

**VIRGINIA PORT AUTHORITY AND VIRGINIA INTERNATIONAL TERMINALS, LLC
FINANCIAL HIGHLIGHTS
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

The following is a summary of the results of operations for the fiscal year-to-date March 2017.

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

Operating Revenues

Operating revenues year to date were 2.4% favorable to revised budget; the same revenues were 8% favorable to the prior year period. Container volume was 3.2% favorable to budget, 6.7% favorable to prior year through March. The effect of favorable volume has been partially offset by the effect of the Hanjin bankruptcy and lower operating grant revenues.

Operating Expenses

Terminal operating expenses through March were \$2.0 million (1.3%) favorable to revised budget, and \$6.0 million (4.1%) unfavorable to prior year for the same time period. When viewed in relation to volume, operating expenses per container were lower in terms of budget and prior year.

Terminal maintenance expenses year to date were \$4.0 million (5.1%) favorable to revised budget and \$322 thousand (.4%) unfavorable to the prior year. Consistent with expectations, maintenance for the month was higher than budget and prior year to perform required and proactive maintenance work. Higher maintenance expenses are expected for the remainder of this fiscal year.

General and administrative expenses year to date were \$1.7 million (3.8%) favorable to revised budget, and \$595 thousand (1.4%) favorable to prior year. The variance to budget largely reflects timing.

Non-Operating Revenue & Expenses

Year to date interest expense (net) was \$826 thousand favorable to revised budget and \$43.2 million unfavorable to prior year, with the variance to prior year the result of the new capital lease.

Non-Operating grants were \$55.8 million year to date, principally the result of a large payment from the state related to the purchase of cranes and state assistance to support dredging costs and economic development in local areas. Federal TIGER grants and USACE grants were an additional \$7.2 million.

Special item of \$13.3 million is the result of the implementation of the new lease accounting in November.

Capital Contributions and Transfers

The CPF allocation year to date was \$2.2 million (7.0%) unfavorable to revised budget and \$214 thousand (.7%) favorable to prior year, due to the timing and extent of collected transportation trust fund revenues. Net Position increased \$73.1 million through March, \$74.7 million favorable to revised budget and \$55.2 million favorable to prior year.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

STATEMENT OF NET POSITION

As of March 31, 2017

	Authority	Virginia International Terminals, LLC	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 75,543,230	\$ 29,286,923	\$ -	\$ 104,830,153
Restricted assets:				
Cash and cash equivalents	40,323,652	697	-	40,324,349
Investments	-	-	-	-
Investments held by Treasurer of VA	-	-	-	-
Accounts receivable, net	64,540	74,768,792	-	74,833,332
Due from transportation trust	14,974,125	-	-	14,974,125
Due from component unit	14,524,851	-	(14,524,851)	-
Inventories	-	22,546,899	-	22,546,899
Prepaid expenses and other	115,921	6,392,953	-	6,508,874
Total current assets	<u>145,546,319</u>	<u>132,996,264</u>	<u>(14,524,851)</u>	<u>264,017,732</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	45,742,790	-	-	45,742,790
Investments	29,061,790	100,000	-	29,161,790
Bond issue costs, net	-	-	-	-
Non-depreciable capital assets	315,875,477	-	-	315,875,477
Depreciable capital assets, net	2,680,781,502	31,042,752	-	2,711,824,254
Total noncurrent assets	<u>3,071,907,745</u>	<u>31,142,752</u>	<u>-</u>	<u>3,103,050,497</u>
Total Assets	<u>3,217,454,064</u>	<u>164,139,016</u>	<u>(14,524,851)</u>	<u>3,367,068,229</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension and Bond Refunding Costs, Net	29,722,712	7,455,439	-	37,178,151
Deferred Outflows, Pensions	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 3,247,176,776</u>	<u>\$ 171,594,455</u>	<u>\$ (14,524,851)</u>	<u>\$ 3,404,246,380</u>

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

STATEMENT OF NET POSITION

As of March 31, 2017

	Authority	Virginia International Terminals, LLC	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 5,949,744	\$ 24,773,455	\$ -	\$ 30,723,199
Interest payable	6,726,603	-	-	6,726,603
Retainage payable	580,893	-	-	580,893
Long-term debt - current portion	11,879,495	-	-	11,879,495
Compensated absences - current portion	1,403,298	1,260,367	-	2,663,665
Payroll withholdings	141,013	438,661	-	579,674
Obligations under securities lending	341,318	-	-	341,318
Due to Parent Member	135	14,524,851	(14,524,851)	135
Total current liabilities	27,022,499	40,997,334	(14,524,851)	53,494,982
Noncurrent liabilities:				
Long-term debt	536,335,344	-	-	536,335,344
Capital lease obligations	2,195,115,959	-	-	2,195,115,959
Compensated Absences	14,724	899,548	-	914,272
Workers compensation costs	-	1,609,367	-	1,609,367
Accrued pension and OPEB obligations	7,417,776	9,297,516	-	16,715,292
Other noncurrent liabilities	-	-	-	-
Total noncurrent liabilities	2,738,883,803	11,806,431	-	2,750,690,234
Total Liabilities	2,765,906,302	52,803,765	(14,524,851)	2,804,185,216
DEFERRED INFLOWS OF RESOURCES				
Defined Benefit Plan	1,159,943	3,809,529	-	4,969,472
Bond Premiums and Refunding Costs, Net	-	-	-	-
Total liabilities and deferred inflows of resources	2,767,066,245	56,613,294	(14,524,851)	2,809,154,688
NET POSITION				
Net Investment in Capital Assets	367,884,795	31,042,752	-	398,927,547
Restricted for:				
Debt service	29,614,507	697	-	29,615,204
Unrestricted	82,611,229	83,937,712	-	166,548,941
Total net position	480,110,531	114,981,161	-	595,091,692
	\$ 3,247,176,776	\$ 171,594,455	\$ (14,524,851)	\$ 3,404,246,380

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Month Ended March 31, 2017

	Virginia International Terminals, LLC			
	Authority	Terminals, LLC	Eliminations	Total
Operating Revenues:				
Terminal operating revenues	\$ -	\$ 42,280,312	\$ -	\$ 42,280,312
Other revenues	845,465	-	-	845,465
Operating Revenues -Grants	250,571	-	-	250,571
Operating revenues from component unit	10,796,847	-	(10,796,847)	-
Total operating revenues	11,892,883	42,280,312	(10,796,847)	43,376,348
Operating Expenses:				
Terminal operations	119,554	17,958,625	-	18,078,179
Terminal maintenance	887,670	8,672,091	-	9,559,761
General and administrative	1,892,546	3,427,668	-	5,320,214
Facility rental	15,000	-	-	15,000
Depreciation and Amortization	6,748,908	314,744	-	7,063,652
Payments due to Authority	-	10,796,847	(10,796,847)	-
Total operating expenses	9,663,678	41,169,975	(10,796,847)	40,036,806
Operating income (loss)	2,229,205	1,110,337	-	3,339,542
Non-operating revenues (expenses)				
Interest income	73,900	-	-	73,900
Interest expense	(11,002,144)	-	-	(11,002,144)
Bond issue costs	(7,418)	-	-	(7,418)
Revenues/(expenses) (VEDP)	50,000	-	-	50,000
Other revenues from component unit	-	-	-	-
Revenue/expenses (state agencies)	-	-	-	-
Revenues from federal government	567,359	-	-	567,359
Revenues/expenses (primary government)	22,057,156	-	-	22,057,156
Other income (expense)	-	-	-	-
Gain/(loss) on disposals	16,800	-	-	16,800
Income (loss) before capital contributions and transfers	13,984,858	1,110,337	-	15,095,195
Capital contributions				
Commonwealth Port Fund allocation	3,313,751	-	-	3,313,751
Proceeds to federal government - channel dredging	2,529,979	-	-	2,529,979
Capital contributions (to) from component unit	-	-	-	-
Capital contributions (to) from other state agencies	-	-	-	-
Increase (decrease) in Net Position	19,828,588	1,110,337	-	20,938,925
Special Item - Lease conversion	-	-	-	-
Increase (decrease) in Net Position After Special Item	19,828,588	1,110,337	-	20,938,925
Net Position - Beginning of Month	460,308,924	113,870,826	-	574,179,750
Net Position - End of Month	\$ 480,137,512	\$ 114,981,163	\$ -	\$ 595,118,675

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 March 31, 2017

	Actual	Revised Budget	Prior Year	Favorable (Unfavorable) Variance
	Actual	Revised Budget	Prior Year	Actual/RevBudget
Operating Revenues:				
Terminal operating revenues	\$ 42,280,312	\$ 42,555,235	\$ 37,892,129	\$ (274,923)
Other revenues	845,465	823,501	802,589	21,964
Operating revenues - Grants	250,571	433,333	731,685	(182,762)
Total operating revenues	43,376,348	43,812,070	39,426,403	(435,722)
Operating Expenses:				
Terminal operations	18,078,179	18,322,685	15,983,860	244,506
Terminal maintenance	9,559,761	8,815,585	8,091,783	(744,176)
General and administrative	5,320,214	5,013,858	5,601,220	(306,356)
Facility rental	15,000	24,638	4,514,793	9,638
Depreciation and Amortization	7,063,652	6,440,664	3,946,389	(622,988)
Total operating expenses	40,036,806	38,617,431	38,138,044	(1,419,375)
Operating income (loss)	3,339,542	5,194,639	1,288,359	(1,855,097)
Non-operating revenues (expenses)				
Interest income	73,900	13,425	37,138	60,475
Interest expense	(11,002,144)	(10,021,266)	(1,203,469)	(980,878)
Bond issue costs	(7,418)	(7,418)	-	-
Revenues/(expenses)	50,000	-	-	50,000
Other revenues from component unit	-	-	-	-
Revenue/expenses (state agencies)	-	-	-	-
Revenues from federal government	567,359	1,236,000	-	(668,641)
Revenues/expenses (primary government)	22,057,156	-	-	22,057,156
Other income (expense)	-	-	-	-
Gain/(loss) on disposals	16,800	-	-	16,800
Income (loss) before capital contributions and transfers	15,095,195	(3,584,621)	122,028	18,679,816
Capital contributions and transfers				
Commonwealth Port Fund allocation	3,313,751	3,477,134	3,358,768	(163,383)
Proceeds to federal government - channel dredging	2,529,979	-	(130,569)	2,529,979
Capital contributions (to) from component unit	-	-	-	-
Proceeds (to) from other state agencies	-	-	-	-
Increase (decrease) in Net Position	20,938,925	(107,487)	3,350,227	21,046,412
Special Item - Lease conversion	-	-	-	-
Increase (decrease) in Net Position After Special Item	20,938,925	(107,487)	3,350,227	21,046,412
Net Position - Beginning of Month	574,179,750	519,544,070	498,224,308	54,635,680
Net Position - End of Month	\$ 595,118,675	\$ 519,436,583	\$ 501,574,535	\$ 75,682,092

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

For the Nine Months Ended March 31, 2017

	Authority	Virginia International Terminals, LLC	Eliminations	Total
Operating Revenues:				
Terminal operating revenues	\$ -	\$ 355,273,668	\$ -	\$ 355,273,668
Other revenues	7,540,542	-	-	7,540,542
Other Revenues - Grants	931,904	-	-	931,904
Operating revenues from component unit	89,000,802	-	(89,000,802)	-
Total operating revenues	97,473,248	355,273,668	(89,000,802)	363,746,114
Operating Expenses:				
Terminal operations	1,073,491	150,790,119	-	151,863,610
Terminal maintenance	5,309,003	69,026,166	-	74,335,169
General and administrative	12,292,624	30,977,346	-	43,269,970
Facility rental	17,384,000	-	-	17,384,000
Depreciation and Amortization	48,510,666	3,001,682	-	51,512,348
Payments due to Authority	-	89,000,802	(89,000,802)	-
Total operating expenses	84,569,784	342,796,115	(89,000,802)	338,365,097
Operating income (loss)	12,903,464	12,477,553	-	25,381,017
Non-operating revenues (expenses)				
Interest income	592,092	12,949	-	605,041
Interest expense	(57,365,788)	-	-	(57,365,788)
Bond issue costs	(2,749,482)	-	-	(2,749,482)
Revenues/(expenses)	6,250,000	-	-	6,250,000
Other revenues from component unit	-	-	-	-
Revenue/expenses (state agencies)	-	-	-	-
Revenues from federal government	7,763,530	-	-	7,763,530
Revenues/expenses (primary government)	47,961,037	-	-	47,961,037
Other income (expense)	-	-	-	-
Gain/(loss) on disposals	(36,468)	-	-	(36,468)
Income (loss) before capital contributions and transfers	15,318,385	12,490,502	-	27,808,887
Capital contributions				
Commonwealth Port Fund allocation	29,092,425	-	-	29,092,425
Transfers to federal government - channel dredging	1,943,541	-	-	1,943,541
Capital contributions (to) from component unit	21,887,843	(21,887,843)	-	-
Proceeds (to) from other state agencies	-	-	-	-
Increase (decrease) in Net Position	68,242,194	(9,397,341)	-	58,844,853
Special Item - Lease conversion	13,277,025	-	-	13,277,025
Increase (decrease) in Net Position After Special Item	81,519,219	(9,397,341)	-	72,121,878
Net Position - Beginning of Year	398,618,292	124,378,502	-	522,996,794
Net Position - End of Period	\$ 480,137,511	\$ 114,981,161	\$ -	595,118,672

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 Nine Months Ended March 31, 2017

				Favorable (Unfavorable)
				Variance
	Actual	Revised Budget	Prior Year	Actual/RevBudget
Operating Revenues:				
Terminal operating revenues	\$ 355,273,668	\$ 343,337,351	\$ 325,710,330	\$ 11,936,317
Other revenues	7,540,542	7,449,206	6,970,827	91,336
Operating revenues - Grants	931,904	4,500,000	4,044,815	(3,568,096)
Total operating revenues	363,746,114	355,286,557	336,725,972	8,459,557
Operating Expenses:				
Terminal operations	151,863,610	153,823,070	145,883,464	1,959,460
Terminal maintenance	74,335,169	78,298,940	74,012,696	3,963,771
General and administrative	43,269,970	44,987,495	43,864,012	1,717,525
Facility rental	17,384,000	16,549,735	42,051,186	(834,265)
Depreciation and Amortization	51,512,348	49,286,783	35,225,885	(2,225,565)
Total operating expenses	338,365,097	342,946,024	341,037,243	4,580,927
Operating income (loss)	25,381,017	12,340,533	(4,311,270)	13,040,484
Non-operating revenues (expenses)				
Interest income	605,041	381,575	356,492	223,466
Interest expense	(57,365,788)	(56,536,415)	(14,129,868)	(829,373)
Bond issue costs	(2,749,482)	(3,114,107)	(139,627)	364,625
Revenues/(expenses)	6,250,000	-	-	6,250,000
Revenue/expenses (state agencies)	-	-	-	-
Revenues from federal government	7,763,530	11,124,000	4,797,588	(3,360,470)
Revenues/expenses (primary government)	47,961,037	950,000	950,227	47,011,037
Other income (expense)	-	-	-	-
Gain/(loss) on disposals	(36,468)	-	-	(36,468)
Income (loss) before capital contributions and transfers	27,808,887	(34,854,414)	(12,476,459)	62,663,301
Capital contributions and transfers				
Commonwealth Port Fund allocation	29,092,425	31,294,204	28,878,570	(2,201,780)
Proceeds to federal government - channel dredging	1,943,541	-	(499,387)	1,943,541
Capital contributions (to) from component unit	-	-	-	-
Capital contributions (to) from other state agencies	-	-	152,861	-
Proceeds (to) from other state agencies	-	-	836,867	-
Increase (decrease) in Net Position	58,844,853	(3,560,210)	16,892,452	62,405,063
Special Item - Lease conversion	13,277,025	-	-	-
Increase (decrease) in Net Position After Special Item	72,121,878	(3,560,210)	16,892,452	62,405,063
Net Position - Beginning of Year	522,996,794	522,996,794	484,682,084	-
Net Position - End of Period	\$ 595,118,672	\$ 519,436,584	\$ 501,574,536	\$ 75,682,088

VIRGINIA PORT AUTHORITY
CASH FLOW SUMMARY
EXCLUDING CONSTRUCTION AND DEBT SERVICE FUNDS
For the Nine Months Ended March 31, 2017

Special Funds (Terminal Revenues):

Revenues \$ 90,504,040

Operating Expenditures:

Commerce Advertising	348,828
National & International Trade Services	2,220,655
General Management & Direction	15,784,522
GM&D - Facilities Rent	25,518,702
Debt Service for Port Facilities	-
Security Services	4,963,512
Payments in Lieu of Taxes	1,140,647
Port Facilities Planning	153,459
Reversion to the General Fund	-

Total Operating Expenditures 50,130,324

Capital Expenditures 3,161,926

Budgeted Revenues Over(Under)Expenditures \$ 37,211,790

Commonwealth Port Fund:

Revenues \$ 38,100,067

Operating Expenditures:

Operational & Reserve Maintenance	9,960,581
Security Maintenance	437,844
Debt Service for Port Facilities	-
Aid to Localities	161,363
Reversion to the General Fund	-

Total Operating Expenditures 10,559,789

Capital Expenditures 12,264,624

Budgeted Revenues Over(Under)Expenditures 15,275,653

Total All funds \$ 52,487,443

VIRGINIA PORT AUTHORITY
STATEMENT OF OPERATIONAL REVENUE AND EXPENDITURES (CASH BASIS)
For the Nine Months Ended March 31, 2017

	Special Fund		Commonwealth Port Fund		Total Revenue	Total Budget
	Special Fund Amount	Annual Budget	Commonwealth Port Fund Amount	Annual Budget		
Revenues-						
Transfer from VIT	\$ 83,169,870	\$ 130,934,218	\$ -	\$ -	\$ 83,169,870	\$ 130,934,218
4.2% Transfer from TTF & Interest	-	-	31,764,944	41,725,606	31,764,944	41,725,606
Other	7,334,170	10,180,678	6,335,122	-	13,669,292	10,180,678
Total Revenues	<u>\$ 90,504,040</u>	<u>\$ 141,114,896</u>	<u>\$ 38,100,067</u>	<u>\$ 41,725,606</u>	<u>\$ 128,604,106</u>	<u>\$ 182,840,502</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	\$ 348,828	\$ 565,425	\$ -	\$ -	\$ -	\$ 914,253	\$ 348,828	\$ 565,425
National and International Trade	4,374,365	2,220,655	2,153,710	-	-	-	4,374,365	2,220,655	2,153,710
General Mgmt. & Direction (excl Rent)	35,676,805	15,784,522	19,892,283	-	-	-	35,676,805	15,784,522	19,892,283
Facility Rental	51,153,500	25,518,702	25,634,798	5,000,000	2,499,000	2,501,000	56,153,500	28,017,702	28,135,798
Security Services	9,740,715	4,963,512	4,777,203	1,300,000	437,844	862,156	11,040,715	5,401,356	5,639,359
Port Facilities Planning	1,280,247	153,459	1,126,788	-	-	-	1,280,247	153,459	1,126,788
Debt Service for Port Facilities-	45,715,510	14,130,798	31,584,712	33,872,176	12,528,978	21,343,198	79,587,686	26,659,776	52,927,910
Aid to Localities	-	-	-	1,000,000	161,363	838,637	1,000,000	161,363	838,637
Payment in Lieu of Taxes	1,422,625	1,140,647	281,978	1,000,000	-	1,000,000	2,422,625	1,140,647	1,281,978
Reversion to the General Fund	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 150,278,020</u>	<u>\$ 64,261,122</u>	<u>\$ 86,016,898</u>	<u>\$ 42,172,176</u>	<u>\$ 15,627,186</u>	<u>\$ 26,544,990</u>	<u>\$ 192,450,196</u>	<u>\$ 79,888,308</u>	<u>\$ 112,561,888</u>

**VIRGINIA PORT AUTHORITY
CAPITAL IMPROVEMENT PROGRAM
YEAR TO DATE EXPENDITURES (CASH BASIS)
As of March 31, 2017**

Projects	Project Code	Funding	Appropriation (Allotment)	Year To Date Expenditures	Unexpended Balance	Unexpended Obligated Balance	Unexpended Unobligated Balance
Operational Maintenance	62601	CPF	\$ 13,600,000	\$ 9,590,876	\$ 4,009,124	\$ 5,628,716	\$ (1,619,592)
Operational Maintenance (Equipment)	62601	FED	3,000,000	-	3,000,000		3,000,000
Maintenance Reserve	13804	CPF	4,584,450	369,705	4,214,745	654,976	3,559,769
Cargo Handling Facilites	16048	CPF	707,529	538,902	168,627	168,627	-
Cargo Handling Facilites	16048	SF	901,899	176,779	725,120	503,206	221,914
Improvements: Expand Empty Yard	16643	SF	-	-	-	-	-
Improvements: Expand Empty Yard	16643	FED	233	-	233	233	-
Improvements: Expand Empty Yard	16643	CPF	2,282,262	721,071	1,561,191	1,107,725	453,466
Improvements: Expand NIT and Other	16644	CPF	1,290,672	1,044,071	246,601	246,601	-
Improvements: Expand NIT and Other	16644	2008/2009 Bond	512,696	239,982	272,714	272,714	-
Craney Island Marine Terminal Expansion	17513	CPF	10,012,419	-	10,012,419	-	10,012,419
Craney Island Marine Terminal Expansion	17513	2011/2015 Bond	69,769,397	20,636,730	49,132,668	31,796,713	17,335,955
Craney Island Marine Terminal Expansion	17513	FED	15,000,000	2,445,352	12,554,648	7,650,873	4,903,775
Expand Port Terminal	17956	Bond	105,500,000	-	105,500,000	-	105,500,000
Procure VIG Equipment	18125	MELP/SF	-	-	-	-	-
Enhance Norfolk International Terminals	18245	VPBA Bonds	350,000,000	24,968,130	325,031,870	167,756,266	157,275,604
VIG Expansion	18302	SF	321,000,000	2,985,147	318,014,853	213,687,842	104,327,011
Total			\$ 898,161,557	\$ 63,716,744	\$ 834,444,814	\$ 429,474,492	\$ 404,970,322