

VIRGINIA PORT AUTHORITY AND VIRGINIA INTERNATIONAL TERMINALS, LLC
FINANCIAL HIGHLIGHTS
FOR THE SEVEN MONTHS ENDED JANUARY 31, 2017

The following is a summary of the results of operations for the fiscal year-to-date January 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 3.7% favorable to revised budget; the same revenues were 8.8% favorable to the prior year period. Container volume was 5.6% favorable to budget, 7.3% favorable to prior year through January. 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 January were \$1.5 million (1.2%) favorable to revised budget, and \$2.9 million (2.5%) unfavorable to prior year for the same time period. When viewed in relation to volume, operating expenses per container were both lower in terms of budget and consistent with prior year.

Terminal maintenance expenses year to date were \$3.8 million (6.2%) favorable to revised budget and \$700 thousand (1.2%) favorable to the prior year. The favorable variances to prior year and budget are the result of the measured approach to planned investment in refurbishment and repair to aged equipment, as well as the timing of maintenance and repair activity.

General and administrative expenses year to date were \$1.7 million (5.0%) favorable to revised budget, and \$1.1 million (3.6%) unfavorable to prior year. The variance to budget largely reflects timing, while the unfavorable variance to prior year is the result of lower staff vacancy and costs arising from new business plans in the current fiscal year.

Non-Operating Revenue & Expenses

Year to date interest expense (net) was \$193 thousand favorable to revised budget and \$24.9 million unfavorable to prior year, with the variance to prior year the result of the new capital lease.

Non-Operating grants were \$32.1 million year to date, principally the result of a large payment from the state related the purchase of cranes. Additionally, state assistance to support dredging costs and economic development in local areas. Federal TIGER grants and USACE grants were an additional \$4.9 million.

Year to date gain on disposals of \$13.3 million is a result of the implementation of the new lease accounting in November.

Capital Contributions and Transfers

The CPF allocation year to date was \$1.5 million (6.1%) unfavorable to revised budget and \$701 thousand (3.2%) favorable to prior year, due to the timing and extent of collected transportation trust fund revenues. Net Position increased \$54.4 million through January, \$42.7 million favorable to revised budget and \$43.0 million favorable to prior year.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

STATEMENT OF NET POSITION

As of January 31, 2017

	Authority	Virginia International Terminals, LLC	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 100,392,017	\$ 34,153,358	\$ -	\$ 134,545,375
Restricted assets:				
Cash and cash equivalents	38,245,634	696	-	38,246,330
Investments	-	-	-	-
Investments held by Treasurer of VA	-	-	-	-
Accounts receivable, net	68,258	80,116,199	-	80,184,457
Due from transportation trust	13,982,759	-	-	13,982,759
Due from component unit	21,039,105	-	(21,039,105)	-
Inventories	-	21,729,758	-	21,729,758
Prepaid expenses and other	522,784	6,579,762	-	7,102,546
Total current assets	<u>174,250,557</u>	<u>142,579,773</u>	<u>(21,039,105)</u>	<u>295,791,225</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	45,187,438	-	-	45,187,438
Investments	29,056,862	100,000	-	29,156,862
Bond issue costs, net	-	-	-	-
Non-depreciable capital assets	249,724,056	-	-	249,724,056
Depreciable capital assets, net	2,693,644,586	30,050,542	-	2,723,695,128
Total noncurrent assets	<u>3,018,060,654</u>	<u>30,150,542</u>	<u>-</u>	<u>3,048,211,196</u>
Total Assets	<u>3,192,311,211</u>	<u>172,730,315</u>	<u>(21,039,105)</u>	<u>3,344,002,421</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension and Bond Refunding Costs, Net	33,637,171	7,455,439	-	41,092,610
Deferred Outflows, Pensions	-	-	-	-
Total assets and deferred outflows of resources	<u><u>\$ 3,225,948,382</u></u>	<u><u>\$ 180,185,754</u></u>	<u><u>\$ (21,039,105)</u></u>	<u><u>\$ 3,385,095,031</u></u>

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

STATEMENT OF NET POSITION

As of January 31, 2017

	Authority	Virginia International Terminals, LLC	Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 6,705,620	\$ 28,814,995	\$ -	\$ 35,520,615
Interest payable	2,369,881	-	-	2,369,881
Retainage payable	580,893	-	-	580,893
Long-term debt - current portion	12,679,581	-	-	12,679,581
Compensated absences - current portion	1,403,298	1,276,057	-	2,679,355
Payroll withholdings	763,409	421,037	-	1,184,446
Obligations under securities lending	341,318	-	-	341,318
Due to Parent Member	-	21,039,105	(21,039,105)	-
Total current liabilities	24,844,000	51,551,194	(21,039,105)	55,356,089
Noncurrent liabilities:				
Long-term debt	536,499,408	-	-	536,499,408
Capital lease obligations	2,188,821,149	-	-	2,188,821,149
Workers compensation costs	14,724	424,802	-	439,526
Accrued pension and OPEB obligations	-	10,482,081	-	10,482,081
Other noncurrent liabilities	10,000,682	899,548	-	10,900,230
Total noncurrent liabilities	2,735,335,963	11,806,431	-	2,747,142,394
Total Liabilities	2,760,179,963	63,357,625	(21,039,105)	2,802,498,483
DEFERRED INFLOWS OF RESOURCES				
Defined Benefit Plan	1,417,584	3,809,529	-	5,227,113
Bond Premiums and Refunding Costs, Net	-	-	-	-
Total liabilities and deferred inflows of resources	2,761,597,547	67,167,154	(21,039,105)	2,807,725,596
NET POSITION				
Net Investment in Capital Assets	325,063,737	30,050,542	-	355,114,279
Restricted for:				
Debt service	27,065,175	696	-	27,065,871
Unrestricted	112,221,923	82,967,362	-	195,189,285
Total net position	464,350,835	113,018,600	-	577,369,435
	\$ 3,225,948,382	\$ 180,185,754	\$ (21,039,105)	\$ 3,385,095,031

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

	Virginia			
	Authority	International Terminals, LLC	Eliminations	Total
Operating Revenues:				
Terminal operating revenues	\$ -	\$ 41,154,786	\$ -	\$ 41,154,786
Other revenues	816,187	-	-	816,187
Operating Revenues -Grants	148,757	-	-	148,757
Operating revenues from component unit	17,259,092	-	(17,259,092)	-
Total operating revenues	18,224,036	41,154,786	(17,259,092)	42,119,730
Operating Expenses:				
Terminal operations	119,595	17,677,225	-	17,796,820
Terminal maintenance	824,283	8,983,051	-	9,807,334
General and administrative	1,619,814	3,638,033	-	5,257,847
Facility rental	15,000	-	-	15,000
Depreciation and Amortization	6,746,697	339,650	-	7,086,347
Payments due to Authority	-	17,259,092	(17,259,092)	-
Total operating expenses	9,325,389	47,897,051	(17,259,092)	39,963,348
Operating income (loss)	8,898,647	(6,742,265)	-	2,156,382
Non-operating revenues (expenses)				
Interest income	75,024	-	-	75,024
Interest expense	(10,147,889)	-	-	(10,147,889)
Bond issue costs	(144,677)	-	-	(144,677)
Revenues/(expenses)	(58)	-	-	(58)
Other revenues from component unit	-	-	-	-
Revenue/expenses (state agencies)	-	-	-	-
Revenues from federal government	-	-	-	-
Revenues/expenses (primary government)	395,936	-	-	395,936
Other income (expense)	-	-	-	-
Gain/(loss) on disposals	-	-	-	-
	(9,821,664)	-	-	(9,821,664)
Income (loss) before capital contributions and transfers	(923,017)	(6,742,265)	-	(7,665,282)
Capital contributions				
Commonwealth Port Fund allocation	3,876,886	-	-	3,876,886
Proceeds to federal government - channel dredging	(277,811)	-	-	(277,811)
Capital contributions (to) from component unit	-	-	-	-
Proceeds (to) from other state agencies	-	-	-	-
Increase (decrease) in Net Position	2,676,058	(6,742,265)	-	(4,066,207)
Net Position - Beginning of Month	461,674,777	119,760,865	-	581,435,642
Net Position - End of Month	\$ 464,350,835	\$ 113,018,600	\$ -	\$ 577,369,435

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 January 31, 2017

	Actual	Revised Budget	Prior Year	Favorable (Unfavorable) Variance
	Actual	Revised Budget	Prior Year	Actual/RevBudget
Operating Revenues:				
Terminal operating revenues	\$ 41,154,786	\$ 39,413,392	\$ 34,112,980	\$ 1,741,394
Other revenues	816,187	797,809	705,130	18,378
Operating revenues - Grants	148,757	433,333	318,463	(284,576)
Total operating revenues	42,119,730	40,644,534	35,136,573	1,475,196
Operating Expenses:				
Terminal operations	17,796,820	17,744,230	15,012,218	(52,590)
Terminal maintenance	9,807,334	8,638,060	8,021,694	(1,169,274)
General and administrative	5,257,847	5,086,857	4,455,904	(170,990)
Facility rental	15,000	24,638	4,499,793	9,638
Depreciation and Amortization	7,086,347	6,471,082	3,910,187	(615,265)
Total operating expenses	39,963,348	37,964,867	35,899,796	(1,998,481)
Operating income (loss)	2,156,382	2,679,667	(763,223)	(523,285)
Non-operating revenues (expenses)				
Interest income	75,024	90,425	33,834	(15,401)
Interest expense	(10,147,889)	(10,107,491)	(1,675,436)	(40,398)
Bond issue costs	(144,677)	(144,677)	-	-
Revenues/(expenses)	(58)	-	-	(58)
Other revenues from component unit	-	-	-	-
Revenue/expenses (state agencies)	-	-	-	-
Revenues from federal government	-	1,236,000	-	(1,236,000)
Revenues/expenses (primary government)	395,936	-	-	395,936
Other income (expense)	-	-	-	-
Gain/(loss) on disposals	-	-	-	-
Income (loss) before capital contributions and transfers	(9,821,664)	(8,925,743)	(1,641,602)	(895,921)
Capital contributions and transfers				
Commonwealth Port Fund allocation	3,876,886	3,477,134	3,380,618	399,752
Proceeds to federal government - channel dredging	(277,811)	-	-	(277,811)
Capital contributions (to) from component unit	-	-	-	-
Proceeds (to) from other state agencies	-	-	-	-
Increase (decrease) in Net Position	(4,066,207)	(2,768,942)	975,793	(1,297,265)
Net Position - Beginning of Month	581,435,642	537,397,846	495,048,739	44,037,796
Net Position - End of Month	\$ 577,369,435	\$ 534,628,904	\$ 496,024,532	\$ 42,740,531

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

	Authority	Virginia International Terminals, LLC	Eliminations	Total
Operating Revenues:				
Terminal operating revenues	\$ -	\$ 274,441,281	\$ -	\$ 274,441,281
Other revenues	5,916,426	-	-	5,916,426
Other Revenues - Grants	657,169	-	-	657,169
Operating revenues from component unit	67,846,709	-	(67,846,709)	-
Total operating revenues	74,420,304	274,441,281	(67,846,709)	281,014,876
Operating Expenses:				
Terminal operations	833,443	116,377,751	-	117,211,194
Terminal maintenance	4,156,752	52,940,006	-	57,096,758
General and administrative	8,930,025	24,378,376	-	33,308,401
Facility rental	17,354,000	-	-	17,354,000
Depreciation and Amortization	35,016,586	2,383,449	-	37,400,035
Payments due to Authority	-	67,846,709	(67,846,709)	-
Total operating expenses	66,290,806	263,926,291	(67,846,709)	262,370,388
Operating income (loss)	8,129,498	10,514,990	-	18,644,488
Non-operating revenues (expenses)				
Interest income	442,487	12,951	-	455,438
Interest expense	(36,297,147)	-	-	(36,297,147)
Bond issue costs	(2,427,756)	-	-	(2,427,756)
Revenues/(expenses)	6,200,000	-	-	6,200,000
Other revenues from component unit	-	-	-	-
Revenue/expenses (state agencies)	-	-	-	-
Revenues from federal government	6,394,678	-	-	6,394,678
Revenues/expenses (primary government)	25,903,881	-	-	25,903,881
Other income (expense)	-	-	-	-
Gain/(loss) on disposals	13,223,757	-	-	13,223,757
Income (loss) before capital contributions and transfers	13,439,900	12,951	-	13,452,851
21,569,398	21,569,398	10,527,941	-	32,097,339
Capital contributions				
Commonwealth Port Fund allocation	22,861,741	-	-	22,861,741
Transfers to federal government - channel dredging	(586,439)	-	-	(586,439)
Capital contributions (to) from component unit	21,887,843	(21,887,843)	-	-
Proceeds (to) from other state agencies	-	-	-	-
Increase (decrease) in Net Position	65,732,543	(11,359,902)	-	54,372,641
Net Position - Beginning of Year	398,618,292	124,378,502	-	522,996,794
Net Position - End of Period	\$ 464,350,835	\$ 113,018,600	\$ -	\$ 577,369,435

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 Seven Months Ended January 31, 2017

				Favorable (Unfavorable)
				Variance
	Actual	Revised Budget	Prior Year	Actual/RevBudget
Operating Revenues:				
Terminal operating revenues	\$ 274,441,281	\$ 261,426,949	\$ 250,084,104	\$ 13,014,332
Other revenues	5,916,426	5,808,966	5,447,081	107,460
Operating revenues - Grants	657,169	3,633,333	2,799,926	(2,976,164)
Total operating revenues	281,014,876	270,869,248	258,331,111	10,145,628
Operating Expenses:				
Terminal operations	117,211,194	118,687,690	114,303,831	1,476,496
Terminal maintenance	57,096,758	60,853,275	57,772,575	3,756,517
General and administrative	33,308,401	35,076,680	32,164,919	1,768,279
Facility rental	17,354,000	16,500,459	33,021,600	(853,541)
Depreciation and Amortization	37,400,035	36,409,192	27,394,060	(990,843)
Total operating expenses	262,370,388	267,527,296	264,656,985	5,156,908
Operating income (loss)	18,644,488	3,341,952	(6,325,874)	15,302,536
Non-operating revenues (expenses)				
Interest income	455,438	353,725	274,274	101,713
Interest expense	(36,297,147)	(36,490,148)	(11,364,546)	193,001
Bond issue costs	(2,427,756)	(2,792,381)	(139,627)	364,625
Revenues/(expenses)	6,200,000	-	-	6,200,000
Revenue/expenses (state agencies)	-	-	-	-
Revenues from federal government	6,394,678	8,652,000	4,797,588	(2,257,322)
Revenues/expenses (primary government)	25,903,881	950,000	950,227	24,953,881
Other income (expense)	-	-	-	-
Gain/(loss) on disposals	13,223,757	13,277,025	-	(53,268)
Income (loss) before capital contributions and transfers	13,452,851	(16,049,779)	(5,482,084)	29,502,630
contributions and transfers	32,097,339	(12,707,827)	(11,807,958)	44,805,166
Capital contributions and transfers				
Commonwealth Port Fund allocation	22,861,741	24,339,937	22,160,678	(1,478,196)
Operating transfers to Authority	-	-	-	-
Proceeds to federal government - channel dredging	(586,439)	-	-	(586,439)
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	54,372,641	11,632,110	11,342,448	42,740,531
Net Position - Beginning of Year	522,996,794	522,996,794	484,682,084	-
Net Position - End of Period	\$ 577,369,435	\$ 534,628,904	\$ 496,024,532	\$ 42,740,531

VIRGINIA PORT AUTHORITY
STATEMENT OF OPERATIONAL REVENUE AND EXPENDITURES (CASH BASIS)
For the Seven Months Ended January 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	\$ 55,699,376	\$ 130,934,218	\$ -	\$ -	\$ 55,699,376	\$ 130,934,218
4.2% Transfer from TTF & Interest	-	-	24,972,084	41,725,606	24,972,084	41,725,606
Other	5,605,537	10,180,678	6,335,122	-	11,940,659	10,180,678
Total Revenues	<u>\$ 61,304,913</u>	<u>\$ 141,114,896</u>	<u>\$ 31,307,206</u>	<u>\$ 41,725,606</u>	<u>\$ 92,612,119</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	\$ 236,710	\$ 677,543	\$ -	\$ -	\$ -	\$ 914,253	\$ 236,710	\$ 677,543
National and International Trade	4,374,365	1,980,859	2,393,506	-	-	-	4,374,365	1,980,859	2,393,506
General Mgmt. & Direction (excl Rent)	35,676,805	17,793,967	17,882,838	-	-	-	35,676,805	17,793,967	17,882,838
Facility Rental	51,153,500	17,354,000	33,799,500	-	-	-	51,153,500	17,354,000	33,799,500
Security Services	9,740,715	4,348,959	5,391,756	1,300,000	418,244	881,756	11,040,715	4,767,204	6,273,511
Port Facilities Planning	1,280,247	136,373	1,143,874	-	-	-	1,280,247	136,373	1,143,874
Debt Service for Port Facilities-	45,715,510	12,920,752	32,794,758	26,888,419	10,950,211	15,938,208	72,603,929	23,870,963	48,732,966
Aid to Localities	-	-	-	1,000,000	61,363	938,637	1,000,000	61,363	938,637
Payment in Lieu of Taxes	1,422,625	968,009	454,616	1,000,000	-	1,000,000	2,422,625	968,009	1,454,616
Reversion to the General Fund	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 150,278,020</u>	<u>\$ 55,739,628</u>	<u>\$ 94,538,392</u>	<u>\$ 30,188,419</u>	<u>\$ 11,429,819</u>	<u>\$ 18,758,600</u>	<u>\$ 180,466,439</u>	<u>\$ 67,169,447</u>	<u>\$ 113,296,992</u>

*File will be updated for terminal expansion appropriations in January

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

Projects	Project Code	Funding	Appropriation (Allotment)	Year To Date Expenditures	Unexpended Balance	Unexpended Obligated Balance	Unexpended Unobligated Balance
Operational Maintenance	62601	CPF	\$ 17,021,090	\$ 10,854,569	\$ 6,166,521	\$ 6,166,521	\$ -
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	1,043,141	247,531	-	247,531
Improvements: Expand NIT and Other	16644	2008/2009 Bond	512,696	240,908	271,788	-	271,788
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	21,058,730	48,710,667	38,809,573	9,901,094
Craney Island Marine Terminal Expansion	17513	FED	15,000,000	-	15,000,000	2,445,352	12,554,648
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	24,903,888	325,096,112	166,468,355	158,627,757
VIG Expansion	18302	SF	321,000,000	396,223	320,603,777	198,576,242	122,027,535
Total			\$ 901,582,647	\$ 60,303,917	\$ 841,278,731	\$ 414,900,810	\$ 426,377,920