



THE PORT OF
VIRGINIA®

VIRGINIA PORT AUTHORITY®

Comprehensive Annual Financial Report
For Fiscal Year ended June 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

VIRGINIA PORT AUTHORITY

A COMPONENT UNIT OF THE COMMONWEALTH OF VIRGINIA

FOR THE

FISCAL YEAR ENDED JUNE 30, 2019



Prepared by

The Finance Division of the
Virginia Port Authority

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October 25, 2019

Dear Customers, Stakeholders and Port Partners:

Fiscal year 2019 was filled with several milestones for The Port of Virginia®: we safely handled a record-setting amount of container volume; we substantially completed the expansion of Virginia International Gateway (VIG) ahead of schedule and under budget; and we are well past the half-way point of the Norfolk International Terminals (NIT) expansion.

In addition to the progress we are making on our land-side projects, we are also moving forward on our *Wider, Deeper, Safer®* project, for which dredging is scheduled to start in fiscal year 2020. When the project is complete in 2024, the commercial shipping channels serving the Norfolk Harbor will be 55 feet deep and wide enough to safely accommodate two-way traffic of the biggest ships afloat. No other East Coast port will have this capability.

Led by Governor Ralph S. Northam, Transportation Secretary Shannon Valentine, the General Assembly and the Virginia Port Authority Board of Commissioners, we are entering an unparalleled era of expansion with a continuing focus on creating the East Coast's primary gateway for global trade as a catalyst for commerce in Virginia for decades to come.

When the NIT expansion is complete late next year, we will have created the capacity to process 1 million additional container units through this port annually – a 40% increase in overall capacity – and we will move those units more safely, swiftly and sustainably than ever before. In the process, we will have created one of the East Coast's most modern container terminal complexes capable of handling the largest ships in the Atlantic trade. Deep, unobstructed channels, modern terminals, a strong partnership with labor, a long-term plan for sustainable growth, a reputation as a progressive and growing port and the dedication of the port team are just some of the things that make this maritime asset so unique.

Here are some highlights from the 12 months that ended June 30, 2019:

July 2018

- The heavy-load vessel *Happy Buccaneer* arrives at NIT with the first group of six RMGs, which are the centerpieces of the \$445 million capacity expansion project underway at that terminal. The vessel's arrival signals the start of an 18-month cycle that will see the delivery of 60 new RMGs to NIT.

August 2018

- In his testimony before the United States Trade Representative (USTR) in Washington, D.C., Virginia Port Authority CEO and Executive Director, John F. Reinhart, says that the expansion of VIG could be slowed if additional tariffs are imposed on Chinese-made cranes; in 2017 the port ordered four ship-to-shore cranes that are part of the VIG capacity expansion project. The USTR takes the testimony of Reinhart and others under advisement and ultimately decides against any new tariffs.

September 2018

- Four new inbound truck gates are placed into service at VIG expanding capacity at the terminal's gate complex by 30 percent.

October 2018

- A new all-time mark for the amount of cargo handled in a month is set. More than 270,000 TEUs (twenty-foot equivalent units) were processed, besting the previous record set in 2017 by more than 5,000 units.
- The *Wider, Deeper, Safer*® project to deepen and widen the Norfolk Harbor's commercial shipping channels is given full federal authorization with approval of America's Water Infrastructure Act of 2018. The project's inclusion in the bill clears the path for The Port of Virginia to become the deepest and safest port on the U.S. East Coast.

November 2018

- Heavy construction on the second phase of the rail yard expansion at VIG begins, with the first phase having been completed on time and on budget. As part of VIG's expansion, the size of the terminal's on-dock, double-stack rail operation is being doubled to include nearly 20,000 feet of new track and four new cantilever rail-mounted gantry cranes.

December 2018

- The port celebrates the 10th anniversary of the Richmond Express barge service. The thrice-weekly barge service moved 31,500 containers in calendar year 2018, its best year on record.
- The port announces an investment of \$26 million for two projects at the Virginia Inland Port in Front Royal. The projects are designed to improve traffic flow and safety on a local road and expand the terminal's overall cargo handling capabilities.

January 2019

- Four new ship-to-shore (STS) cranes arrive in the Norfolk Harbor and make their way to VIG. The cranes are the largest in the Americas and are able to service container vessels, as large as any on the water today, for decades to come. The cranes are among the final pieces of hardware for the \$320 million VIG expansion project.

February 2019

- Following the successful completion of the U.S. Department of Agriculture's Southeast In-Transit Cold Treatment Pilot program, importers of perishables from South American countries can now move their cargo through The Port of Virginia. The approval coincides with the port's effort to expand its capacity to handle refrigerated (reefer) cargo.

March 2019

- The port marks the one-year anniversary of the successful launch of its trucker reservation system, or TRS, at NIT. The system allows the port to manage truck flow at the gates; it creates efficiency for terminal operations teams and for drivers; it provides greater visibility to cargo owners; and it is a planning tool for those moving cargo by truck.
- Twelve new container stacks at Norfolk International Terminals (NIT) begin operating as the project to reconfigure and expand the terminal's south container stack-yard moves forward according to schedule.

April 2019

- ARREFF Terminals, a subsidiary of Fornazor International Inc., and the port enter into a long-term agreement that allows ARREFF to develop a transload facility at NIT for agricultural commodities. The facility will be served by rail and when finished will more than triple the number of containers the company moves through the port.

May 2019

- Phase II of the rail yard at VIG is complete and signals the end of more than two-and-a-half years of heavy construction at the terminal.
- John F. Reinhart, the VPA's CEO and executive director, is inducted into the International Maritime Hall of Fame. The International Maritime Hall of Fame recognizes maritime visionaries, who through excellence in their company, organization, or services, best exemplify the qualities of futuristic thinking that will guide the maritime industry in the 21st Century.

June 2019

- The Port of Virginia becomes the first U.S. port to join SEALNG, a multi-sector industry coalition, created to accelerate the widespread adoption of liquefied natural gas (LNG) as a marine fuel. The coalition unites key players from across the LNG marine value chain to address the barriers to the adoption of LNG.

The Port of Virginia remains in an enviable position.

Our natural assets include deep shipping channels that are easy to maintain; we are 18 miles from the open water of the Atlantic Ocean; we are situated within a day's drive of two-thirds of the nation's population; and we have room to develop a fourth, state-owned, deep-water marine terminal. From a manmade perspective, we have the versatility to handle anything from automobiles to coffee to military cargo to grain. We have double-stack, on-dock rail service provided by the East's two Class I railroads, Norfolk Southern and CSX, which gives us reach into many important Midwestern population and manufacturing centers.

We are more than half-way through our capacity optimization project and are capitalizing on what we have completed to date. There have been challenges along the way and we addressed them head-on while being guided by our values. Our growth, our expanding reputation, increasing capabilities and long-term view have industry taking note. We have a clear path forward and are building the future today: We are the Stewards of Tomorrow.

Sincerely Yours,

A handwritten signature in black ink, appearing to read 'John F. Reinhart', with a large, stylized flourish at the end.

John F. Reinhart
CEO and Executive Director

October 25, 2019

Board of Commissioners
Virginia Port Authority
600 World Trade Center
Norfolk, VA 23510

Dear Commissioners:

The Comprehensive Annual Financial Report (CAFR) of the Virginia Port Authority (“VPA” or “the Authority”) for the fiscal year ended June 30, 2019, as required by §62.1-139 of the *Code of Virginia* for submission to the Governor and General Assembly on or before November 1 of each year, is hereby submitted.

Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the Authority taken as a whole. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities and operations have been included.

Management is also responsible for establishing and maintaining internal controls over its operations. Internal controls are designed to provide a reasonable, though not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Management strongly believes that the inherent financial accounting controls coupled with the independent financial audit performed by the Authority's independent financial auditors, the Auditors at PBMares, LLP, as well as numerous other audit functions, adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

The Auditors at PBMares, LLP have issued an unmodified opinion on the Authority's financial statements as of and for the year ended June 30, 2019. The independent auditor's report is located at the beginning of the financial section of this report.

Management's discussion and analysis (MD&A) can be found at the beginning of the financial section, after the audit opinion, and provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Virginia Port Authority

The Virginia Port Authority was established in 1952, as a political subdivision of the Commonwealth of Virginia, for the purpose of performing any act or function which may be useful in developing, improving, or increasing the commerce of the ports of the Commonwealth. The Authority, over the years, has acquired and unified certain port facilities for the benefit of the Commonwealth. The Authority owns and is responsible for the operations and security of three marine terminals: Norfolk International Terminals (NIT), Portsmouth Marine Terminal (PMT), and Newport News Marine Terminal (NNMT), and an inland intermodal facility, the Virginia Inland Port (VIP) located in Front Royal, Virginia. In addition, the Authority has a capital lease for the use and operation of the Virginia International Gateway Terminal (VIG) and an operating lease for the Richmond Marine Terminal (RMT). These facilities primarily handle import and export containerized, break-bulk, and ro-ro cargoes.

The Authority is overseen by a 13 member Board of Commissioners - the State Treasurer, the Chief Executive Officer of the Virginia Economic Development Partnership, and 11 citizens appointed by the Governor. The Board of Commissioners, the VPA CEO and Executive Director and his team, and the management of our component unit Virginia International Terminals, LLC (VIT) work to promote, develop, and increase commerce at the ports of Virginia, and other port related industries in the Commonwealth.

VIT was established in 1981 and in 1982 began to operate the facilities controlled by the Authority. VIT operates the facilities pursuant to its Operating Agreement. Effective August 17, 2013, VIT was converted from a nonprofit, non-stock corporation to a single-member limited liability company with VPA as its sole member. VIT's financial information is presented in the Authority's financial statements as a blended component unit. As a component unit, VIT is a legally separate organization that serves or benefits those outside of the Authority, but for which the Authority, as the primary institution, is financially accountable or closely related. The financial statements of VIT were audited separately. The VIT budget is prepared annually and approved by the VPA Board of Commissioners prior to July 1 of each fiscal year. More detailed information can be found in the footnotes to the financial statements.

The Authority is included in the Commonwealth of Virginia's budget. Authority staff prepare and submit budget requests for each upcoming biennium to the Department of Planning and Budget (DPB) and the Governor, based on expected revenues and expenditures. The Governor submits the recommended budget for the Commonwealth to the General Assembly which enacts appropriations for each year of a biennium for operating and capital expenditures. The resulting Appropriation Act provides summary expenditure limitations. The appropriations are effective on July 1 of each year. The Authority's Board of Commissioners gives final approval of the detailed budget prior to July 1 based on the appropriations.

Finance and Risk Management

Enterprise funds are used to account for proprietary operations, similar to private business operations where the operating costs are funded through user charges. The Virginia Port Authority has one such enterprise fund to which all accounts are organized and accounted for as a single reporting entity. The Authority's primary source of funding for its operations is through the net revenues generated from terminal operations and subsequently transferred from VIT. Capital improvements are primarily funded through long-term debt and allocations of certain revenues collected by the Commonwealth.

Interest rates remain at favorably low levels and continue to allow opportunities for the restructure of some of our debt through refunding, saving millions of dollars over the lives of the debt. The Authority is working to provide the most benefit to our citizens and customers at the least cost, and will continuously explore cost saving opportunities.

Certain statistical information included in the Comprehensive Annual Financial Report (CAFR) was not obtained from the financial records of the Authority but is presented for the CAFR user's information and understanding of the Authority and the environment in which the Authority operates.

The Virginia Port Authority, together with its component unit (VIT), maintains a comprehensive risk management program, the purpose of which is the maximum protection of the assets, customers and employees of the Authority, and the reduction of the cost of risk through an innovative and professional risk management program. It is the intent of the Authority that it be protected against accidental loss or losses that would significantly affect Authority personnel, property or the ability of the organization to continue to fulfill its responsibilities. VIT maintains property and liability insurance on all terminal equipment and facilities. The Authority maintains property and liability insurance on non-terminal assets owned by the Authority. The Authority also maintains general liability, fiduciary liability, workers' compensation insurance and umbrella policies.

Virginia Port Authority and the Economy

The Port's success has generated significant economic spin-off benefits to the Commonwealth. Annually, port-related business and activity directly and indirectly contribute to Virginia's economy and account for more than 374,000 jobs, approximately 9.4% of the state's resident workforce. The positive effects of our evolution reverberate throughout Virginia. In FY2019, the port helped drive businesses to invest \$2.0 billion resulting in the development of nearly three million square feet of space that can generate more than 2,800 new jobs for Virginians. Our expansion enables these trends to continue. Since its opening, the Virginia Inland Port, located in Front Royal Virginia, has stimulated the attraction of some more than 40 port-related projects near the Inland Port providing a total investment of \$950 million with over 8 million square feet of space together with employee levels of over 8,000 workers. In FY19, Richmond Marine Terminal saw an increase in volume of 21.2% driven by new investment from Bissell, Brother International, and Amazon. Household names like Wal-Mart, Target, Ace Hardware, Lumber Liquidators, and Keurig Green Mountain have all set up distribution/manufacturing facilities in the Commonwealth in large measure due to the presence of a world class port facility and structure.

Long-Term Financial Planning

Over the next fifteen years, containerized cargo volume is expected to increase by over 60%, far exceeding the current capacity. The Port of Virginia has unique opportunities to meet this demand with the expansion of the VIG terminal, densification of NIT, and the proposed development of a new container terminal on the eastward side of Craney Island. The Hampton Roads region is also mobilizing around the opportunity to develop 20-60 million square feet of supporting manufacturing and distribution center space. The depth of our harbor, having the ability to accommodate the "post-Panamax" vessels and deep-loaded container ships, makes The Port of Virginia a viable option for the changing flow of global freight traffic. Virginia is in the position to become a primary international gateway for the East Coast.

The Port of Virginia organization is unique in the industry and has a proven track record for success. For over 30 years, this structure resulted in phenomenal growth, benefiting not only Virginians but also the entire U.S. The Authority continues to re-engineer operations to better serve our customers while being a catalyst to economic expansion within the Commonwealth. We have been charged to develop The Port of Virginia into the primary gateway for international cargo transported through the Mid-Atlantic and Mid-West regions of the United States.

Major Initiatives

In fiscal year 2017, VPA successfully negotiated an extension of the Virginia International Gateway (VIG) lease to secure the terminal through 2065. The capital lease deal included \$320 million in private funding for expansion of the terminal to virtually double existing capacity. Just after the end of fiscal year 2019 the VIG expansion project was completed, on time and under budget. In parallel to the VIG lease deal, the Governor, Secretary of Transportation, and General Assembly with great foresight recognized the ability of the Port of Virginia to drive economic expansion in the Commonwealth and approved \$350 million in funding to assist in expanding the southern area of Norfolk International Terminals (NIT), the largest terminal in the Port. As fiscal year 2019 drew to a close, 12 of the 30 stacks contemplated in the NIT expansion project were in operation. The project was equally on time and under budget. When these two projects are completed in 2020 the Port will increase container handling capacity by a much needed one million containers, at just the right time as container volume has sustained 5% growth annually during this decade.

In June, 2018 the Governor and both legislative chambers approved a \$350 million investment in the Port's *Wider, Deeper, Safer®* effort. This project will deepen the Port's channels to 55 feet deep and widen the channels to allow two way traffic. The project will be executed in two phases, with a 2024 targeted completion date. Initial dredging efforts are planned to begin in fiscal year 2020.

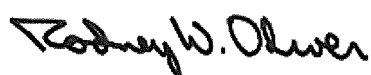
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Virginia Port Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017, which was the twelfth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Our submission of the CAFR for the fiscal year ended June 30, 2018 is currently in the process of evaluation, and we intend to submit our CAFR for the fiscal year ended June 30, 2019 to the GFOA to determine its eligibility for continued certification. We believe that both the fiscal year 2018 and 2019 reports continue to meet the Certificate of Achievement Program's requirements.

Preparation of the CAFR, as always, represents the combined effort of the entire Finance Division of the Virginia Port Authority and auditors at PBMares, LLP. Finally, we express our deepest appreciation to the members of the Virginia Port Authority Board of Commissioners for their continued guidance, support and leadership towards ensuring the fiscal integrity of the Virginia Port Authority.

Respectfully Submitted,



Rodney W. Oliver
Chief Financial Officer
and Treasurer to the Board



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Virginia Port Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

VIRGINIA PORT AUTHORITY

Norfolk, Virginia

BOARD OF COMMISSIONERS

June 30, 2019

John G. Milliken, Chairman

F. Blair Wimbush, Vice Chairman

Jennifer D. Aument
J. William Cofer
Alan A. Diamonstein
Val S. McWhorter
Faith B. Power

John N. Pullen
Kim Scheeler
Louisa M. Strayhorn
Deborah C. Waters

Manju S. Ganeriwala, State Treasurer
(ex-officio member of the Board)

Stephen M. Moret, President and Chief Executive Officer, Virginia Economic Development Partnership

APPOINTED OFFICIALS

John F. Reinhart, CEO and Executive Director

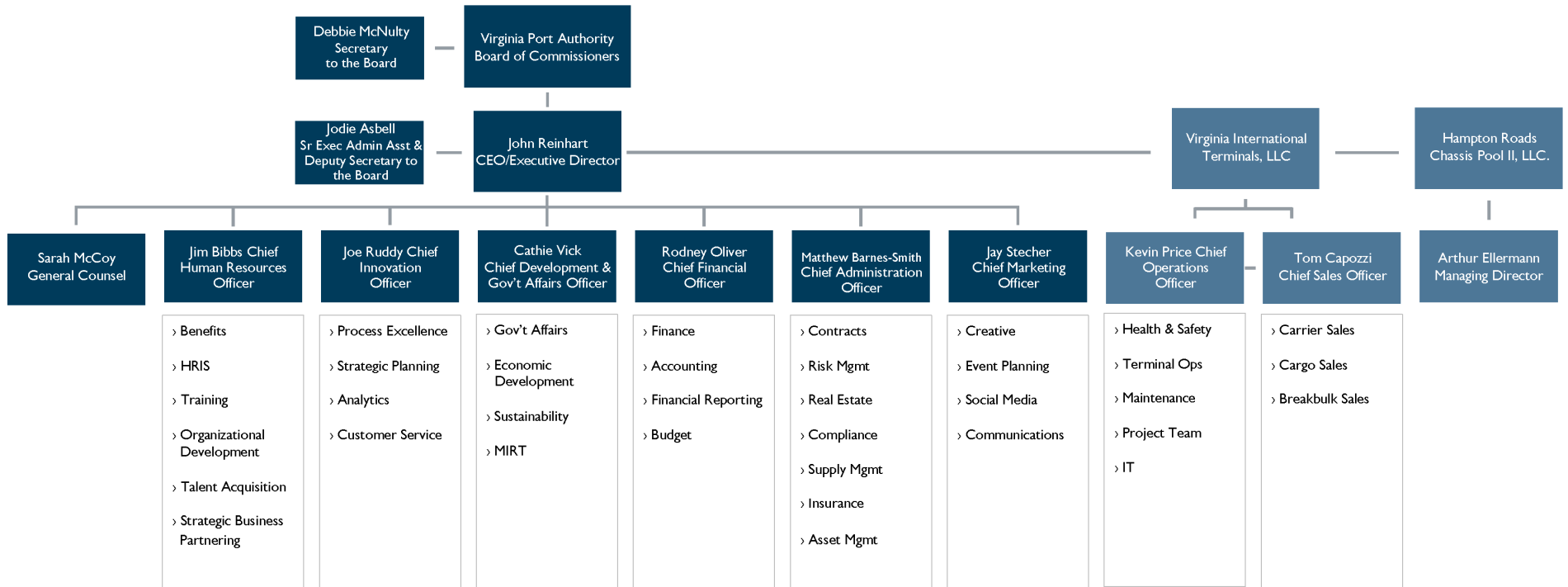
Rodney W. Oliver, Chief Financial Officer and Treasurer to the Board

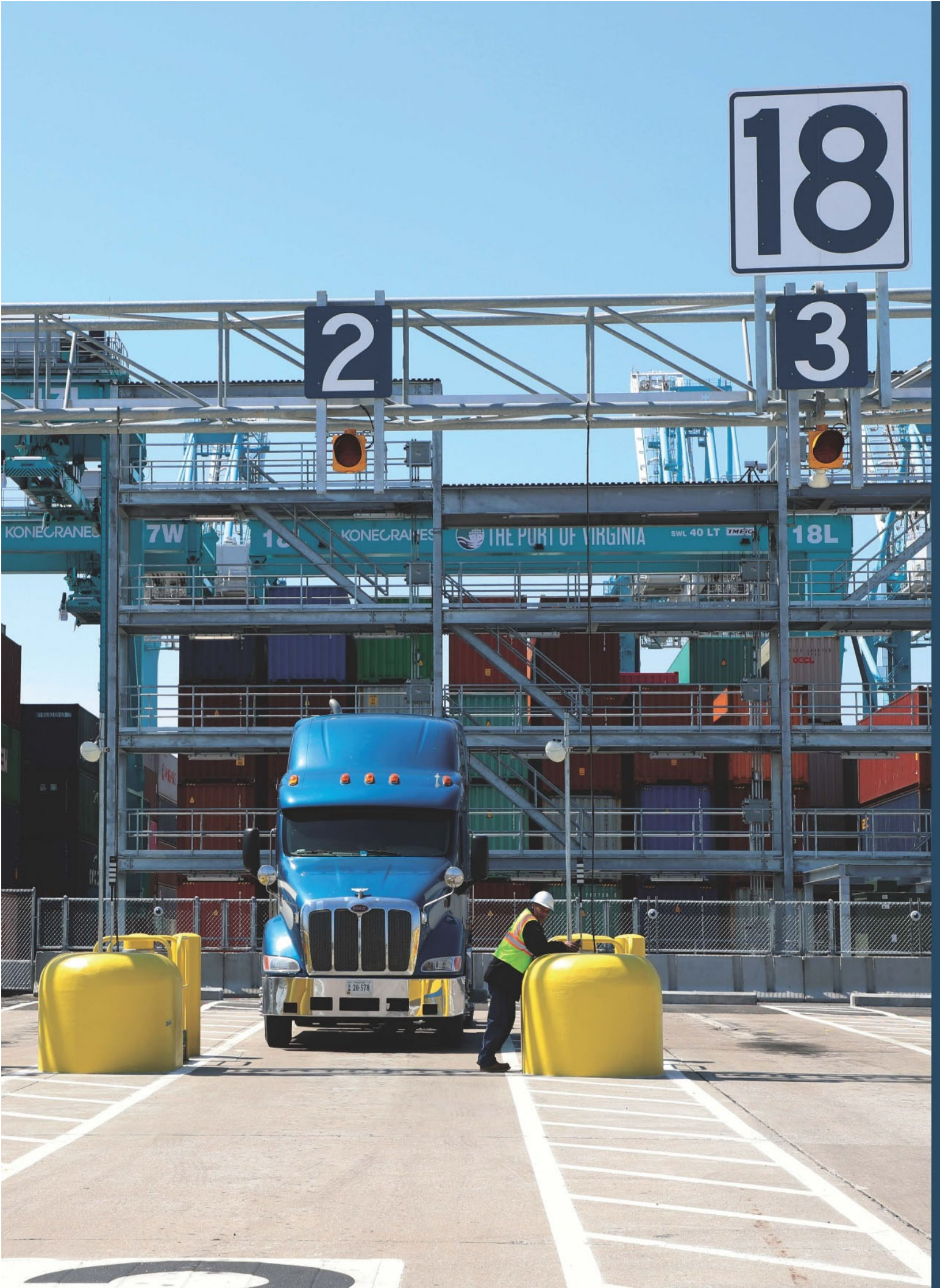
Debra J. McNulty, Clerk and Secretary to the Board

Jodie L. Asbell, Senior Executive Administrative Assistant to the Executive Director

VIRGINIA PORT AUTHORITY

ORGANIZATIONAL CHART







INDEPENDENT AUDITOR'S REPORT

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission

The Board of Commissioners
Virginia Port Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Virginia Port Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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; and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2019, and the respective changes in financial position and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 14-23 and 68-72, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedules listed in the table of contents as introductory section, statistical section, and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory, statistical, and compliance sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
October 25, 2019

VIRGINIA PORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019

(Unaudited)

Our discussion and analysis of the Virginia Port Authority’s (“VPA” or “the Authority”) financial performance provides an overview of VPA’s financial activities as of and for the Fiscal Year ended June 30, 2019 (FY2019), with selected comparative information for the Fiscal Year ended June 30, 2018 (FY2018). It should be read in conjunction with the Authority’s accompanying financial statements and the notes to financial statements. Virginia International Terminals, LLC (VIT) is presented in the Authority’s financial statements as a blended component unit to emphasize that it serves or benefits those outside of the Authority, but the unit is, in substance, part of the primary government’s operations even though it is a separate legal entity. This discussion focuses on the blended presentation of VPA with VIT, and to the extent relevant, the results of VIT will include references accordingly.

ABOUT THE AUTHORITY

The Virginia Port Authority was established in 1952 as a political subdivision of the Commonwealth of Virginia for the purpose of stimulating commerce within the Commonwealth, through the promotion of the shipment of goods and cargoes through the ports, improvement of the navigable tidal waters within the Commonwealth, and in general engaging in any activity within the scope of its mission which may be useful in developing, improving, or increasing commerce of the ports of the Commonwealth. The Authority owns and is responsible for the operations and security of three marine terminals: Norfolk International Terminals (NIT), Portsmouth Marine Terminal (PMT), and Newport News Marine Terminal (NNMT), and an inland intermodal facility, the Virginia Inland Port (VIP) located in Front Royal, Virginia. The Authority is also responsible for the operations and security of two leased marine terminals: Virginia International Gateway (VIG), located in Portsmouth, Virginia and Richmond Marine Terminal (RMT), located in Richmond, Virginia on the James River. These facilities primarily handle import and export containerized, break-bulk and ro-ro cargoes. VIT operates each facility.

A Board of Commissioners governs the Authority. The Board is composed of the State Treasurer, the Chief Executive Officer of the Virginia Economic Development Partnership, and 11 members appointed by the Governor. While the Commissioners remain on the Board at the continuing discretion of the Governor, they serve staggered five-year terms. Commissioners may serve a maximum of two consecutive terms.

FINANCIAL HIGHLIGHTS

- Net position for VPA at June 30, 2019 increased by \$89.4 million compared to an increase of \$19.3 million during Fiscal Year 2018.
- Operating income for VPA increased from \$46.8 million to \$61.0 million, marking the fifth consecutive year that VPA has reflected an operating profit.
- Volume of 1.7 million containers moved through the terminal properties owned or leased by VPA during Fiscal Year 2019, surpassing the previous year’s record volume by 3.0%.
- Liquidity remained strong, with net working capital of \$275.6 million and a current ratio (current assets divided by current liabilities) of 4.1, incremental improvement over 3.5 at June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

Governmental accounting policy, practice and procedures fall under the auspices of the Governmental Accounting Standards Board (GASB). The Authority's financial transactions and subsequent statements are prepared according to the GASB Statement 34 reporting model, as mandated by GASB. The purpose of the GASB 34 reporting model is to consolidate two basic forms of governmental accounting, governmental operations (such as municipalities) and proprietary operations (those entities such as the Authority which generate their own revenues and, therefore, more closely resemble a private business), into statements that give the reader a clearer picture of the financial position of the government as a whole. The Authority is considered a proprietary form of government and its specific financial transactions are recorded in a single Enterprise Fund.

As stated above, the Authority operates as a single Enterprise Fund with one blended component unit, Virginia International Terminals, LLC (VIT). The financial statements are prepared on the accrual basis of accounting, therefore revenues are recognized when earned and expenses are recognized when incurred. Capital assets are capitalized and depreciated over the useful lives of the respective assets (except for land, which is not depreciated, and construction in process until the related asset is placed in service). Please refer to Note 1 in the accompanying notes to financial statements for a summary of the Authority's significant accounting policies. Following this MD&A are the basic financial statements, notes to financial statements and required supplementary information of the Authority, along with its blended component unit - VIT. These statements, notes and statistical information, along with the MD&A are designed to provide readers with a more complete understanding of the Authority's finances as a governmental unit and on a consolidated basis.

The financial section of this annual report consists of four parts: MD&A, the basic financial statements, the notes to financial statements, and required supplementary information. The report includes the following three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority. Net position, the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, is one indicator of the current fiscal health of the organization and the Authority's financial position over time.

A condensed summary of the Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2019 and 2018, respectively, follows:

Net Position (USD millions)			
	2019	2018	Increase/ (Decrease)
Assets:			
Current assets	\$ 365.9	\$ 373.0	\$ (7.1)
Capital assets, net	3,152.7	3,076.9	75.8
Other long-term assets	81.2	71.3	9.9
Total assets	3,599.8	3,521.2	78.6
Deferred outflows of resources	37.9	38.7	(0.8)
Total assets and deferred outflows of resources	3,637.7	3,559.9	77.8
Liabilities:			
Current liabilities	90.3	106.6	(16.3)
Noncurrent liabilities	2,810.8	2,804.4	6.4
Total liabilities	2,901.1	2,911.0	(9.9)
Deferred inflows of resources	4.2	5.9	(1.7)
Total liabilities and deferred inflows of resources	2,905.3	2,916.9	(11.6)
Net position:			
Net investment in capital assets	374.2	311.4	62.8
Restricted	132.4	111.2	21.2
Unrestricted	225.8	220.4	5.4
Total net position	\$ 732.4	\$ 643.0	\$ 89.4

ASSETS

Current Assets decreased slightly (approximately 1.9%) due principally to three distinct trends. One, \$26.2 million in Master Equipment Lease arrangement proceeds that were in cash at June 30, 2018 were expended in fiscal year 2019 to purchase container handling equipment. Additionally, as part of the Authority's investment program, the restructure of the investment portfolio resulted in the purchase of approximately \$10.3 million of additional securities that are now classified as non-current. Refer to note 2 of the notes to financial statements for further discussion and detail regarding the Authority's investments. These two events were offset by the positive operating cash flow generated by terminal operations and retained in the Authority's unrestricted cash reserves. Lastly, trade accounts receivable for VIT declined by \$8.2 million as a result of improved collection experience.

Capital assets (the cost of capital assets less accumulated depreciation and amortization) increased \$75.8 million year over year, predominantly due to the purchase of container handling equipment and construction of infrastructure underlying the expansion of the South NIT terminal. The NIT expansion project is expected to continue into fiscal year 2021. More detail regarding significant capital investments made during the year can be found further below in the MD&A.

Other long-term assets increased \$9.9 million year over year, principally as a result of the restructuring of the Authority's investment program. As part of this restructuring, investment securities were purchased with maturities greater than one year resulting in their classification as non-current. Refer to note 2 of the notes to financial statements for further discussion and detail regarding the Authority's investments.

The decrease to deferred outflows of resources was the result of \$2.3 million in amortization of deferred outflows resulting principally from the refunding of VPA's Port Facilities Revenue Bonds in November 2016. See Notes 6 and 7 in the notes to financial statements for additional discussion of bonds and other indebtedness. The reduction to bond-related deferred outflows was offset in part by an increase to deferred outflows of \$1.2 million resulting from contributions made to the VPA pension plan after the measurement date of June 30, 2018. See Note 9 in the notes to financial statements for additional discussion of pensions.

LIABILITIES

Current liabilities decreased by \$16.3 million, principally due to the timing of payments, as well as reductions in retainage associated with the wind-down of construction of the VIG terminal expansion. At June 30, 2018, both the VIG and NIT projects were underway and a significant volume of contract payables were accrued. As the VIG construction has wound down, the volume of payables has declined correspondingly, and much of the retainage has been liquidated.

Noncurrent liabilities at June 30, 2019 consist principally of \$2.3 billion in capital lease obligation associated with the lease of the VIG facility, and \$505.2 million in outstanding Revenue bonds backed either by Commonwealth Port Fund Revenues or Port Facilities Revenues. Additionally, the Authority is carrying \$26.5 million in debt related to the Master Equipment Lease Program arrangement (MELP) closed in June 2018. During Fiscal Year 2019, the Authority's debt service reduced noncurrent principal related to the Revenue Bonds and MELP by \$18.2 million. This decrease was mostly offset by \$16.2 million in negative principal amortization associated with the VIG capital lease obligation until contractual lease payments escalate to a level where principal amortization will begin (currently estimated to occur in calendar year 2030). See note 6 of the notes to the financial statements for further detail regarding the Authority's long-term indebtedness.

The net increase to noncurrent liabilities included the mostly offsetting activity related to the Authority's capital lease and long-term debt activity, however noncurrent liabilities additionally increased as the result of the Authority recording deferred grant revenue in the amount of \$8.2 million associated with funding received from a federal grant to assist with deepening the Elizabeth River channel to 55 feet.

NET POSITION

Net investment in capital assets represents the land, buildings, infrastructure, improvements, and equipment, etc., less the accumulated depreciation and amortization and outstanding liabilities related to those capital assets. This portion of net position increased principally as the result of continuing investment in the expansion of NIT in terms of container handling equipment and infrastructure as described above, and was offset in part by depreciation of capital assets and amortization of the capital lease asset. These capital assets are the industrial base for the provision of services to major steamship lines and their agents for movement of maritime cargo. For liquidity purposes it should be noted the resources required to repay the debt incurred to purchase and develop the capital assets must be provided annually from terminal operations (principally those of the blended component unit – VIT) and appropriation (Commonwealth Port Fund), since the capital assets themselves generally are not monetized to liquidate liabilities. During fiscal year 2019 this component of net position increased by \$62.8 million as a result of continuing investment in the expansion of NIT, offset in part by depreciation and amortization of in-service assets. Further detail of the Authority's capital assets can be referenced in Note 5 in the notes to the financial statements.

Net position - restricted represents resources, principally cash and investments, that are subject to external restrictions on how they can be used under bond resolutions and related covenants.

The remaining unrestricted net position may be used to fund the Authority's other ongoing obligations and initiatives. The favorable operating result, along with the accumulation of cash associated with terminal operating revenues, contributed to the increased Fiscal Year 2019 balance.

Statement of Revenues, Expenses, and Changes in Net Position

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of operations and can be used to determine whether the fiscal condition has improved or worsened during the year. A condensed summary of the Authority's revenues, expenses, and changes in net position for the fiscal years ended June 30, 2019 and 2018, follows:

Revenues, Expenses, and Changes in Net Position (USD Millions)

	2019	2018	Increase/ (Decrease)
Operating revenues	\$ 567.6	\$ 537.1	\$ 30.5
Operating expenses	506.6	490.3	16.3
Operating income	61.0	46.8	14.2
Non-operating revenues (expenses), net	(109.5)	(122.0)	12.5
Income (loss) before capital contributions and transfers	(48.5)	(75.2)	26.7
Capital contributions:			
Commonwealth Port Fund allocation	43.1	41.1	2.0
Capital transactions with other government agencies	94.8	53.4	41.4
Increase in net position	<u>\$ 89.4</u>	<u>\$ 19.3</u>	<u>\$ 70.1</u>

Approximately 97% of the Authority's operating revenues originate from terminal operating revenues earned by its blended component unit – VIT. Security surcharge fees levied by the Authority separate from the terminal operations of VIT account for the majority of the remainder, meaning that substantially all of the operating revenues of the Authority originate from the operation of the terminal properties. The remainder of operating revenues are principally attributable to operating grants from state and federal governments.

Fiscal Year 2019 operating revenues increased 5.7%, primarily due to the increase in container volume-related revenues, and higher chassis lease revenue from growth in the chassis fleet.

Operating expenses increased by 3.3%, driven by the increased volume and costs associated with the larger chassis fleet. VIT operating cost remained relatively flat, leveraging the benefits of automation being installed at the VIG terminal, while Hampton Roads Chassis Pool II, LLC (HRCP) operating cost increased approximately \$5.8 million, principally as a result of costs associated with the higher HRCP chassis fleet. VIT maintenance expense was \$4.2 million (5.0%) higher in the current year primarily due to volume as well as continued investments in capability through refurbishment activity. General and Administrative expense increased \$4.5 million or 7.5% from a combination of investments in staffing and cyber-security initiatives, as well as higher funding related to grants to local ports and accruals related to our OPEB liability. Depreciation and amortization increased \$2.7 million as a result of capital projects being placed in service during the course of the year.

Net non-operating revenues/expenses were \$12.5 million favorable to Fiscal Year 2018. Investment income increased by \$2.7 million as a result of implementing investment optimization strategies to leverage return on free cash reserves within the Authority's investment guidelines. Non-operating grant revenue was also higher as a result of federal grants received for various initiatives including enhancement of port security, purchase of more ecological container handling equipment, support of harbor dredging, and various surface transportation initiatives.

Capital contributions from the Commonwealth Port Fund (CPF) – allocations appropriated from the Transportation Trust Fund - are generally restricted in purpose to enhancement/major maintenance of the Authority's terminal facilities through direct reimbursement or service of debt supported by the CPF allocation. The increase of \$2.0 million over Fiscal Year 2018 is the result of timing regarding the collection of the supporting tax revenues and, while relatively stable in nature on a historical basis, is not controllable by the Authority.

Statement of Cash Flows

The Statement of Cash Flows provides information about the cash receipts and cash payments during the reporting period. The statement reports this activity in the context of operating, investing, and financing activities, and provides insight as to the major sources and uses of cash applicable to the fiscal year. A condensed summary of the Statement of Cash Flows for Fiscal Years 2019 and 2018, respectively, follows:

Cash Flows (USD Millions)			
	2019	2018	Increase/ (Decrease)
Cash flows provided by operating activities	\$ 136.1	\$ 131.4	\$ 4.7
Cash flows (used) provided by noncapital financing activities	(3.2)	1.2	(4.4)
Cash flows used in capital and related financing activities	(131.8)	(89.3)	(42.5)
Cash flows (used) provided by investing activities	(87.2)	4.8	(92.0)
Net (decrease) increase in cash and cash equivalents	(86.1)	48.1	(134.2)
Cash and cash equivalents:			
Beginning of year	306.4	258.3	48.1
End of year	<u>\$ 220.3</u>	<u>\$ 306.4</u>	<u>\$ (86.1)</u>

Cash flow provided by operating activities improved by \$4.7 million over Fiscal Year 2018. The majority of the Authority's operating cash flow is generated through the operations of VIT. Higher container volumes, improved collection experience, and implementation of efficiency measures associated with the terminal expansion projects resulted in positive revenue to expense leverage compared to the prior year.

Cash used by non-capital financing activities declined year over year principally as a result of expenditures to facilitate the approval to increase the depth of the port's harbor channels to 55 feet.

Cash used in capital and related financing activities was \$42.5 million higher than Fiscal Year 2018.

In Fiscal Year 2018, VPA received proceeds from the closing of MELP funding in the amount of \$29.9 million for the purpose of purchasing automated stacking cranes and shuttle trucks for the NIT expansion. Of these proceeds, \$3.7 million were expended in Fiscal Year 2018 and the remaining \$26.3 million was expended in fiscal 2019, resulting in a reversal of cash flow between Fiscal Year 2018 and Fiscal Year 2019 of \$52.5 million.

Fiscal year 2019 saw the expansion of NIT gain full momentum with the substantial completion of 12 stacks in Phase I and the transition into Phases II and III of development. In addition to the expenditure of MELP proceeds referred to above, the Authority expended \$136.0 million toward capital projects, principally related to NIT. Comparable Fiscal Year 2018 capital expenditures were \$107.5 million. These were off set in large part by funding received mostly from the Commonwealth of Virginia to support the NIT development, \$101.4 million in Fiscal Year 2019 compared to \$47.5 million in Fiscal Year 2018.

Additional cash related to financing activity was consumed to fund higher debt service requirements. The third year of the VIG lease overlapped fiscal year 2019, which included the third annual increase to interim rent during the construction period, resulting in higher lease payments of \$14.0 million. Finally, debt service payments for the Authority's various revenue bonds outstanding were \$5.5 million higher related to scheduled debt service requirements.

In Fiscal Year 2019, the Authority used \$92.0 million more in cash related to investing activities. As previously mentioned, the Authority restructured its investment program to include a portion of longer term, higher yielding investments, which resulted in a significantly higher level of investment purchase activity.

During the Fiscal Years 2017 and 2018, the Authority spent a considerable amount of time and resources arranging for and executing its terminal expansion initiatives (VIG and NIT). During this time, the Authority's debt service requirements and structure were significantly altered, necessitating a more conservative investment posture involving its liquid assets. With the stabilization of these two projects, and improved prospects for near term cash flow, the Authority has begun to diversify its investment structure in favor of a higher portion of longer term, higher yielding investments in order to optimize the utilization of working capital. See the Statement of Cash Flows and Note 2 of the notes to the financial statements for more information about the Authority's investment activity and investments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The investment in capital assets for the Authority at June 30, 2019, carried at historical cost less accumulated depreciation and amortization, primarily includes land, buildings, wharves, roads, drainage and lighting systems, and equipment.

During the year, VPA made significant investments in the following principal areas:

- VIG expansion - \$105.1 million - leased asset financed by the VIG lessors – the vast majority of this investment is funded by the lessor, and accordingly is recorded as part of the capital lease asset paid for by VPA through the monthly lease payments. Additional context regarding the structure of the lease financing can be found in Note 6 in the notes to financial statements.
- South NIT - \$127.3 million – financed in part by grant assistance from the Commonwealth of Virginia
- South Access Channel Dredging - \$10.5 million
- Implementation of new financial system - \$6.4 million
- RMG refurbishments at VIG - \$5.9 million
- Supplemental dredging at North NIT - \$2.5 million
- Paving improvements at RMT - \$1.9 million

Further discussion of capital asset activities can be found in Note 5 in the notes to financial statements. Additional information related to the leased asset can be found in Note 5 and Note 6 in the notes to the financial statements.

Debt and Installment Purchase Obligations

At June 30, 2019, the Authority had \$2.8 billion in outstanding bond, installment purchase, and capital lease obligations, excluding issuance premiums and deferred items. Of this amount, \$500.7 million is in the form of revenue bonds issued by the Authority with \$19.2 million of issuance premiums and \$2.2 billion in capitalized lease obligations related to the VIG lease. Also, there is \$30.5 million in master equipment lease financing and notes payable outstanding. In July 2019 (Fiscal Year 2020), the Authority closed on an additional \$22.0 million of master equipment lease financing to support the purchase of additional container handling equipment at NIT, as disclosed in Note 14 in the notes to the financial statements.

Pursuant to Resolution 16-9, Port Facilities Revenue Refunding Bond Series' 2016A, 2016B and 2016C were issued in November 2016 for a combined par value of \$280.5 million to refund Series 2010, 2015A, 2015B and 2013 Port Facilities Revenue Refunding Bonds with a combined outstanding par value of \$245.5 million, as well as refund \$14.2 million in outstanding principal related to existing Master Equipment Lease financings. The 2016A, 2016B and 2016C Series are subordinate to the VIG lease (which is deemed a senior obligation in credit priority), are supported by terminal revenues and carry underlying ratings of A1 and A- from Moody's Investor Service, Inc. and Standard and Poor's Rating Services, respectively.

The Authority's bond covenants for Port Facilities Revenue Bonds require the net revenues available to pay debt service, as defined in Resolution 16-9, to cover 100% of current expenses. Also, the greater of aggregate net revenue and aggregate adjusted net revenue as defined in Resolution 16-9 will not be less than 110% and 125%, respectively, of the aggregate principal and interest requirements for the applicable bond year. Additionally, the sum of net revenue and capital expenditures will not be less than 100% of the sum of the aggregate principal and interest requirements for the applicable bond year. The debt service coverage tests based on the foregoing criteria were exceeded for fiscal year 2019. See the compliance section for further detail.

As security for the VIG lease and for outstanding Port Facilities Revenue Bonds, the Authority is required to apportion its monthly net revenue in order of priority to (1) satisfy minimum levels of operating cash, (2) set aside sufficient funds to pay the next VIG lease payment, (3) set aside sufficient funds to satisfy the next monthly debt service deposit, (4) replenish any required debt service reserves which have been drawn upon – no such drawings have occurred or are outstanding – and (5) contribute to supplemental residual reserves to be used for any lawful purpose. We anticipate that cash flows for the upcoming operating cycle will be sufficient to meet these requirements. From time to time, the Authority will utilize a portion of its supplemental residual reserves to fund in part or in whole capital expenditures, and to buffer timing differences in monthly cash flow that can occur from seasonal trends or significant expenditures.

Commonwealth Port Fund Revenue bonds issued in 2012, 2015 and 2018 are supported by the Authority's 4.2% allocation of the Commonwealth's Transportation Trust Fund. The bonds are also backed by a sum sufficient appropriation from the Commonwealth and carry underlying ratings of AA+ from Fitch Ratings, Inc., an AA+ rating from Standard and Poor's, and an Aa1 rating from Moody's Investor Services.

In July 2018, the Authority issued \$60.3 million in Commonwealth Port Fund Revenue Refunding Bonds, Series 2018 for the purpose of refunding its outstanding Commonwealth Port Fund Revenue Bonds, Series 2011. The Series 2018 bonds reduce the average yield on the debt from an average cost of approximately 4.66% to approximately 3.90%, and maintains the last maturity at July 1, 2036. The Authority will continue to evaluate opportunities to optimize its borrowing cost and where consider appropriate engage in debt issuances to that end.

More details on long-term debt can be found in Notes 6 and 7 in the notes to financial statements.

ECONOMIC AND OTHER FACTORS AND RECENT DEVELOPMENTS

Many of the Authority's capital projects, either directly, or indirectly through bond issues, are funded from the Commonwealth of Virginia's Transportation Trust Fund. The Authority receives 4.2% of Transportation Trust Fund collections, which are revenues generated primarily by state motor vehicle fuel and sales taxes. Trust Fund collections are subject to the economic conditions existing throughout the Commonwealth, and are not controlled by the Authority. Accordingly, while this funding source has proven to be historically stable and is expected to remain relatively so, it should be expected to vary from year to year.

The Authority leases the Richmond Marine Terminal (RMT) pursuant to a 40 year agreement that commenced on February 1, 2016, and concurrently also manages the operations of the James River Barge Line that transports containers between RMT and VIG, PMT and NIT. Effective November 1, 2016, VIT assumed operational responsibility for RMT. The Authority continues actively seeking grants to support funding of these ventures as well as other projects to increase security, or lessen the environmental impact of, related logistics activities.

During Fiscal Year 2018, the Authority continued its efforts to expand and modernize NIT with funding from a \$350 million grant program provided by the Commonwealth of Virginia. The investment is being used to reconfigure the South Terminal at NIT, including implementation of a rail-mounted gantry crane configuration which will increase cargo capacity by over 46%, increase throughput velocity and enhance yard safety at the terminal. The project is expected to enter service in phases, with the final phases planned to go live in Fiscal Year 2021.

Looking into Fiscal Year 2020, container movements and TEU's in Fiscal Year 2020 through September 2019 are 3.0% and 4.3% higher, respectively, than the comparable prior year period. The terminal facilities are heavily utilized and are expected to remain so into the near future. The port believes its expansion efforts are timely in that they will position Virginia as a premier gateway to the East coast and Midwest at a time when volumes are steadily increasing and larger ships will bring higher volumes per port call.

This document, including the attached letters and commentary, may contain discussion or statements that might be considered by a reader to be forward looking – that is, related to future, not past, events. Forward-looking statements by their nature contain degrees of uncertainty. Various risks and uncertainties, such as those included in the notes to the financial statements, may cause actual future results or actions to be materially different than those that may be indicated by any of our forward-looking statements. Such statements reflect opinions and indications as of the date of this report, and we are not obligating ourselves to revise or publicly release the results of any revision to such forward-looking statements in light of new information or future events.

CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, investors and creditors with a general overview of the Authority’s finances and to show the Authority’s accountability for the money we receive. If you have any questions about this report or need additional financial information, contact the Authority’s Finance Division at 600 World Trade Center, Norfolk, VA 23510-1679.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF NET POSITION
June 30, 2019

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 96,995,689	\$ 23,425,745	\$ -	\$ 120,421,434
Investments	42,637,464	-	-	42,637,464
Restricted assets:				
Cash and cash equivalents	67,547,018	-	-	67,547,018
Investments	734,067	-	-	734,067
Accounts receivable, net	24,806	77,077,669	(222,493)	76,879,982
Due from other governments	22,469,965	-	-	22,469,965
Due from component unit	9,713,245	-	(9,713,245)	-
Inventories	-	27,205,442	-	27,205,442
Prepaid expenses and other	194,756	7,762,227	-	7,956,983
Total current assets	240,317,010	135,471,083	(9,935,738)	365,852,355
Noncurrent assets:				
Investments	8,355,320	-	-	8,355,320
Restricted assets:				
Cash and cash equivalents	32,318,726	-	-	32,318,726
Investments	39,764,552	-	-	39,764,552
Other	425,593	375,000	-	800,593
Non-depreciable capital assets	415,619,956	2,763,040	-	418,382,996
Depreciable/amortizable capital assets, net	2,699,579,387	34,718,506	-	2,734,297,893
Total noncurrent assets	3,196,063,534	37,856,546	-	3,233,920,080
Total assets	3,436,380,544	173,327,629	(9,935,738)	3,599,772,435
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	-	34,989	-	34,989
Bond refunding, net	22,088,880	-	-	22,088,880
Pensions	3,953,649	11,805,520	-	15,759,169
Total deferred outflows of resources	26,042,529	11,840,509	-	37,883,038
Total assets and deferred outflows of resources	\$3,462,423,073	\$ 185,168,138	\$ (9,935,738)	\$3,637,655,473

The accompanying Notes to Financial Statements are an integral part of this statement.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF NET POSITION
June 30, 2019

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 24,037,375	\$ 23,987,012	\$ (222,493)	\$ 47,801,894
Interest payable	10,709,229	-	-	10,709,229
Retainage payable	1,916,375	-	-	1,916,375
Long-term debt, current portion	18,781,186	-	-	18,781,186
Compensated absences	477,371	727,045	-	1,204,416
Workers' compensation costs	-	777,876	-	777,876
Payroll liabilities	1,632,441	3,121,377	-	4,753,818
Obligations under securities lending	4,329,234	-	-	4,329,234
Due to Parent Member	-	9,713,245	(9,713,245)	-
Total current liabilities	61,883,211	38,326,555	(9,935,738)	90,274,028
Noncurrent liabilities:				
Long-term debt	531,666,016	-	-	531,666,016
Capital lease obligations	2,250,391,012	-	-	2,250,391,012
Compensated absences	489,947	704,194	-	1,194,141
Workers' compensation costs	-	1,774,028	-	1,774,028
Accrued pension and OPEB obligations	7,091,887	10,356,335	-	17,448,222
Other noncurrent liabilities	8,289,177	-	-	8,289,177
Total noncurrent liabilities	2,797,928,039	12,834,557	-	2,810,762,596
Total liabilities	2,859,811,250	51,161,112	(9,935,738)	2,901,036,624
DEFERRED INFLOWS OF RESOURCES				
OPEB	-	428,347	-	428,347
Bonds refunding, net	157,066	-	-	157,066
Pensions	1,441,378	2,135,859	-	3,577,237
Total deferred inflows of resources	1,598,444	2,564,206	-	4,162,650
Total liabilities and deferred inflows of resources	2,861,409,694	53,725,318	(9,935,738)	2,905,199,274
NET POSITION				
Net investment in capital assets	336,718,537	37,481,546	-	374,200,083
Restricted for:				
Debt service	132,383,445	-	-	132,383,445
Unrestricted	131,911,397	93,961,274	-	225,872,671
Total net position	601,013,379	131,442,820	-	732,456,199
Total liabilities, deferred inflows of resources, and net position	\$3,462,423,073	\$ 185,168,138	\$ (9,935,738)	\$3,637,655,473

The accompanying Notes to Financial Statements are an integral part of this statement.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
Operating revenues:				
Terminal operating revenues	\$ -	\$ 551,236,042	\$ -	\$ 551,236,042
Other revenues	11,186,158	-	-	11,186,158
Other revenues - grants, federal and state	5,198,170	-	-	5,198,170
Operating revenues from component unit	156,859,006	-	(156,859,006)	-
Total operating revenues	173,243,334	551,236,042	(156,859,006)	567,620,370
Operating expenses:				
Terminal operations	1,866,413	236,872,283	-	238,738,696
Terminal maintenance	9,699,913	104,674,368	-	114,374,281
General and administrative	19,555,772	45,530,524	-	65,086,296
Facility rental	1,451,058	-	-	1,451,058
Depreciation and amortization	79,673,359	7,266,233	-	86,939,592
Payments due to Authority	-	156,859,006	(156,859,006)	-
Total operating expenses	112,246,515	551,202,414	(156,859,006)	506,589,923
Operating income	60,996,819	33,628	-	61,030,447
Non-operating revenues (expenses):				
Interest income	3,983,383	256,365	-	4,239,748
Interest expense	(124,214,715)	-	-	(124,214,715)
Issuance costs	(448,452)	-	-	(448,452)
Revenues from federal government	7,489,797	-	-	7,489,797
Revenues (primary government)	3,093,551	-	-	3,093,551
Other expenses	(270,795)	-	-	(270,795)
Gain on disposals	744,338	-	-	744,338
Total non-operating revenues (expenses), net	(109,622,893)	256,365	-	(109,366,528)
Income (loss) before capital contributions and transfers	(48,626,074)	289,993	-	(48,336,081)
Capital contributions and transfers:				
Commonwealth Port Fund allocation	43,051,489	-	-	43,051,489
Payment to federal government - channel dredging	(2,938,574)	-	-	(2,938,574)
Capital contributions (to) from component unit	1,488,664	(1,488,664)	-	-
Proceeds from primary government	97,655,819	-	-	97,655,819
Increase (decrease) in net position	90,631,324	(1,198,671)	-	89,432,653
Net position, beginning of year	510,382,055	132,641,491	-	643,023,546
Net position, end of year	\$ 601,013,379	\$ 131,442,820	\$ -	\$ 732,456,199

The accompanying Notes to Financial Statements are an integral part of this statement.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
Cash flows from operating activities:				
Receipts from customers and users	\$ 152,569,989	\$ 561,445,599	\$ (154,583,229)	\$ 559,432,359
Other receipts	11,186,157	-	-	11,186,157
Receipts from operating grants	5,198,170	-	-	5,198,170
Payments for operating expenses	(21,013,727)	(182,112,697)	-	(203,126,424)
Payments to employees	(23,835,181)	(212,793,852)	-	(236,629,033)
Net cash provided by operating activities	124,105,408	166,539,050	(154,583,229)	136,061,229
Cash flows from noncapital financing activities:				
Other expenses	(231,635)	-	-	(231,635)
Transfer to primary government	-	(154,583,229)	154,583,229	-
Channel dredging	(2,938,574)	-	-	(2,938,574)
Net cash provided by (used in) noncapital financing activities	(3,170,209)	(154,583,229)	154,583,229	(3,170,209)
Cash flows from capital and related financing activities:				
Defeasance deposits	(59,865,288)	-	-	(59,865,288)
Proceeds from long-term debt	60,345,000	-	-	60,345,000
CPF contribution	42,993,584	-	-	42,993,584
Acquisition of capital assets	(149,470,906)	(6,517,847)	(1,488,664)	(157,477,417)
Transfer from primary government	101,368,378	-	-	101,368,378
Facility capital lease payments	(86,552,206)	-	-	(86,552,206)
Principal paid on long-term debt	(17,560,701)	-	-	(17,560,701)
Interest paid on long-term debt	(19,862,273)	-	-	(19,862,273)
Issuance costs	(448,452)	-	-	(448,452)
Capital transfer from (to) component unit	1,488,664	(1,488,664)	1,488,664	1,488,664
Proceeds from other state or federal agencies	3,079,566	-	-	3,079,566
Proceeds from sale of capital assets	1,495,929	-	-	1,495,929
Other	(783,499)	-	-	(783,499)
Net cash used in capital and related financing activities	(123,772,204)	(8,006,511)	-	(131,778,715)
Cash flows from investing activities:				
Proceeds from sales and maturities	196,450,806	-	-	196,450,806
Purchases of investments	(287,942,209)	-	-	(287,942,209)
Interest received and other	3,983,383	256,365	-	4,239,748
Net cash provided by (used in) investing activities	(87,508,020)	256,365	-	(87,251,655)
Net increase (decrease) in cash and cash equivalents	(90,345,025)	4,205,675	-	(86,139,350)
Cash and cash equivalents, beginning of year	287,206,458	19,220,070	-	306,426,528
Cash and cash equivalents, end of year	<u>\$ 196,861,433</u>	<u>\$ 23,425,745</u>	<u>\$ -</u>	<u>\$ 220,287,178</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF CASH FLOWS (CONTINUED)

For the Year Ended June 30, 2019

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 60,996,819	\$ 33,628	\$ -	\$ 61,030,447
Adjustments to reconcile operating income to net cash provided by operating activities:				
Payments to Authority	-	156,859,006	(156,859,006)	-
Depreciation and amortization	79,673,359	7,266,233	-	86,939,592
Pension and OPEB expense (benefit)	425,781	(1,555,162)	-	(1,129,381)
Loss on disposal of capital assets	-	5,911	-	5,911
Change in assets and liabilities:				
Decrease in accounts receivable	26,067	9,834,557	2,275,777	12,136,401
Increase in inventories	-	(1,936,430)	-	(1,936,430)
Increase in due from VIT	(4,315,085)	-	-	(4,315,085)
Decrease (increase) in prepaid expenses	64,832	(1,860,500)	-	(1,795,668)
Decrease in other noncurrent assets	-	375,000	-	375,000
Decrease in accounts payable and accrued expenses	(21,921,657)	(2,157,152)	-	(24,078,809)
Increase in due to VPA	-	2,039,308	-	2,039,308
Increase in other accrued expenses	9,346,671	-	-	9,346,671
Deferred outflows of resources - defined benefit plan	(191,379)	(2,365,349)	-	(2,556,728)
Net cash provided by operating activities	\$ 124,105,408	\$ 166,539,050	\$ (154,583,229)	\$ 136,061,229
Supplemental schedule of non-cash capital and related financing activities:				
Capital asset additions purchased on account	\$ 16,359,005	\$ -	\$ -	\$ 16,359,005

The accompanying Notes to Financial Statements are an integral part of this statement.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Virginia Port Authority (“the Authority” or “VPA”) was established in 1952, as a political subdivision of the Commonwealth of Virginia (the Commonwealth), for the purpose of performing any act or function which may be useful in developing, improving, or increasing the commerce of the ports of the Commonwealth. A Board of Commissioners composed of 13 members oversees the Authority. The Board consists of the State Treasurer, the Chief Executive Officer of the Virginia Economic Development Partnership, and 11 members appointed by the Governor, subject to confirmation by the General Assembly, who shall serve at the discretion of the Governor. The Authority's major activities are developing water transportation facilities; providing security services; maintaining ports, facilities, and services; providing public relations and domestic and international advertising; and developing Virginia's ports through cargo solicitation and promotion throughout the world.

Virginia International Terminals, Inc. was incorporated as a non-stock, nonprofit corporation on June 30, 1981, for the purpose of operating marine terminals controlled by the Authority through ownership, lease or other means. Effective August 17, 2013, Virginia International Terminals, Inc. converted from a nonprofit, non-stock corporation to a single-member limited liability company with VPA as the sole member. As a result, the Authority has determined that Virginia International Terminals, LLC (VIT) should be included in the Authority's financial statements as a blended component unit. A blended component unit is, in substance, part of the primary government's operations, even though it is a legally separate entity. As a blended component unit, VIT serves or benefits those outside the Authority, but the Authority, as the primary institution, is financially accountable for or closely related to VIT.

The Authority is a blended component unit of the Commonwealth of Virginia. A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities meeting the blended component unit definition. The Authority is an integral part of the reporting entity of the Commonwealth of Virginia; accordingly, all funds of the Authority are included in the financial statements of the Commonwealth as a part of the reporting entity.

B. Basis of Accounting

The activities of the Authority are accounted for as an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Authority prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, which provides that revenues are recorded when earned and expenses are recorded when incurred. Grants are recognized as revenue as the applicable activity occurs and when all eligibility requirements imposed by the grantor have been met.

C. Use of Estimates

The Authority prepares its financial statements in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

The Authority considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Authority invests available cash balances in conformity with the guidelines of the Commonwealth of Virginia.

E. Investments

All investments of the Authority are reported at fair value.

F. Accounts Receivable

Accounts receivable principally represent amounts billed to customers for services. Management believes these amounts are fully collectible and no allowance has been recorded as of June 30, 2019 for the Authority. VIT utilizes the allowance method for doubtful accounts. Accounts receivable are shown net of the allowance for doubtful accounts of approximately \$5.6 million as of June 30, 2019 for VIT. The allowance for doubtful accounts is an amount management believes will be adequate to absorb losses on existing accounts receivable that may become uncollectible.

G. Inventories

The Authority purchases supplies on an as needed basis. Inventories of VIT consist of supplies and equipment parts and are reported using the average cost method. An inventory allowance has been established for parts identified as obsolete or to be disposed of within the next 12 months. The VIT allowance for inventory totaled approximately \$11 thousand at June 30, 2019.

H. Capital Assets

Capital assets are generally assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Capital assets are comprised of land, buildings, infrastructure, other improvements, equipment, and construction in progress. Infrastructure assets are considered capital assets that can be preserved for a significantly greater number of years than most capital assets. Examples include roads, wharves, dredging, lighting, and drainage systems.

Depreciation and amortization on capital assets is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	3 - 41 years
Improvements other than buildings	5 - 50 years
Infrastructure	4 - 41 years
Equipment	3 - 28 years
Capital lease assets	Life of the lease

The cost for maintenance and repairs is charged to expense as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation/amortization are derecognized from the accounts and any resulting gain or loss on such disposition is reflected in non-operating revenues or expenses.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Interest cost associated with the construction of the Authority's capital assets are capitalized and reflected as part of the cost of the asset. Interest cost incurred is charged to the assets under construction. Projects funded entirely by a specific borrowing receive the effective interest rate on that borrowing. Projects funded by multiple borrowings receive interest based on the weighted average interest rate of all Authority borrowings. No interest is capitalized on the portion of projects funded by grants. Interest capitalized for the fiscal year ended June 30, 2019 was \$1,598,657.

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. If determined to be permanently impaired, capital assets are reported at the lower of carrying or fair value. Any insurance recoveries associated with events leading to an asset impairment are netted against impairment losses. The Authority did not maintain any impaired assets as of June 30, 2019.

I. Long-Term Obligations

Long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount with allowable refunding gains or losses recorded as deferred inflows and outflows of resources. Bond issuance costs are expensed as incurred with the exception of bond insurance costs which are reported as deferred outflows of resources and amortized over the term of the related debt.

J. Compensated Absences

Compensated absences represent the amounts of paid time off (PTO) and legacy leave earned by employees of the Authority, but not taken at June 30, 2019. On January 1, 2015, the Authority converted the employees' earned but not used compensated absence balances as of December 31, 2014 into a separate legacy leave bank. Legacy leave is available for use as paid time off until December 31, 2019. Balances remaining unused at January 1, 2020 will be reduced to the lesser of the remaining balance at January 1, 2020 or 160 hours. Legacy leave may be paid out upon termination based on an employee's December 31, 2014 wage rate times the then current balance or 160 hours, whichever is less.

Additionally, modifications to the current PTO policy require that any unused PTO in excess of 40 hours be forfeited at the end of each calendar year. Up to forty hours of earned but unused PTO at the end of a calendar year may be carried over into the next calendar year for use within the next six months. At June 30, all prior year earned but unused PTO balances will be forfeited. Balances are earned on a quarterly basis but available for use on January 1 each year. PTO used in excess of amounts actually earned at termination are to be repaid to the Authority.

VIT has an identical compensated absences policy. See Note 6 for further discussion.

K. Budgets and Budgetary Accounting

The Appropriations Act as enacted by the General Assembly of Virginia established the Authority's budget for the year ended June 30, 2019. No payments can be made out of the state treasury except in pursuance of appropriations made by law.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

L. Restricted Assets

Restricted assets are utilized in accordance with the restrictions placed upon the resources. When a cost is incurred, for which both restricted and unrestricted assets are available, management determines on an individual basis how resources are allocated.

M. Net Position

The Authority records net position that is subject to external restrictions based on individual agreements. The restrictions are established by the Authority's governing jurisdictions or other requirements. The restricted net position may include the Authority's future construction and amounts held for debt service payments.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until consumption. At June 30, 2019, the Authority had \$26,042,529 of deferred outflows of resources; \$3,953,649 were pension-related with the balance, \$22,088,880 being bond-related.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that period. At June 30, 2019, the Authority had \$1,598,444 of deferred inflows of resources; \$1,316,378 for the stand-alone pension plan, \$125,000 for the multiple-employer pension plan, and \$157,066 related to bonds.

Deferred Outflows/Inflows of Resources - Blended Component Unit - VIT

At June 30, 2019, VIT had \$11,840,509 of deferred outflows of resources, all but \$34,989 being pension-related, and \$2,564,206 of deferred inflows of resources, all but \$428,347 being pension-related.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For the stand-alone plan and the multiple-employer plan, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

P. Pension Liability

The Authority's stand-alone net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 using updated actuarial assumptions, applied to all periods included in the measurement.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Basis of Presentation

Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal revenue for the Authority is funds collected from VIT in accordance with a payment agreement. The Authority also recognizes other operating revenue in the form of rents, license agreements, and charges for services (for example, security surcharges). Operating expenses include the cost of services, administrative expenses, rent applicable to operating leases and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Certain prior year amounts, where presented, have been classified to conform to current year presentation.

R. Investment Income

Interest income, including net realized and unrealized gains or losses on investment transactions and investment expenses, is recorded as non-operating revenue.

S. Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through October 25, 2019, the date the financial statements were available to be issued.

T. Recently Issued Accounting Pronouncements

At June 30, 2019, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Authority. The statements which might impact the Authority are as follows:

GASB Statement No. 84, *Fiduciary Activities*, will improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 will be effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, will increase the usefulness of the Company's financial statements by requiring reporting of certain lease assets and liabilities and deferred inflows of resources for leases that previously were classified as operating leases. Statement No. 87 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Statement No. 89 will be effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 will be effective for fiscal years beginning after December 15, 2020.

Management is evaluating the above referenced pronouncements and has yet to determine the impact on the Authority's financial statements.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2. Cash, Cash Equivalents and Investments

As of June 30, 2019, the Treasurer of Virginia, pursuant to Section 2.2 1800, et seq., *Code of Virginia*, who is responsible for the collection, disbursement, custody, and investment of state funds, held \$57,691,345 in cash and cash equivalents for the Authority.

Certain deposits and investments are held by the Authority or are held by trustees for the Authority. These accounts are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., *Code of Virginia* (the Act), or covered by the Federal Deposit Insurance Corporation (FDIC). Under the Act, banks and savings institutions holding public deposits in excess of the FDIC insured amounts must pledge collateral to the Commonwealth of Virginia Treasury Board. At June 30, 2019, all Authority deposits were considered adequately collateralized and were not exposed to custodial credit risk.

Short-term investments generally represent deposits and securities with maturities of one year or less. Long-term investments generally represent securities with maturities of greater than one year.

The Authority is required to segregate liquid assets (cash and investments) that are restricted for various purposes. As of June 30, 2019, these assets aggregated \$140,364,363 with \$68,281,085 classified as current and \$72,083,278 classified as noncurrent based on the purpose for which the assets are restricted.

Current restricted assets consist of:

- \$26,909,675 in cash and investments related to bond debt service payments to be made July 1, 2019.
- \$7,613,799 in cash related to a capital lease payment to be made July 1, 2019.
- \$33,747,366 in cash designated for purposes consistent with appropriations made by the Commonwealth of Virginia, and
- \$10,245 in cash for miscellaneous purposes.

Noncurrent restricted assets consist of:

- \$47,929,027 in cash and investments reserved to secure debt service in future years as required by the Authority's bond covenants,
- \$ 24,154,251 in cash and investments for miscellaneous purposes.

Statutes authorize the investment of funds held by the Authority in obligations of the Commonwealth, federal government, other states or political subdivisions thereof, Virginia political subdivisions, the International Bank for Reconstruction and Development, the Asian Development Bank, and the African Development Bank. In addition, the Authority may invest in prime quality commercial paper rated prime 1 by Moody's Investment Service or A 1 by Standard and Poor's Incorporated, overnight term or open repurchase agreements, and money market funds comprised of investments which are not rated but are otherwise legal investments of the Authority.

VPA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2. Cash, Cash Equivalents and Investments (Continued)

Cash and Cash Equivalents

As of June 30, 2019, the following shows the segmented time distribution of the Authority's cash and cash equivalents and its fair value measurement:

	Fair Value	Maturities (in Years)	
		Less than 1	
Cash	\$ 162,324,916	N/A	
Mutual and Money Market Funds	3,671,541	\$	3,671,541
U.S. Treasuries	30,864,976	30,864,976	
Total	\$ 196,861,433	\$	34,536,517

	Fair Value	Level 1	Level 2	Level 3
Cash	\$ 162,324,916	N/A	\$ -	\$ -
Mutual and Money Market Funds	3,671,541	N/A	-	-
U.S. Treasuries	30,864,976	\$ 30,864,976	-	-
Total	\$ 196,861,433	\$ 30,864,976	\$ -	\$ -

Investments

As of June 30, 2019, the following shows the segmented time distribution of the Authority's investments and its fair value measurement:

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5 Years
Negotiable Certificates of Deposit	\$ 17,320,266	\$ 16,320,266	\$ 1,000,000
Commercial Paper	5,847,431	5,847,431	-
Corporate Bonds and Notes	30,315,296	19,011,954	11,303,342
Supranational Bonds and Notes	2,477,801	2,477,801	-
U.S. Treasuries	14,103,842	-	14,103,842
Asset Backed Securities	7,660,351	-	7,660,351
Agency Mortgage Backed Securities	13,766,416	7,775,779	5,990,637
Total	\$ 91,491,403	\$ 51,433,231	\$ 40,058,172

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 2. Cash, Cash Equivalents and Investments (Continued)

Investments (Continued)

	Fair Value	Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	\$ 17,320,266	\$ 17,320,266	\$ -	\$ -
Commercial Paper	5,847,431	5,847,431	-	-
Corporate Bonds and Notes	30,315,296	30,315,296	-	-
Supranational Bonds and Notes	2,477,801	2,477,801	-	-
U.S. Treasuries	14,103,842	14,103,842	-	-
Asset Backed Securities	7,660,351	7,660,351	-	-
Agency Mortgage Backed Securities	13,766,416	13,766,416	-	-
Total	\$ 91,491,403	\$ 91,491,403	\$ -	\$ -

Investments held by the Treasurer of Virginia: Investments and cash equivalents held by the Treasurer of Virginia represent the Authority's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

Custodial credit risk (deposits): This is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires all deposits to be insured under FDIC or comply with the Act. At year end, none of the Authority's deposits were exposed to custodial credit risk.

Blended Component Unit – VIT

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et., seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered adequately collateralized.

Custodial credit risk (deposits): This is the risk that in the event of a bank failure, VIT's deposits may not be returned to it. VIT's investment policy requires all deposits to be insured under FDIC or comply with the Act. At year end, none of VIT's deposits were exposed to custodial credit risk.

Note 3. Concentration of Risk

Interest rate risk: The Authority follows the Commonwealth of Virginia's investment policy and generally holds all of its investments to maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: The Authority follows the Commonwealth of Virginia's credit quality limitations and places emphasis on securities of high credit quality and marketability. Policy details can be found in the General Account Investment Guidelines document at <http://www.trsvirginia.gov/Documents/Cash/GenAcctInvstPolicy.pdf>.

Concentration of credit risk: The Authority places no limit on the amount it may invest in any one issuer, as long as it is a permitted investment in accordance with State Treasury guidelines.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 3. Concentration of Risk (Continued)

The Authority's rated investments (not held by the Treasurer) as of June 30, 2019 were rated by Standard & Poor's and the ratings are presented below:

	Authority's Rated Debt Investments' Values			
	Agency Ratings			
	A-1	AA	A	Unrated
Negotiable Certificates of Deposit	\$ 16,320,266	\$ 1,000,000	\$ -	\$ -
Commercial Paper	5,847,431	-	-	-
Corporate Bonds and Notes	-	9,013,762	21,301,534	-
Supranational Bonds and Notes	-	-	2,477,801	-
U.S. Treasuries	-	14,103,842	-	-
Asset Backed Securities	4,092,777	-	-	3,567,574
Agency Mortgage Backed Securities	3,684,751	10,081,665	-	-
Total	\$ 29,945,225	\$ 34,199,269	\$ 23,779,335	\$ 3,567,574

Blended Component Unit – VIT

Concentration of risk: Financial instruments that potentially subject VIT to credit risk consist of accounts receivable. VIT provides labor-intensive services to major shipping-lines that import and export products through the marine terminals that it operates. VIT can hold cargo shipped through the terminals as collateral for these receivables, in addition to other remedies for non-payment. Since VIT controls the movement of cargo through the terminals, it has ready access to the collateral.

For the year ended June 30, 2019, approximately 39% of total revenue was derived from three customers. Receivables outstanding at June 30, 2019 for this concentration totaled \$18,960,173.

A significant portion of VIT's labor is provided by contract with the International Longshoremen's Association. The current contract expires September 30, 2024.

Note 4. Due From Other Governments

Amounts due from other governments as of June 30, 2019 include:

U.S. Department of Transportation	\$ 603,491
Virginia Department of Transportation	1,426,119
Virginia Department of Emergency Management	156,518
Virginia Public Building Authority	12,775,148
Commonwealth of Virginia	6,000
U.S. Department of Homeland Security	444,553
Transportation Trust Fund	7,058,136
	<u>\$ 22,469,965</u>

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5. Capital Assets

A summary of changes in capital assets of the Authority follows:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Governmental activities:					
Capital assets not being depreciated or amortized:					
Land and improvements	\$ 103,936,097	\$ -	\$ -	\$ -	\$ 103,936,097
Construction in progress (CIP)	291,098,822	156,222,070	-	(135,637,033)	311,683,859
	<u>395,034,919</u>	<u>156,222,070</u>	<u>-</u>	<u>(135,637,033)</u>	<u>415,619,956</u>
Depreciable capital assets:					
Infrastructure	731,580,628	-	-	76,206,019	807,786,647
Buildings	98,032,781	-	-	1,443,062	99,475,843
Improvements other than buildings	27,987,585	-	-	-	27,987,585
Equipment	370,798,153	-	(313,521)	77,978,968	448,463,600
Capital lease assets not otherwise mentioned above:*					
VIG Phase I	1,285,549,518	-	-	-	1,285,549,518
VIG Phase II	762,018,056	-	-	-	762,018,056
VIG ISC Phase II	67,570,324	-	-	(19,991,016)	47,579,308
	<u>3,343,537,045</u>	<u>-</u>	<u>(313,521)</u>	<u>135,637,033</u>	<u>3,478,860,557</u>
Less accumulated depreciation and amortization for:					
Infrastructure	322,681,641	26,302,271	(3,037)	-	348,980,875
Buildings	70,143,841	2,788,601	(37)	-	72,932,405
Improvements other than buildings	23,365,196	549,393	-	-	23,914,589
Equipment	240,154,605	23,886,324	(312,347)	-	263,728,582
Capital lease assets - VIG Phase I	43,577,949	26,146,770	-	-	69,724,719
Total accumulated depreciation and amortization	<u>699,923,232</u>	<u>79,673,359</u>	<u>(315,421)</u>	<u>-</u>	<u>779,281,170</u>
Depreciable capital assets, net	<u>2,643,613,813</u>	<u>(79,673,359)</u>	<u>1,900</u>	<u>135,637,033</u>	<u>2,699,579,387</u>
Governmental activities total capital assets, net	<u>\$3,038,648,732</u>	<u>\$ 76,548,711</u>	<u>\$ 1,900</u>	<u>\$ -</u>	<u>\$3,115,199,343</u>

* The capital asset components recorded pursuant to the Virginia International Gateway, Inc. (VIG) lease can be summarized as follows:

- VIG Phase I (existing facility) – the original operating facility consisting of buildings, rail infrastructure, stacks and wharf. The facility was in service at the commencement of the lease and, accordingly, is being amortized over the life of the lease.
- VIG Phase II (facility expansion) – the development of approximately 60 acres adjacent to Phase I which consists of the extension of the existing berth, a rail expansion, and additional container stacks and transfer facilities. The expansion has been managed by the Authority and funded by the lessor, and construction was substantially completed July 2019. Accordingly, the lease asset as recorded will be amortized over the remaining lease term when placed in service during fiscal year 2020.
- VIG ISC Phase II (expansion transfer assets) – A pool of assets, consisting principally of container handling and storage equipment, which is being acquired during (and funded through) the Phase II expansion development. These assets, with an estimated aggregate cost of \$55.7 million, are being delivered to the Authority via a bill of sale as acquired, and will be recorded in their applicable asset categories when placed into service to then be depreciated over their estimated useful lives.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 5. Capital Assets (Continued)

Blended Component Unit – VIT

Changes in capital assets for the year ended June 30, 2019 are summarized as follows:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
CIP (non-depreciable)	\$ 4,242,247	\$ 2,986,370	\$ -	\$ (4,465,577)	\$ 2,763,040
Depreciable capital assets:					
Automobiles and trucks	5,992,518	712,724	(260,031)	1,294,859	7,740,070
Terminal gear and equipment	33,749,155	16,813	(144,074)	(1,769,539)	31,852,355
Furniture and fixtures	4,826,858	28,638	-	(2,854,253)	2,001,243
Data processing equipment	60,062,162	2,773,302	-	7,794,510	70,629,974
Improvements	2,681,653	-	-	-	2,681,653
Buildings	164,370	-	-	-	164,370
	107,476,716	3,531,477	(404,105)	4,465,577	115,069,665
Less: accumulated depreciation and amortization	(73,483,120)	(7,266,233)	398,194	-	(80,351,159)
Depreciable capital assets, net	33,993,596	(3,734,756)	(5,911)	4,465,577	34,718,506
Net capital assets	\$ 38,235,843	\$ (748,386)	\$ (5,911)	\$ -	\$ 37,481,546

Note 6. Long-Term Debt

Changes in Long-Term Indebtedness

A summary of changes in long-term liabilities for the Authority follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Amounts Due Within One Year
Revenue bonds	\$ 512,815,000	\$ 60,345,000	\$ (72,440,000)	\$ 500,720,000	\$ 15,830,000
Issuance premium	22,617,753	-	(3,442,235)	19,175,518	961,405
Total revenue bonds	535,432,753	60,345,000	(75,882,235)	519,895,518	16,791,405
Installment purchases	29,937,423	-	(1,497,467)	28,439,956	1,942,164
Note payable - dredging	2,158,013	-	(46,285)	2,111,728	47,617
VIG lease	2,234,200,224	16,190,788	-	2,250,391,012	-
Compensated absences	854,663	863,897	(751,242)	967,318	477,371
Total	\$2,802,583,076	\$ 77,399,685	\$ (78,177,229)	\$2,801,805,532	\$ 19,258,557

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness

Balance as of
June 30, 2019

Revenue Bonds

On January 25, 2012, Commonwealth Port Fund Revenue Refunding Bonds Series 2012 (Taxable), (the "Series 2012 Bonds"), dated the same, were issued in the principal amount of \$108,015,000. The bonds are payable in annual principal installments varying from \$6,835,000 to \$8,730,000 with semi-annual interest payments with rates ranging from 2.45% to 3.72% and the final installment due July 1, 2027. Proceeds of the Series 2012 Bonds have been used to (a) refund in full the outstanding principal amount of the Authority's Commonwealth Port Fund Revenue Bonds (2002 Resolution) (the "Series 2002") issued on July 23, 2002, and (b) pay all or a portion of the expenses incurred with respect to the issuance of the Series 2012 Bonds and the refunding of the Series 2002 Bonds. The Series 2012 Bonds are payable primarily from the Commonwealth Port Fund. \$ 69,230,000

On September 26, 2012, Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B (Taxable), (the "Series 2012B Bonds") dated the same, were issued in the principal amount of \$45,230,000. The bonds are payable in annual principal installments varying from \$2,855,000 to \$3,630,000 with interest of 1.82% to 3.68% payable semiannually, the final installment due July 1, 2029. Proceeds of the Series 2012B Bonds have been used (a) to pay the costs of refunding all or a portion of the Series 2005A Bonds, and (b) to pay costs of issuance of the Series 2012B Bonds. The Series 2012B Bonds are payable primarily from the Commonwealth Port Fund. 34,840,000

On September 26, 2012, Commonwealth Port Fund Revenue Refunding Bonds, Series 2012C (Non-AMT), (the "Series 2012C Bonds") dated the same, were issued in the principal amount of \$4,795,000. The bonds are payable in principal amounts of \$780,000 and \$4,015,000, due July 1, 2029 and July 1, 2030, respectively. Semi-annual interest payments commenced July 1, 2013 with interest of 3.0% to 5.0%, the final installment due July 1, 2030. These bonds have a first optional redemption date of July 1, 2022. The proceeds of the Series 2012C Bonds have been used (a) to pay the costs of refunding all of the Series 2005B Bonds, and (b) to pay costs of issuance of the Series 2012C Bonds. The Series 2005B Bonds were issued on April 14, 2005. The Series 2012C Bonds are payable primarily from the Commonwealth Port Fund. 4,795,000

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness (Continued)

Balance as of
June 30, 2019

Revenue Bonds (Continued)

On June 23, 2015, Commonwealth Port Fund Revenue Bonds, Series 2015 (AMT), (the "Series 2015 CPF Bonds") dated the same, were issued in the principal amount of \$58,680,000. The bonds are payable in annual principal installments between \$6,250,000 and \$7,050,000, beginning July 1, 2028 through July 1, 2031 and annual installments between \$7,420,000 and \$8,590,000 beginning July 1, 2037 with the final installment due July 1, 2040. Semi-annual interest payments commence January 1, 2016 with interest of 5.0% payable semiannually on January 1 and July 1. The Series 2015 CPF Bonds are payable primarily from the Commonwealth Port Fund. The proceeds of the Series 2015 CPF Bonds have been used to finance improvements to the Port Facilities at NIT, PMT, VIP and RMT.

\$ 58,680,000

On November 17, 2016, Port Facilities Revenue Refunding Bonds, Series 2016A (Taxable) (the "Series 2016A Bonds") dated the same, were issued in the amount of \$143,965,000. The bonds are payable in annual principal installments varying from \$1,565,000 to \$10,300,000 with interest of 1.62% to 4.48% payable semiannually, the final installment due July 1, 2045. These bonds have a first redemption date of July 1, 2026 at 100% of the principal amount for Series 2016A bonds maturing on or after July 1, 2027. The proceeds of the Series 2016A Bonds have been used (a) to pay the costs of refunding a portion of the remaining Series 2010 and Series 2015 Bonds, and (b) to pay costs of issuance of the Series 2016A Bonds. The Series 2016A Bonds are payable from the net revenues of the Authority, and are subordinate in priority to the Amended and Restated Deed of Facilities Lease Agreement dated September 21, 2016, by and between Virginia International Gateway, Inc. and Virginia Port Authority (the VIG lease).

142,415,000

On November 17, 2016, Port Facilities Revenue Refunding Bonds, Series 2016B (AMT) (the "Series 2016B Bonds") dated the same, were issued in the amount of \$99,230,000. The bonds are payable in annual principal installments varying from \$1,905,000 to \$6,450,000 with interest of 5.0% payable semiannually, the final installment due July 1, 2045. These bonds have a first redemption date of July 1, 2026 at 100% of the principal amount for Series 2016B bonds maturing on or after July 1, 2027. The proceeds of the Series 2016B Bonds have been used (a) to pay the costs of refunding a portion of the remaining Series 2010 Bonds and Series 2015 Bonds, and (b) to pay costs of issuance of the Series 2016B Bonds. The Series 2016B Bonds are payable from the net revenues of the Authority, and are subordinate to the VIG lease.

97,415,000

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness (Continued)

Balance as of
June 30, 2019

Revenue Bonds (Continued)

On November 17, 2016, Port Facilities Revenue Refunding Bonds, Series 2016C (non-taxable) (the "Series 2016C Bonds") dated the same, were issued in the amount of \$37,335,000. The bonds are payable in annual principal installments varying from \$2,275,000 to \$9,840,000 with interest of 3.24% payable semiannually, the final installment due July 1, 2028. The proceeds of the Series 2016C Bonds have been used to pay the costs of refunding the remaining Series 2013 Bonds. The Series 2016C Bonds are payable from the net revenues of the Authority, and are subordinate to the VIG lease.

\$ 33,000,000

On July 26, 2018, Commonwealth Port Fund Revenue Refunding Bonds, Series 2018 (the "Series 2018 Bonds") dated the same, were issued in the amount of \$60,345,000. The bonds are payable in annual principal installments varying from \$395,000 to \$8,990,000 beginning July 1, 2019 with semi-annual interest payments with rates ranging from 2.55% to 3.97% beginning January 1, 2019, the final installment due July 1, 2036. Proceeds of the Series 2018 Bonds have been used (a) to pay the costs of refunding all of the Series 2011 Bonds, and (b) to pay costs of issuance of the Series 2018 Bonds. The Series 2018 Bonds are payable primarily from the Commonwealth Port Fund.

60,345,000

Sub-total revenue bonds

500,720,000

Issuance premium, net

19,175,518

Total revenue bonds

519,895,518

Installment Purchases

The Installment Purchase contract dated October 27, 2017 for the lease purchase of terminal equipment initially totaled \$21,784,846 and has an addendum for an additional \$8,152,577. Payments begin on the initial group of equipment beginning July 1, 2018 with semi-annual payments of principal and interest of \$896,508 each January and July until January 1, 2033 at an interest rate of 2.83% per annum. Payments begin on the second group of equipment beginning January 1, 2019 with semi-annual payments of principal and interest of \$477,059 each January and July until July 1, 2028 at an interest rate of 3.01% per annum.

28,439,956

Note Payable - Dredging

A contract for the payment of channel dredging costs totaling \$2,158,013 with original annual payments of principal and interest of \$110,700 for a period of 30 years at an interest rate of 2.87%, to be adjusted every 5 years. Final payment is due in 2047.

2,111,728

Capital Lease

Capital lease liability recorded pursuant to the Amended and Restated Deed of Facilities Lease Agreement by and between Virginia International Gateway, Inc. and Virginia Port Authority, dated as of September 21, 2016 and commenced effective November 1, 2016. See below for further description of the terms of the agreement.

2,250,391,012

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness (Continued)

Balance as of
June 30, 2019

Compensated Absences

VPA employees' attendance and leave regulations make provision for the granting of a specified number of days of leave each year. The amount of leave earned but not taken is recorded as a liability on the Statement of Net Position. At June 30, 2019 the amounts reflect all earned "paid time off" and compensatory leave not taken, and the management estimated most probable amount payable under the Authority's legacy leave and sick leave policies, upon termination. The Authority's legacy leave has been calculated using management's most probable estimate of the leave to be used through December 31, 2019, at which time the leave will be capped at the then current hours balance up to the maximum 160 hours payout at termination, at the December 31, 2014 salary rate. The compensated absence liability includes provision for related payroll taxes.

\$ 967,318

Total long-term indebtedness

\$ 2,801,805,532

Annual Long-Term Debt Requirements

Summaries of future principal and interest maturities under long-term obligations as of June 30, 2019 are as follows:

Revenue Bonds

Year(s) Ending June 30,	Principal	Interest	Total
2020	\$ 15,830,000	\$ 20,266,105	\$ 36,096,105
2021	16,065,000	19,821,606	35,886,606
2022	16,535,000	19,336,890	35,871,890
2023	17,040,000	18,813,511	35,853,511
2024	17,575,000	18,250,967	35,825,967
2025-2029	99,130,000	81,328,948	180,458,948
2030-2034	102,210,000	60,216,997	162,426,997
2035-2039	96,900,000	39,484,756	136,384,756
2040-2044	86,680,000	16,984,671	103,664,671
2045-2046	32,755,000	1,550,049	34,305,049
Total revenue bonds	<u><u>\$ 500,720,000</u></u>	<u><u>\$ 296,054,500</u></u>	<u><u>\$ 796,774,500</u></u>

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements (Continued)

Installment Purchases

Year(s) Ending June 30,	Principal	Interest	Total
2020	\$ 1,942,164	\$ 804,969	\$ 2,747,133
2021	1,998,835	748,299	2,747,134
2022	2,057,160	689,973	2,747,133
2023	2,117,189	629,944	2,747,133
2024	2,178,971	568,162	2,747,133
2025-2029	11,409,568	1,849,041	13,258,609
2030-2033	6,736,069	435,997	7,172,066
Total installment purchases	\$ 28,439,956	\$ 5,726,385	\$ 34,166,341

Note Payable – Dredging

Year(s) Ending June 30,	Principal	Interest	Total
2020	\$ 47,617	\$ 60,712	\$ 108,329
2021	48,986	59,343	108,329
2022	50,394	57,935	108,329
2023	51,843	56,486	108,329
2024	53,333	54,996	108,329
2025-2029	290,567	251,076	541,643
2030-2034	334,807	206,836	541,643
2035-3039	385,784	155,859	541,643
2040-2044	444,522	97,121	541,643
2045-2048	403,875	29,439	433,314
Total note payable - dredging	\$ 2,111,728	\$ 1,029,803	\$ 3,141,531

Capital Lease Obligation – VIG Lease

On November 17, 2016, VPA formally commenced an amended and restated deed of facilities lease agreement for the Virginia International Gateway terminal in Portsmouth, Virginia (the VIG lease). The agreement provides for the extension of the termination date of the original lease from June 30, 2030 to December 31, 2065, as well as the expansion of the operable terminal capacity of the facility.

In addition to the extension of the lease term for the existing facility (Phase I), the lessors are financing the development of additional container handling capacity on approximately 60 acres adjacent to Phase I which is increasing the annual volume capacity from approximately 650 thousand movements to approximately 1.2 million (Phase II). Phase II development costs to be funded by the lessor are estimated at \$312 million, subject to a floor of \$288 million, and a cap of \$352 million with the ultimate cost to be recovered through the minimum lease payments paid by VPA. The ultimate value of the Phase II development costs being financed by the lessor will be settled during fiscal year 2020. The lease also provides for certain assets (consisting principally of container handling equipment) to be transferred to VPA via a bill of sale upon commencement, and other similar assets to be transferred to VPA via bill of sale as acquired during Phase II development (transferred assets). The transferred assets are required to be maintained as security for the lease obligation.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements (Continued)

Capital Lease Obligation – VIG Lease (Continued)

The payment terms of the restated lease consist of an initial annual base rent of \$51.7 million, plus \$11 million of expansion rent during the first lease year, increasing to \$22 million of expansion rent during the second lease year, and finally \$33 million during the third lease year and thereafter (e.g. \$84.7 million of adjusted annual base rent from year three forward); the amount of additional rent will likely increase or decrease depending on the ultimate Phase II expansion cost funded. During the construction period, the restated lease also provides for an additional \$1 million annually of interim construction rent, and after years five and ten of the amended and restated lease, the total annual rent increases by an additional \$1 million at each interval.

All lease payments are subject to escalation based on changes in the Consumer Price Index for All Urban Consumers as published by the United States Bureau of Labor Statistics (CPI). Escalation is based on the CPI published as of May for each year to be effective as of the following July 1. Based on the CPI published for October 2016, the change in CPI assumed for calculation of the minimum lease payments was 1.6%. Capital lease assets in the amount of \$2.2 billion were recorded at lease inception, along with a lease liability in the same amount. A condition of the lease is that VIG will receive senior preference in relation to Port Facilities Revenue Bonds or other obligations entered into pursuant to Resolution 16-9.

Any increases or decreases in future lease payments that result from CPI different than that applied to the minimum lease payment calculation at the lease inception will be accounted for as contingent rentals and be recorded in the applicable lease year as realized.

Year(s) Ending June 30,	Principal	Interest	Total
2020	\$ (14,457,917)	\$ 103,656,514	\$ 89,198,597
2021	(14,200,233)	104,318,008	90,117,775
2022	(12,652,546)	104,941,156	92,288,610
2023	(11,354,745)	105,490,281	94,135,536
2024	(10,349,968)	105,991,673	95,641,705
2025-2029	(30,632,630)	535,504,538	504,871,908
2030-2034	11,530,630	537,974,347	549,504,977
2035-2039	65,196,001	529,698,795	594,894,796
2040-2044	136,894,365	507,139,507	644,033,872
2045-2049	231,634,813	465,597,087	697,231,900
2050-2054	355,753,058	399,071,096	754,824,154
2055-2059	517,258,188	299,915,414	817,173,602
2060-2064	726,269,758	158,403,436	884,673,194
2065-2066	299,502,238	12,124,194	311,626,432
Total capital lease	\$2,250,391,012	\$3,969,826,046	\$6,220,217,058

As a result of the difference between the scheduled minimum lease payments and the calculated periodic interest expense associated with the lease liability, the annual lease payments are not projected to exceed the annual calculated interest and therefore provide for a positive amortization (net reduction in outstanding principal) until fiscal year 2031.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements (Continued)

Capital Lease Obligation – VIG Lease (Continued)

At June 30, 2019, assets recorded pursuant to the VIG capital lease were included in depreciable/amortizable capital assets as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Leased assets:				
VIG Phase I	\$ 1,285,549,518	\$ -	\$ -	\$ 1,285,549,518
VIG Phase II	762,018,056	-	-	762,018,056
VIG ISC Phase II	67,570,324	-	(19,991,016)	47,579,308
	2,115,137,898	-	(19,991,016)	2,095,146,882
Less accumulated depreciation and amortization for:				
VIG Phase I	(43,577,949)	(26,146,770)	-	(69,724,719)
Depreciable capital leased assets, net	<u>\$ 2,071,559,949</u>	<u>\$ (26,146,770)</u>	<u>\$ (19,991,016)</u>	<u>\$ 2,025,422,163</u>

A summary of indebtedness by type (including current portion) for the Authority follows:

	Debt	Premium	Total Long-Term Debt
Commonwealth port fund revenue bonds	\$ 227,890,000	\$ 6,224,193	\$ 234,114,193
Port facilities revenue bonds	272,830,000	12,951,325	285,781,325
Installment purchases	28,439,956	-	28,439,956
Note payable - dredging	2,111,728	-	2,111,728
Capital lease obligation – VIG lease	2,250,391,012	-	2,250,391,012
	<u>\$ 2,781,662,696</u>	<u>\$ 19,175,518</u>	2,800,838,214
Compensated absences			967,318
			<u>\$ 2,801,805,532</u>

The Series 2016A Bonds and 2016B Bonds are required to be collateralized with liquid funds sufficient to cover the highest year of debt service. As of June 30, 2019, \$5,384,339 and \$3,305,625, respectively, were maturities in cash and investments to satisfy these requirements.

Blended Component Unit – VIT

On January 1, 2015, VIT converted employees' earned but not used vacation and personal leave balances at December 31, 2014 into a new legacy leave bank. Legacy leave is available for use as paid time off until December 31, 2019. Balances in excess of 160 hours remaining unused at January 1, 2020 will be forfeited. Legacy leave may be paid out upon termination of an employee at the employee's December 31, 2014 wage rate times the lesser of their then current legacy leave balance or 160 hours. Additionally on January 1, 2015, VIT implemented a new paid time off (PTO) policy, providing compensated absences that can be used each calendar year. At the end of each calendar year, any earned but unused PTO in excess of 40 hours will be forfeited. Up to 40 hours of earned but unused PTO at the end of a calendar year may be carried forward for use within the next 6 months. At June 30, any remaining prior year earned but unused PTO will be forfeited. PTO is earned on a quarterly basis but available for use on January 1 of each year. Leave used over and above the earned amounts at termination are to be repaid to VIT. As of June 30, 2019, VIT has recorded a liability of \$1,431,239 for compensated absences.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 7. Defeasance of Debt

Refundings

On November 17, 2016, the Authority issued \$143,965,000 (par value) of Port Facilities Revenue Refunding Bonds, Series 2016A (Taxable) to advance refund \$57,085,000 in principal amount of the Authority's Port Facilities Revenue Bonds, Series 2010 issued in the original par amounts of \$68,630,000; to advance refund \$42,435,000 in principal amount of the Authority's Port Facilities Revenue Bonds, Series 2015C issued in the original par amounts of \$85,130,000, and to advance refund \$14,159,675 in principal and interest amounts of various equipment leases. The net proceeds from the issuance, along with other funds available from the Authority, were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are to be called. At June 30, 2019, \$96,783,644 of these defeased bonds were still outstanding.

On November 17, 2016, the Authority issued \$99,230,000 (par value) of Port Facilities Revenue Refunding Bonds, Series 2016B (AMT) to advance refund \$10,030,000 in principal amount of the Authority's Port Facilities Revenue Bonds, Series 2010 issued in the original par amounts of \$68,630,000; to advance refund \$42,695,000 in principal amount of the Authority's Port Facilities Revenue Bonds, Series 2015C issued in the original par amounts of \$85,130,000 and to advance refund \$55,925,000 in principal amount of the Authority's Port Facilities Revenue Bonds, Series 2015B issued in the original par amounts of \$56,755,000. The net proceeds from the issuance, along with other funds available from the Authority, were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are to be called. At June 30, 2019, \$99,500,000 of these defeased bonds were still outstanding.

On July 26, 2018, the Authority issued \$60,345,000 (par value) of Commonwealth Port Fund Revenue Refunding Bonds, Series 2018 to advance refund \$57,370,000 in principal amount of the Authority's Commonwealth Port Fund Revenue Bonds, Series 2011 (Non-AMT) issued in the original par amounts of \$57,370,000. The net proceeds from the issuance, along with other funds available from the Authority, were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are to be called. At June 30, 2019, \$57,370,000 of these defeased bonds were still outstanding.

The Series 2016A and 2016B refundings were undertaken as a condition of the VIG lease. The reacquisition price of \$298,235,744 netted against the book value of the refunded debt resulted in the recognition of a deferred outflow of resources of \$24,352,824. At June 30, 2019, \$18,750,745 remained as unamortized deferred outflows of resources. In addition, there are unamortized deferred outflows of resources related to the refundings of Series 2002, 2005A, and 2011 of \$2,738,193, \$329,104, and 270,838, respectively.

Note 8. Commitments and Contingencies

As of June 30, 2019, the Authority has commitments to construction contracts totaling \$534,447,379 of which \$434,669,966 has been incurred.

Payments for rent under an operating lease agreement amounted to \$831,476 for the year paid by VIT and recorded as a transfer to the Authority for space rental of offices at the World Trade Center.

Expenses for operating lease agreements amounted to \$185,000 in Fiscal Year 2019.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 8. Commitments and Contingencies (Continued)

Operating lease commitments in aggregate are as follows:

Year Ending June 30,	Amount
2020	\$ 185,000
2021	185,000
2022	185,000
2023	180,000
2024	180,000
Thereafter	<u>5,670,000</u>
Total	<u>\$ 6,585,000</u>

Blended Component Unit – VIT Leases

VIT leases administrative office space, equipment, and land. Each of the leases has different rates and renewal dates. Applicable lease commitments in the aggregate are as follows:

Year Ending June 30,	Amount
2020	\$ 5,085,691
2021	2,997,273
2022	2,995,381
2023	2,688,388
2024	1,657,406
Thereafter	<u>4,162,380</u>
Total	<u>\$ 19,586,519</u>

Rental expense incurred under all operating leases other than chassis (including less than one year and cancellable) was \$3,016,823 for the year ended June 30, 2019. Rental expense incurred is net of rents paid on behalf of the VPA which were recorded as a transfer to the VPA totaling \$831,476 for the year ended June 30, 2019.

Hampton Roads Chassis Pool II, LLC (HRCP) is a wholly owned subsidiary of VIT that operates a chassis pool for rental to shipping lines and constituent motor carriers. HRCP leases chassis under various operating lease agreements. The agreements may be renewed or terminated at the end of each term. HRCP must maintain and repair chassis delivered to the pool. Rent expense under the operating leases totaled \$16,423,689 during the year ended June 30, 2019 and is included in operating expenses.

VIT has various rental and sub-lease agreements ranging from one to three years. Rental and sub-lease income received under these agreements totaled \$3,013,054 during the year ended June 30, 2019. Future payments to be received under these agreements are expected to be \$2,787,107 in 2020.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 8. Commitments and Contingencies (Continued)

Federal Grants

The Authority receives federal grant funding from the United States Department of Transportation, Maritime Administration to purchase equipment, support barge movements and to improve security around the ports of Virginia. In addition, the Authority has also been awarded grants from the Environmental Protection Agency, FEMA and other federal agencies. The grants are subject to review and audit under the "Uniform Guidance." Entitlement to these resources is conditional upon compliance with the terms and conditions of the agreements, including the expenditure of resources for allowable purposes. The Authority is required to comply with various federal regulations issued by the Office of Management and Budget.

Imposed Non-Exchange Transaction

The Authority, through a Joint Memorandum of Agreement, received \$1.9 million in fiscal year 2009 as a mitigation payment from Virginia Natural Gas to fund Army Corps of Engineers approved enhancements to Anchorage K for future dredging and navigation activities associated with the provision of a deeper anchorage area in the waters that are contiguous to the area known as Hampton Roads. These funds were deposited into an interest-bearing account. As of June 30, 2019, \$2,076,017 remains in the account.

Lawsuits and Claims

The Authority, from time to time, is a defendant in lawsuits generally incidental to its business. It is management's opinion that the financial position of the Authority will not be materially affected by the ultimate resolution of litigation pending or threatened at June 30, 2019.

Blended Component Unit – VIT

VIT is a defendant in various lawsuits generally incidental to its business. It is management's opinion that the financial position of VIT will not be materially affected by the ultimate resolution of litigation pending or threatened at June 30, 2019.

On April 7, 2014, VIT obtained a letter of credit available in the amount of \$1,001,300 for workers' compensation claims. It bears interest at prime and is set to expire on May 31, 2020. At June 30, 2019, there were no borrowings outstanding.

VIT is also contingently liable for legacy leave of \$1,431,239 at June 30, 2019 representing amounts employees could use during their period of employment. Legacy leave is available for use as paid time off until December 31, 2019. Balances in excess of 160 hours remaining and unused at January 1, 2020 will be forfeited.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans

Pensions

The Authority provides two defined benefit plans for its employees. Employees of record on July 1, 1997 had the option of electing to be covered as a State employee, and their benefits maintained under the Virginia Retirement System (VRS), or electing to be covered under a newly created pension plan (the VPA Defined Benefit Plan). The VPA Defined Benefit Plan covers all employees hired between July 1, 1997 and February 1, 2014. Employees hired after February 1, 2014 are eligible for a defined contribution plan only. On January 1, 2015, the plan was amended to add certain employees who transferred from VIT (referred to as “Legacy VIT Participants”) to the VPA. Those employees carry the same eligibility rules as referenced in the VIT plan section.

Employees of the Authority who elected to remain employees of the Commonwealth participate in a defined benefit pension plan administered by the VRS. For information on the VRS retirement plan, please see the VRS website at <https://employers.varetire.org/financial-reporting/vrs-guidlines-and-resources.html> for pension plan reporting information. The VRS also administers life insurance and health related plans for retired employees. Information relating to these plans is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). The Commonwealth, not the Authority, has overall responsibility for contributions to these plans. The Authority has elected not to disclose information related to the VRS Plan on the basis of its relative immateriality to VPA taken as a whole. The VRS Net Pension Liability recorded at June 30, 2019 is \$525,000 along with a deferred outflow of \$53,473 and a deferred inflow of \$125,000.

The VPA Defined Benefit Plan is a single employer, noncontributory defined benefit pension plan administered by the Authority. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions and obligations are established and may be amended by the Board of Commissioners of the Authority. The latest actuarial report on the VPA Defined Benefit Plan may be obtained by contacting the Finance Division of the Authority.

In January 2014, the Board of Commissioners voted to amend the VPA Defined Benefit Plan to freeze participation and to provide that no new participants shall be admitted or readmitted after January 28, 2014. The effect of those changes is included in the accompanying pension data.

**VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan

A. General Eligibility Rules

Former employees and beneficiaries of VPA satisfy retirement eligibility if (1) they commence retirement benefits immediately upon termination and (2) under any one of the following conditions:

	General	Police
Normal Retirement:		
(a) Age	65	60
Early Retirement:		
(a) Age	50	50
(b) Service	10	5
Early Retirement:		
(a) Age	55	N/A
(b) Service	5	N/A
Disability:		
(a) Service	5	5

Effective date: August 1, 1998; latest amendment effective July 1, 2018.

Eligibility: Generally, each employee hired prior to January 28, 2014 is eligible to enter the plan on his or her date of employment. Employees hired prior to August 1, 1998 who elected continued coverage under the VRS are not eligible to participate in this plan.

Normal retirement age: Age 65; for sworn employees, normal retirement age is 60.

Normal retirement benefit: An employee's normal retirement benefit equals 1.7% of final average compensation multiplied by credited service.

Accrued retirement benefit: The accrued retirement benefit is determined in the same manner as the normal retirement benefit with final average compensation and credited service as of the date of computation.

Unreduced early retirement date: The date an employee attains age 50 and completes 30 years of service. A sworn employee attains his or her unreduced early retirement date upon attaining age 50 and completing 25 years of service.

Reduced early retirement date: The date an employee attains age 55 and 5 years of service, or age 50 and 10 years of service. For sworn employees, the reduced early retirement date is age 50 and 5 years of service.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

B. Summary of Principal Plan Provisions

Early retirement benefit: The benefit is the employee's accrued benefit payable at normal retirement age without reduction, or without reduction at age 50 if the employee has completed the number of years of credited service required for unreduced early retirement. Otherwise, if the employee retires at age 55 or later, the benefit is the accrued benefit reduced by .5% for each month up to 60 months and .4% for each month in excess of 60 months that his or her early retirement date precedes the earlier of normal retirement age or the date the employee would have reached his or her first unreduced early retirement date assuming employment had continued.

If the employee retires before age 55 and is not entitled to an unreduced benefit, the benefit is reduced to 55 by .5% for each month up to 60 months and .4% for each month in excess of 60 months that his or her early retirement date precedes the earlier of normal retirement age or the date the employee would have reached his or her first unreduced early retirement date assuming employment had continued, and is further reduced by .6% for each month by which the actual retirement date precedes age 55.

Disability retirement benefit: Total and permanent disability and five years of credited service are required for eligibility. Benefits are payable at the member's normal retirement date. The disability retirement benefit is calculated in the same manner as the normal retirement benefit assuming credited service and monthly compensation, as determined for the plan year immediately preceding date of disablement, and continues until the normal retirement date.

Late retirement benefit: Retirement after normal retirement date. A member's late retirement benefit is equal to the accrued retirement benefit with final average compensation and credited service as of his or her late retirement date.

Vesting: A participant's accrued benefit becomes vested after five years of credited service.

Form of benefit: Payable for life. 50% or 100% joint and last survivor options and a Social Security option are available on an actuarially equivalent basis.

Credited service: Credited service is based on years and completed months of employment.

Final average compensation: The highest average of monthly compensation determined over any consecutive 36 months preceding date of termination.

Pre-retirement death benefit: If an employee dies after becoming eligible for retirement and before retirement benefits have begun, the employee's beneficiary will receive a benefit payable for life. The amount of the benefit is the monthly benefit the deceased member would have received had the employee retired on the day before date of death and elected a 100% joint and last survivor option.

If a vested member who had not yet begun receiving retirement benefits dies prior to becoming eligible for retirement, his or her beneficiary is entitled to receive a benefit. The amount of the benefit is equal to 100% of the monthly benefit the member would have received if the member had terminated employment rather than died, survived to the earliest retirement age and died having elected a 100% joint and last survivor option.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

B. Summary of Principal Plan Provisions (Continued)

Sworn supplement: Employees in sworn positions receive an enhancement to their accrued benefit equal to .3% of final average compensation for each year of credited service earned in a sworn position. Up to 5 years of credited service in a hazardous position with another employer may be recognized for purposes of this enhancement.

Employees who were hired prior to December 1, 2001 may elect to receive an alternative sworn supplement in lieu of the .3% enhancement described in the preceding paragraph. This alternative supplement provides, for employees in sworn positions who have completed 15 years of credited service, a supplemental benefit equal to \$13,128 per year, which is payable from retirement until Social Security normal retirement age. For purposes of satisfying the 15 years of credited service requirement, up to 5 years of credited service in a hazardous position with another governmental employer may be credited.

Integration with VRS benefits for sworn employees: Sworn employees who receive their basic retirement benefit from VRS and for whom VRS does not provide the normal retirement age, unreduced early retirement benefits and reduced early retirement benefits described for sworn employees under the VPA Defined Benefit Plan, will receive an additional benefit from the VPA Defined Benefit Plan. The amount of the additional benefit is equal to the (1) benefit determined using VPA credited service and the VPA Defined Benefit Plan normal retirement age, unreduced early retirement benefit and/or reduced early retirement, minus (2) the benefit to which the participant is entitled under VRS based on VPA credited service.

Contributions: As the plan sponsor for the VPA Defined Benefit Plan, the Authority sets a contribution amount annually based on recommendations provided by the plan's Actuary. The Authority elected to contribute \$1,515,194 in Fiscal Year 2019 for employees receiving the basic retirement benefit from the plan. The plan does not specify a minimum funding requirement.

The annual pension cost for the current year was actuarially determined as of June 30, 2018 using the Individual Entry Age Normal cost method. The actuarial value of plan assets was determined using fair value. The discount rate used in determining the actuarial liability was 7.0% and 3.5% was used for future annual compensation increases.

C. Schedules

Members covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefits	81
Inactive members entitled to but not yet receiving benefits	53
Active eligible members	106
	240

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

D. Net Pension Liability

VPA's net pension liability at June 30, 2019 was actuarially measured as of July 1, 2018, and total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Net Pension Liability Under GASB Statement No. 68	June 30, 2018
Total pension liability	\$ 24,849,953
Plan fiduciary net position	18,859,066
Net pension liability	<u>\$ 5,990,887</u>

Plan fiduciary net position as a percentage of the total pension liability 75.89%

E. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 22,141,737	\$ 16,882,585	\$ 5,259,152
Changes for the year:			
Service cost	611,654	-	611,654
Interest	1,564,406	-	1,564,406
Differences between expected and actual experience	1,409,871	-	1,409,871
Net investment income	-	1,492,568	(1,492,568)
Contributions from employer	-	1,323,815	(1,323,815)
Benefit payments	(809,461)	(809,461)	-
Administrative expense	-	(30,441)	30,441
Changes of assumptions	(68,254)	-	(68,254)
Balances at June 30, 2018	<u>\$ 24,849,953</u>	<u>\$ 18,859,066</u>	<u>\$ 5,990,887</u>

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

F. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the VPA Defined Benefit Plan, calculated using the discount rate of 7 percent, as well as what the VPA Defined Benefit Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

G. Discount Rate Sensitivity – Net Pension Liability at End of Period

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Total pension liability	\$ 28,420,081	\$ 24,849,953	\$ 21,892,002
Plan fiduciary net position	18,859,066	18,859,066	18,859,066
Net pension liability	\$ 9,561,015	\$ 5,990,887	\$ 3,032,936

H. Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2019, reported deferred outflows of resources and deferred inflows of resources related to pensions originated from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to measurement date	\$ 1,515,194	\$ -
Difference between actual and expected experience	1,395,754	502,851
Assumption changes	569,306	144,108
Net difference between expected and actual earnings on pension plan investments	419,922	669,419
Total	\$ 3,900,176	\$ 1,316,378

The \$1,515,194 reported as deferred outflows of resources resulting from employer contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 421,811
2021	170,418
2022	121,879
2023	209,553
2024	144,943
	\$ 1,068,604

For the year ended June 30, 2019, VPA recognized a pension expense of \$1,284,070.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

I. Long-Term Expected Rate of Return

The long-term expected rate of return on pension investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	42.8%	2.7%
Domestic and international equities	51.6%	7.2%
Real estate	2.9%	7.4%
Other investments	2.7%	5.1%
	<u>100.0%</u>	

* This is an arithmetic nominal return. VPA uses this information as a data point and benchmarks their return assumptions against other comparable entities.

J. Deferred Compensation Plans

In addition to the defined benefit pension plans, the Authority maintains two deferred compensation plans and a matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively. Employees who maintain status under VRS are covered under a deferred compensation plan administered by VRS. Information relating to this plan is available at the statewide level only in the Commonwealth of Virginia's CAFR.

The VPA Deferred Compensation Plan covers all employees hired after July 1, 1997, and those employees electing coverage under the Authority's deferred compensation plan. The Matching Savings Plan covers substantially all employees. The Matching Savings Plan requires VPA to match contributions in an amount equal to 50% of the first 6% of the participant's base pay contributed to the plan for employees hired on or before January 28, 2014. VPA's total contribution to the Matching Savings Plan was \$117,791 for the year ended June 30, 2019.

On January 28, 2014, the Authority's Board adopted Resolution 14-2, Freezing Pension Plan to New Participants and Establishing Enhanced Defined Contribution Plan for New Employees, in order to move toward normalizing the retirement benefits between the Authority and VIT. Beginning April 1, 2014, employees hired after January 28, 2014 (Enhanced Participants), will be provided an employer contribution of 4% of compensation and are also eligible for a matching contribution of 50% of the first 4% of compensation contributed to the Deferred Compensation Plan. VPA's total contribution to the VPA Defined Contribution Plan for Enhanced Participants for the year ended June 30, 2019 was \$352,076 for the Defined Contribution and \$130,264 for the Enhanced Participant Employer Matching Contribution.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

J. Deferred Compensation Plans (Continued)

Employees transferring to the Authority from VIT, as part of the Port of Virginia (POV) restructure or shared services agreement, that had been hired by VIT prior to July 1, 2012 and were active participants of VIT's pension plan at the time of the transfer, and are not eligible for the Enhanced Defined Contribution plan, are eligible for a matching contribution of 50% of the first 3% of compensation contributed to the Deferred Compensation Plan. VPA's total matching contribution to the VPA Defined Contribution Plan for VIT Plan Participants for the year ended June 30, 2019 was \$68,346.

The right to modify, alter, amend, or terminate the Authority's Deferred Compensation Plan and the Matching Savings Plan vests with the Board of Commissioners of the Authority.

Blended Component Unit – VIT

A. Plan Description

The Virginia International Terminals, LLC Pension Plan (VITPP) is a single employer, noncontributory defined benefit pension plan administered by VIT. VITPP provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions and obligations are established and may be amended by resolutions of the Board of Commissioners of the Virginia Port Authority. VITPP issues a stand-alone financial report. The most recent report is as of June 30, 2018 and is available upon request from VPA's administrative offices.

B. Benefits Provided

VITPP provides retirement, disability, and death benefits to plan members and beneficiaries. Normal retirement benefits are in the form of life annuities based on the normal retirement benefit, which is calculated as 1.4% x final average earnings x credited service PLUS 0.4% x final average excess earnings x credited service (max. 35 years). Final average earnings is the highest average of the employee's benefit earnings in sixty (60) consecutive months of credited service. Final average excess earnings is the excess, if any, of final average earnings over covered compensation. Covered compensation is equal to the 35-year average of the social security taxable base during an employee's working career. Entry into the VITPP was frozen as of June 30, 2012. Vesting is over seven years of service, ranging from 20% at two years of service, to 60% at five years of service and full vesting at seven years of service. Disability benefits are available to those with five years of credited service and eligibility for social security disability benefits is required. Benefits commence on an employee's normal retirement date and are computed using credited service as of the normal retirement date and final average earnings as of the disability retirement date. Pre-retirement death benefits are payable to the spouse of a vested employee who dies before retirement benefits have begun. The pre-retirement death benefit will be equal to the monthly amount the spouse would have received if the employee had terminated employment just before their death, serviced to the earliest date on which they could have retired, and died having elected a 50% joint and survivor benefit.

Employees covered by the benefit terms as of June 30, 2019:

Inactive employees or beneficiaries currently receiving benefits	254
Inactive employees entitled to but not yet receiving benefits	161
Active eligible employees	241
Total	656

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

Blended Component Unit – VIT (Continued)

C. Contributions

The plan sponsor's funding policy is to contribute the amount to meet the minimum funding requirements of Internal Revenue Code Sections 412 and 430. From time to time, the plan sponsor, at its sole discretion, may contribute an amount above the minimum required contribution.

Members are not required to contribute to the plan. VIT makes an actuarially determined contribution to the plan for all covered employees. VIT's contributions to the pension plan were \$4,666,517 and \$2,427,553 for the years ended June 30, 2019 and 2018, respectively.

If the plan sponsor fails to pay the minimum required contribution by 8½ months after the end of the plan year, the plan sponsor will be required to pay a 10% excise tax under Internal Revenue Code Section 4971 on the amount of any unpaid minimum required contributions. This tax can increase to 100% if the unpaid minimum required contribution is not corrected in subsequent plan years.

D. PBGC Premiums

ERISA established the Pension Benefit Guaranty Corporation (PBGC), under the jurisdiction of the U.S. Department of Labor, to guarantee most vested retirement benefits and certain disability and survivor pensions.

Plans covered by the PBGC insurance program must file an annual premium filing each year with the PBGC via their online myPAA system within 9½ months after the beginning of the plan year. All plans must pay a basic premium based on the number of participants as of the end of the previous plan year, and plans with unfunded vested benefits must also pay an additional risk-related premium to the PBGC. The premium amount payable is \$381,700 calculated for a full fiscal year.

E. Net Pension Liability

VIT's net pension liability at June 30, 2019 was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

F. Actuarial Present Value of Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits as determined by an independent actuary using end of year benefit information as of June 30, 2018 is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuation measured at June 30, 2018 were (a) life expectancy of participants (the RP - Fully Generational Healthy Mortality Table Adjusted to 2006 with MP-2014 and projected with Scale MP-2018), (b) retirement age (age 65), (c) investment return (average rate of return of 7%), (d) taxable wage base (2.5%), and (e) salary scale assumption of 3.5%. The foregoing actuarial assumptions are based on the presumption that the plan will continue. Were the plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

Blended Component Unit – VIT (Continued)

G. Asset Valuation Method

IRC Section 430(g) provides that plan assets be valued at either their fair market value on the valuation date or at the “average” value of assets on the valuation date. Under the average value, the value of plan assets is set equal to the average of the fair market value of assets on the valuation date and the adjusted fair market value of assets (including expected earnings) determined for one or more earlier determination dates (up to a 2-year limit). The resulting average value must be constrained so that it falls between 90% and 110% of the fair market value of plan assets on the valuation date. Contributions for a prior plan year that are made after the beginning of this plan year are adjusted for interest at the effective interest rate under IRC Section 430(h)(2).

H. Long-Term Expected Rate of Return

The long-term expected rate of return on pension investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation for each major asset class is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	48.1%	3.3%
Domestic and international equities	42.0%	7.2%
Real estate	5.1%	7.4%
Other investments	4.8%	5.1%
	<u>100.0%</u>	

* This is an arithmetic nominal return. VPA uses this information as a data point and benchmarks their return assumptions against other comparable entities.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

Blended Component Unit – VIT (Continued)

I. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 100,189,417	\$ 89,388,375	\$ 10,801,042
Changes for the year:			
Service cost	1,135,258	-	1,135,258
Interest	6,932,889	-	6,932,889
Differences between expected and actual experience	934,670	-	934,670
Contributions - employer	-	4,666,517	(4,666,517)
Changes of assumptions	(297,141)	-	(297,141)
Net investment income	-	5,652,665	(5,652,665)
Benefit payments, including refunds of employee contributions	(4,566,807)	(4,566,807)	-
Administrative expense	-	(149,665)	149,665
Net changes	4,138,869	5,602,710	(1,463,841)
Balances at June 30, 2019	\$ 104,328,286	\$ 94,991,085	\$ 9,337,201

Plan fiduciary net position as a percentage of the total pension liability 91.05%

J. Sensitivity of the Net Pension Liability to Changes in Discount Rate

The following presents the net pension liability of the VITPP, calculated using the discount rate of 7 percent, as well as what VITPP's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

K. Discount Rate Sensitivity – Net Pension Liability at End of Period

	1% Decrease (6%)	Current Rate (7%)	1% Increase (8%)
Total pension liability	\$ 116,476,609	\$ 104,328,286	\$ 94,006,633
Plan fiduciary net position	94,991,085	94,991,085	94,991,085
Net pension liability (asset)	\$ 21,485,524	\$ 9,337,201	\$ (984,452)

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 9. Pension Plans (Continued)

Blended Component Unit – VIT (Continued)

L. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, VIT recognized a pension expense of \$3,155,991.

VIT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to measurement date	\$ 7,031,866	\$ -
Difference between actual and expected experience	900,507	104,820
Assumption changes	29,468	396,090
Net difference between expected and actual earnings on pension plan investments	3,843,679	1,634,949
Total	\$ 11,805,520	\$ 2,135,859

Deferred outflows of resources resulting from employer contributions subsequent to measurement date in the amount of \$7,031,866 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 1,676,895
2021	1,010,204
2022	(296,703)
2023	247,399
	\$ 2,637,795

VIT sponsors noncontributory supplemental plans covering certain key employees. The accrued liability net of investments in the supplemental plans was \$108,136 as of June 30, 2019. There were no contributions to the plan for the year ended June 30, 2019.

In addition, VIT sponsors a deferred compensation plan and a matching savings plan under IRC Sections 457 and 401(a), respectively, which cover substantially all nonunion employees with 90 days or more of service. The matching savings plan requires VIT to match employee contributions in an amount equal to 50% of the first 3% of the participant's base pay contributed to the deferred compensation plan. VIT's total contribution to the matching savings plan was \$902,004 for the year ended June 30, 2019.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 10. Other Postemployment Benefits

Effective January 1, 2015, VPA ceased providing formal post-employment benefits to all employees except for two subsets of employees whose benefits were grandfathered: (1) 38 VPA employees who were transferred from VIT will, if they retire at age 62 or older with at least 30 years of service, receive a premium subsidy of \$500 per month until they reach age 65; and (2) 4 retired VPA employees are being allowed to remain in the VPA health and dental plans until age 65, but must pay the full actuarially determined premium to retain coverage. Based on an evaluation of these limited benefits by VPA's actuary, management has elected not to disclose information related to the OPEB liability on the basis of its relative immateriality to VPA taken as a whole. The OPEB liability recorded at June 30, 2019 is \$576,000.

Blended Component Unit – VIT

A. General Information about the OPEB Plan

Plan description: VIT provides non-pension post-retirement medical insurance benefits to individuals who are at least 62 years of age who retire with 30 years of service through a single employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits provided: VIT provides medical and dental benefits for retirees. The benefit terms provide for the same coverage options as active employees for employee-only medical and dental plans with a maximum subsidy of \$500 per month until age 65. Coverage for a spouse may be continued at the employee's expense for 10 years, until the spouse's 65th birthday or until the spouse remarries, whichever is earlier.

B. Employees Covered by Benefit Terms

Employees covered by the benefit terms as of June 30, 2019:

Inactive employees or beneficiaries currently receiving benefits	9
Active eligible employees	79
Total	88

The OPEB plan is closed to new entrants.

C. Total OPEB Liability

VIT's total OPEB liability of \$910,998 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

D. Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.5%
Discount rate	2.3%
Healthcare Cost Trend Rates	6.0% decreasing 0.5% per year to an ultimate rate of 5.0% for 2022 and later years

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 10. Other Postemployment Benefits (Continued)

Blended Component Unit – VIT (Continued)

D. Actuarial Assumptions and Other Inputs (Continued)

The discount rate was based on a 20 year AA Municipal Bond Rate.

Mortality rates were based on the RP-2014 Mortality Fully Generational using Projection Scale MP-2018. The census was also updated to reflect the current population.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period.

E. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 1,331,083
Changes for the year:	
Service cost	21,975
Interest	39,897
Differences between expected and actual experience	(428,448)
Changes of assumptions or other inputs	34,989
Benefit payments, including refunds of employee contributions	(88,498)
Net changes	(420,085)
Balance at June 30, 2019	\$ 910,998

The entry age actuarial cost method is unchanged from the prior OPEB valuation. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age.

F. Sensitivity of the Total OPEB Liability to Changes in Discount Rate

The following presents the total OPEB liability of VIT, calculated using the discount rate of 2.3%, as well as what VIT's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.3%) or 1-percentage-point higher (3.3%) than the current discount rate:

G. Discount Rate Sensitivity – Total OPEB Liability at End of Period

	1% Decrease (1.3%)	Current Rate (2.3%)	1% Increase (3.3%)
Total OPEB liability	\$ 963,378	\$ 910,998	\$ 860,517

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 10. Other Postemployment Benefits (Continued)

Blended Component Unit – VIT (Continued)

H. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of VIT, as well as what VIT's total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower (5 percent decreasing to 4 percent) or 1-percentage-point higher (7 percent decreasing to 6 percent) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	(5% decreasing to 4%)	(6% decreasing to 5%)	(7% decreasing to 6%)
Total OPEB liability	\$ 845,381	\$ 910,998	\$ 984,773

I. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, VIT recognized OPEB expense of \$61,777. VIT also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 428,347
Changes of assumptions	34,989	-
Total	\$ 34,989	\$ 428,347

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 5,727	\$ (70,218)
2021	5,727	(70,218)
2022	5,727	(70,218)
2023	5,727	(70,218)
2024	5,727	(70,218)
Thereafter	6,354	(77,257)
	\$ 34,989	\$ (428,347)

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 11. Accrued Workers' Compensation Costs

Blended Component Unit – VIT

Included in accrued workers' compensation costs are a workers' compensation claims component and an accrued U.S. Department of Labor assessment component. The workers' compensation claims component consists of VIT's estimate of its continuing liability for injuries which occurred during periods of self-insurance. The balance at June 30, 2019 is classified as follows:

Workers' compensation claims, current	\$ 147,187
Workers' compensation claims, noncurrent	505,801
Total	\$ 652,988

The accrued U.S. Department of Labor assessment component is VIT's estimate of the present value of its future liability to the U.S. Department of Labor for participation in the U.S. Department of Labor's Second Injury Fund. The total liability has been discounted using a rate of 7.0% at June 30, 2019. The undiscounted liability totaled approximately \$2,377,000 at June 30, 2019. VIT expects to pay assessments annually through 2025. The balance at June 30, 2019 is classified as follows:

Accrued U.S. Department of Labor assessment, current	\$ 630,689
Accrued U.S. Department of Labor assessment, noncurrent	1,268,227
Total	\$ 1,898,916

Note 12. Risk Management and Employee Health Care Plans

The Authority is exposed to various risks including, but not limited to, torts; theft; cybercrime; property damage (3rd and 1st party) or total loss to its assets; errors and omissions; non-performance of duty; work-related injuries to its employees; contractual disputes and labor strikes; and natural disasters. To assist the Authority in identifying, prioritizing and mitigating high risk exposures, the Authority has implemented an Enterprise Risk Management Program that is constantly monitoring high-level risks and mitigation strategies on a quarterly basis. In addition, the Authority maintains a robust insurance program which protects the Authority's assets, its commissioners, officers and employees against third party liability. To that end, the Authority maintains insurance policies covering general liability, property damage, cyber liability, law enforcement liability, Kidnap, Ransom and Extortion, international travel, automobile insurance; and Fiduciary liability insurance through Virginia Association of Counties Group Self-Insurance Risk Pool commonly referred to as "VACORP." In addition to its primary layer of insurance, the Authority maintains Excess liability insurance coverage. For the benefit of the Authority's employees, workers' compensation insurance and employers liability insurance, both state and federal, are provided by Signal Mutual and Arch Insurance, respectively. Health Insurance is provided to the Authority's employees by Anthem Blue Cross/Blue Shield on a cost-sharing basis.

Through its operating agreement, the Authority requires VIT to maintain property insurance coverage on all plant and equipment located on the terminals.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 12. Risk Management and Employee Health Care Plans (Continued)

The Authority maintains its own insurance coverage for health (for employees hired on or after July 1, 1997), property, auto, workers' compensation, and international liabilities, as well as an umbrella policy providing excess liability coverage over and above losses not covered in primary policies. The Authority is partially self-insured for employee health coverage. The Authority is responsible for actual claim costs up to \$125,000 per individual for calendar year 2018. The aggregate deductible for VIT and VPA combined claims in excess of the \$125,000 individual limit was \$6,358,209 for calendar year 2019.

Blended Component Unit – VIT

VIT participates in a workers' compensation insurance pool. VIT remains obligated under its former self-insured plan for future losses as a result of accidents that occurred prior to April 12, 1999. VIT is partially self-insured for those workers' compensation claims and maintains insurance coverage of \$5,000,000 per claim, but is obligated to pay the first \$1,000,000 of any individual's claims per incident.

VIT offers health/medical insurance to its employees, and bears some self-insurance risk for claims cost in excess of employee premiums/contributions received. Pursuant to a joint arrangement with the VPA, the entity carries stop loss insurance to mitigate exposure to significant claims. The stop loss policy is on a calendar year basis, with renewals effective each January 1. During the calendar years of 2018 and 2019, the individual claim cost limit (deductible) under the policy for VIT was \$125,000. The aggregate deductible for VIT and VPA combined claims in excess of the \$125,000 individual limit was \$6,358,209 for calendar year 2019 and \$9,507,239 for calendar year 2018.

Note 13. Related Parties

VIT makes lease payments on behalf of the VPA for various equipment and office space. Total payments on behalf of the VPA for these lease agreements were \$851,003 for the year ended June 30, 2019.

On August 8, 2014, an agreement for shared services was executed between VPA and VIT, in an effort to centralize the administrative functions of the Port of Virginia and reduce costs. Services shared include accounting and finance, purchasing, risk management, innovation, human resources, and any other cost pool which may be developed for which a shared services allocation may be appropriate. Costs are billed by VPA to each entity based on a budgeted allocation with true up to actual expenditures on a quarterly but no less than annual frequency. The shared services agreement became effective on January 1, 2015. For the year ended June 30, 2019, VIT's allocated services from VPA were \$16,362,859 and HRCP's were \$2,367,683.

From time to time, related parties will extend short-term cash advances. Net advances are identified in the Statement of Cash Flows in the capital and related financing activities section as advances (to) from related parties. No interest is earned or charged on any advances, none were made during fiscal year 2019, and at June 30, 2019 there were no related-party advances outstanding between any of the port entities.

For the year ended June 30, 2019, VIT and subsidiaries recorded \$156,859,006 as operating transfers payable to VPA pursuant to the Payment Agreement. The calculations are performed as of the end of the applicable month, and payment is made by the 20th of the subsequent month. VIT also collected and remitted to VPA \$10,906,902 in security surcharges from VPA customers for the year ended June 30, 2019.

VIRGINIA PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 14. Subsequent Event

On July 15, 2019, a Master Equipment Lease Agreement between Banc of America Public Capital Corp, as Lessor, and Virginia Port Authority, as Lessee, was entered into for the lease purchase of terminal equipment totaling \$21,950,000. The payments associated with this agreement begin January 1, 2020 in the amount of \$882,587 and continue with semi-annual payments each July and January for a period of fifteen years at an interest rate of 2.524%. Final payment will be due July 1, 2034.

REQUIRED SUPPLEMENTARY INFORMATION
(RSI)
(UNAUDITED)

VIRGINIA PORT AUTHORITY

VPA DEFINED BENEFIT PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 874,897	\$ 1,772,010	\$ 1,377,935	\$ 1,323,815	\$ 1,515,194
Contributions made in relation to the actuarially determined contribution	900,882	3,850,943	2,377,935	1,323,815	1,515,194
Contribution deficiency (excess)	\$ (25,985)	\$ (2,078,933)	\$ (1,000,000)	\$ -	\$ -
Covered payroll	\$ 5,707,279	\$ 10,235,375	\$ 9,763,381	\$ 9,728,655	\$ 9,631,353
Contributions as a % of payroll	15.78%	37.62%	24.36%	13.61%	15.73%

Notes to Schedule:

- (1) Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.
- (2) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal cost method
Asset valuation method	Fair value
IRS limit increases	2.5%
Projected salary increases	3.5%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	Varies by age and service
Mortality rates	RP-2006 Fully Generational Healthy Mortality Table With Scale MP-2018
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

VIRGINIA PORT AUTHORITY

VPA DEFINED BENEFIT PLAN

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Total Pension Liability					
Service cost	\$ 387,024	\$ 487,324	\$ 593,878	\$ 618,438	\$ 611,654
Interest	971,904	1,019,065	1,414,344	1,413,784	1,564,406
Changes of benefit terms	-	4,876,711	-	-	-
Differences between expected and actual experiences	262,908	(204,569)	(1,058,838)	475,785	1,409,871
Changes of assumptions	-	1,124,233	(214,977)	414,287	(68,254)
Benefit payments	(1,102,947)	(781,017)	(802,306)	(718,066)	(809,461)
Net change in total pension liability	518,889	6,521,747	(67,899)	2,204,228	2,708,216
Total Pension Liability, beginning	12,964,772	13,483,661	20,005,408	19,937,509	22,141,737
Total Pension Liability, ending (a)	\$ 13,483,661	\$ 20,005,408	\$ 19,937,509	\$ 22,141,737	\$ 24,849,953
Plan Fiduciary Net Position					
Contributions - employer	\$ 525,696	\$ 900,882	\$ 3,847,134	\$ 2,377,935	\$ 1,323,815
Net investment income	1,618,318	467,163	(53,981)	1,728,583	1,492,568
Benefit payments, including refunds of member contributions	(1,102,947)	(781,017)	(802,306)	(718,066)	(809,461)
Administrative expense	(111,083)	(116,756)	(95,257)	(57,183)	(30,441)
Net change in plan fiduciary net position	929,984	470,272	2,895,590	3,331,269	1,976,481
Plan Fiduciary Net Position, beginning	9,255,470	10,185,454	10,655,726	13,551,316	16,882,585
Plan Fiduciary Net Position, ending (b)	\$ 10,185,454	\$ 10,655,726	\$ 13,551,316	\$ 16,882,585	\$ 18,859,066
Net Pension Liability, ending (a) - (b)	\$ 3,298,207	\$ 9,349,682	\$ 6,386,193	\$ 5,259,152	\$ 5,990,887
Net Position as a % of Pension Liability	75.54%	53.26%	67.97%	76.25%	75.89%
Covered Payroll	\$ 5,707,279	\$ 10,235,375	\$ 9,763,381	\$ 9,728,655	\$ 9,631,353
Net Pension Liability as a % of Payroll	57.79%	91.35%	65.41%	54.06%	62.20%

Notes to Schedule:

(1) **Changes of benefit terms:** There have been no significant changes to the pension benefit provisions since the effective date of GASB Statement No. 68.

(2) **Changes in assumptions:** There have been changes to the mortality rates, investment rate of return and projected salary increases

Projected salary increases	3.5%
Investment rate of return	7.0%
Mortality rates	RP-2006 Fully Generational Healthy Mortality Table With Scale MP-2018

(3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available

VIRGINIA PORT AUTHORITY

BLENDED COMPONENT UNIT – VIRGINIA INTERNATIONAL TERMINALS, LLC **DEFINED BENEFIT PLAN** **SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 3,072,285	\$ 2,745,069	\$ 2,277,104	\$ 2,411,564	\$ 4,204,954
Contributions made in relation to the actuarially determined contribution	2,157,789	722,211	1,749,973	2,427,553	4,666,517
Contribution deficiency (excess)	\$ 914,496	\$ 2,022,858	\$ 527,131	\$ (15,989)	\$ (461,563)
Covered payroll	\$ 23,660,725	\$ 17,885,926	\$ 17,178,148	\$ 17,110,666	\$ 16,656,542
Contributions as a % of payroll	9.12%	4.04%	10.19%	14.19%	28.02%

Notes to Schedule:

- (1) Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.
- (2) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal cost method level percent of pay
Amortization method	Level percentage of payroll, closed
Remaining amortization	30 years
Asset valuation method	Fair value
Inflation	2.0%
Projected salary increases	3.5%
Investment rate of return	7.0%
Retirement age	65
Mortality rates	RP-2014 Fully Generational Healthy Mortality Table adjusted to 2006 with MP-2014 and projected with Scale MP-2018
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, VIT will present information for those years for which information is available.
- (4) The valuation at June 30, 2015 represents a short year valuation to conform the reporting of this plan to others within the organization.
- (5) Contributions made by VIT were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

VIRGINIA PORT AUTHORITY

BLENDED COMPONENT UNIT – VIRGINIA INTERNATIONAL TERMINALS, LLC **DEFINED BENEFIT PLAN**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year Ended June 30,				
	2015	2016	2017	2018	2019
Total Pension Liability					
Service cost	\$ 1,351,708	\$ 1,193,213	\$ 1,104,372	\$ 1,082,156	\$ 1,135,258
Interest	6,876,416	7,024,100	6,538,633	6,672,598	6,932,889
Changes of benefit terms	-	(4,941,352)	-	-	-
Differences between expected and actual experiences	(1,829,899)	(3,625,271)	(759,936)	363,493	(297,141)
Changes of assumptions	-	3,429,692	(1,148,235)	70,113	934,670
Benefit payments, including refunds of employee contributions	(4,000,317)	(3,269,754)	(4,417,218)	(4,479,220)	(4,566,807)
Net change in total pension liability	2,397,908	(189,372)	1,317,616	3,709,140	4,138,869
Total Pension Liability, beginning	92,954,125	95,352,033	95,162,661	96,480,277	100,189,417
Total Pension Liability, ending (a)	<u>\$ 95,352,033</u>	<u>\$ 95,162,661</u>	<u>\$ 96,480,277</u>	<u>\$ 100,189,417</u>	<u>\$ 104,328,286</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 1,860,000	\$ 2,880,000	\$ 1,464,372	\$ 2,427,553	\$ 4,666,517
Net investment income (loss)	6,207,582	1,971,743	(321,606)	8,461,795	5,652,665
Benefit payments, including refunds of member contributions	(4,000,317)	(3,269,754)	(4,417,218)	(4,479,220)	(4,566,807)
Administrative expense	-	-	-	(37,248)	(149,665)
Net change in plan fiduciary net position	4,067,265	1,581,989	(3,274,452)	6,372,880	5,602,710
Plan Fiduciary Net Position, beginning	80,640,693	84,707,958	86,289,947	83,015,495	89,388,375
Plan Fiduciary Net Position, ending (b)	<u>\$ 84,707,958</u>	<u>\$ 86,289,947</u>	<u>\$ 83,015,495</u>	<u>\$ 89,388,375</u>	<u>\$ 94,991,085</u>
Net Pension Liability, ending (a) - (b)	<u>\$ 10,644,075</u>	<u>\$ 8,872,714</u>	<u>\$ 13,464,782</u>	<u>\$ 10,801,042</u>	<u>\$ 9,337,201</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.84%	90.68%	86.04%	89.22%	91.05%
Covered Payroll	\$ 23,660,725	\$ 17,885,926	\$ 17,178,148	\$ 17,110,666	\$ 16,656,542
Net Pension Liability as a % of Covered Payroll	44.99%	49.61%	78.38%	63.12%	56.06%

Note to Schedule:

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, VIT will present information for those years for which information is available

VIRGINIA PORT AUTHORITY

BLENDED COMPONENT UNIT – VIRGINIA INTERNATIONAL TERMINALS, LLC **SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT** **BENEFITS LIABILITY AND RELATED RATIOS**

	Fiscal Year Ended June 30,	
	2018	2019
Total OPEB Liability		
Service cost	\$ 20,714	\$ 21,975
Interest	39,418	39,897
Differences between expected and actual experiences	(649)	(428,448)
Changes of assumptions	(43,279)	34,989
Benefit payments	-	(88,498)
Net change in total OPEB liability	16,204	(420,085)
Total OPEB Liability, beginning	1,314,879	1,331,083
Total OPEB Liability, ending	<u>\$ 1,331,083</u>	<u>\$ 910,998</u>
Covered Payroll	\$ 7,956,518	\$ 7,467,816
Total OPEB Liability as a Percentage of Covered Payroll	16.73%	12.20%

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no changes to the benefit terms since the prior actuarial valuation.
- (2) **Changes of assumptions:** Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period presented:

2018	3.0%
2019	2.3%
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, VIT will present information for those years for which information is available



VIRGINIA PORT AUTHORITY

STATISTICAL SECTION

(Unaudited)

The objective of the statistical section is to provide information about the economic conditions within which the Virginia Port Authority operates to enable the user to more fully understand what the information in the financial statements, notes and supplementary information says about the Authority's overall financial condition. Unlike most governmental agencies, the Virginia Port Authority has no taxing authority and relies predominately on funds generated through business services at the Ports. Their economic conditions are unlike a taxing locality, where population demographics directly affect revenue. The Authority is influenced by worldwide economic conditions as opposed to more localized conditions.

Financial Trends

These schedules and graphs contain trend data about how the financial performance and condition of the Authority has changed over time.

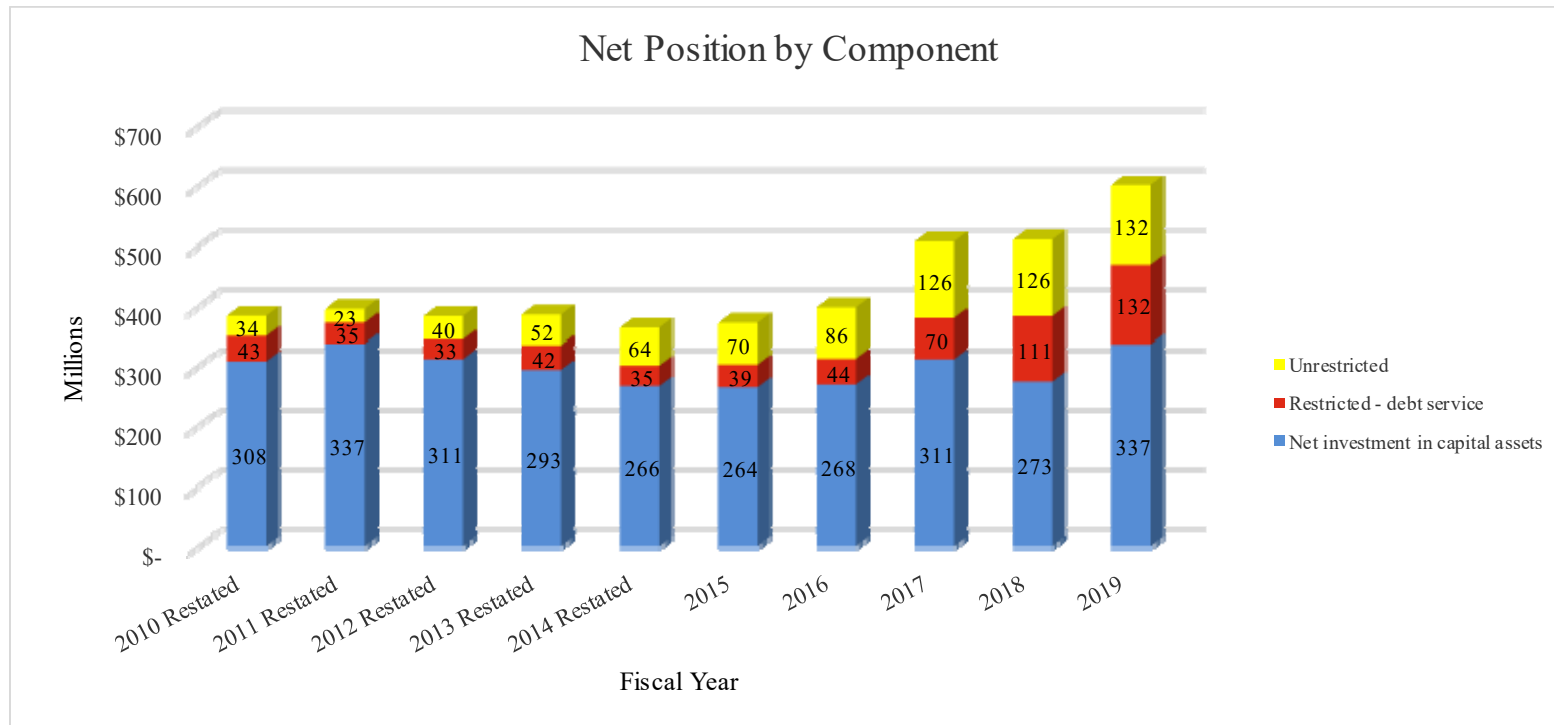
VIRGINIA PORT AUTHORITY

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	Fiscal Year June 30,									
	2010 Restated	2011 Restated	2012 Restated	2013 Restated	2014 Restated	2015	2016	2017	2018	2019
Net Position										
Net investment in capital assets	\$ 307,728,633	\$ 337,480,194	\$ 311,346,910	\$ 293,397,720	\$ 265,717,230	\$ 263,651,206	\$ 268,348,384	\$ 311,479,560	\$ 273,121,342	\$ 336,718,537
Restricted - debt service	42,519,110	35,478,707	33,081,525	41,833,813	34,823,401	38,581,530	44,017,978	69,531,520	111,171,674	132,383,445
Unrestricted	34,215,199	23,416,417	39,831,818	51,568,748	63,855,747	70,270,230	86,251,930	126,102,161	126,089,039	131,911,397
Total net position	\$ 384,462,942	\$ 396,375,318	\$ 384,260,253	\$ 386,800,281	\$ 364,396,378	\$ 372,502,966	\$ 398,618,292	\$ 507,113,241	\$ 510,382,055	\$ 601,013,379

Net Position amounts have been restated to reflect the implementation of GASB Statement No. 68, the restatement of prior years due to the capture of interest costs into capital assets and to conform to current year presentation.



HISTORICAL REVENUE COMPARISONS

These schedules and graphs contain trend data about how the revenue sources of the Authority have changed over time.

VIRGINIA PORT AUTHORITY

HISTORICAL STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

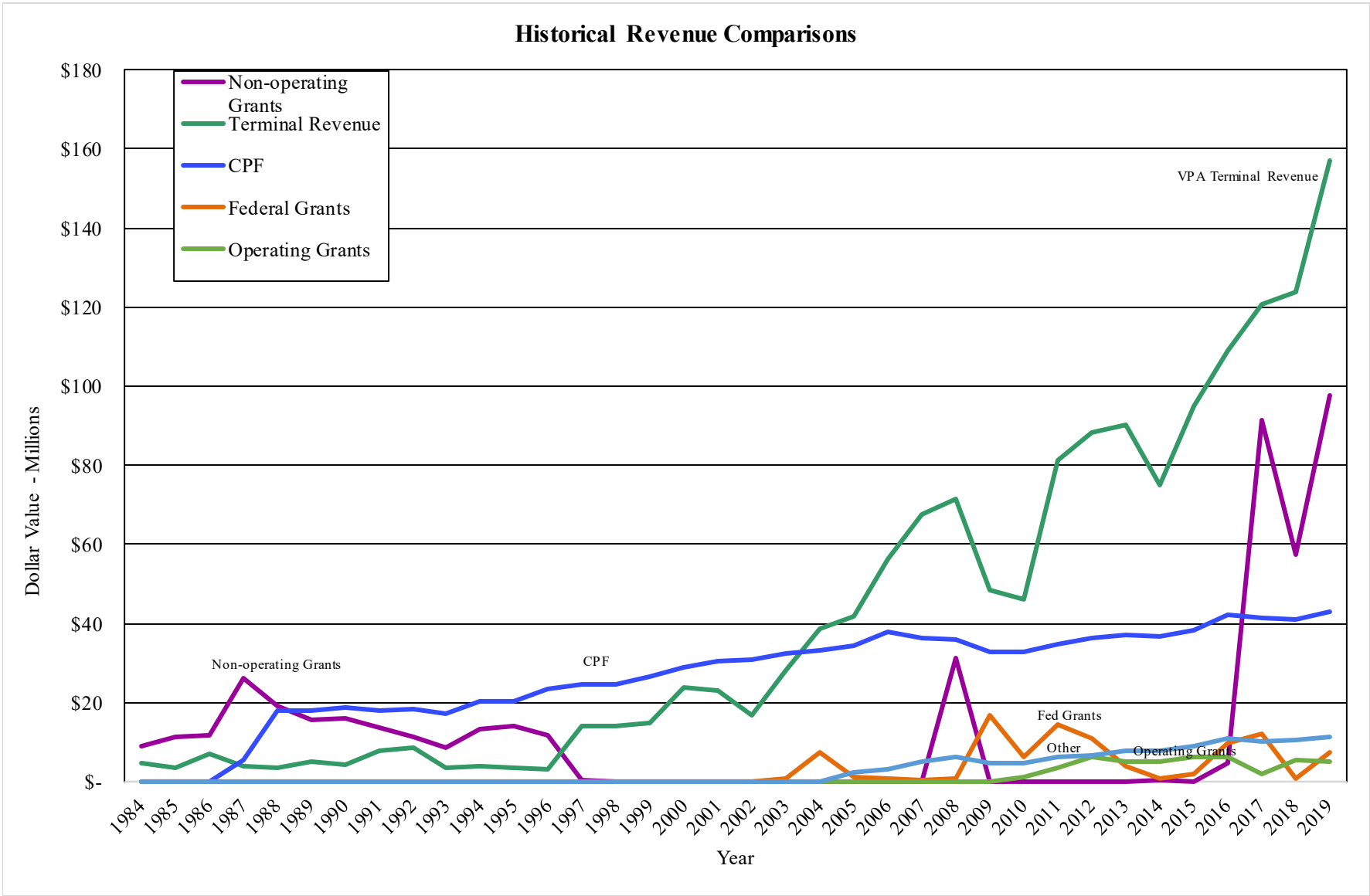
Fiscal Years 2010 through 2019

	Fiscal Year June 30,									
	2010 Restated	2011 Restated	2012 Restated	2013 Restated	2014 Restated	2015	2016	2017	2018	2019
Operating revenues:										
Operating revenues from component unit	\$ 46,184,870	\$ 81,348,960	\$ 88,458,998	\$ 90,272,604	\$ 75,058,836	\$ 94,845,407	\$ 108,847,183	\$ 120,512,239	\$ 123,982,416	\$ 156,859,006
Other revenues	1,030,769	3,596,326	6,283,332	7,970,579	5,192,084	9,147,626	9,339,787	10,102,177	10,438,396	11,186,158
Operating revenues - grants	4,742,848	6,274,000	6,519,292	4,903,439	7,762,729	6,179,493	6,390,908	2,113,617	5,534,057	5,198,170
Total operating revenues	51,958,487	91,219,286	101,261,622	103,146,622	88,013,649	110,172,526	124,577,878	132,728,033	139,954,869	173,243,334
Operating expenses:										
Terminal operations	1,917,506	1,995,005	2,068,666	2,128,546	1,309,688	1,132,625	1,506,749	1,433,126	1,711,635	1,866,413
Terminal maintenance	6,849,226	7,962,089	10,492,515	8,731,182	8,324,365	8,936,463	9,920,219	7,814,171	10,977,028	9,699,913
General and administrative	19,748,554	22,600,035	22,089,260	18,577,038	26,205,663	19,213,457	20,599,900	17,136,465	17,814,823	19,555,772
Facility rental	-	29,740,480	37,063,827	47,229,466	52,479,613	55,679,447	55,618,729	17,429,000	396,370	1,451,058
Depreciation and amortization	43,961,670	46,135,517	44,840,342	44,095,008	43,084,669	42,653,783	44,018,111	70,124,183	79,097,839	79,673,359
Total operating expenses	72,476,956	108,433,126	116,554,610	120,761,240	131,403,998	127,615,775	131,663,708	113,936,945	109,997,695	112,246,515
Operating income (loss)	(20,518,469)	(17,213,840)	(15,292,988)	(17,614,618)	(43,390,349)	(17,443,249)	(7,085,830)	18,791,088	29,957,174	60,996,819
Non-operating revenues (expenses):										
Interest income	578,313	697,221	636,920	482,181	330,581	441,454	652,550	895,675	1,368,375	3,983,383
Interest expense, net of capitalized interest	(15,687,770)	(18,984,951)	(23,070,737)	(20,531,918)	(16,888,384)	(14,160,492)	(18,160,286)	(88,300,075)	(124,969,816)	(124,214,715)
Bond issue costs	(694,650)	(538,986)	(734,427)	(917,063)	(69,000)	(1,024,231)	(489,036)	(2,749,482)	(112,864)	(448,452)
Commonwealth Rail Relocation income (& ARRA)	-	2,014,416	6,375,798	244,424	-	-	-	-	-	-
Commonwealth Rail Relocation expenses	(8,223,576)	(2,272,191)	(6,296,498)	(394,990)	(133,770)	-	-	-	-	-
Revenues from federal government	6,076,191	12,588,643	4,612,432	3,471,137	626,643	740,452	9,653,436	11,988,133	785,515	7,489,797
Revenues (expenses) Commonwealth	(105,427)	(261,468)	(297,267)	(158,628)	306,335	1,324,350	(187,951)	84,461,557	(199,568)	3,093,551
Revenues (expenses) other state proceeds, net	-	-	-	-	-	-	1,690,873	6,990,924	2,956,872	-
Other income (expenses)	7,787	8,996	8,722	-	-	-	2,744	-	6,420	(270,795)
Gain (loss) on disposals	(2,093,785)	88,879	(15,266,083)	708,585	2,652	-	(1,107,131)	(20,574)	(1,768,892)	744,338
Income (loss) before capital contributions and transfers	(40,661,386)	(23,873,281)	(49,324,128)	(34,710,890)	(59,215,292)	(30,121,716)	(15,030,631)	32,057,246	(91,976,784)	(48,626,074)
Capital contributions and transfers:										
Commonwealth Port Fund allocation	32,784,966	34,717,391	36,252,985	37,223,718	36,652,218	38,418,111	42,366,884	41,469,200	41,126,101	43,051,489
Capital contributions (to) from component unit	668,987	1,068,266	956,079	27,200	159,171	(189,807)	(287,700)	22,447,458	710,212	1,488,664
Payments to federal government - channel dredging	-	-	-	-	-	-	(5,722,955)	(755,980)	(851,300)	(2,938,574)
Capital contributions (to) from other state agencies	-	-	-	-	-	-	4,789,728	-	-	-
Proceeds (to) from primary government	-	-	-	-	-	-	-	-	54,260,585	97,655,819
Increase (decrease) in net position	(7,207,433)	11,912,376	(12,115,064)	2,540,028	(22,403,903)	8,106,588	26,115,326	95,217,924	3,268,814	90,631,324
Special item - lease conversion	-	-	-	-	-	-	-	13,277,025	-	-
Increase (decrease) in net position after special item	(7,207,433)	11,912,376	(12,115,064)	2,540,028	(22,403,903)	8,106,588	26,115,326	108,494,949	3,268,814	90,631,324
Net position - beginning of year	391,670,375	384,462,942	396,375,318	384,260,253	386,800,281	364,396,378	372,502,966	398,618,292	507,113,241	510,382,055
Net position - end of year	\$ 384,462,942	\$ 396,375,318	\$ 384,260,253	\$ 386,800,281	\$ 364,396,378	\$ 372,502,966	\$ 398,618,292	\$ 507,113,241	\$ 510,382,055	\$ 601,013,379

Note certain prior year amounts have been reclassified to conform to the presentation depicted in the financial statements presented herein.
The presentation has also been restated for the implementation of GASB 68 and the effect of the prior period adjustment for capitalized interest.

VIRGINIA PORT AUTHORITY

HISTORICAL REVENUE COMPARISONS



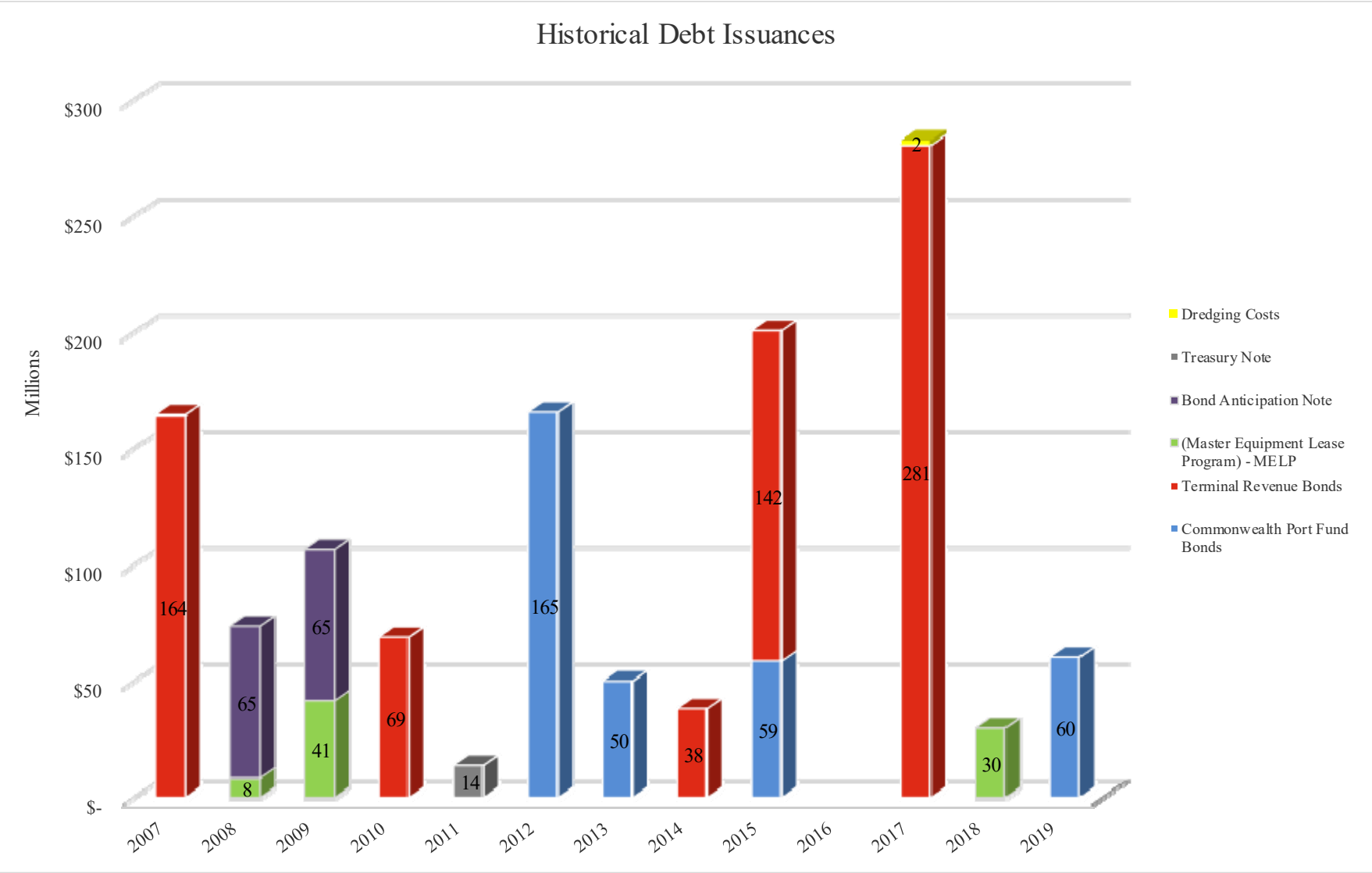
DEBT CAPACITY

These schedules present information about the Authority's ability to pay debt service and their ability to issue debt in the future.

VIRGINIA PORT AUTHORITY

HISTORICAL DEBT ISSUANCES

(Par Value – USD Millions)



**VIRGINIA PORT AUTHORITY
COMMONWEALTH PORT FUND (CPF) REVENUE BONDS¹
DEBT SERVICE PAYMENT REQUIREMENTS**

Fiscal Year Ending June 30,	Issued 1/25/2012			Issued 9/26/2012			Issued 9/26/2012			Issued 6/23/2015			Issued 7/26/2018			Total Bonds Debt Service
	Series 2012			Series 2012-B			Series 2012-C			Series 2015			Series 2018			
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	
2020	\$ 6,835,000	\$ 2,138,591	\$ 8,973,591	\$ 2,855,000	\$ 988,762	\$ 3,843,762	\$ -	\$ 224,150	\$ 224,150	\$ -	\$ 2,934,000	\$ 2,934,000	\$ 395,000	\$ 2,288,461	\$ 2,683,461	\$ 18,658,964
2021	7,005,000	1,959,731	8,964,731	2,900,000	931,722	3,831,722	-	224,150	224,150	-	2,934,000	2,934,000	220,000	2,280,367	2,500,367	18,454,970
2022	7,190,000	1,759,489	8,949,489	2,970,000	865,796	3,835,796	-	224,150	224,150	-	2,934,000	2,934,000	225,000	2,274,046	2,499,046	18,442,481
2023	7,405,000	1,540,848	8,945,848	3,035,000	792,352	3,827,352	-	224,150	224,150	-	2,934,000	2,934,000	235,000	2,267,259	2,502,259	18,433,609
2024	7,625,000	1,304,419	8,929,419	3,115,000	710,979	3,825,979	-	224,150	224,150	-	2,934,000	2,934,000	240,000	2,260,014	2,500,014	18,413,562
2025	7,875,000	1,048,963	8,923,963	3,200,000	621,105	3,821,105	-	224,150	224,150	-	2,934,000	2,934,000	250,000	2,252,294	2,502,294	18,405,512
2026	8,140,000	773,005	8,913,005	3,295,000	521,348	3,816,348	-	224,150	224,150	-	2,934,000	2,934,000	255,000	2,244,086	2,499,086	18,386,589
2027	8,425,000	477,249	8,902,249	3,400,000	412,695	3,812,695	-	224,150	224,150	-	2,934,000	2,934,000	265,000	2,235,374	2,500,374	18,373,468
2028	8,730,000	162,378	8,892,378	3,510,000	297,098	3,807,098	-	224,150	224,150	-	2,934,000	2,934,000	275,000	2,226,125	2,501,125	18,358,751
2029	-	-	-	3,630,000	172,611	3,802,611	-	224,150	224,150	6,250,000	2,777,750	9,027,750	2,845,000	2,171,352	5,016,352	18,070,863
2030	-	-	-	2,930,000	53,853	2,983,853	780,000	212,450	992,450	6,620,000	2,456,000	9,076,000	2,945,000	2,068,062	5,013,062	18,065,365
2031	-	-	-	-	-	-	4,015,000	100,375	4,115,375	6,780,000	2,121,000	8,901,000	3,045,000	1,958,515	5,003,515	18,019,890
2032	-	-	-	-	-	-	-	-	-	7,050,000	1,775,250	8,825,250	7,445,000	1,762,746	9,207,746	18,032,996
2033	-	-	-	-	-	-	-	-	-	-	1,599,000	1,599,000	7,725,000	1,476,605	9,201,605	10,800,605
2034	-	-	-	-	-	-	-	-	-	-	1,599,000	1,599,000	8,015,000	1,175,778	9,190,778	10,789,778
2035	-	-	-	-	-	-	-	-	-	-	1,599,000	1,599,000	8,325,000	859,396	9,184,396	10,783,396
2036	-	-	-	-	-	-	-	-	-	-	1,599,000	1,599,000	8,650,000	526,913	9,176,913	10,775,913
2037	-	-	-	-	-	-	-	-	-	-	1,599,000	1,599,000	8,990,000	178,317	9,168,317	10,767,317
2038	-	-	-	-	-	-	-	-	-	7,420,000	1,413,500	8,833,500	-	-	-	8,833,500
2039	-	-	-	-	-	-	-	-	-	7,790,000	1,033,250	8,823,250	-	-	-	8,823,250
2040	-	-	-	-	-	-	-	-	-	8,180,000	634,000	8,814,000	-	-	-	8,814,000
2041	-	-	-	-	-	-	-	-	-	8,590,000	214,750	8,804,750	-	-	-	8,804,750
	\$ 69,230,000	\$ 11,164,673	\$ 80,394,673	\$ 34,840,000	\$ 6,368,322	\$ 41,208,322	\$ 4,795,000	\$ 2,554,325	\$ 7,349,325	\$ 58,680,000	\$ 46,826,500	\$ 105,506,500	\$ 60,345,000	\$ 32,505,710	\$ 92,850,710	\$ 327,309,529
	7/1/2027			7/1/2029			7/1/2030			7/1/2040			7/1/2036			
	Maturity			Maturity			Maturity			Maturity			Maturity			

¹ The bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the revenues derived from the collection of motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees.

VIRGINIA PORT AUTHORITY

PORT FACILITIES REVENUE BONDS¹ DEBT SERVICE PAYMENT REQUIREMENTS

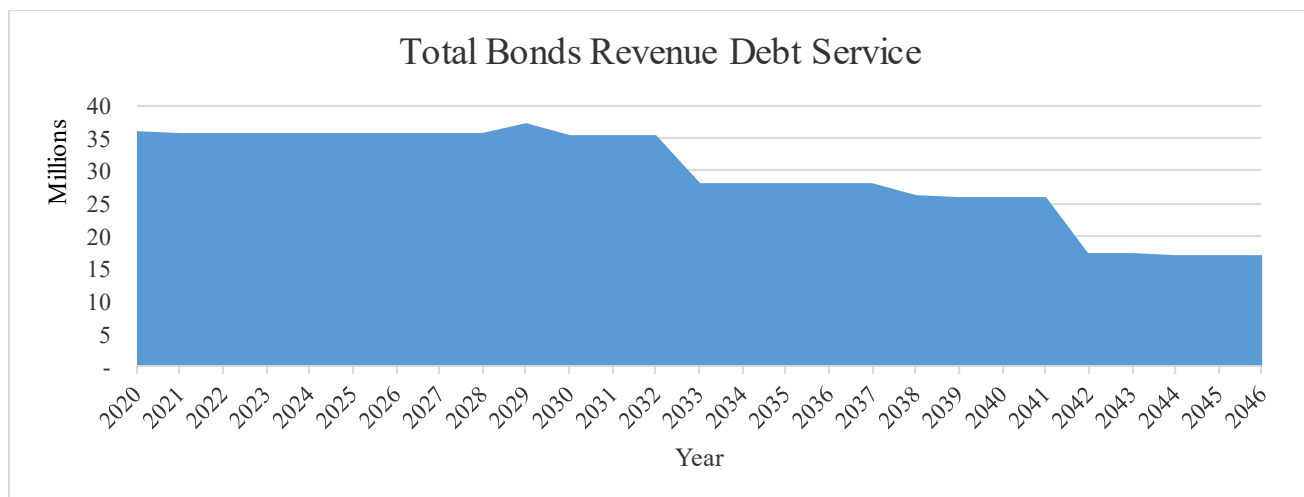
Fiscal Year Ending June 30,	Series 2016A Bonds			Series 2016B Bonds			Series 2016C Bonds			Total Bonds
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service
2020	\$ 1,565,000	\$ 5,836,671	\$ 7,401,671	\$ 1,905,000	\$ 4,823,125	\$ 6,728,125	\$ 2,275,000	\$ 1,032,345	\$ 3,307,345	\$ 17,437,141
2021	1,600,000	5,808,554	7,408,554	2,000,000	4,725,500	6,725,500	2,340,000	957,582	3,297,582	17,431,636
2022	1,630,000	5,775,983	7,405,983	2,105,000	4,622,875	6,727,875	2,415,000	880,551	3,295,551	17,429,409
2023	1,670,000	5,738,687	7,408,687	2,205,000	4,515,125	6,720,125	2,490,000	801,090	3,291,090	17,419,902
2024	1,715,000	5,696,081	7,411,081	2,315,000	4,402,125	6,717,125	2,565,000	719,199	3,284,199	17,412,405
2025	1,765,000	5,649,080	7,414,080	2,430,000	4,283,500	6,713,500	2,645,000	634,797	3,279,797	17,407,377
2026	1,815,000	5,598,339	7,413,339	2,555,000	4,158,875	6,713,875	2,725,000	547,803	3,272,803	17,400,017
2027	1,880,000	5,544,117	7,424,117	2,680,000	4,028,000	6,708,000	2,805,000	458,217	3,263,217	17,395,334
2028	1,930,000	5,485,342	7,415,342	2,815,000	3,890,625	6,705,625	2,900,000	365,796	3,265,796	17,386,763
2029	-	5,454,616	5,454,616	-	3,820,250	3,820,250	9,840,000	159,408	9,999,408	19,274,274
2030	5,305,000	5,361,938	10,666,938	2,955,000	3,746,375	6,701,375	-	-	-	17,368,313
2031	5,490,000	5,170,604	10,660,604	3,105,000	3,594,875	6,699,875	-	-	-	17,360,479
2032	5,685,000	4,966,947	10,651,947	3,260,000	3,435,750	6,695,750	-	-	-	17,347,697
2033	5,895,000	4,737,324	10,632,324	3,425,000	3,268,625	6,693,625	-	-	-	17,325,949
2034	6,145,000	4,482,799	10,627,799	3,595,000	3,093,125	6,688,125	-	-	-	17,315,924
2035	6,405,000	4,217,492	10,622,492	3,775,000	2,908,875	6,683,875	-	-	-	17,306,367
2036	6,675,000	3,940,981	10,615,981	3,965,000	2,715,375	6,680,375	-	-	-	17,296,356
2037	6,960,000	3,652,737	10,612,737	4,160,000	2,512,250	6,672,250	-	-	-	17,284,987
2038	7,255,000	3,343,163	10,598,163	4,365,000	2,299,125	6,664,125	-	-	-	17,262,288
2039	7,580,000	3,011,007	10,591,007	4,585,000	2,075,375	6,660,375	-	-	-	17,251,382
2040	7,920,000	2,663,962	10,583,962	4,815,000	1,840,375	6,655,375	-	-	-	17,239,337
2041	8,270,000	2,301,468	10,571,468	5,060,000	1,593,500	6,653,500	-	-	-	17,224,968
2042	8,640,000	1,922,853	10,562,853	5,310,000	1,334,250	6,644,250	-	-	-	17,207,103
2043	9,030,000	1,527,222	10,557,222	5,575,000	1,062,125	6,637,125	-	-	-	17,194,347
2044	9,435,000	1,113,791	10,548,791	5,855,000	776,375	6,631,375	-	-	-	17,180,166
2045	9,855,000	681,887	10,536,887	6,150,000	476,250	6,626,250	-	-	-	17,163,137
2046	10,300,000	230,617	10,530,617	6,450,000	161,246	6,611,246	-	-	-	17,141,863
	\$ 142,415,000	\$ 109,914,262	\$ 252,329,262	\$ 97,415,000	\$ 80,163,871	\$ 177,578,871	\$ 33,000,000	\$ 6,556,788	\$ 39,556,788	\$ 469,464,921

¹ The bonds are payable from the net revenues of the Authority.

VIRGINIA PORT AUTHORITY

DEBT SERVICE PAYMENT REQUIREMENTS

Fiscal Year Ending June 30,	Commonwealth	Port Facilities	Total Revenue
	Port Fund Revenue Bonds Debt Service	Revenue Bonds Debt Service	Bonds Debt Service
2020	\$ 18,658,964	\$ 17,437,141	\$ 36,096,105
2021	18,454,970	17,431,636	35,886,606
2022	18,442,481	17,429,409	35,871,890
2023	18,433,609	17,419,902	35,853,511
2024	18,413,562	17,412,405	35,825,967
2025	18,405,512	17,407,377	35,812,889
2026	18,386,589	17,400,017	35,786,606
2027	18,373,468	17,395,334	35,768,802
2028	18,358,751	17,386,763	35,745,514
2029	18,070,863	19,274,274	37,345,137
2030	18,065,365	17,368,313	35,433,678
2031	18,019,890	17,360,479	35,380,369
2032	18,032,996	17,347,697	35,380,693
2033	10,800,605	17,325,949	28,126,554
2034	10,789,778	17,315,924	28,105,702
2035	10,783,396	17,306,367	28,089,763
2036	10,775,913	17,296,356	28,072,269
2037	10,767,317	17,284,987	28,052,304
2038	8,833,500	17,262,288	26,095,788
2039	8,823,250	17,251,382	26,074,632
2040	8,814,000	17,239,337	26,053,337
2041	8,804,750	17,224,968	26,029,718
2042	-	17,207,103	17,207,103
2043	-	17,194,347	17,194,347
2044	-	17,180,166	17,180,166
2045	-	17,163,137	17,163,137
2046	-	17,141,863	17,141,863
	<u>\$ 327,309,529</u>	<u>\$ 469,464,921</u>	<u>\$ 796,774,450</u>



VIRGINIA PORT AUTHORITY

RATIO OF OUTSTANDING DEBT¹ BY TYPE TO OPERATING REVENUES

Fiscal Years 2010 through 2019

Fiscal Year Ended June 30,	Port Facilities Revenue Bonds*	Commonwealth Port Fund Revenue Bonds*	Capital Equipment Leases	Other Long- Term Debt*	Short-Term Debt	Total	Ratio - Total Debt to Operating Revenues	Total Business- Type Activities Operating Revenues
2010	\$ 282,295,000	\$ 189,490,000	\$ 71,556,396	\$ -	\$ -	\$ 543,341,396	2.60	\$ 209,258,671
2011	278,420,000	181,605,000	62,494,187	-	13,911,029	536,430,216	1.86	287,727,117
2012	274,360,000	233,540,000	53,121,562	-	-	561,021,562	1.81	310,638,273
2013	270,110,000	230,505,000	43,427,551	-	-	544,042,551	1.54	352,280,131
2014	265,515,000	219,230,000	33,290,174	-	-	518,035,174	1.31	396,668,961
2015	255,360,000	266,280,000	23,790,847	-	-	545,430,847	1.20	456,168,985
2016	251,995,000	254,350,000	17,292,101	-	-	523,637,101	1.15	454,818,531
2017	280,530,000	243,770,000	-	2,158,013	-	526,458,013	1.07	490,834,671
2018	278,395,000	234,420,000	29,937,423	2,158,013	-	544,910,436	1.01	537,045,183
2019	272,830,000	227,890,000	28,439,956	2,111,728	-	531,271,684	0.94	567,620,370

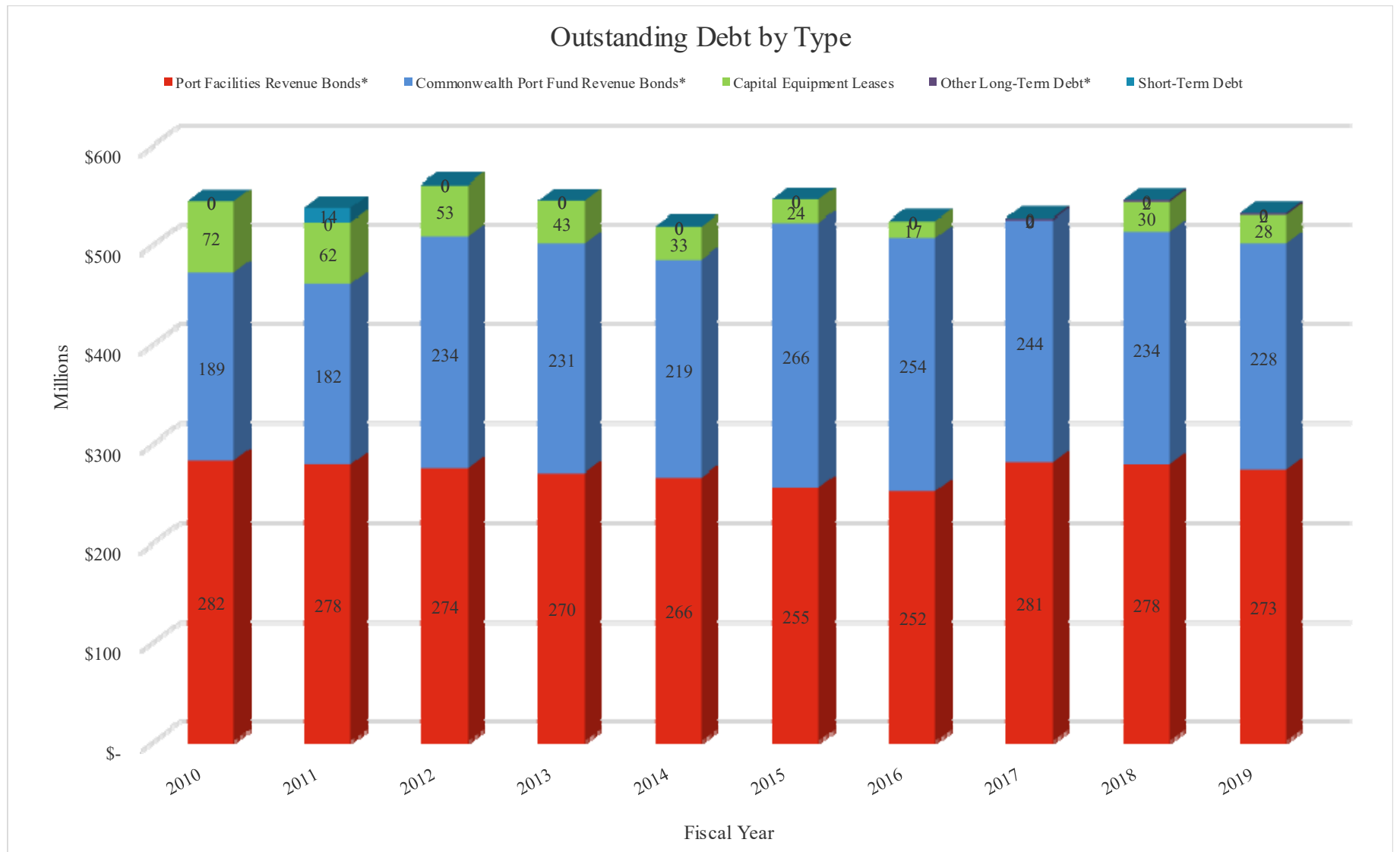
* at par value – does not include premiums or deferred amounts

¹ The above table considers debt in the context of borrowed funds to financial capital needs. Accordingly, the table excludes the amended and restated lease with Virginia International Gateway, Inc.

The Authority has no taxing authority and does not derive its revenues directly from the population of the Commonwealth. There is no direct relationship between the population of the Commonwealth, or its per capita income to the types of debt incurred by the Authority. The above ratio reflects debt as a percentage of combined operating revenues which fluctuate based on local, state, and world-wide economics.

VIRGINIA PORT AUTHORITY

OUTSTANDING DEBT BY TYPE



* at par value – does not include premiums or deferred amounts

** excluding capital lease

**VIRGINIA PORT AUTHORITY
AND VIRGINIA INTERNATIONAL TERMINALS, LLC**

OPERATING RESULTS AND DEBT SERVICE COVERAGE 97-5

CASH BASIS

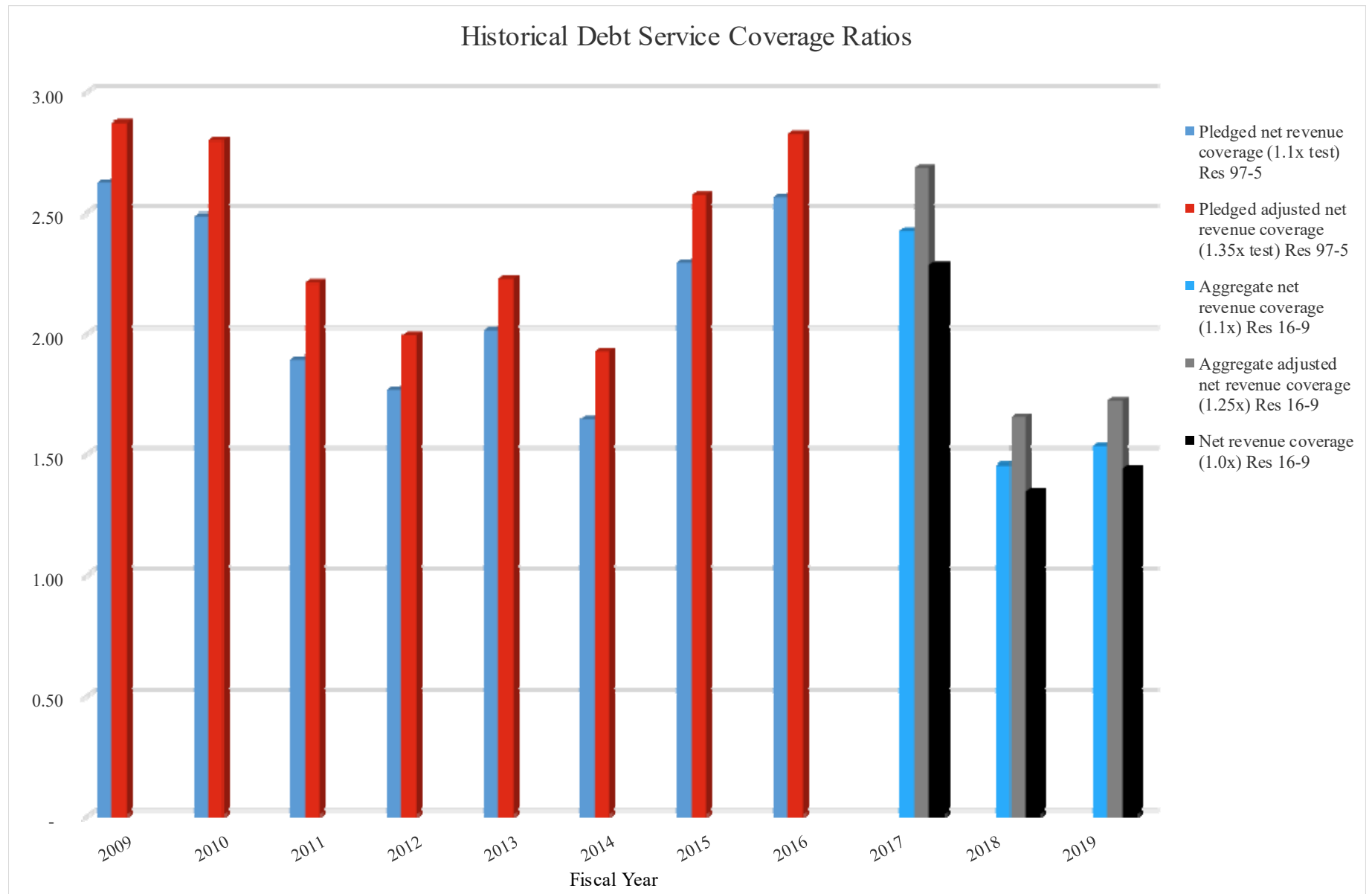
Fiscal Years 2009 through 2016

	Fiscal Year June 30,							
	2009	2010	2011	2012	2013	2014	2015	2016
Virginia International Terminals								
Gross receipts	\$ 213,953,605	\$ 193,786,201	\$ 262,193,694	\$ 285,172,289	\$ 319,328,898	\$ 312,014,454	\$ 356,486,579	\$ 420,225,842
Current expenses	(157,368,268)	(147,306,627)	(178,543,458)	(197,617,574)	(222,110,006)	(223,495,865)	(258,033,599)	(304,119,912)
CE reserve withdrawal (deposit)	-	2,200,000	(900,000)	1,562,000	-	2,595,997	3,450,564	(4,652,679)
Deposits to CEMA	(7,781,079)	(1,815,981)	(3,842,153)	(4,701,389)	(4,635,516)	(9,243,097)	(7,215,154)	(8,689,854)
Capital asset proceeds (expense) credit	-	-	-	385,738	(768,363)	(733,364)	(673,155)	(335,823)
VIT net revenue	\$ 48,804,258	\$ 46,863,593	\$ 78,908,083	\$ 84,801,064	\$ 91,815,013	\$ 81,138,125	\$ 94,015,235	\$ 102,427,574
Virginia Port Authority								
Gross revenues:								
VIT net revenue	\$ 48,804,258	\$ 46,863,593	\$ 78,908,083	\$ 84,801,064	\$ 91,815,013	\$ 81,138,125	\$ 94,015,235	\$ 102,427,574
Other income	4,825,652	9,430,005	6,126,614	6,357,859	8,881,695	6,924,491	7,990,753	25,310,365
Interest income	134,182	44,490	73,737	28,359	98,956	9,066	140,228	5,998
Total VPA gross revenues	53,764,092	56,338,088	85,108,434	91,187,282	100,795,664	88,071,682	102,146,216	127,743,937
Current expenses	(25,071,082)	(22,977,885)	(55,359,088)	(65,269,973)	(70,046,960)	(72,577,974)	(78,801,935)	(93,003,181)
Net revenues	\$ 28,693,010	\$ 33,360,203	\$ 29,749,346	\$ 25,917,309	\$ 30,748,704	\$ 15,493,708	\$ 23,344,281	\$ 34,740,756
CPF for O&M	\$ 3,453,823	\$ 4,440,626	\$ 5,604,072	\$ 4,032,026	\$ 3,704,328	\$ 4,337,882	\$ 3,764,820	\$ 4,408,734
Debt Service Coverage								
Port facilities revenue bonds:								
Net debt service	\$ 13,906,715	\$ 14,174,477	\$ 17,780,512	\$ 17,389,491	\$ 17,571,928	\$ 15,113,582	\$ 13,332,637	\$ 16,984,789
Pledged net revenues	36,474,089	35,176,184	33,591,499	30,618,698	35,384,220	24,736,804	30,559,435	43,430,610
Pledged adjusted net revenues	39,927,912	39,616,810	39,195,571	34,650,724	39,088,547	29,074,686	34,324,255	47,839,344
Pledged net revenue coverage	2.62	2.48	1.89	1.76	2.01	1.64	2.29	2.56
Pledged adjusted net revenue coverage	2.87	2.79	2.20	1.99	2.22	1.92	2.57	2.82

This data will continue to be published until we have ten years of data under Resolution 16-9.

VIRGINIA PORT AUTHORITY

HISTORICAL DEBT SERVICE COVERAGE RATIOS



VIRGINIA PORT AUTHORITY

OPERATING RESULTS AND DEBT SERVICE COVERAGE 16-9

	Fiscal Year June 30,		
	2017	2018	2019
VIRGINIA INTERNATIONAL TERMINALS			
VIT/HRCP II gross receipts	\$ 484,493,992	\$ 550,211,505	\$ 589,669,817
VIT/HRCP II current expenses	(350,770,652)	(421,532,643)	(419,549,635)
VIT liquidity reserve withdrawal (deposit)	(2,542,503)	6,060,609	(10,030,673)
One-time cash transfers HRCP II	5,826,628	-	-
VIT CEMA liquidation	16,061,215	-	-
VIT/HRCP II port operator capital expenditures (A)	(7,579,357)	(11,046,227)	(6,455,721)
VIT/HRCP II payment (per Payment Agreement to VPA)	145,489,323	123,693,244	153,633,788
VIRGINIA PORT AUTHORITY			
Gross revenues:			
VIT/HRCP II payment per Payment Agreement	145,489,323	123,693,244	153,633,788
Other VPA income and interest income	10,036,848	11,185,777	15,052,567
Total gross revenues	155,526,171	134,879,021	168,686,355
Current expenses:			
Terminal expenditures	(26,487,514)	(24,606,069)	(27,837,037)
Operating lease payments	(17,429,000)	(185,000)	(185,000)
Total current expenses	(43,916,514)	(24,791,069)	(28,022,037)
Net revenue (B)	111,609,657	110,087,952	140,664,318
VPA Commonwealth Port Fund used for O & M (P)	7,657,417	8,161,526	9,975,320
VPA Commonwealth Port Fund used for VIG rent (Q)	5,831,000	9,996,000	9,996,000
Revenue stabilization fund balance	29,082,109	39,660,634	39,973,130
25% of revenue stabilization fund balance (D)	7,270,527	9,915,159	9,993,282
Net revenue (B)	111,609,657	110,087,952	140,664,318
Aggregate net revenue (E) (E = B + D - A)	126,459,541	131,049,338	157,113,321
Adjusted net revenue (F) (F = B + P + Q)	125,098,074	128,245,478	160,635,638
Aggregate adjusted net revenue (G) (G = F + D - A)	139,947,958	149,206,864	177,084,641
DEBT SERVICE COVERAGE			
Senior debt service:			
Senior obligations	42,577,887	72,795,077	87,818,263
Series 2016 Bonds principal and interest requirements	9,614,006	17,536,594	17,503,749
Aggregate principal and interest requirements (C)	\$ 52,191,893	\$ 90,331,671	\$ 105,322,012

Debt Service Coverage	Actual 2017	Actual 2018	Actual 2019
Aggregate net revenue coverage (E/C > 1.1x)	2.42	1.45	1.49
Aggregate adjusted net revenue coverage (G/C > 1.25x)	2.68	1.65	1.68
Net revenue coverage ((B-A)/C > 1.0x)	2.28	1.34	1.40



THE PORT OF
VIRGINIA®

THE PORT BY NUMBERS



50'/15.24M CHANNELS
and berths with
Congressional authorization
for 55' deep/16.76m channels



**NEARLY \$1.5 BILLION
OF INVESTMENT**
across our terminals and
channels between 2014-2024



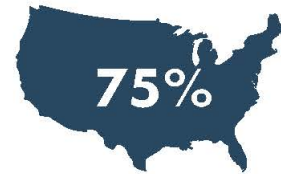
**TWO CLASS I ON-DOCK
RAILROADS: NS & CSX**
VIG has doubled the existing
on-dock, double-stack rail
capacity and added four new,
highly efficient cranes.



**80% OF ALL TRUCK
MOVES IN 2019**
were done in under 60 minutes.



**CHICAGO RAIL TRANSIT
IN 47 HOURS**



**75% OF THE U.S.
POPULATION**
lives within a two-day drive.



18 NAUTICAL MILES
to open sea



**ASIA SERVICE OFFERINGS
FROM BOTH PANAMA
AND SUEZ CANAL**



**29 INTERNATIONAL
SHIPPING LINE SERVICES**
offer direct access to more than
89 foreign ports

The Port of Virginia™ and the ship-design logo are service marks owned and used by Virginia Port Authority, and are used by Virginia International Terminals, LLC under license.

THE PORT BY NUMBERS



MORE THAN 3,000 ACRES/1,214 HECTARES
of land are available for development within close proximity



218 PORT-RELATED ECONOMIC DEVELOPMENT
announcements between fiscal year 2014-2019



THE PORT IS A GRANTEE OF FOREIGN TRADE ZONE #20 which provides benefits to companies that locate in FTZs.



INTERCONTINENTAL COFFEE EXCHANGE (ICE)
certified port with three roasters and several exchange-certified warehouses located within 25 miles of the port.



BARGE CAPACITY WITH 40-PLUG POWER UNIT
The Richmond Express Barge links the port's terminals in the Norfolk Harbor to Richmond Marine Terminal.



2,099 REEFER PLUG CAPACITY AT VIG & NIT
When the expansion is complete there will be over 1,000 plugs at each terminal-doubling our reefer capacity.



19,590 PORT RELATED JOBS
created between 2014-2019



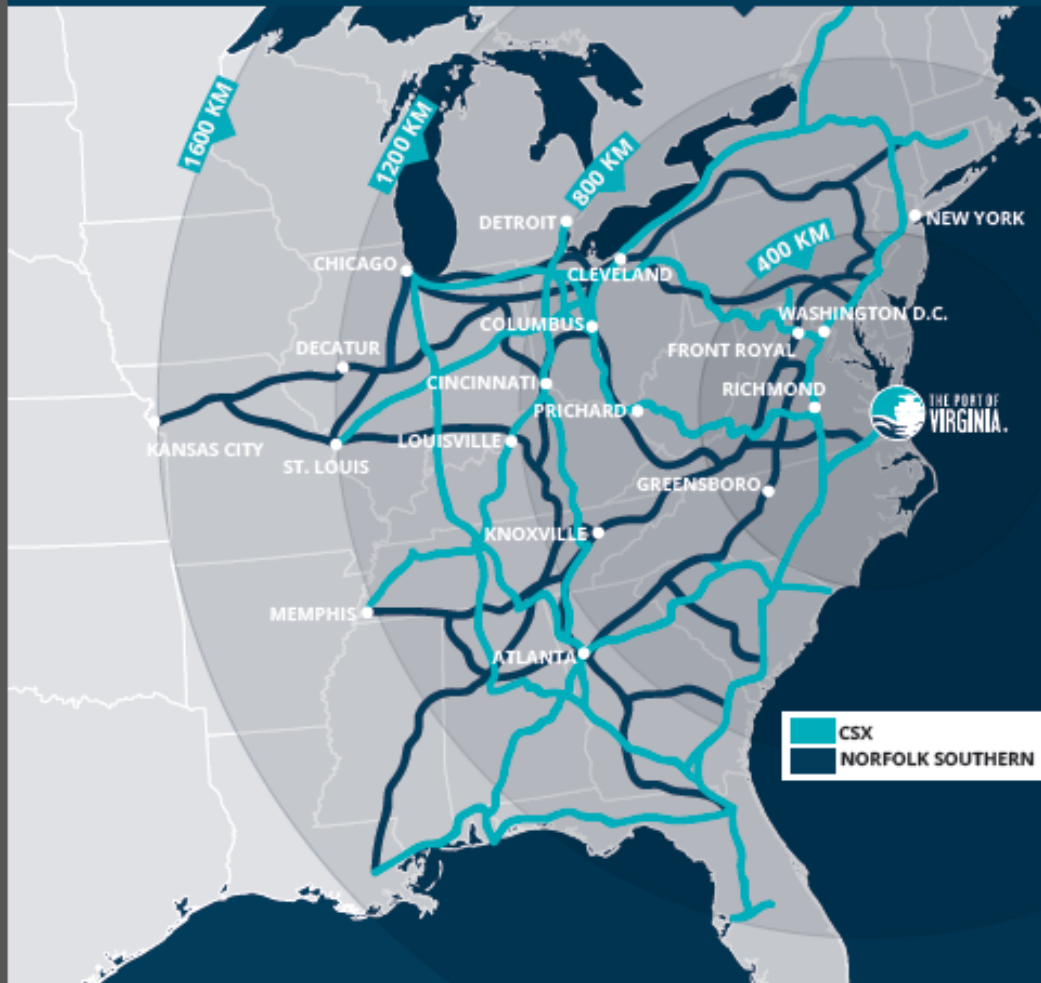
SEVEN OF THE TOP 10 LARGEST REFRIGERATED
warehouses have facilities in Virginia.



\$6,594,702,950 INVESTED
in Virginia by port-customers between 2014-2019

Demographic and Economic Information -these schedules give economic information regarding the environment in which the Authority operates.

THE PORT OF VIRGINIA RAIL CONNECTIVITY



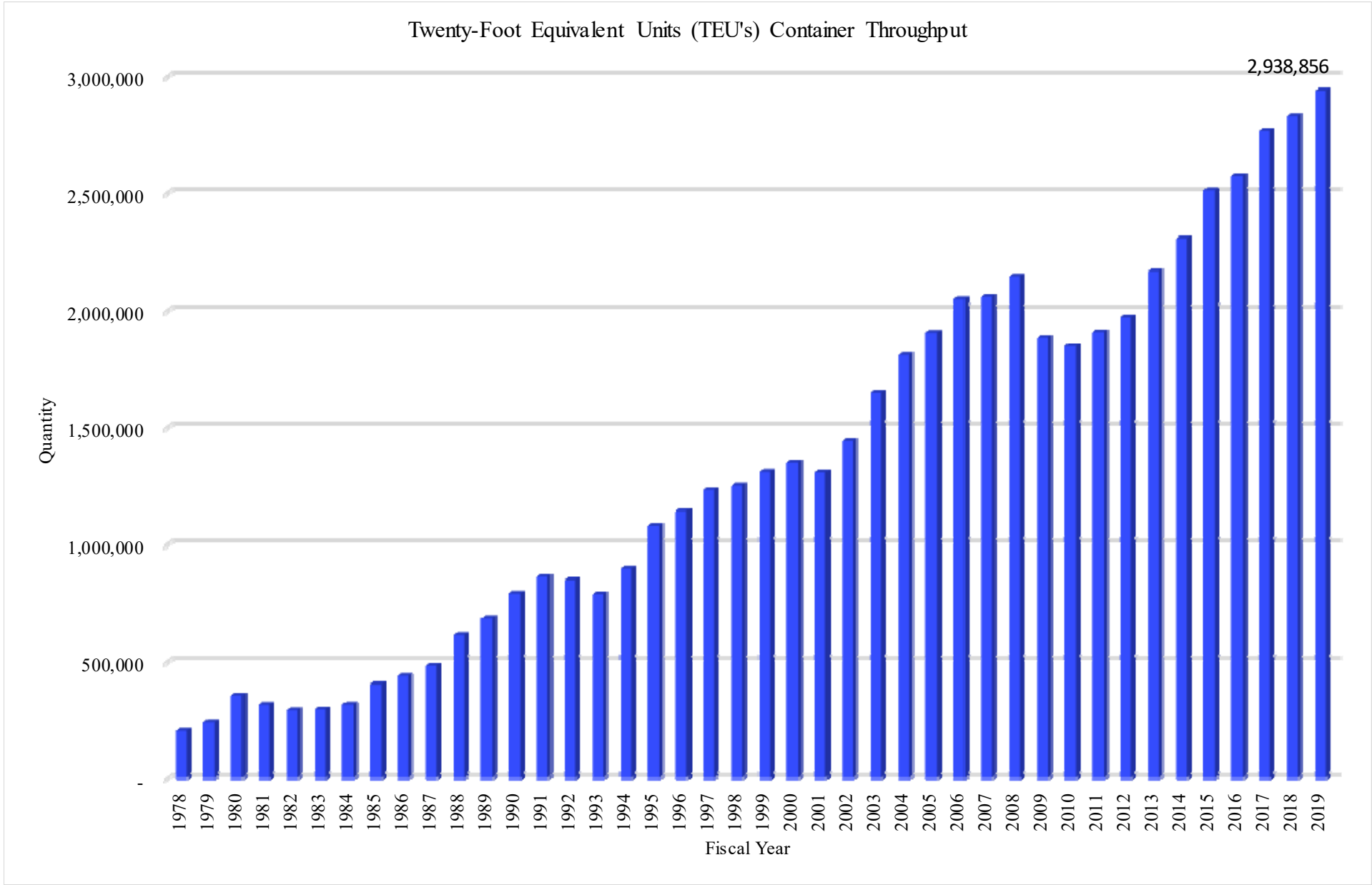
THE PORT OF VIRGINIA TERMINAL LOCATIONS



600 World Trade Center, Norfolk, VA 23510 • 757-683-8000 • 800-446-8098

VIRGINIA PORT AUTHORITY

TWENTY-FOOT EQUIVALENT (TEU'S) CONTAINER THROUGHPUT





Hampton Roads Harbor

Calendar Year 2018 Trade Overview

TOTAL	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	69,416.60	62,973.76
General Cargo	21,974.86	19,935.27
Container Cargo	21,785.43	19,763.42
Breakbulk Cargo*	189.43	171.85
Container Units	1,612,886	
TEUs	2,855,904	
Total Cargo Dollar Value (Millions)	\$73,796.64	

EXPORT	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	57,111.38	51,810.63
General Cargo	10,741.30	9,744.34
Container Cargo	10,705.58	9,711.94
Breakbulk Cargo	35.71	32.40
Container Units	844,247	
TEUs	1,505,835	
Total Cargo Dollar Value (Millions)	\$24,582.79	

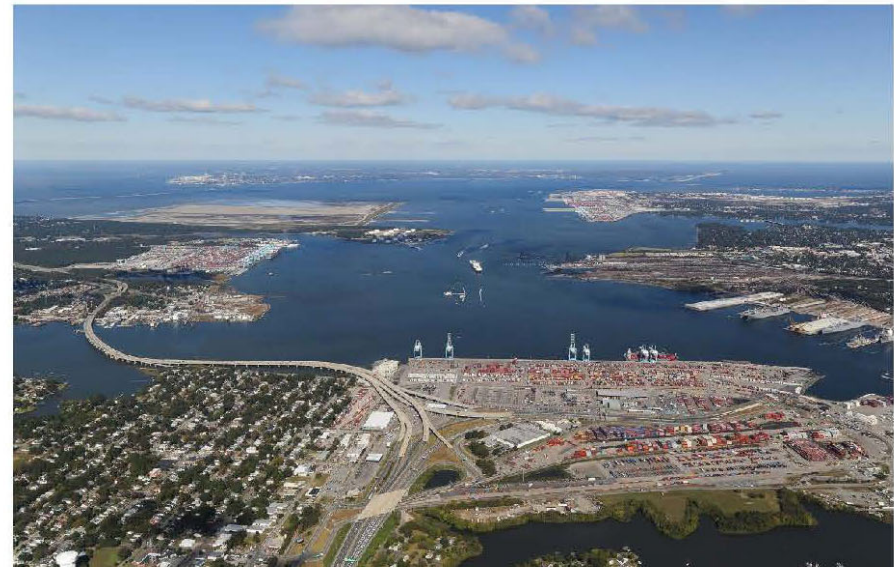
IMPORT	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	12,305.23	11,163.13
General Cargo	11,233.57	10,190.92
Container Cargo	11,079.85	10,051.47
Breakbulk Cargo	153.72	139.45
Container Units	768,639	
TEUs	1,350,069	
Total Cargo Dollar Value (Millions)	\$49,213.85	

Vessel Calls 2,570

Coal Loadings* Short
Tons (Thousands) 43,075.01

*Coal loadings and breakbulk cargo include international and domestic shipments

US East Coast Port	TEUs	East Coast Market Share
New York/New Jersey	7,179,792	32.4%
Savannah	4,351,919	19.6%
The Port of Virginia	2,855,911	12.9%
Charleston	2,316,256	10.5%
Jacksonville	1,288,091	5.8%
Port Everglades	1,111,193	5.0%
Miami	1,085,323	4.9%
Baltimore	1,023,161	4.6%
Philadelphia	626,036	2.8%
Wilmington (NC)	324,212	1.5%



Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, AAPA, The Port of Virginia

Note: The list of Port Facilities included in this report is summarized on the last page of this report

Compiled by The Port of Virginia, Strategic Planning & Analytics



Calendar Year 2018 Total Cargo in Thousands of Short Tons

Top 10 Trading Partners

Exports		Imports	
1 Netherlands	6,329.52	1 China	2,828.51
2 India	5,701.60	2 Germany	992.24
3 Brazil	5,529.29	3 India	916.73
4 Ukraine	3,805.79	4 Brazil	677.98
5 Italy	3,467.86	5 Italy	577.97
6 China	3,303.16	6 Turkey	472.45
7 Morocco	3,091.35	7 France	419.38
8 United Kingdom	2,896.20	8 Vietnam	396.62
9 Turkey	2,719.89	9 Spain	342.54
10 Japan	1,990.67	10 Netherlands	292.95

Top 10 Commodities

Exports		Imports	
1 Mineral Fuels, Mineral Oils	42,150.67	1 Nuclear Reactors, Boilers, Machinery	1,072.22
2 Oil Seeds	3,233.89	2 Salt; Sulfur; Earths And Stone	976.44
3 Wood	2,680.44	3 Furniture And Bedding	922.90
4 Residues	1,911.69	4 Plastics	777.19
5 Woodpulp, Etc.	1,634.35	5 Beverages, Spirits And Vinegar	548.07
6 Plastics	563.54	6 Vehicles, Other Than Railway	505.43
7 Iron And Steel	392.03	7 Iron Or Steel	483.48
8 Animal Or Vegetable Fats Ar	343.81	8 Rubber	438.37
9 Paper And Paperboard	328.00	9 Electrical Machinery	435.68
10 Cereals	307.00	10 Wood	430.98

Trade Lanes

	Export	Import
Africa	4,513.95	171.75
Asia, Northeast	7,007.49	3,366.74
Asia, Southeast	2,871.71	1,005.32
Caribbean	334.66	186.16
Central America	246.98	39.01
Europe, North	18,679.88	3,353.81
India & Others	6,169.42	1,012.38
Mediterranean	9,722.60	1,673.97
Middle East	663.84	123.35
North America	525.15	103.06
Oceania	87.49	20.26
South America	6,288.20	1,249.41

Top U.S. Ports

1 Houston, TX	201,540.17
2 New Orleans, LA	127,643.30
3 Los Angeles, CA	80,378.41
4 Gramercy, LA	80,219.06
5 The Port of Virginia, VA	69,416.60
6 Newark, NJ	67,709.56
7 Corpus Christi, TX	66,840.67
8 Long Beach, CA	53,709.45
9 Port Arthur, TX	52,920.43
10 Lake Charles, LA	44,050.52

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, The Port of Virginia

Note: The list of Port Facilities included in this report is summarized on the last page of this report

Compiled by The Port of Virginia, Strategic Planning & Analytics



Calendar Year 2018 Total Cargo in Thousands of Metric Tons

Top 10 Trading Partners

Exports		Imports	
1 Netherlands	5,742.05	1 China	2,565.98
2 India	5,172.41	2 Germany	900.15
3 Brazil	5,016.10	3 India	831.64
4 Ukraine	3,452.56	4 Brazil	615.05
5 Italy	3,146.00	5 Italy	524.33
6 China	2,996.58	6 Turkey	428.60
7 Morocco	2,804.43	7 France	380.46
8 United Kingdom	2,627.39	8 Vietnam	359.81
9 Turkey	2,467.45	9 Spain	310.75
10 Japan	1,805.90	10 Netherlands	265.76

Top 10 Commodities

Exports		Imports	
1 Mineral Fuels, Mineral Oils	38,238.49	1 Nuclear Reactors, Boilers, Machinery	972.70
2 Oil Seeds	2,933.74	2 Salt, Sulfur, Earths And Stone	885.81
3 Wood	2,431.66	3 Furniture And Bedding	837.24
4 Residues	1,734.26	4 Plastics	705.05
5 Woodpulp, Etc.	1,482.66	5 Beverages, Spirits And Vinegar	497.20
6 Plastics	511.24	6 Vehicles, Other Than Railway	458.52
7 Iron And Steel	355.64	7 Iron Or Steel	438.61
8 Animal Or Vegetable Fats And	311.90	8 Rubber	397.68
9 Paper And Paperboard	297.56	9 Electrical Machinery	395.24
10 Cereals	278.51	10 Wood	390.97

Trade Lanes

	Export	Import
Africa	4,094.99	155.81
Asia, Northeast	6,357.10	3,054.26
Asia, Southeast	2,605.18	912.01
Caribbean	303.60	168.88
Central America	224.06	35.39
Europe, North	16,946.12	3,042.52
India & Others	5,596.81	918.42
Mediterranean	8,820.20	1,518.60
Middle East	602.23	111.91
North America	476.41	93.50
Oceania	79.37	18.38
South America	5,704.57	1,133.45

Top U.S. Ports

1 Houston, TX	182,834.39
2 New Orleans, LA	115,796.19
3 Los Angeles, CA	72,918.16
4 Gramercy, LA	72,773.59
5 The Port of Virginia, VA	62,973.76
6 Newark, NJ	61,425.15
7 Corpus Christi, TX	60,636.90
8 Long Beach, CA	48,724.45
9 Port Arthur, TX	48,008.67
10 Lake Charles, LA	39,962.01

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, The Port of Virginia

Note: The list of Port Facilities included in this report is summarized on the last page of this report

Compiled by The Port of Virginia, Strategic Planning & Analytics



Calendar Year 2018 Total Cargo in Millions of U.S. Dollars

Top 10 Trading Partners

Exports		Imports	
1 China	\$2,220.00	1 China	\$11,704.02
2 Belgium	\$1,724.66	2 Germany	\$7,258.94
3 Netherlands	\$1,379.02	3 India	\$3,389.15
4 United Kingdom	\$1,352.87	4 Italy	\$2,812.30
5 Germany	\$1,318.61	5 Japan	\$1,932.86
6 Japan	\$1,168.15	6 France	\$1,611.54
7 India	\$1,051.77	7 Vietnam	\$1,471.29
8 Spain	\$981.08	8 Brazil	\$1,462.27
9 Brazil	\$976.10	9 Malaysia	\$1,395.29
10 Austria	\$854.62	10 United Kingdom	\$1,383.15

Top 10 Commodities

Exports		Imports	
1 Nuclear Reactors, Boilers, Machinery	\$2,793.07	1 Nuclear Reactors, Boilers, Machinery	\$10,859.15
2 Pharmaceutical Products	\$2,227.98	2 Electrical Machinery	\$3,759.53
3 Plastics	\$1,899.02	3 Pharmaceutical Products	\$3,338.43
4 Oil Seeds	\$1,164.84	4 Vehicles, Other Than Railway	\$2,980.87
5 Organic Chemicals	\$1,004.99	5 Furniture And Bedding	\$2,866.54
6 Wood	\$985.92	6 Plastics	\$2,357.44
7 Vehicles, Other Than Railway	\$977.29	7 Organic Chemicals	\$1,581.04
8 Miscellaneous Chemical Products	\$947.81	8 Toys, Games And Sports Equipment	\$1,521.53
9 Electrical Machinery	\$811.61	9 Iron Or Steel	\$1,272.65
10 Tobacco	\$799.75	10 Beverages, Spirits And Vinegar	\$1,193.54

Trade Lanes

	Export	Import
Africa	\$1,367.04	\$528.24
Asia, Northeast	\$4,667.51	\$14,889.24
Asia, Southeast	\$2,148.52	\$4,812.15
Caribbean	\$190.58	\$50.88
Central AM	\$285.59	\$126.21
Europe, North	\$8,953.31	\$16,997.54
India & Others	\$1,406.04	\$3,936.91
Mediterranean	\$2,010.58	\$5,136.61
Middle East	\$1,376.87	\$588.62
North America	\$106.06	\$60.47
Oceania	\$255.02	\$61.20
South America	\$1,680.18	\$2,025.77

Top U.S. Ports

1 Los Angeles, CA	\$297,048.05
2 Newark, NJ	\$163,159.03
3 Houston, TX	\$159,249.41
4 Long Beach, CA	\$109,166.02
5 Savannah, GA	\$101,191.05
6 The Port of Virginia, VA	\$73,661.15
7 Charleston, SC	\$72,681.85
8 Baltimore, MD	\$59,645.86
9 New Orleans, LA	\$53,370.83
10 Oakland, CA	\$49,203.36

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, The Port of Virginia

Note: The list of Port Facilities included in this report is summarized on the last page of this report

Compiled by The Port of Virginia, Strategic Planning & Analytics

General Cargo Terminals

Lambert's Point Docks, Inc.

The Port of Virginia

Coal Terminals

Dominion Terminal Associates

Kinder Morgan Bulk Terminals - Pier IX

Norfolk Southern Corporation - Coal Pier 6

Refrigerated Facilities

Lineage RCS Norfolk (formerly IRPS)

Dry Bulk and Grain Handling Facilities

Kinder Morgan Money Point

Kinder Morgan Terminals - Elizabeth River Terminals, LLC

Perdue Agribusiness LLC

TransMontaigne Dry Bulk

Oil Storage and Handling Facilities

BKEP Materials, LLC

IMTT - Virginia

Marine Oil Service, Inc.

Norfolk Oil Transit, Inc.

PAPCO, Inc.

TransMontaigne, Inc.

VIRGINIA PORT AUTHORITY

OTHER OPERATIONAL INFORMATION

These schedules present information about the Authority's service and infrastructure.

Type	VPA Employee Base by Classification									
	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sworn Officers/Security Personnel/ Safety	82	81	49	42	39	47	51	50	49	54
Marketing/Economic Development Personnel	6	8	9	13	18	25	17	18	19	19
Port Promotions Personnel	5	6	5	2	-	-	-	-	-	-
Strategic Planning, Engineering & Acquisition Personnel	8	8	7	7	8	8	24	27	23	40
Information Technology Personnel	-	-	-	-	-	-	41	41	39	34
Administrative Personnel	23	23	22	17	18	56	63	67	70	73
Agency Totals	124	126	92	81	83	136	196	203	200	220

VIRGINIA PORT AUTHORITY SOURCE AND USE DATA Fiscal Year Ended June 30, 2019

Operating revenues	\$ 173,243,334	52%	Operating expenses	\$ 112,246,515	47%
Non-operating revenues	<u>157,507,041</u>	48%	Non-operating expenses	<u>127,872,536</u>	53%
Total revenues	<u>\$ 330,750,375</u>		Total expenses	<u>\$ 240,119,051</u>	

The Virginia Port Authority has several revenue sources including operating revenues from component unit, other revenues (primarily security surcharges), and operating grants as operational sources. Capital transfers and non-operating revenues include Commonwealth Port Fund allocations, Capital Grants, Primary Government Transfers and Other State Agency transfers.

Of the operating revenues, \$157 million or 90.5% are operating transfers from the net cash flows of Virginia International Terminals. Their tariff rates are published at http://www.portofvirginia.com/tools/schedule_of_rates/. Currently 65.7% of all revenues are based on unit rate contracts which are proprietary, but lock shiplines and alliances into long-term contracts with our ports. The remaining revenues are billed at tariff rates or via specific quotes.

VIRGINIA PORT AUTHORITY

CAPITAL ASSETS¹

Fiscal Years 2010 through 2019

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Terminals Operated (total)	4	5	6	6	6	6	6	6	6	6
Owned	4	4	4	4	4	4	4	4	4	4
Leased	-	1	2	2	2	2	2	2	2	2
Land (acres)	1,235	1,509	1,630	1,630	1,592	1,592	1,592	1,592	1,592	1,592
Berth/Wharf (linear feet)	13,385	18,500	20,084	20,084	18,439	18,439	17,955	17,935	17,935	18,736
Rail Track (linear feet)	169,940	187,457	187,457	187,457	177,020	177,020	184,795	204,607	204,607	208,495
On-Terminal Warehouse (sq. ft.)	1,934,471	2,223,000	2,523,105	2,523,105	2,614,105	2,614,105	2,698,000	2,638,105	2,638,105	2,017,305
Net Book Value of Capital Assets	\$ 813,348,001	\$ 835,675,055	\$ 809,568,255	\$ 775,509,338	\$ 770,413,713	\$ 756,658,762	\$ 753,053,195	\$ 912,374,872	\$ 967,088,783	\$1,089,777,180
Construction in process	124,321,372	160,044,340	112,808,246	110,378,281	131,136,358	108,312,870	122,437,149	195,487,725	291,098,822	311,683,859
Land	97,424,839	100,122,410	105,611,558	105,727,987	105,539,821	105,539,821	102,749,147	103,936,099	103,936,097	103,936,097
Buildings and infrastructure	636,890,510	643,180,345	715,700,049	715,771,832	723,745,918	765,087,023	780,966,061	851,512,977	857,600,994	935,250,075
Equipment	314,998,702	326,148,220	269,181,526	280,120,829	288,455,554	298,791,643	304,165,331	370,713,726	370,798,153	448,463,600
Depreciation (accumulated)	(360,287,422)	(393,820,260)	(393,733,124)	(436,489,590)	(478,463,938)	(521,072,595)	(557,264,493)	(609,275,655)	(656,345,283)	(709,556,451)

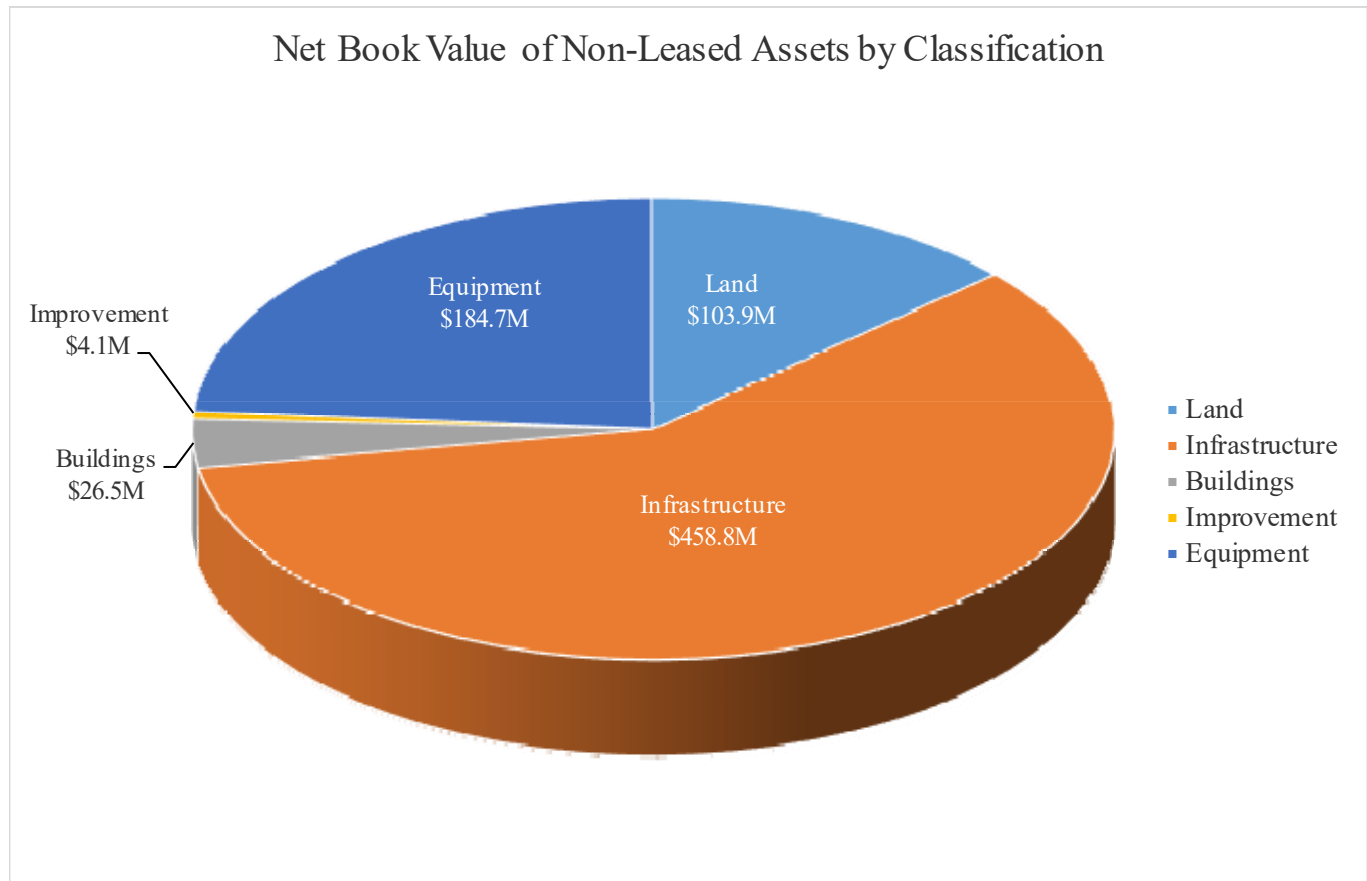


¹ Excludes the net book value of the amended and restated lease with Virginia International Gateway, Inc., which is recorded in the statement of net position as a capital lease.

VIRGINIA PORT AUTHORITY

OPERATING ASSETS

In conjunction with its mission to stimulate commerce through the ports of the Commonwealth, the Virginia Port Authority is responsible for the maintenance of and improvements to the Commonwealth's port facilities. Seventy-two percent (72%) of the Authority's assets are land and infrastructure such as wharfs, piers, container storage yard, etc. Container handling equipment is also a major operating asset at the port representing twenty-four percent (24%) of net assets. Container handling equipment consists primarily of cranes, straddle carriers, shuttle carriers and other freight handling equipment. The Authority's remaining asset classifications are buildings (3%) and improvements (1%).



This chart excludes Construction in Progress (\$312M) as these assets are not currently used in operations.

VIRGINIA PORT AUTHORITY

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION Fiscal Years 2010 through 2019

	Fiscal Year June 30,									
	2010 Restated ⁽¹⁾	2011 Restated ⁽¹⁾	2012 Restated ⁽¹⁾	2013 Restated ⁽¹⁾	2014 Restated ⁽¹⁾	2015	2016	2017 Restated ⁽¹⁾	2018	2019
Operating revenues:										
Terminal operating revenues	\$ 203,485,054	\$ 277,856,791	\$ 297,835,649	\$ 339,460,135	\$ 383,714,148	\$ 440,841,866	\$ 439,087,836	\$ 478,618,874	\$ 521,072,730	\$ 551,236,042
Other revenues	4,742,848	6,274,000	6,519,292	7,970,579	7,762,729	9,147,626	9,339,787	10,102,177	10,438,396	11,186,158
Operating revenues - grants	1,030,769	3,596,326	6,283,332	4,903,439	5,192,084	6,179,493	6,390,908	2,113,617	5,534,057	5,198,170
Total operating revenues	209,258,671	287,727,117	310,638,273	352,334,153	396,668,961	456,168,985	454,818,531	490,834,668	537,045,183	567,620,370
Operating expenses:										
Terminal operations	91,215,794	121,983,405	128,782,659	153,682,077	176,243,834	198,126,233	191,655,822	206,558,839	235,033,730	238,738,696
Terminal maintenance	44,018,197	54,745,598	54,936,881	70,958,589	92,160,744	92,737,533	95,361,699	99,886,973	110,010,769	114,374,281
General and administrative	43,951,276	47,905,140	51,903,912	43,556,452	46,063,032	49,318,501	59,703,412	59,142,469	60,561,208	65,086,296
Facility rental	-	32,538,640	37,063,827	47,229,466	52,479,613	55,679,447	55,618,729	17,429,000	396,370	1,451,058
Depreciation and amortization	48,710,646	50,630,851	49,271,899	47,979,055	46,612,042	46,693,840	47,723,393	74,405,644	84,271,174	86,939,592
Total operating expenses	227,895,913	307,803,634	321,959,178	363,405,639	413,559,265	442,555,554	450,063,055	457,422,925	490,273,251	506,589,923
Operating income (loss)	(18,637,242)	(20,076,517)	(11,320,905)	(11,071,486)	(16,890,304)	13,613,431	4,755,476	33,411,743	46,771,932	61,030,447
Non-operating revenues (expenses):										
Interest income	1,507,788	1,181,739	1,510,827	333,654	555,518	459,132	722,930	898,381	1,368,375	4,239,748
Interest expense, net of capitalized interest	(15,687,770)	(18,984,951)	(23,070,738)	(20,531,918)	(16,888,384)	(14,160,492)	(18,160,286)	(88,300,075)	(124,993,839)	(124,214,715)
Bond issue costs	(694,650)	(538,986)	(734,427)	(917,063)	(69,000)	(1,024,231)	(489,036)	(2,749,482)	(112,864)	(448,452)
Revenues (expenses) VEDP, net	-	-	-	-	-	-	1,690,873	6,990,924	2,956,872	-
Commonwealth Rail Relocation income (& ARRA)	-	2,014,416	6,375,798	244,424	-	-	-	-	-	-
Commonwealth Rail Relocation expenses	(8,223,576)	(2,272,191)	(6,296,498)	(394,990)	(133,770)	-	-	-	-	-
Revenues from federal government	6,076,191	12,588,643	4,612,432	3,471,137	626,643	740,452	9,653,436	11,988,133	785,515	7,489,797
Revenues (expenses) Commonwealth	(105,427)	(261,468)	(297,267)	(158,628)	306,335	1,324,350	(187,951)	84,461,557	(199,568)	3,093,551
Other income (expenses)	7,787	8,996	8,722	-	-	-	2,744	-	6,420	(270,795)
Gain (loss) on disposals	(2,093,785)	88,879	(15,266,083)	708,585	2,652	-	(1,107,131)	(20,574)	(1,768,892)	744,338
Income (loss) before capital contributions and transfers	(37,850,684)	(26,251,440)	(44,478,139)	(28,316,285)	(32,490,310)	952,642	(3,118,945)	46,680,607	(75,186,049)	(48,336,081)
Capital contributions and transfers:										
Commonwealth Port Fund allocation	32,784,966	34,717,391	36,252,985	37,223,718	36,652,218	38,418,111	42,366,884	41,469,200	41,126,101	43,051,489
Capital contributions (to) from component unit	-	-	-	-	11,000	2,665,000	-	-	-	-
Payments to federal government - channel dredging	-	-	-	-	-	-	(5,722,955)	(755,980)	(851,300)	(2,938,574)
Revenues (expenses) from primary government	-	-	-	-	-	-	-	-	54,260,585	97,655,819
Capital contributions (to) from other state agencies	-	-	-	-	-	-	4,789,728	-	-	-
Cumulative effect of changes in accounting principle ⁽²⁾	-	-	-	(4,564,965)	12,207,272	(29,915,563)	-	6,561	-	-
Increase (decrease) in net position	(5,065,718)	8,465,951	(8,225,154)	4,342,468	16,380,180	12,120,190	38,314,712	87,400,388	19,349,337	89,432,653
Special item - lease conversion	-	-	-	-	-	-	-	13,277,025	-	-
Increase (decrease) in net position after special item	(5,065,718)	8,465,951	(8,225,154)	4,342,468	16,380,180	12,120,190	38,314,712	100,677,413	19,349,337	89,432,653
Net position - beginning of year	456,664,167	451,598,449	460,064,400	451,839,246	456,181,714	472,561,894	484,682,084	522,996,796	623,674,209	643,023,546
Net position - end of year	\$ 451,598,449	\$ 460,064,400	\$ 451,839,246	\$ 456,181,714	\$ 472,561,894	\$ 484,682,084	\$ 522,996,796	\$ 623,674,209	\$ 643,023,546	\$ 732,456,199

⁽¹⁾ Restatements include the adoption of GASB Statement No. 65 in 2014, a prior period adjustment to correct the capitalization of interest costs for periods prior to 2015 and the adoption of GASB Statement No. 75 in 2018.

⁽²⁾ 2013/2014 VIT adopted GASB pronouncements in lieu of FASB pronouncements in order to conform to the VPA accounting methodology; 2015 VPA/VIT adopted GASB 68 Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27.

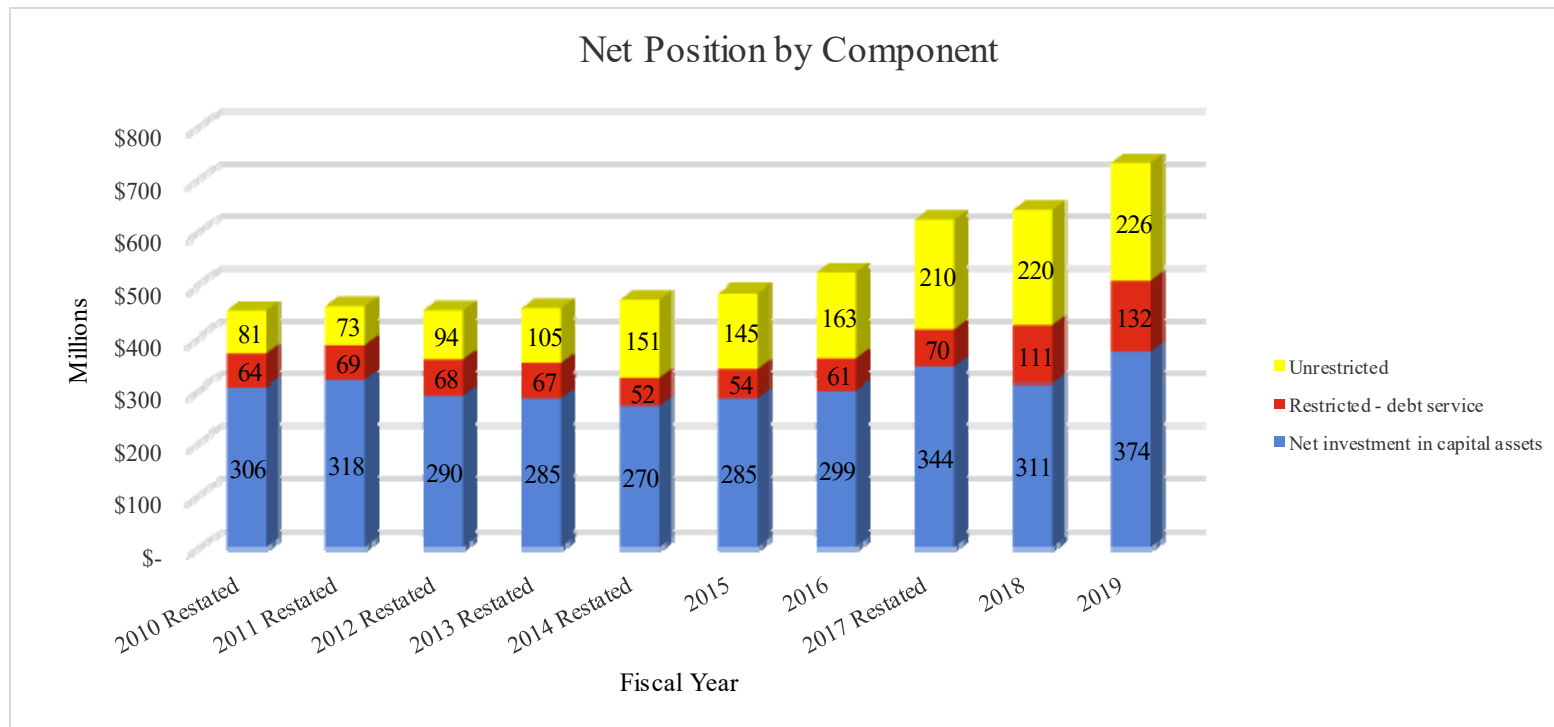
VIRGINIA PORT AUTHORITY

CONSOLIDATED NET POSITION BY COMPONENT

Fiscal Years 2010 through 2019

	Fiscal Year June 30,									
	2010 Restated	2011 Restated	2012 Restated	2013 Restated	2014 Restated	2015	2016	2017 Restated	2018	2019
Net Position										
Net investment in capital assets	\$ 305,972,237	\$ 318,020,499	\$ 290,000,862	\$ 284,918,598	\$ 269,881,033	\$ 284,879,235	\$ 299,198,470	\$ 344,497,228	\$ 311,357,185	\$ 374,200,083
Restricted - debt service	64,266,192	68,594,913	68,272,355	66,720,529	52,020,379	54,464,665	61,274,859	69,531,520	111,171,674	132,383,445
Unrestricted	81,360,020	73,448,988	93,566,029	104,542,587	150,660,482	145,338,184	162,523,467	209,645,461	220,494,687	225,872,671
Total net position	\$ 451,598,449	\$ 460,064,400	\$ 451,839,246	\$ 456,181,714	\$ 472,561,894	\$ 484,682,084	\$ 522,996,796	\$ 623,674,209	\$ 643,023,546	\$ 732,456,199

Net position amounts have been restated to reflect the implementation of GASB Statement No. 68, the restatement of prior years due to the capture of interest costs into capital assets and to conform to current year presentation.





VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT
(Unaudited)

FOR THE
FISCAL YEAR ENDED JUNE 30, 2019

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS,
SERIES 2012 (Taxable)

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS,
SERIES 2012B (Taxable)

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS,
SERIES 2012C (Non-AMT)

COMMONWEALTH PORT FUND REVENUE BONDS,
SERIES 2015 (AMT)

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS,
SERIES 2018

BASE CUSIP NUMBER: 928075

VIRGINIA PORT AUTHORITY

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Commonwealth Port Fund Revenue Refunding Bonds, Series 2012 (Taxable)
Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B (Taxable)
Commonwealth Port Fund Revenue Refunding Bonds, Series 2012C (Non-AMT)
Commonwealth Port Fund Revenue Bonds, Series 2015 (AMT)
Commonwealth Port Fund Revenue Refunding Bonds, Series 2018

Table 1	Taxes Appropriated to Commonwealth Port Fund
Table 2	Net Transfers to the Commonwealth Port Fund
Table 3	Debt Service Deposit Requirements and Coverage
Table 4	Authority Revenues and Expenses
Table 5	Cargo Data

TAXES APPROPRIATED TO COMMONWEALTH PORT FUND

The General Assembly of the Commonwealth of Virginia (the “Commonwealth”) has appropriated the net additional revenues, from the tax and fee increases enacted pursuant to Chapters 11, 12 and 15 of the Acts of Assembly, 1986 Special Session, in each biennia, to the Commonwealth’s Transportation Trust Fund (the “Transportation Fund”) and directed the Commonwealth’s Transportation Board to allocate 4.2% thereof to the Commonwealth Port Fund (the “Port Fund”).

The following table sets forth the annual collections of the taxes that have been allocated to the Transportation Trust Fund beginning with the fiscal year ended June 30, 2010.

**TRANSPORTATION TRUST FUND
STATEMENT OF REVENUE COLLECTIONS
Last Ten Fiscal Years**

**Transportation Trust Fund
(in millions)**

	Fiscal Year June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales and Use Tax	\$ 490.7	\$ 477.3	\$ 503.1	\$ 521.2	\$ 526.6	\$ 590.7	\$ 599.1	\$ 615.6	\$ 618.4	\$ 649.5
Motor Vehicle Sales and Use Tax ⁽¹⁾	162.0	183.6	198.3	201.8	207.4	224.9	237.2	245.8	242.7	254.0
Motor Fuel Taxes ⁽²⁾	115.0	117.7	115.5	123.7	115.0	118.8	138.8	106.9	105.3	105.4
Motor Vehicle Registration Fees ⁽³⁾	20.8	21.2	21.2	21.7	21.8	22.0	21.8	22.3	21.8	22.4
Total Transportation Trust Fund Revenues⁽⁴⁾	\$ 788.5	\$ 799.8	\$ 838.1	\$ 868.4	\$ 870.8	\$ 956.4	\$ 996.9	\$ 990.6	\$ 988.2	\$1,031.3

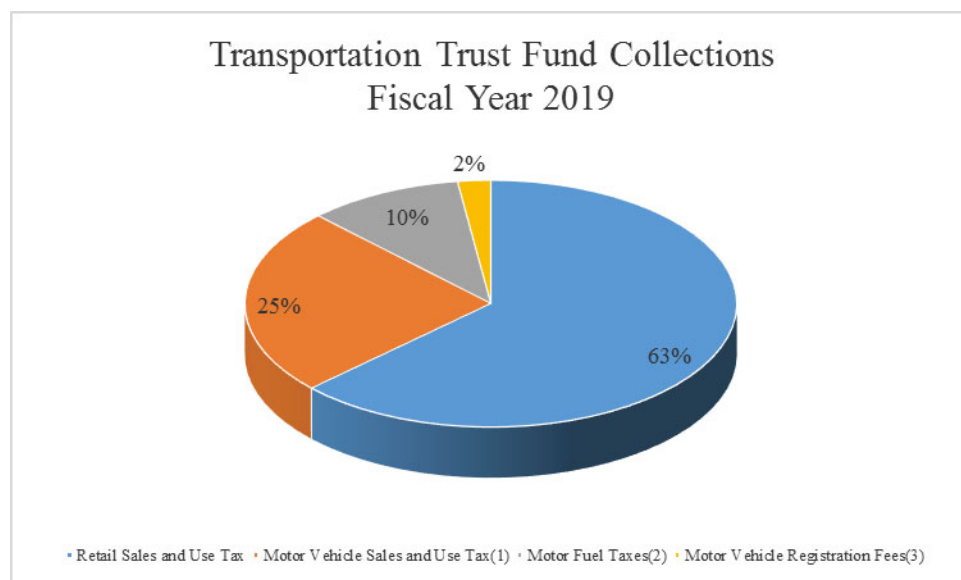
(1) Motor Vehicle Sales and Use Tax and Motor Vehicle Rental Tax.

(2) Motor Fuel Tax, Special Fuel Tax, Aviation Special Fuel Tax and Road Tax.

(3) Includes Fines, Penalties and Truck Permits when collected.

(4) Does not reflect investment income credited to such Fund or any Accelerated Revenue or Management Expenses.

Source: Commonwealth of Virginia/Department of Accounts and Department of Transportation.



NET TRANSFERS TO THE COMMONWEALTH PORT FUND

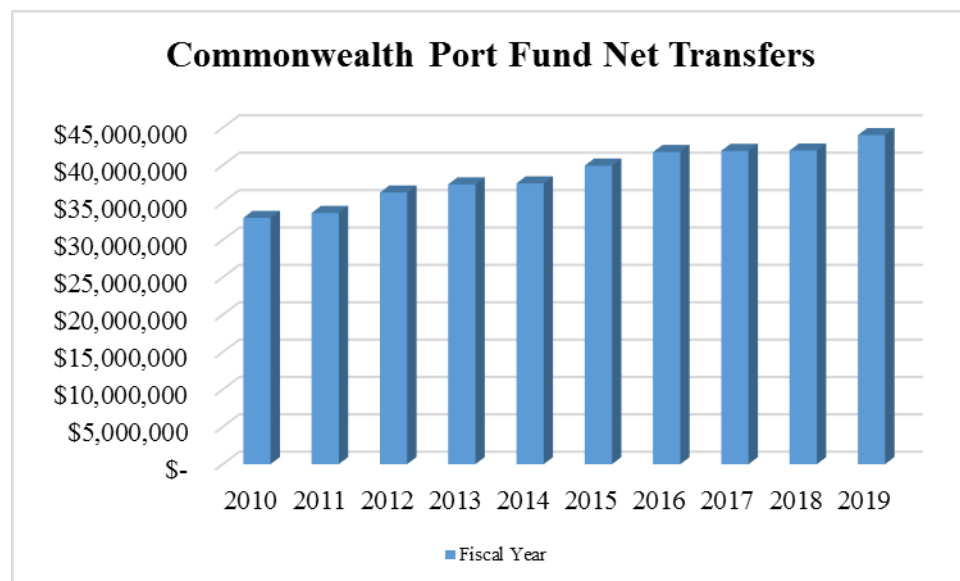
The following table shows the allocation of Transportation Trust Fund revenue to the Port Fund, the interest credited to the Port Fund prior to its transfer to the Income Account under the Authority's Commonwealth Port Fund Revenue Bond Resolution (the "Bond Resolution") and the expenses charged thereto for the fiscal years 2010 through 2019. The net transfers to the Income Account ("Primary Income") are pledged to the payment of bonds issued under the Bond Resolution.

Fiscal Year	Allocation ⁽¹⁾	(+)	Interest Earned ⁽²⁾	(=)	Net Transfers
2010	\$ 32,716,363		\$ 232,650		\$ 32,949,013
2011	33,450,399		149,292		33,599,691
2012	36,101,349		232,501		36,333,850
2013	37,200,445		228,015		37,428,460
2014	37,340,888		226,124		37,567,012
2015	39,640,666		291,495		39,932,161
2016	41,481,432		277,242		41,758,674
2017	41,450,494		463,675		41,914,169
2018	41,354,873		595,836		41,950,709
2019	43,156,283		863,695		44,019,978

⁽¹⁾ 4.2% of total Transportation Trust Fund revenues less certain estimated expenses.

⁽²⁾ The allocation to the Port Fund is proportionally (i) assessed the indirect cost recovery charges imposed on the Transportation Trust Fund by the General Assembly, (ii) credited with the allocable investment income of the Transportation Trust Fund and (iii) charged up to 20 basis points for the services of the Department of the Treasury in managing such investments.

Source: Commonwealth of Virginia/Department of Accounts and Department of Transportation.



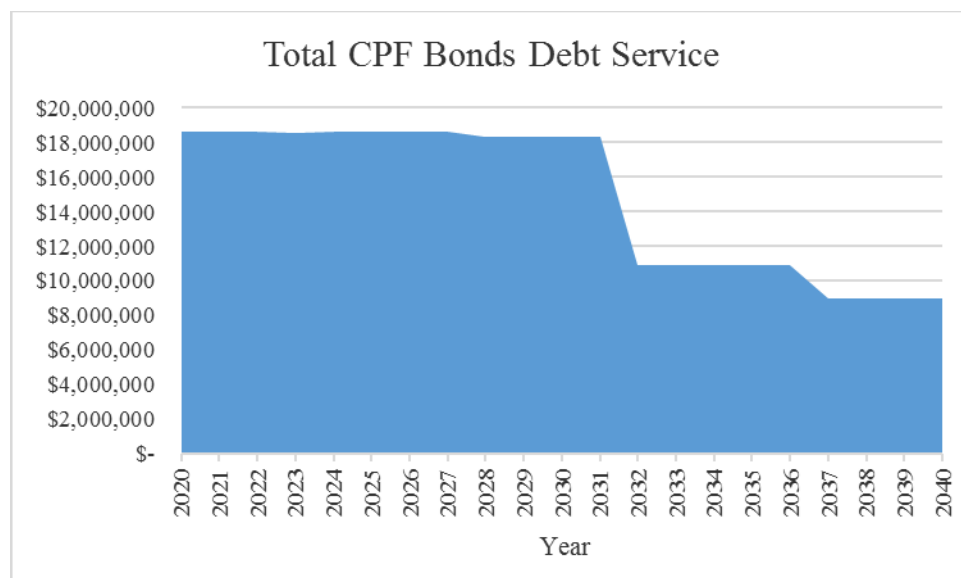
DEBT SERVICE DEPOSIT REQUIREMENTS AND COVERAGE**Debt Service Requirements**

The following table sets forth for the fiscal years ending each June 30, the aggregate amounts required to be deposited into debt service accounts in each annual period for payment on January 1 of the interest on, and on the following July 1 of the principal (whether at maturity or pursuant to mandatory redemption) of and interest on the Authority's outstanding Commonwealth Port Fund Revenue Refunding Bonds, Series 2012; outstanding Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B and 2012C; the outstanding Commonwealth Port Fund Revenue Bonds, Series 2015 and the outstanding Commonwealth Port Fund Revenue Refunding Bonds, Series 2018.

Fiscal Year Ending June 30,	Series 2012 Bonds Debt Service	Series 2012-B Bonds Debt Service	Series 2012-C Bonds Debt Service	Series 2015 Bonds Debt Service	Series 2018 Bonds Debt Service	Total Bonds Debt Service*
2020	\$ 9,059,999	\$ 3,862,824	\$ 224,150	\$ 2,934,000	\$ 2,503,425	\$ 18,584,398
2021	9,054,463	3,870,619	224,150	2,934,000	2,502,309	18,585,541
2022	9,059,515	3,865,973	224,150	2,934,000	2,505,784	18,589,422
2023	9,052,182	3,868,732	224,150	2,934,000	2,503,734	18,582,798
2024	9,056,657	3,868,225	224,150	2,934,000	2,506,294	18,589,326
2025	9,056,269	3,868,985	224,150	2,934,000	2,503,294	18,586,698
2026	9,054,741	3,868,710	224,150	2,934,000	2,504,879	18,586,480
2027	9,054,756	3,866,680	224,150	2,934,000	2,505,869	18,585,455
2028	-	3,867,516	224,150	9,184,000	5,066,381	18,342,047
2029	-	3,037,707	1,004,150	9,241,500	5,066,323	18,349,680
2030	-	-	4,215,750	9,070,500	5,059,802	18,346,052
2031	-	-	-	9,001,500	9,347,229	18,348,729
2032	-	-	-	1,599,000	9,348,264	10,947,264
2033	-	-	-	1,599,000	9,344,946	10,943,946
2034	-	-	-	1,599,000	9,346,609	10,945,609
2035	-	-	-	1,599,000	9,347,184	10,946,184
2036	-	-	-	1,599,000	9,346,633	10,945,633
2037	-	-	-	9,019,000	-	9,019,000
2038	-	-	-	9,018,000	-	9,018,000
2039	-	-	-	9,018,500	-	9,018,500
2040	-	-	-	9,019,500	-	9,019,500

* Does not include Refunded Bonds

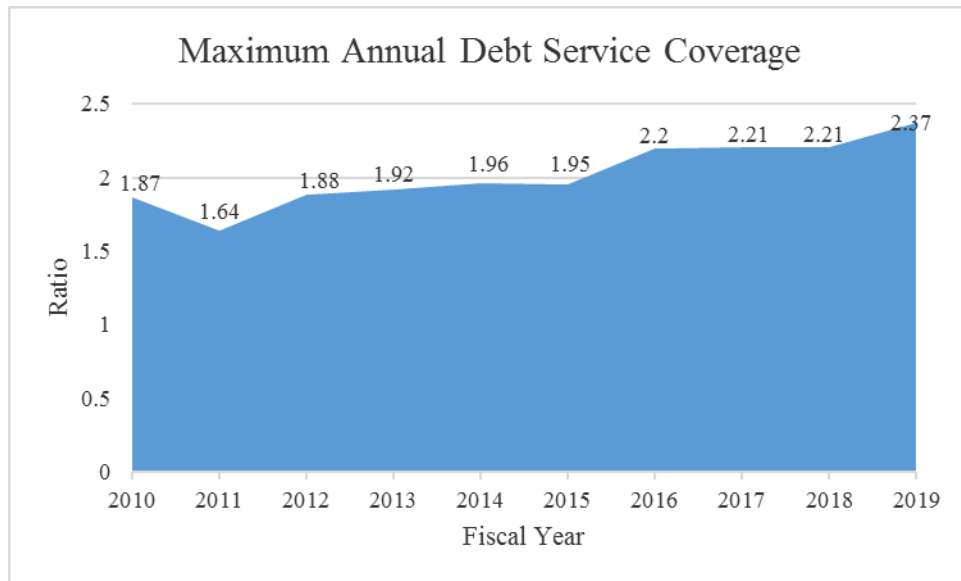
Debt Service Requirements are shown in the graph below:



DEBT SERVICE DEPOSIT REQUIREMENTS AND COVERAGE (Continued)**Debt Service Coverage**

Coverage of maximum annual debt service on the 2012, 2015, and 2018 Bonds by Commonwealth Port Fund Primary Income for the fiscal year ended June 30, 2019 is shown below:

Commonwealth Port Fund Primary Income for fiscal year ended June 30, 2019	\$ 44,019,978
Maximum Annual Debt Service (FY 2022)	18,589,422
Pro Forma Maximum Annual Debt Service Coverage	2.37



AUTHORITY REVENUES AND EXPENSES
Five Year Schedule
(Cash Basis)

	Fiscal Year June 30,				
	2015	2016	2017	2018	2019
Revenues:					
Special Fund	\$ 104,269,515	\$ 127,743,936	\$ 149,663,484	\$ 150,241,765	\$ 177,489,142
Commonwealth Port Fund	38,717,385	41,481,608	41,901,281	41,950,709	42,993,584
General Fund and Other	3,975,966	11,730,181	16,354,141	17,814,102	20,397,159
Total revenues	146,962,866	180,955,725	207,918,906	210,006,576	240,879,885
Operating expenditures:					
Economic Development Services:					
National and international trade services	3,752,130	3,453,741	3,377,383	3,459,954	4,400,542
Commerce advertising	415,028	352,525	642,539	868,413	600,951
Port Facilities Planning, Maintenance, Acquisition and Construction:					
Maintenance and operation of Port facilities	8,929,426	11,073,508	9,821,794	16,836,797	14,056,757
Port facilities planning	-	(118)	235,712	496,585	319,313
Debt service for Port facilities	46,656,033	41,141,983	37,808,297	36,286,762	40,298,530
Financial Assistance for Port Activities:					
Agency service fee	193	-	-	-	-
Aid to local ports	877,113	1,684,863	708,998	1,187,282	1,636,924
Payment in lieu of taxes	960,345	1,118,955	1,518,566	1,185,726	834,990
Administration and Support Services:					
General management and direction	8,736,079	20,203,715	23,351,933	20,792,416	21,635,943
Facility rental	56,383,151	55,525,236	60,006,887	72,980,077	88,003,262
Security services	8,908,378	9,236,985	8,720,740	8,921,974	11,662,453
Total operating expenditures	135,617,876	143,791,393	146,192,849	163,015,986	183,449,665
Funds available for capital projects	\$ 11,344,990	\$ 37,164,332	\$ 61,726,057	\$ 46,990,590	\$ 57,430,220

CARGO DATA

The Authority's ports handle a variety of general cargo. Bulk cargo, such as petroleum products, grain and coal, is not handled at the Port Facilities but is handled at facilities owned by railroads and other private operators. Set forth below are the major categories of general cargo handled by the Port Facilities based on the top five leading import and export commodities for the most recent calendar year.

Leading Exported and Imported General Cargo Commodities*
(Calendar Year)
(Short Tons)

	2014	2015	2016	2017	2018
Exports:					
Logs and lumber	770,646	852,913	860,369	1,280,448	1,703,765
Soybeans and products	758,695	844,039	822,012	1,193,392	992,683
Wood pulp	864,696	758,466	905,411	869,404	761,463
Paper and paperboard	976,840	901,543	923,662	868,676	756,664
Pet and animal feeds	390,139	502,409	507,737	568,277	710,100
Imports:					
Furniture	551,034	583,881	725,538	852,501	910,630
General cargo	-	-	-	-	633,825
Auto parts	511,662	487,757	442,302	479,020	512,542
Plastic products	287,536	274,003	203,857	302,759	390,054
Metal ware	241,527	297,466	243,430	293,523	240,179

* This table includes both import and export data for all facilities that comprise the Port of Virginia, some of which are not owned or operated by the Authority. The Authority estimates that the VPA Facilities handle in excess of 95% of the general cargo transported through the Port of Virginia.

Source: Port Import Export Reporting Service

CARGO DATA (Continued)

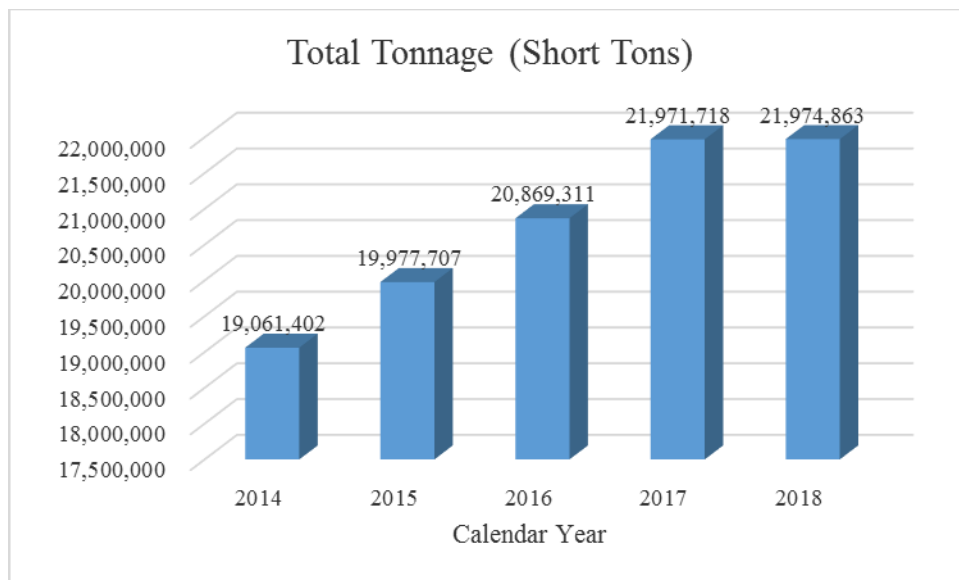
Presented below is information concerning the volume of general cargo handled at all facilities that comprise the Port of Virginia.

General Cargo Statistics for the Port of Virginia*
(Calendar Year)
(Short Tons)

	2014	2015	2016	2017	2018
Breakbulk	328,060	295,719	204,425	187,124	189,429
Container	18,733,342	19,681,988	20,664,886	21,784,594	21,785,434
Total tons	19,061,402	19,977,707	20,869,311	21,971,718	21,974,863

* This table includes both import and export data for all facilities that comprise the Port of Virginia, some of which are not owned or operated by the Authority. The Authority estimates that the VPA Facilities handle in excess of 95% of the general cargo transported through the Port of Virginia.

Source: Terminal Operators' Statistics



VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT
(Unaudited)

FOR THE
FISCAL YEAR ENDED JUNE 30, 2019

PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2016A

PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2016B

PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2016C

BASE CUSIP NUMBER: 928077

VIRGINIA PORT AUTHORITY

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Port Facilities Revenue Refunding Bonds, Series 2016A
Port Facilities Revenue Refunding Bonds, Series 2016B
Port Facilities Revenue Refunding Bonds, Series 2016C

Table 1	Authority Revenues and Expenses
Table 2	VIT Revenues and Expenses
Table 3	Operating Results and Debt Service Coverage-Resolution 97-5
Table 4	Operating Results and Debt Service Coverage-Resolution 16-9
Table 5	Debt Service Deposit Requirements
Table 6	Cargo Data
Table 7	VPA/VIT 10-Year Consolidated Statement of Revenues, Expenses and Changes in Net Position

AUTHORITY REVENUES AND EXPENSES
Five Year Schedule
(Cash Basis)

	Fiscal Year June 30,				
	2015	2016	2017	2018	2019
Revenues:					
Special Fund	\$ 104,269,515	\$ 127,743,936	\$ 149,663,484	\$ 150,241,765	\$ 177,489,142
Commonwealth Port Fund	38,717,385	41,481,608	41,901,281	41,950,709	42,993,584
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Total revenues	146,962,866	180,955,725	207,918,906	210,006,576	240,879,885
Operating expenditures:					
Economic Development Services:					
National and international trade services	3,752,130	3,453,741	3,377,383	3,459,954	4,400,542
Commerce advertising	415,028	352,525	642,539	868,413	600,951
Port Facilities Planning, Maintenance, Acquisition and Construction:					
Maintenance and operation of Port facilities	8,929,426	11,073,508	9,821,794	16,836,797	14,056,757
Port facilities planning	-	(118)	235,712	496,585	319,313
Debt service for Port facilities	46,656,033	41,141,983	37,808,297	36,286,762	40,298,530
Financial Assistance for Port Activities:					
Agency service fee	193	-	-	-	-
Aid to local ports	877,113	1,684,863	708,998	1,187,282	1,636,924
Payment in lieu of taxes	960,345	1,118,955	1,518,566	1,185,726	834,990
Administration and Support Services:					
General management and direction	8,736,079	20,203,715	23,351,933	20,792,416	21,635,943
Facility rental	56,383,151	55,525,236	60,006,887	72,980,077	88,003,262
Security services	8,908,378	9,236,985	8,720,740	8,921,974	11,662,453
Total operating expenditures	135,617,876	143,791,393	146,192,849	163,015,986	183,449,665
Funds available for capital projects	\$ 11,344,990	\$ 37,164,332	\$ 61,726,057	\$ 46,990,590	\$ 57,430,220

VIRGINIA INTERNATIONAL TERMINALS, LLC REVENUES AND EXPENSES
Five Year Schedule

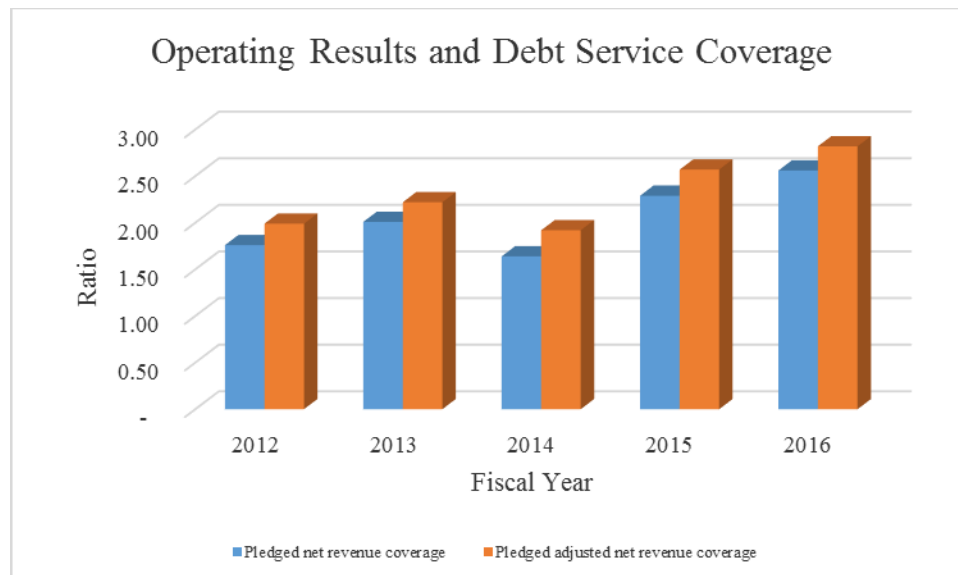
	Fiscal Year June 30,				
	2015	2016	2017	2018	2019
Revenues:					
Operating	\$ 440,841,866	\$ 439,087,836	\$ 478,618,874	\$ 521,072,730	\$ 551,236,042
Nonoperating	17,678	70,380	2,706	(24,023)	256,365
Gross revenues	440,859,544	439,158,216	478,621,580	521,048,707	551,492,407
Expenses:					
Operating and maintenance expenses	280,794,678	275,590,553	297,757,567	333,005,963	341,546,651
Administrative expenses	34,145,101	42,808,794	45,728,413	47,269,593	52,796,757
Total expenses	314,939,779	318,399,347	343,485,980	380,275,556	394,343,408
Income before transfers and contributions⁽¹⁾	\$ 125,919,765	\$ 120,758,869	\$ 135,135,600	\$ 140,773,151	\$ 157,148,999

⁽¹⁾ The financial information relative to VIT set forth in this table is computed on an accrual basis. As a result, the amounts set forth in the line item "Income Before Transfers and Contributions" does not represent net cash transferred by VIT to the Authority. However, such information is an accurate representation of the financial performance of VIT.

Source: VIT accrual basis financial statements for the indicated fiscal years.

OPERATING RESULTS AND DEBT SERVICE COVERAGE – Resolution 97-5*

	Fiscal Year June 30,				
	2012	2013	2014	2015	2016
Virginia International Terminals					
Gross receipts	\$ 285,172,289	\$ 319,328,898	\$ 312,014,454	\$ 356,486,579	\$ 420,225,842
Current expenses	(197,617,574)	(222,110,006)	(223,495,865)	(258,033,599)	(304,119,912)
CE reserve withdrawal (deposit)	1,562,000	-	2,595,997	3,450,564	(4,652,679)
Deposits to CEMA	(4,701,389)	(4,635,516)	(9,243,097)	(7,215,154)	(8,689,854)
Capital asset proceeds (expense) credit	385,738	(768,363)	(733,364)	(673,155)	(335,823)
VIT net revenue	\$ 84,801,064	\$ 91,815,013	\$ 81,138,125	\$ 94,015,235	\$ 102,427,574
Virginia Port Authority					
Gross revenues:					
VIT net revenue	\$ 84,801,064	\$ 91,815,013	\$ 81,138,125	\$ 94,015,235	\$ 102,427,574
Other income	6,357,859	8,881,695	6,924,491	7,990,753	25,310,365
Interest income	28,359	98,956	9,066	140,228	5,998
Total VPA gross revenues	91,187,282	100,795,664	88,071,682	102,146,216	127,743,937
Current expenses	(65,269,973)	(70,046,960)	(72,577,974)	(78,801,935)	(93,003,181)
VPA net revenues	\$ 25,917,309	\$ 30,748,704	\$ 15,493,708	\$ 23,344,281	\$ 34,740,756
CPF for O&M	\$ 4,032,026	\$ 3,704,328	\$ 4,337,882	\$ 3,764,820	\$ 4,408,734
Debt Service Coverage					
Port facilities revenue bonds:					
Net debt service	\$ 17,389,491	\$ 17,571,928	\$ 15,113,582	\$ 13,332,637	\$ 16,984,789
Pledged net revenues	30,618,698	35,384,220	24,736,804	30,559,435	43,430,610
Pledged adjusted net revenues	34,650,724	39,088,547	29,074,686	34,324,255	47,839,344
Pledged net revenue coverage	1.76	2.01	1.64	2.29	2.56
Pledged adjusted net revenue coverage	1.99	2.22	1.92	2.57	2.82



*This data and chart will continue to be published until we have five years of data under Resolution 16-9

OPERATING RESULTS AND DEBT SERVICE COVERAGE – Resolution 16-9*

	Fiscal Year June 30,		
	2017	2018	2019
VIRGINIA INTERNATIONAL TERMINALS			
VIT/HRCP II gross receipts	\$ 484,493,992	\$ 550,211,505	\$ 589,669,817
VIT/HRCP II current expenses	(350,770,652)	(421,532,643)	(419,549,635)
VIT liquidity reserve withdrawal (deposit)	(2,542,503)	6,060,609	(10,030,673)
One-time cash transfers HRCP II	5,826,628	-	-
VIT CEMA liquidation	16,061,215	-	-
VIT/HRCP II port operator capital expenditures (A)	(7,579,357)	(11,046,227)	(6,455,721)
VIT/HRCP II payment (per Payment Agreement to VPA)	145,489,323	123,693,244	153,633,788
VIRGINIA PORT AUTHORITY			
Gross revenues:			
VIT/HRCP II payment per Payment Agreement	145,489,323	123,693,244	153,633,788
Other VPA income and interest income	10,036,848	11,185,777	15,052,567
Total gross revenues	155,526,171	134,879,021	168,686,355
Current expenses:			
Terminal expenditures	(26,487,514)	(24,606,069)	(27,837,037)
Operating lease payments	(17,429,000)	(185,000)	(185,000)
Total current expenses	(43,916,514)	(24,791,069)	(28,022,037)
Net revenue (B)	111,609,657	110,087,952	140,664,318
VPA Commonwealth Port Fund used for O & M (P)	7,657,417	8,161,526	9,975,320
VPA Commonwealth Port Fund used for VIG rent (Q)	5,831,000	9,996,000	9,996,000
Revenue stabilization fund balance	29,082,109	39,660,634	39,973,130
25% of revenue stabilization fund balance (D)	7,270,527	9,915,159	9,993,282
Net revenue (B)	111,609,657	110,087,952	140,664,318
Aggregate net revenue (E) (E = B + D - A)	126,459,541	131,049,338	157,113,321
Adjusted net revenue (F) (F = B + P + Q)	125,098,074	128,245,478	160,635,638
Aggregate adjusted net revenue (G) (G = F + D - A)	139,947,958	149,206,864	177,084,641
DEBT SERVICE COVERAGE			
Senior debt service:			
Senior obligations	42,577,887	72,795,077	87,818,263
Series 2016 Bonds principal and interest requirements	9,614,006	17,536,594	17,503,749
Aggregate principal and interest requirements (C)	\$ 52,191,893	\$ 90,331,671	\$ 105,322,012

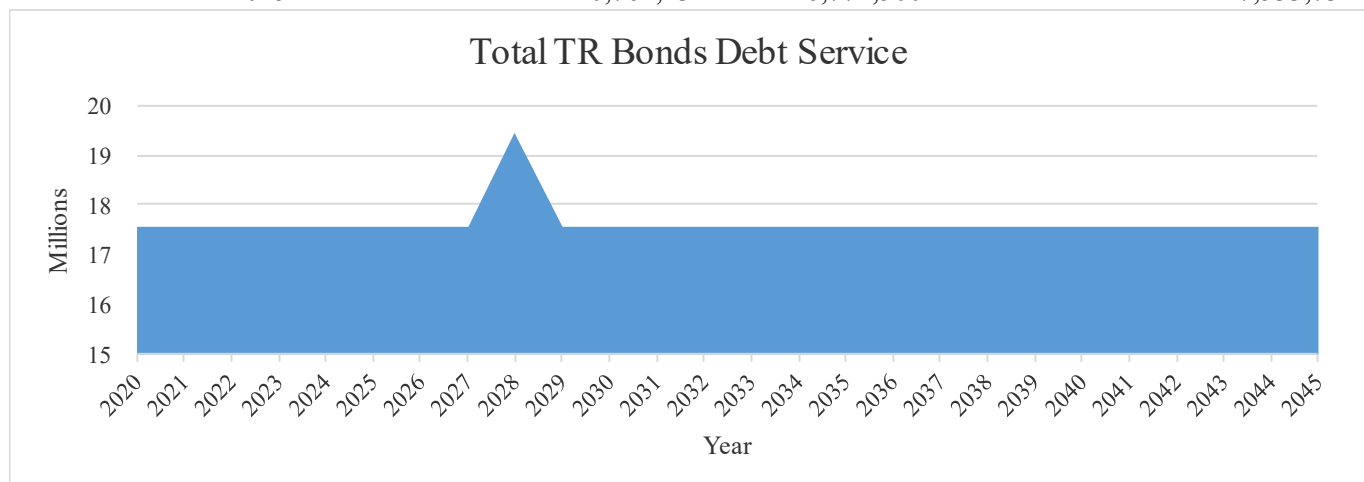
Debt Service Coverage	Actual 2017	Actual 2018	Actual 2019
Aggregate net revenue coverage (E/C > 1.1x)	2.42	1.45	1.49
Aggregate adjusted net revenue coverage (G/C > 1.25x)	2.68	1.65	1.68
Net revenue coverage ((B-A)/C > 1.0x)	2.28	1.34	1.40

*This data and chart will be expanded to cover five years as the data becomes available.

DEBT SERVICE DEPOSIT REQUIREMENTS

The following table sets forth for the periods ending each June 30 (the end of the Authority's Fiscal Year) the aggregate amounts required to be deposited into debt service accounts in each annual period for payment on January 1 of the interest on, and on the following July 1 of the principal (whether at maturity or pursuant to mandatory redemption) of and interest on the Authority's outstanding Port Facilities Revenue Refunding Bonds, Series 2016A, Series 2016B and Series 2016C.

Period Ending June 30,	Series 2016A Debt Service	Series 2016B Debt Service	Series 2016C Debt Service	Total Debt Service
2020	\$ 7,424,002	\$ 6,775,500	\$ 3,335,490	\$ 17,534,992
2021	7,423,106	6,780,500	3,334,674	17,538,280
2022	7,428,860	6,775,250	3,331,428	17,535,538
2023	7,433,513	6,775,000	3,325,752	17,534,265
2024	7,438,649	6,774,250	3,322,646	17,535,545
2025	7,439,511	6,777,750	3,316,948	17,534,209
2026	7,452,166	6,775,000	3,308,658	17,535,824
2027	7,446,067	6,776,000	3,312,776	17,534,843
2028	5,454,616	3,820,250	10,158,816	19,433,682
2029	10,759,616	6,775,250	-	17,534,866
2030	10,759,259	6,777,500	-	17,536,759
2031	10,756,949	6,777,250	-	17,534,199
2032	10,756,945	6,779,250	-	17,536,195
2033	10,757,704	6,778,000	-	17,535,704
2034	10,757,894	6,778,250	-	17,536,144
2035	10,757,090	6,779,500	-	17,536,590
2036	10,759,871	6,776,250	-	17,536,121
2037	10,760,602	6,773,250	-	17,533,852
2038	10,760,723	6,775,000	-	17,535,723
2039	10,761,291	6,775,750	-	17,537,041
2040	10,756,633	6,780,000	-	17,536,633
2041	10,756,303	6,777,000	-	17,533,303
2042	10,759,404	6,776,500	-	17,535,904
2043	10,760,040	6,777,750	-	17,537,790
2044	10,757,541	6,780,000	-	17,537,541
2045	10,761,234	6,772,500	-	17,533,734



CARGO DATA

The Authority's ports handle a variety of general cargo. Bulk cargo, such as petroleum products, grain and coal, is not handled at the Port Facilities but is handled at facilities owned by railroads and other private operators. Set forth below are the major categories of general cargo handled by the Port Facilities based on the top five leading import and export commodities for the most recent calendar year.

Leading Exported and Imported General Cargo Commodities*
(Calendar Year)
(Short Tons)

	2014	2015	2016	2017	2018
Exports:					
Logs and lumber	770,646	852,913	860,369	1,280,448	1,703,765
Soybeans and products	758,695	844,039	822,012	1,193,392	992,683
Wood pulp	864,696	758,466	905,411	869,404	761,463
Paper and paperboard	976,840	901,543	923,662	868,676	756,664
Pet and animal feeds	390,139	502,409	507,737	568,277	710,100
Imports:					
Furniture	551,034	583,881	725,538	852,501	910,630
General cargo	-	-	-	-	633,825
Auto parts	511,662	487,757	442,302	479,020	512,542
Plastic products	287,536	274,003	203,857	302,759	390,054
Metal ware	241,527	297,466	243,430	293,523	240,179

* This table includes both import and export data for all facilities that comprise the Port of Virginia, some of which are not owned or operated by the Authority. The Authority estimates that the VPA Facilities handle in excess of 95% of the general cargo transported through the Port of Virginia.

Source: Port Import Export Reporting Service

CARGO DATA (Continued)

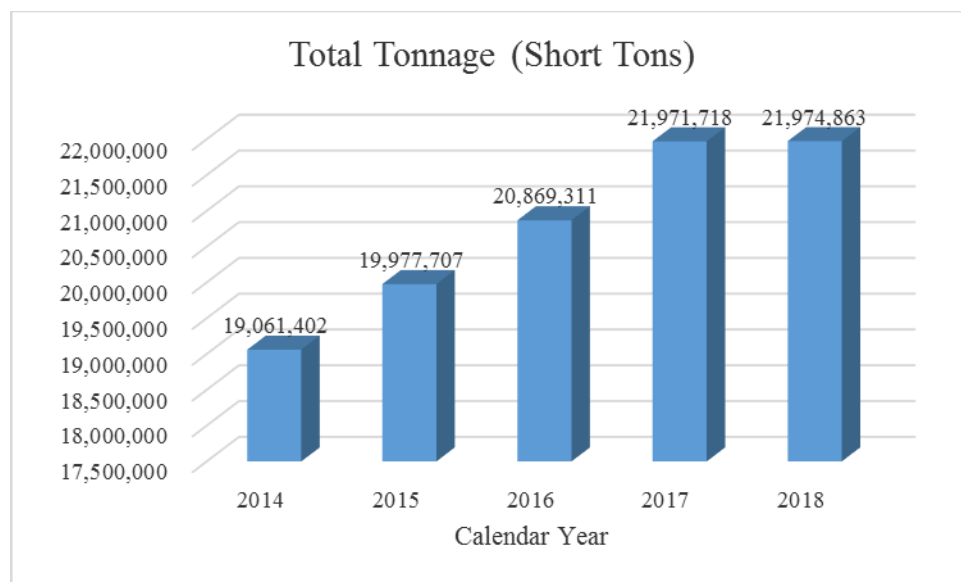
Presented below is information concerning the volume of general cargo handled at all facilities that comprise the Port of Virginia.

General Cargo Statistics for the Port of Virginia*
(Calendar Year)
(Short Tons)

	2014	2015	2016	2017	2018
Breakbulk	328,060	295,719	204,425	187,124	189,429
Container	18,733,342	19,681,988	20,664,886	21,784,594	21,785,434
Total tons	19,061,402	19,977,707	20,869,311	21,971,718	21,974,863

* This table includes both import and export data for all facilities that comprise the Port of Virginia, some of which are not owned or operated by the Authority. The Authority estimates that the VPA Facilities handle in excess of 95% of the general cargo transported through the Port of Virginia.

Source: Terminal Operators' Statistics



VPA/VIT TEN-YEAR CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Fiscal Year June 30,									
	2010 Restated ⁽¹⁾	2011 Restated ⁽¹⁾	2012 Restated ⁽¹⁾	2013 Restated ⁽¹⁾	2014 Restated ⁽¹⁾	2015	2016	2017 Restated ⁽¹⁾	2018	2019
Operating revenues:										
Terminal operating revenues	\$ 203,485,054	\$ 277,856,791	\$ 297,835,649	\$ 339,460,135	\$ 383,714,148	\$ 440,841,866	\$ 439,087,836	\$ 478,618,874	\$ 521,072,730	\$ 551,236,042
Other revenues	4,742,848	6,274,000	6,519,292	7,970,579	7,762,729	9,147,626	9,339,787	10,102,177	10,438,396	11,186,158
Operating revenues - grants	1,030,769	3,596,326	6,283,332	4,903,439	5,192,084	6,179,493	6,390,908	2,113,617	5,534,057	5,198,170
Total operating revenues	209,258,671	287,727,117	310,638,273	352,334,153	396,668,961	456,168,985	454,818,531	490,834,668	537,045,183	567,620,370
Operating expenses:										
Terminal operations	91,215,794	121,983,405	128,782,659	153,682,077	176,243,834	198,126,233	191,655,822	206,558,839	235,033,730	238,738,696
Terminal maintenance	44,018,197	54,745,598	54,936,881	70,958,589	92,160,744	92,737,533	95,361,699	99,886,973	110,010,769	114,374,281
General and administrative	43,951,276	47,905,140	51,903,912	43,556,452	46,063,032	49,318,501	59,703,412	59,142,469	60,561,208	65,086,296
Facility rental	-	32,538,640	37,063,827	47,229,466	52,479,613	55,679,447	55,618,729	17,429,000	396,370	1,451,058
Depreciation and amortization	48,710,646	50,630,851	49,271,899	47,979,055	46,612,042	46,693,840	47,723,393	74,405,644	84,271,174	86,939,592
Total operating expenses	227,895,913	307,803,634	321,959,178	363,405,639	413,559,265	442,555,554	450,063,055	457,422,925	490,273,251	506,589,923
Operating income (loss)	(18,637,242)	(20,076,517)	(11,320,905)	(11,071,486)	(16,890,304)	13,613,431	4,755,476	33,411,743	46,771,932	61,030,447
Non-operating revenues (expenses):										
Interest income	1,507,788	1,181,739	1,510,827	333,654	555,518	459,132	722,930	898,381	1,368,375	4,239,748
Interest expense, net of capitalized interest	(15,687,770)	(18,984,951)	(23,070,738)	(20,531,918)	(16,888,384)	(14,160,492)	(18,160,286)	(88,300,075)	(124,993,839)	(124,214,715)
Bond issue costs	(694,650)	(538,986)	(734,427)	(917,063)	(69,000)	(1,024,231)	(489,036)	(2,749,482)	(112,864)	(448,452)
Revenues (expenses) VEDP, net	-	-	-	-	-	-	1,690,873	6,990,924	2,956,872	-
Commonwealth Rail Relocation income (& ARRA)	-	2,014,416	6,375,798	244,424	-	-	-	-	-	-
Commonwealth Rail Relocation expenses	(8,223,576)	(2,272,191)	(6,296,498)	(394,990)	(133,770)	-	-	-	-	-
Revenues from federal government	6,076,191	12,588,643	4,612,432	3,471,137	626,643	740,452	9,653,436	11,988,133	785,515	7,489,797
Revenues (expenses) Commonwealth	(105,427)	(261,468)	(297,267)	(158,628)	306,335	1,324,350	(187,951)	84,461,557	(199,568)	3,093,551
Other income (expenses)	7,787	8,996	8,722	-	-	-	2,744	-	6,420	(270,795)
Gain (loss) on disposals	(2,093,785)	88,879	(15,266,083)	708,585	2,652	-	(1,107,131)	(20,574)	(1,768,892)	744,338
Income (loss) before capital contributions and transfers	(37,850,684)	(26,251,440)	(44,478,139)	(28,316,285)	(32,490,310)	952,642	(3,118,945)	46,680,607	(75,186,049)	(48,336,081)
Capital contributions and transfers:										
Commonwealth Port Fund allocation	32,784,966	34,717,391	36,252,985	37,223,718	36,652,218	38,418,111	42,366,884	41,469,200	41,126,101	43,051,489
Capital contributions (to) from component unit	-	-	-	-	11,000	2,665,000	-	-	-	-
Payments to federal government - channel dredging	-	-	-	-	-	-	(5,722,955)	(755,980)	(851,300)	(2,938,574)
Revenues (expenses) from primary government	-	-	-	-	-	-	-	-	54,260,585	97,655,819
Capital contributions (to) from other state agencies	-	-	-	-	-	-	4,789,728	-	-	-
Cumulative effect of changes in accounting principle ⁽²⁾	-	-	-	(4,564,965)	12,207,272	(29,915,563)	-	6,561	-	-
Increase (decrease) in net position	(5,065,718)	8,465,951	(8,225,154)	4,342,468	16,380,180	12,120,190	38,314,712	87,400,388	19,349,337	89,432,653
Special item - lease conversion	-	-	-	-	-	-	-	13,277,025	-	-
Increase (decrease) in net position after special item	(5,065,718)	8,465,951	(8,225,154)	4,342,468	16,380,180	12,120,190	38,314,712	100,677,413	19,349,337	89,432,653
Net position - beginning of year	456,664,167	451,598,449	460,064,400	451,839,246	456,181,714	472,561,894	484,682,084	522,996,796	623,674,209	643,023,546
Net position - end of year	\$ 451,598,449	\$ 460,064,400	\$ 451,839,246	\$ 456,181,714	\$ 472,561,894	\$ 484,682,084	\$ 522,996,796	\$ 623,674,209	\$ 643,023,546	\$ 732,456,199

⁽¹⁾ Restatements include the adoption of GASB Statement No. 65 in 2014, a prior period adjustment to correct the capitalization of interest costs for periods prior to 2015 and the adoption of GASB Statement No. 75 in 2018.

⁽²⁾ 2013/2014 VIT adopted GASB pronouncements in lieu of FASB pronouncements in order to conform to the VPA accounting methodology; 2015 VPA/VIT adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27.

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