revenues (expenses)							
Interest income	266,892	418,832	490,850	-	490,850	17.2%	72,018
Interest expense	(20,303,061)	(18,754,568)	(18,594,118)	-	(18,594,118)	0.9%	160,450
Bond issue cost	-	(194,705)	(650,000)	-	(650,000)	233.8%	(455,295)
Revenues from Federal Government	8,984,250	5,738,746	14,832,000	-	14,832,000	158.5%	9,093,254
Revenues/Expenses (Primary Government)	21,437,500	(147,115)	-	-	-	-100.0%	147,115
Gain (loss) on disposals	-	-	-	-	-	0.0%	-
Income (loss) before capital contributions and transfers	5,822,793	(16,181,365)	(12,616,056)	-	(12,616,056)	22.0%	3,565,309
Capital contributions and transfers							
Commonwealth Port Fund allocation	40,400,867	39,109,583	41,725,606	-	41,725,606	6.7%	2,616,023
Increase (decrease) in Net Position	46,223,660	22,928,218	29,109,550	-	29,109,550	27.0%	6,181,332
Net Position - Beginning of Year	342,908,700	342,908,700	365,836,918	-	365,836,918	6.7%	22,928,218
Net Position - End of Year	\$ 389,132,360	\$ 365,836,918	\$ 394,946,467	\$ -	\$ 394,946,467	8.0%	\$ 29,109,550

VIRGINIA PORT AUTHORITY
BUDGET SUMMARY - CASH BASIS
FOR THE YEAR ENDING JUNE 30, 2017

Description	2016 Budgeted	2016 Forecast	2017 Budgeted
Revenues (all sources)			
Terminal Revenues	\$ 131,897,278	\$ 128,364,976	\$ 141,114,897
Commonwealth Port Fund Allocation	40,400,867	39,109,583	41,725,606
Operating Revenues-Grants	4,455,248	5,758,441	5,800,000
Total Revenue	176,753,393	173,233,000	188,640,502
Operating Expenditures			
Commerce Advertising	563,250	285,381	764,252
National & International Trade Services	3,218,782	2,988,760	3,337,028
General Management & Direction	22,810,309	18,913,731	22,438,010
GM&D - Facilities Rent	59,122,725	55,595,565	61,153,500
Operational Maintenance	11,441,975	9,622,018	10,542,047
Debt Service for Port Facilities	41,382,716	42,458,775	44,034,970
Security Services	9,915,295	9,114,321	8,930,061
Payments in Lieu of Taxes	1,357,625	1,099,268	1,422,000
Aid to Localities	1,000,000	1,873,463	1,000,000
Port Facilities Planning	1,080,031	-	629,106
Reversion to the General Fund	193,123	-	-
Total Operating Expenditures	152,085,831	141,951,282	154,250,975
Available for Capital Outlay	24,667,562	31,281,718	34,389,528
Capital Financing			
Financing Sources	77,725,180	77,725,180	332,880,000
Federal Grant funds	8,984,250	9,669,044	14,832,000
State Grant funds	21,437,500	4,400,023	372,073,000
Reappropriation of Prior Year funds	-	-	-
Total Capital Financing	108,146,930	91,794,247	719,785,000
Capital Expenditures			
Maintenance Reserve	1,550,000	1,500,000	3,850,000
NIT North Gate and Optimization	-	17,843,000	350,000,000
Cargo Handling Facilities	84,031,930	11,954,667	347,955,000
Craney Island	18,200,000	11,460	-
Federal Grant Projects	8,984,250	9,669,044	14,832,000
State Grant Projects	21,437,500	21,437,500	22,073,000
Total Capital Expenditures	134,203,680	62,415,671	738,710,000
Estimated Change in Fund Balance	\$ (1,389,188)	\$ 60,660,294	\$ 15,464,528
Staff Positions	206	206	206
CE Reserve	\$ 16,359,052	\$ 14,414,544	\$ 14,550,030
Reserve, Maintenance & Improvement Fund	-	-	-
Pledged Net Revenue Coverage (1.1x test)	2.87	2.38	2.70
Pledged Adjusted Net Revenue Coverage (1.35x test)	3.18	2.61	3.51

**VIRGINIA PORT AUTHORITY
BUDGETED CASH FLOW SUMMARY
FISCAL YEAR ENDING JUNE 30, 2017**

Special Funds (Terminal Revenues):

Revenues 141,114,897

Operating Expenditures:

Commerce Advertising	764,252	
National & International Trade Services	3,337,028	
General Management & Direction	22,438,010	
GM&D - Facilities Rent	51,153,500	
Debt Service for Port Facilities	25,018,739	
Security Services	8,185,387	
Payments in Lieu of Taxes	1,422,000	
Port Facilities Planning	629,106	
Reversion to the General Fund	-	
 Total Operating Expenditures		 112,948,023
 Capital Expenditures		 6,300,000
 Budgeted Revenues Over(Under)Expenditures		 <u>21,866,874</u>

Commonwealth Port Fund:

Revenues 41,725,606

Operating Expenditures:

Operational & Reserve Maintenance	10,542,070	
Security Maintenance	744,674	
Debt Service for Port Facilities	19,016,231	
Aid to Localities	1,000,000	
Reversion to the General Fund	-	
 Total Operating Expenditures		 31,302,975
 Capital Expenditures		 12,625,000
 Budgeted Revenues Over(Under)Expenditures		 <u>(2,202,369)</u>
 Total All funds		 <u>19,664,505</u>

(Note: Budgeted CPF capital expenditures includes utilizing estimated beginning of year CPF cash and appropriation balances.)

OPERATING RESULTS AND DEBT SERVICE COVERAGE

		(1)	Existing Lease Terms
	Forecast 2016	Budgeted 2017	Budgeted 2017
Virginia International Terminals			
VIT Gross Receipts	419,791,490	435,696,426	435,696,426
VIT Current Expenses	(303,047,646)	(310,202,003)	(310,202,003)
VIT Current Expense (CE) Reserve (Deposit)/Withdrawal	(1,294,975)	(800,000)	(800,000)
VIT Deposits to CEMA/(Spending)	(9,187,502)	(10,575,360)	(10,575,360)
VIT Net Revenue	106,261,367	114,119,063	114,119,063
Virginia Port Authority			
VPA Gross Revenues			
VIT Net Revenue	106,261,367	114,119,063	114,119,063
VPA Shared Services to VIT and HRCF II	12,624,000	16,815,155	16,815,155
VPA Security Surcharges and Other Income	9,479,609	10,180,678	10,180,678
Total VPA Gross Revenues	128,364,976	141,114,897	141,114,897
Current Expenses (Operating Expenditures)			
Operating Expenditures - Special Funds			
Total Budgeted TR Expenditures	(93,975,766)	(87,929,283)	(94,661,803)
Operating Expenditures - Special Funds	(93,975,766)	(87,929,283)	(94,661,803)
Operating Expenditures - CPF			
Non Capital Security in CPF	(583,349)	(744,674)	(744,674)
Non Capital/ Non Barge Op Maintenance in CPF	(2,055,536)	(3,967,047)	(3,967,047)
Non Capital Reserve Maintenance	(1,257,932)	-	-
VIG Rent		(10,000,000)	
Operating Expenditures - CPF	(3,896,817)	(14,711,721)	(4,711,721)
Total Operating Expenditures	(97,872,583)	(102,641,005)	(99,373,525)
VPA Net Revenues	30,492,393	38,473,892	41,741,372
Operating Expenses paid with CPF's	3,896,817	14,711,721	4,711,721
Debt Service Coverage			
Principal & Interest Requirement:			
Principal	6,490,000	8,255,000	8,255,000
Interest	10,419,811	10,155,154	10,155,154
Interest received on Debt Service Reserve	(206,384)	(241,872)	(241,872)
Principal & Interest Requirement:	16,703,427	18,168,282	18,168,282
Pledged Net Revenues	39,679,895	49,049,252	(2) 52,316,732
Pledged Adjusted Net Revenues	43,576,712	63,760,973	(3) 57,028,453
Pledged Net Revenue Coverage (1.1x test)	2.38	2.70	2.88
Pledged Adjusted net Revenue Coverage (1.35x test)	2.61	3.51	3.14
Principal and Interest Senior Debt Service	16,703,427	18,168,282	18,168,282
Principal and Interest MELP Debt Service	6,932,266	6,608,585	6,608,585
Total Debt Service	23,635,693	24,776,867	24,776,867
VPA Net Revenues	30,492,393	38,473,892	41,741,372
		(1)	Existing Lease Terms
	Forecast 2016	Budgeted 2017	Budgeted 2017
Pledged Net Revenue Coverage (1.1x test)	2.38	2.70	2.88
Pledged Adjusted net Revenue Coverage (1.35x test)	2.61	3.51	3.14
MELP DSC Covenant (1.0x test)	1.29	1.55	1.68

(1) Calculation does NOT include new flow of funds, debt service coverage, or VIG capital lease treatment

(2) Pledged net revenues equal VPA revenues plus VIT deposits to CEMA

(3) Pledged adjusted net revenues equal pledged net revenues plus operating expenses paid with CPF

**VIRGINIA PORT AUTHORITY
FUTURE CAPITAL OUTLAY PROJECTS
FISCAL YEAR ENDING JUNE 30, 2017**

Projects	Projected Cost
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CAPITAL PROJECTS:

NIT South Facility Optimization	350,000,000
VIG Phase II Expansion	320,000,000
VIP Rail Expansion	31,205,000
VIG Phase I RMG Upgrades	7,000,000
NIT North Gate Information Technology Additions	6,000,000
Container Handling Equipment (Not related to expansion projects)	9,380,000
Other Information Technology additions	3,000,000
Replace and Consolidate Financial Systems	2,500,000
Other Equipment and Improvements	2,500,000
NNMT Berth Dredging	2,000,000
Building Renovations	2,100,000
Business Intelligence Hardware/Software	1,200,000
Data Warehouse Development	750,000
NNMT Heavy Lift Crane Upgrades	500,000
Computer Aided Dispatch	325,000
NNMT Warehouse Improvements	250,000
Total	\$ 738,710,000

Summary by source:

State Bond	350,000,000
VIG Partner	320,000,000
CPF Paygo	12,625,000
TR Paygo	6,300,000
State Grant	22,073,000
Federal Grant	14,832,000
Uncommitted VPA Bond Proceeds	12,880,000
	\$ 738,710,000