

**VIRGINIA PORT AUTHORITY**  
**SINGLE AUDIT AND COMPLIANCE REPORTS**  
**YEAR ENDED JUNE 30, 2025**



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ASSURANCE, TAX & ADVISORY SERVICES

# VIRGINIA PORT AUTHORITY

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**VIRGINIA PORT AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Direct Payments:				
Port Security Grant Program	97.056		\$ -	\$ 700,614
Pass-through Payments:				
Virginia Department of Emergency Management: Homeland Security Grant Program	97.067	Not Provided	-	359,846
<b>Total U.S. Department of Homeland Security</b>			-	1,060,460
U.S. DEPARTMENT OF TRANSPORTATION:				
Direct Payments:				
Highway Research and Development Program	20.200		-	840,930
Port Infrastructure Development Program (PIDP) Grants	20.823		-	320,607
National Infrastructure Investments (BUILD) Grants	20.933		-	11,440,058
Pass-through Payment:				
Virginia Department of Transportation: Highway Planning and Construction	20.205	Not Provided	-	674,423
<b>Total U.S. Department of Transportation</b>			-	13,276,018
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Payments:				
Clean Ports Program	66.051		-	109,394
<b>Total U.S. Environmental Protection Agency</b>			-	109,394
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 14,445,872

# VIRGINIA PORT AUTHORITY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2025

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### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Virginia Port Authority (the Authority) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

*Federal Financial Assistance* – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance. Federal financial assistance does not include direct federal cash assistance to individuals.

*Pass-through Payments* – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

*Direct Payments* – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

*Major Programs* – The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. The major programs for the Authority were determined using a risk-based approach in accordance with Uniform Guidance.

*Federal Assistance Listing* – The Federal Assistance Listing is a government-wide compendium of individual federal programs. Each program included in the listing is assigned a five-digit program identification number, which is reflected in the Schedule.

### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through identifying numbers are presented where available.

### **Note 3. Indirect Cost Rate**

The Authority has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR’S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Glenn Youngkin  
Governor of Virginia

The Honorable Mark D. Sickles  
Chair, Joint Legislative Audit  
and Review Commission

The Board of Commissioners  
Virginia Port Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and fiduciary activity of the Virginia Port Authority (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated September 12, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the Authority’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

### **Authority's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
January 7, 2026



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY UNIFORM GUIDANCE**

The Honorable Glenn Youngkin  
Governor of Virginia

The Honorable Mark D. Sickles  
Chair, Joint Legislative Audit  
and Review Commission

The Board of Commissioners  
Virginia Port Authority

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Virginia Port Authority’s (Authority), a component unit of the Commonwealth of Virginia, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended June 30, 2025. The Authority’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the business-type activities and fiduciary activity of the Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated September 12, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*PBMares, LLP*

Harrisonburg, Virginia  
January 7, 2026

**VIRGINIA PORT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2025**

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**Section I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>      </u> Yes	<u>  √  </u> No
Significant deficiency(ies) identified?	<u>  √  </u> Yes	<u>      </u> None Reported
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  √  </u> No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?	<u>      </u> Yes	<u>  √  </u> No
Significant deficiency(ies) identified?	<u>      </u> Yes	<u>  √  </u> None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?        Yes   √   No

Identification of major federal programs:

Federal Assistance Listing Numbers

Name of Federal Program or Cluster

U.S. Department of Transportation:

20.200  
20.933

Highway Research and Development Program  
National Infrastructure Investments (BUILD) Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   √   Yes        No

# VIRGINIA PORT AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2025

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### Section II. FINANCIAL STATEMENT FINDINGS

#### A. Significant Deficiency in Internal Control

##### **2025-001: Significant Deficiency Due to Significant Audit Adjustments to Schedule of Expenditures of Federal Awards**

Criteria: The schedule of expenditures of federal awards obtained from the Authority to be audited should be final and free of misstatements.

Condition: Upon auditing the Authority's financial statements, there were significant audit adjustments to the schedule of expenditures of federal awards to correct the period in which federal expenditures were reported.

Cause: The Authority's cutoff policy to review invoices received after year end to determine the appropriate reporting period applied a threshold which was too high over too brief of a period of time to ensure items significant to the schedule of expenditures of federal awards were reported in the correct period.

Effect: The necessary adjustments to the schedule of expenditures of federal awards were made in order to present the schedule of expenditures of federal awards more accurately.

Recommendation: The Authority should consider that expenditures funded with federal awards may have a lower threshold for reporting significance than the overall financial statements and adjust cutoff review procedures accordingly in order to accurately capture significant expenditures in the correct period.

Views of Responsible Officials: The Authority acknowledges the audit adjustments made to the Schedule of Expenditures of Federal Awards and concurs with the finding. While the Authority emphasizes timely year-end closing for financial statement purposes and strives to maintain limited reconciling items, we understand that federal reporting may require a more nuanced approach. Accordingly, we are revising our cutoff review procedures to apply a lower dollar threshold and extending the review period to ensure significant federal expenditures are accurately captured in the correct reporting period.

### Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

## **CORRECTIVE ACTION PLAN**

### **Year Ended June 30, 2025**

**Identifying Number:** 2025-001 Significant Deficiency Due to Significant Audit Adjustments to Schedule of Expenditures of Federal Awards

**Finding:** Upon auditing the Authority's financial statements, there were significant audit adjustments to the schedule of expenditures of federal awards.

**Corrective Action Taken or Planned:** The Authority identified three new processes to be implemented to ensure proper cutoff is achieved for reporting of federal expenditures: pre-close coordination with federal project managers; identification of vendors paid with federal funds and communication of those vendors to the accounts payable department; and performance of a post-cutoff review of federal expenditures.

The Authority will schedule structured discussions with all of its federal project managers at least two weeks prior to fiscal year-end. As a result of this discussion, project managers will provide the accounting team with a description of work currently ongoing, expected deliverables, and any services or goods that have been received, but not yet invoiced. These efforts will provide the accounting team with an improved awareness of pending obligations that may require consideration for accrual on the financial statements.

The treasury department will generate a list of vendors who are currently being paid with federal dollars and distribute this list to the accounts payable department at year-end. The accounts payable team will use this list to flag invoices from these vendors for further review by the treasury department. The treasury department will review the population of invoices from these vendors for consideration as to accrual and/or reporting on the Schedule of Expenditures of Federal Awards (Schedule).

Following year-end close, and no sooner than 30 days after year-end close, the treasury department will perform a targeted review of federal projects and perform a search for unrecorded liabilities that relate to the previous fiscal year. For expenditures meeting this criteria that are deemed to be significant (either individually or in the aggregate) to the federal program to which it relates, the Authority will adjust the Schedule to reflect these amounts. To the extent these expenditures do not require separate accrual on the financial statements, the Authority will notate them as a reconciling item between the financial statements and the Schedule.

The Authority will assign responsibility for each of these steps to specific individuals within the organization who play a role in grant administration or grant accounting. Findings associated with these processes will be documented in a Cutoff Review Log. This process will be evaluated on an annual basis, incorporating feedback received in future audits as well as internal assessments.

The contact person responsible for the corrective action is Sandi Jackson, Director, Treasury.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2025**

There were no matters reported during the fiscal year ended June 30, 2024.