THE PORT OF VIRGINIA®

VIRGINIA PORT AUTHORITY©

Annual Comprehensive Financial Report For Fiscal Year ended June 30, 2021

The Virginia Port Authority is a component unit of the Commonwealth of Virginia.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE

VIRGINIA PORT AUTHORITY

A COMPONENT UNIT OF THE COMMONWEALTH OF VIRGINIA

FOR THE

FISCAL YEAR ENDED JUNE 30, 2021

Prepared by

The Finance Division of the
Virginia Port Authority

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VIRGINIA PORT AUTHORITY
600 World Trade Center, Norfolk, VA 23510
(757)683-8000

September 29, 2021

Dear Customers, Stakeholders and Port Partners:

Fiscal year 2021 began much how fiscal year 2020 ended. However, as economies reopened and the global supply chain regained momentum, the Port of Virginia® leveraged its recent investments in the capacity and service capability of its two largest terminals for a record-setting year. While other terminal facilities struggled with severe congestion, Virginia leveraged best-in-class turn times and ever-improving vessel productivity to absorb the overflow, ultimately handling more than 1.8 million containers equal to 3.2 million TEUs. For our efforts, we earned a record operating income of $119 million, generated positive operating cash flow of $238 million, and grew our unrestricted liquidity by $119 million. As always, the safety of our colleagues and partners has been, and will be, our first priority.

In addition to on-terminal capacity and efficiency, we are one step closer to being able to safely accommodate two-way traffic of the largest vessels calling the East Coast, as our *Wider, Deeper, Safer* project, in partnership with the Commonwealth and United States Army Corps of Engineers, substantially completed the first phase of dredging during the fiscal year. The project also received its New Start designation in the President's budget in fiscal year 2021, a critical step to furthering our vision of simultaneous, two-way traffic in and out of our harbor and a natural asset that no other port on the East Coast will have.

Through collaboration with Governor Ralph S. Northam, Transportation Secretary Shannon Valentine, the General Assembly and the Virginia Port Authority Board of Commissioners, we are now positioned to serve as a hub for the nation's largest commercial clean energy offshore wind development. In doing so, we have solidified the Commonwealth's place as a leader in a growing and competitive field while leveraging the multi-purpose capabilities of Portsmouth Marine Terminal and aligning ourselves with key stakeholders in our own efforts to achieve carbon neutrality by the year 2040.

With the infrastructure projects at Virginia International Gateway (VIG) and the southern berth of Norfolk International Terminals (NIT) now complete, it is important for us to continually improve service delivery to our customers. As a result of these and other investments in technology and process, combined with a strong relationship with our labor partners, our on-terminal performance metrics are now world class and we are leveraging these efficiencies in such a way as to add real value to carriers and the cargo owners themselves.

Some of the more notable highlights from the 12 months that ended June 30, 2021 include:

September 2020

- The final group of automated stacking cranes arrives at NIT, completing the largest one-time order for automated stacking cranes in industry history – 86 in total, with 26 delivered to VIG and 60 delivered to NIT.

October 2020

- Following the announced retirement of CEO and Executive Director John F. Reinhart in May 2020, Stephen A. Edwards is named next CEO and Executive Director of the Port of Virginia. The former TraPac President and CEO carries extensive experience in the global transportation industry, with leadership experience at TraPac, LLC., Global Container Terminals, Ports America Group, P&O Ports North America, and others, exemplifying the Port's mindfulness to maintain an orderly continuity of leadership.

November 2020

- The largest container cranes in the United States are welcomed to finish the two-and-a-half-year-long renovation of NIT's South Berth. These two 170 foot (above-dock) cranes with a 226 foot boom-out length are critical parts of the port expansion that began in 2016 which will allow the terminal to handle multiple Ultra Large Container Vessels (ULCV) at a given time. Two identical cranes are scheduled for delivery in early 2022.

December 2020

- The Port of Virginia becomes the only port on the east coast for the all new Caribbean Express Service (CES) which calls three ports in Northern Europe before sailing directly for the Port of Virginia and then on to the Caribbean. This will give the United States much quicker access to imports from Northern Europe and opportunities to export to Kingston and other Caribbean ports by way of our two rail carriers being able to move to and from the Midwest from our port much faster than any other on the East Coast.

April 2021

- April marks a new record for monthly TEUs volume, processing 286,000 TEUs. This is a massive record, with a year-over-year improvement of 38.2%.

May 2021

- The port welcomes the CMA CGM *Marco Polo*, the largest container ship in the Atlantic trade with a capacity of 16,022 TEUs, and the largest container ship to ever call the East Coast. This historic ship call shows the importance of investment into the modernizing and improvements underway at the Port of Virginia. With the *Wider, Deeper, Safer* dredging project underway, we expect more calls of this nature in the future.

June 2021

- June brought a record-setting year to a close as the tenth consecutive month of record- breaking volumes and solidifying fiscal year 2021 as the strongest year on record, bringing the fiscal year to a record of 3,221,000 TEUs (a 16.8% increase over fiscal year 2020).

We have access to deep shipping channels that are easy to maintain with no overhead restrictions, are only an 18-mile journey from the Atlantic Ocean and a day's drive to reach two-thirds of the nation's population. Double-stack, on-dock rail service provided by the East's two Class I railroads, Norfolk Southern and CSX, gives us reach into many important Midwestern cities.

As an asset of America's Top State for Business (named by CNBC's annual study for 2021), we will grow and reinvest our capital, protect our people, and achieve our ultimate mission:

Deliver opportunity by driving business to, and through, the Commonwealth

Sincerely Yours,

Stephen A. Edwards
CEO and Executive Director

VIRGINIA PORT AUTHORITY
600 World Trade Center, Norfolk, VA 23510
(757)683-8000

September 29, 2021

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

Dear Commissioners:

The Annual Comprehensive Financial Report (ACFR) of the Virginia Port Authority ("VPA" or "the Authority") for the fiscal year ended June 30, 2021, 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, 2021. 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 long-term leases for the use and operation of the Virginia International Gateway Terminal (VIG) and 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 Appropriations 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, capital grants, allocations of certain revenues collected by the Commonwealth, and cash flow from operations.

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 ACFR was not obtained from the financial records of the Authority but is presented for the 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 innovative and professional measures. 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, cyber, and umbrella insurance 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 397,000 jobs, nearly one tenth of the state's resident workforce. The positive effects of our evolution reverberate throughout Virginia. In fiscal year 2021, the port helped drive businesses to invest $1.5 billion resulting in the development of 9.3 million square feet of space that is expected to generate more than 4,300 new jobs for Virginians. Our economic development focus and partnership with the Virginia Economic Development Partnership (VEDP) enables these trends to continue. Household names like Amazon, Wal-Mart, Target, Ace Hardware, Lumber Liquidators, and Keurig Green Mountain have all established 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

For much of fiscal year 2021, the Authority experienced significant year-over-year growth in the form of record setting volumes as the world economies reopened and market participants of the global supply chain sought satisfaction of increased consumer demand. While not as dramatic, containerized cargo volume is expected to continue to increase over the next fifteen years by more than 45%. The Port of Virginia plans to meet this demand with the expansion of the VIG terminal, completed in fiscal year 2020, and multiple phases of expansion at NIT. The Hampton Roads region is also mobilizing around the opportunity to develop 20-60 million square feet of supporting 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 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. In support of these efforts, the Authority established a formal Investment Management program with a goal to accumulate sufficient cash in order to preserve fiscal sustainability during times of disruptions to our cash flow while also making optimal use of the reserves being accumulated. 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 and the optimal accumulation and deployment of capital is a critical element of meeting this charge.

Major Initiatives

In fiscal year 2017, VPA successfully negotiated an extension of the Virginia International Gateway lease to secure the terminal through 2065. The capital lease deal included $312 million in private funding for expansion of the terminal to essentially double existing capacity. The VIG expansion project was completed in fiscal year 2020, 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 and modernizing the southern section of NIT, the largest terminal in the Port. This project was substantially complete at the end of fiscal year 2020 and the final stacks became fully operational in November 2020, allowing the Port to utilize the additional capacity and more efficient operating model for most of fiscal year 2021. With these two projects now complete, the Port's container handling capacity has increased by a much needed one million containers annually at a time when demand was at its peak, and allowed the Authority to focus its attention on non-container developments, including offshore wind opportunities at PMT, carbon neutral operations by 2040, and a refresh of the Authority's master plan through fiscal year 2065.

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 for ultra-large container vessels. The project will be executed in multiple phases, with a 2024 targeted completion date. Initial dredging began in December 2019. In July 2021, the Port awarded the second phase of the dredging project. The project was also included in the President's budget and designated as a "New Start", increasing the likelihood of securing additional federal funding.

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 for the fiscal year ended June 30, 2020, which was the fifteenth 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 annual financial report which satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We intend to submit our ACFR for the fiscal year ended June 30, 2021 to the GFOA to determine its eligibility for continued certification. We believe that the fiscal year 2021 report will continue to meet the Certificate of Achievement Program's requirements.

Preparation of the ACFR, 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

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, 2020

Christopher P. Morrill

Executive Director/CEO

VIRGINIA PORT AUTHORITY

Norfolk, Virginia

BOARD OF COMMISSIONERS

APPOINTED OFFICIALS

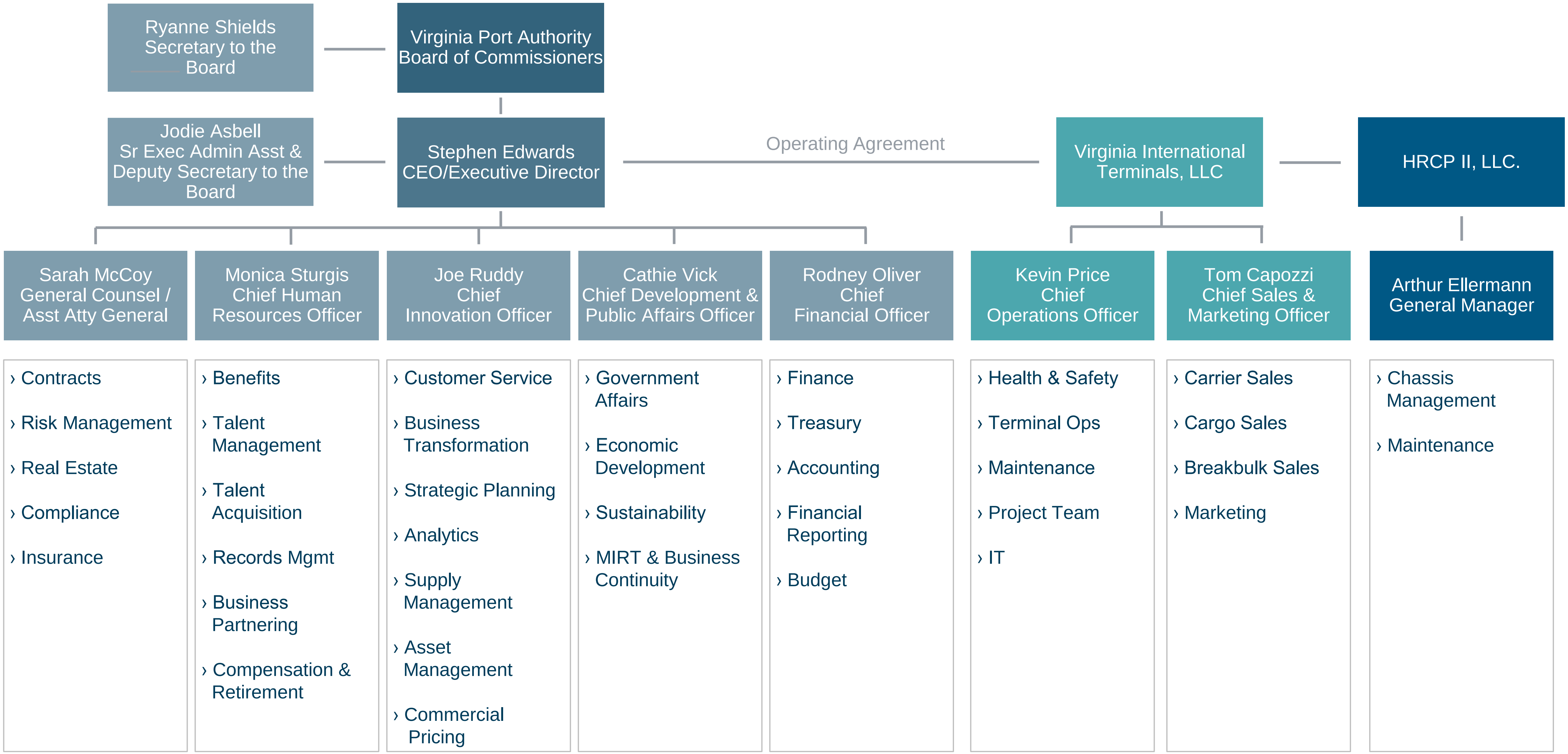
Stephen A. Edwards, CEO and Executive Director

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

Ryanne A. Shields, Secretary to the Board

Jodie L. Asbell, Senior Executive Administrative Assistant to the Executive Director
and Deputy Secretary to the Board

The Port of Virginia Organizational Chart



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Kenneth R. Plum
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 and fiduciary activity of the Virginia Port Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2021, 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 opinions 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 opinions.

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 and fiduciary activity of the Authority, as of June 30, 2021, 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 15-24 and 75-79, 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, supplementary information, statistical section, and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on pages 80-81 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 September 29, 2021 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
September 29, 2021

VIRGINIA PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2021

(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, 2021, with selected comparative information for the fiscal year ended June 30, 2020. 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.

Recognizing its role in the sustainment of Virginia's economy and as a link in the national supply chain, the Authority in July 2020 simplified and focused its mission statement:

> The Port of Virginia delivers opportunity by driving business to, *and through*, the Commonwealth.

FINANCIAL HIGHLIGHTS

- Net position for VPA at June 30, 2021 increased by $63.3 million compared to an increase of $41.8 million during fiscal year 2020. Net position at June 30, 2021 was $837.5 million.
- Operating income for VPA on a comparable basis increased from $19.6 million to $119.1 million.
- Volume of 1.8 million containers moved through the terminal properties during fiscal year 2021, which was 240 thousand containers (15.6%) higher than fiscal year 2020.
- Liquidity continued to strengthen year over year, with net working capital of $327.3 million and a current ratio (current assets divided by current liabilities) of 5.0 at June 30, 2021. Unrestricted cash and investments at June 30, 2021 were $308.4 million.

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 considers itself 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, 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 and construction in process, which are not depreciated). 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. Two additional statements are included as required by GASB Statement No. 84 – *Fiduciary Activities*: Statement of Fiduciary Net Position, and Statement of Changes in Fiduciary Net Position. The relevance of these two additional statements is to provide additional information about postemployment benefit arrangements that are fiduciary activities of the Authority or its component unit – VIT as of the reporting date.

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, 2021 and 2020, respectively, follows:

Net Position
June 30, 2021 and 2020
(USD millions)

	2021	2020	Increase/ (Decrease)
Assets:			
Current assets	$ 408.3	$ 362.3	$ 46.0
Capital assets, net	3,155.9	3,189.9	(34.0)
Other long-term assets	160.3	94.4	65.9
Total assets	3,724.5	3,646.6	77.9
Deferred outflows of resources	43.2	34.2	9.0
Total assets and deferred outflows of resources	3,767.7	3,680.8	86.9
Liabilities:			
Current liabilities	81.0	75.1	5.9
Noncurrent liabilities	2,844.8	2,826.4	18.4
Total liabilities	2,925.8	2,901.5	24.3
Deferred inflows of resources	4.4	5.1	(0.7)
Total liabilities and deferred inflows of resources	2,930.2	2,906.6	23.6
Net position:			
Net investment in capital assets	336.1	389.0	(52.9)
Restricted	129.5	138.3	(8.8)
Unrestricted	371.9	246.9	125.0
Total net position	$ 837.5	$ 774.2	$ 63.3

ASSETS

Current Assets increased $46.0 million from year to year. This increase is attributable to $41.9 million of higher cash and investment balances from improved operating cash flow directly correlated with the economic rebound as world economies have opened. While accounts receivable increased by $4.0 million due to higher volumes, the increase was tempered by favorable collections experience. The free cash generated by operations was used to build additional needed liquidity in current investments and restricted cash and cash equivalents. As a result, current unrestricted cash and cash equivalents and investments increased by $33.1 million, and current restricted investments and restricted cash and cash equivalents increased by $8.8 million.

Capital assets (the cost of capital assets less accumulated depreciation and amortization) decreased $34.0 million from fiscal year 2020. During fiscal year 2021, $125.0 million of capital assets were placed into service. Approximately $78.8 million of these additions were in process at June 30, 2020. Final commissioning of all 30 stacks at NIT was completed in November 2020. The majority of this asset development was funded by a multi-year capital contribution from the Commonwealth of Virginia as part of the program that began in 2016 to modernize capability and expand terminal capacity from approximately 1.5 million containers to approximately 2.5 million, or nearly 67%. The higher capital asset balances resulting from investment activity were reduced by $121.8 million of depreciation and amortization expense recorded during the year. More detail regarding capital asset activity during the year can be found further below in the MD&A and in Note 5 to the financial statements.

The Authority generated a significant amount of free cash flow during fiscal year 2021. After satisfaction of all operating, debt and capital obligations for fiscal year 2021, the Authority was able to increase its noncurrent investments by $62.4 million.

The increase to deferred outflows of resources was principally the result of the fiscal year 2021 refunding of VPA's Commonwealth Port Fund Revenue Bonds issued in 2012 and 2015, which included the recording of $9.4 million in deferred outflows related to the difference between the reacquisition price and the carrying amount of the debt that was refunded. This increase was offset by the amortization of other deferred outflows in the amount of $3.0 million (see Notes 6 and 7 to the financial statements for additional discussion of bonds and other indebtedness). In addition to the increase to bond-related deferred outflows, pension-related deferred outflows also increased by approximately $2.5 million, driven by changes to actuarial assumptions used for the VPA and VIT plans. See Note 9 to the financial statements for additional discussion of pensions.

LIABILITIES

Current liabilities increased by $5.9 million, due to an increase in the current portion of debt of $4.2 million and an increase to accrued payroll, due in part to timing, but also impacted by the increase in terminal labor associated with higher volume, as well as the commencement of VIT stevedoring operations in fiscal year 2021. These increases were partially offset by liquidation of current payables as well as a decrease in interest payable, due to favorable interest rates on new and refunded borrowings.

Noncurrent liabilities at June 30, 2021 consist principally of $2.3 billion in a capital lease obligation associated with the lease of the VIG facility, and $495.6 million in outstanding revenue bonds backed by either Commonwealth Port Fund Revenues or Port Facilities Revenues, along with the related issuance premiums. Additionally, the Authority is carrying $82.0 million in debt related to Master Equipment Lease Program arrangements (MELP). During fiscal year 2021, the Authority borrowed an additional $23.6 million pursuant to various MELP arrangements to finance the purchase of container handling equipment.

The Authority's debt service reduced principal related to the Revenue Bonds and MELP by $23.5 million. The VIG capital lease obligation increased by $14.3 million as a result of negative principal amortization from interest expense exceeding scheduled lease payments until contractual lease payments escalate to a level where positive principal amortization will begin (currently estimated to occur in calendar year 2030). See Note 6 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 also decreased as the result of the Authority reducing deferred revenue by $3.1 million associated with advanced funding received from a federal agency to assist with maintaining established water depths at its berths.

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 decreased by $52.9 million due to the overall decrease in capital assets of $34.0 million noted above, combined with an overall increase in long-term indebtedness of $18.9 million, net of deferred outflows associated with this debt, also discussed previously. 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. Further detail of the Authority's capital assets can be referenced in Note 5 to the financial statements.

Net position - restricted represents resources, principally cash and investments, which are subject to external restrictions on how they can be used pursuant to the terms of applicable bond resolutions, as well as restrictions or other terms imposed by grantors. The decrease in balances at June 30, 2021 is attributable to lower accumulated debt service deposits ahead of scheduled debt service payments on July 1, 2021.

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 growth in investments associated with retained positive cash flow, contributed to the 50.6% increase in the fiscal year 2021 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, 2021 and 2020, follows:

Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021 and 2020
(USD Millions)

	2021	2020	Increase/ (Decrease)
Operating revenues	$ 638.6	$ 512.9	$ 125.7
Operating expenses	519.5	493.3	26.2
Operating income	119.1	19.6	99.5
Non-operating expenses, net	(116.4)	(116.4)	-
Income (loss) before capital contributions	2.7	(96.8)	99.5
Capital contributions:			
Commonwealth Port Fund allocation	48.8	41.9	6.9
Capital transactions with other government agencies	11.8	96.7	(84.9)
Increase in net position	63.3	41.8	21.5
Net position, beginning of year	774.2	732.4	41.8
Net position, end of year	$ 837.5	$ 774.2	$ 63.3

Approximately 97.0% 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 2021 operating revenues increased 24.5%, commensurate with the 15.6% increase in container volume driven by the economic rebound from the initial impacts of the COVID-19 pandemic. In addition to the overall increase in volume, the Authority also benefited from the recently completed expansion and optimization projects at its two largest terminals by leveraging its new capacity to accommodate its customers' need for throughput capacity and longer on-terminal storage of containers, a byproduct of the congestion experienced in the global supply chain caused by the COVID-19 pandemic. In addition to on-terminal capacity, the Authority also benefited from its recent investments in the expansion and modernization of its chassis fleet to address similar constraints, resulting in an overall increase in chassis rental revenue of $19.4 million, or 42.5%. In September 2020, VIT began directly stevedoring a portion of its customers' ships, resulting in a new revenue stream, generating additional lift revenue and providing cost reduction associated with the vertical integration.

Operating expenses increased by a net of only 5.3% in fiscal year 2021, despite the significant increase in volume and related revenues noted above. In response to declining volumes experienced in fiscal year 2020, VIT aggressively managed operating costs through a number of operational adjustments, including gate hours, gang sizes and leveraging its most cost-effective capacity to handle volumes (e.g. the recently completed expansion at VIG and NIT). This resulted in diversion of container freight from the least efficient PMT terminal for the entire year, freeing the PMT space for uses better suited to its multi-purpose capabilities. The result was that labor costs to manage terminal volume actually declined by $7.1 million. This was offset by a net $10.1 million increase to operating expense related to the direct stevedoring of certain ship line services by VIT. The incremental labor cost related to the direct stevedoring of the services was offset by a combination of lower fees paid to third party stevedores and additional lift revenues for incremental containers stevedored. The higher volume drove increases in non-wage categories such as drayage, workmans' compensation insurance, etc. As a result of the completion of the optimization of NIT, the Authority's depreciable asset base increased during the year, resulting in an $18.0 million increase in depreciation and amortization expense.

Net non-operating revenues/expenses stayed flat in comparison to fiscal year 2020. Investment income related to lower yields on cash and investments from the rapid decline in interest rates declined by $5.1 million, which was offset by $1.1 million of lower interest expense related principally to refunded revenue bonds. Non-operating grant revenue was higher by $4.7 million due to increased spending on federal grant projects related to the purchase of ecological container handling equipment and the support of harbor and berth dredging.

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 $6.9 million from fiscal year 2020 is the result of timing regarding the collection of the supporting tax revenues/fees and, while relatively stable in nature on a historical basis, is not controllable by the Authority. Proceeds from the primary government, most notably funding by the Commonwealth of Virginia to support the optimization of NIT and dredging of the harbor to 55 feet, decreased by a net of $84.9 million, offset by corresponding expenditures related to channel dredging. The marked decrease is a result of the completion of the NIT optimization project in November 2020.

Statement of Cash Flows

The Statement of Cash Flows provides information about changes in cash and cash equivalents during the reporting period. The statement reports this activity in the context of operating, financing, and investing 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 ended June 30, 2021 and 2020, respectively, follows:

Cash Flows
Years Ended June 30, 2021 and 2020
(USD Millions)

	2021	2020	Increase/ (Decrease)
Cash flows provided by operating activities	$ 238.3	$ 132.9	$ 105.4
Cash flows used in non-capital financing activities	(54.7)	(17.4)	(37.3)
Cash flows used in capital and related financing activities	(77.9)	(96.3)	18.4
Cash flows used in investing activities	(127.6)	(31.2)	(96.4)
Net decrease in cash and cash equivalents	(21.9)	(12.0)	(9.9)
Cash and cash equivalents:			
Beginning of year	208.3	220.3	(12.0)
End of year	$ 186.4	$ 208.3	$ (21.9)

Cash flow provided by operating activities increased by $105.4 million from fiscal year 2020. The improvement in operating cash flow was the result of the nearly 16% increase in volume. However, the order of magnitude of the improvement (nearly 80%) is attributable to the achievement of enhanced operating leverage and a continued favorable experience on the collection of those revenues. The 16% volume increase brought with it a corresponding increase in volume-sensitive revenues, however other ancillary revenues increased as well, associated with the use of the terminal facilities as longer-term storage and a rail transload point. Despite the revenue increases, VIT was able to contain operations costs to an increase of only 6%, improve maintenance cost by 4%, and hold general and administrative expenses relatively flat, delivering the favorable leverage. The majority of the Authority's operating cash flow is generated through the operations of VIT. As a result of this operating leverage, the Authority was able to yield cash flow sufficient to meet its debt service obligations, sustain underway, as well as fund new, capital projects, and improve its investment position.

Cash used in non-capital financing activities increased year over year (used more cash), solely a result of expenditures to both deepen the port's harbor channels to 55 feet and widen these same channels to accommodate two-way passage of ultra large container vessels.

Cash used in capital and related financing activities was $18.4 million lower (used less cash) than fiscal year 2020. Overall investment in capital assets decreased $72.6 million principally due to the completion of the optimization of NIT, however the funding related to much of this capital investment also declined by $34.0 million. Also, during fiscal year 2021 the Authority financed certain capital investments in terminal operating equipment with $23.6 million in proceeds from MELP financing compared to similar proceeds of $37.1 million realized in fiscal year 2020. Lastly, the refunding of certain revenue bonds early in fiscal year 2021 also yielded net proceeds of $10.0 million. See the Statement of Cash Flows and Notes 5 and 6 to the financial statements for further detail.

In fiscal year 2021, the Authority used $96.4 million more in cash related to investing activities. Because of the increase in operating cash flows noted above, after meeting the applicable debt and capital needs, the Authority was able to purchase additional investments during the fiscal year. See the Statement of Cash Flows and Note 2 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, 2021, 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 principle areas:

- NIT infrastructure - $29.5 million
- Shuttle truck fleet upgrade at VIG & NIT - $20.6 million
- 2 ship to shore cranes for NIT - $22.6 million
- NIT dredging - $8.3 million
- NIT central rail yard expansion - $1.2 million

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

Debt and Installment Purchase Obligations

At June 30, 2021, the Authority had $2.8 billion in outstanding bond, installment purchase, and capital lease obligations, excluding deferred items. Of this amount, $2.3 billion is in the form of capitalized lease obligations related to the VIG lease, $479.9 million in revenue bonds issued by the Authority with $15.8 million of issuance premiums, and $84.0 million in MELP financing and notes payable outstanding. During fiscal year 2021, the Authority closed on an additional $23.6 million of MELP financing to support the purchase of additional container handling equipment at NIT.

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 $280.5 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 are required to be not 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 are required to be not 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 2021. 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 required minimum levels of operating cash, (2) set aside sufficient funds to pay the next monthly 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, and to withstand periods of adversity where operating cash flow may be diminished for an extended period.

Commonwealth Port Fund Revenue bonds issued in 2012, 2018 and 2020 outstanding at June 30, 2021 are supported by the Authority's 2.5% allocation of the Commonwealth of Virginia's Transportation Trust Fund (TTF). The bonds are also backed by an 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 August 2020, the Authority issued Commonwealth Port Fund Revenue Refunding Bonds, Series 2020A and 2020B, for the purpose of refunding $4.8 million of Commonwealth Port Fund Revenue Refunding Bonds, Series 2012C, $58.7 million of Commonwealth Port Fund Revenue Bonds, Series 2015 (AMT) and $23.1 million of Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B. The transaction was executed to yield a net present value savings of $9.5 million, and provide alternative financing at a true interest cost of 1.95%. The Authority will continue to evaluate opportunities to optimize its borrowing cost and where considered appropriate engage in debt transactions to that end.

More details on long-term debt can be found in Notes 6 and 7 to the 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 TTF. Through fiscal year 2020, the Authority received 4.2% of TTF collections, comprised of revenues generated primarily by state sales & use tax and 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. The 2020 General Assembly of the Commonwealth approved various structural changes for the TTF. Effective July 1, 2020, the allocation was revised downward from 4.2% to 2.5%, but apportioned from a larger revenue pool. From fiscal year 2020 to fiscal year 2021, the Authority's apportionment in dollars increased from $41.9 million to $48.8 million.

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 (JRBL) that transports containers between RMT, VIG and NIT. Since November 1, 2016, VIT has 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. Volume carried on the JRBL has increased from 22,500 containers in fiscal year 2017 to 43,417 in fiscal year 2021, representing a compound annual growth rate of 17.9%. For each container moved by barge in this manner, one less over-the-road truck has to travel between Hampton Roads and Richmond, relieving traffic volume and lowering emissions.

Since 2016, the Authority has been engaged in efforts to expand and modernize NIT with funding from a $350 million grant program provided by the Commonwealth of Virginia. The investment was used to reconfigure the South Terminal at NIT, including implementation of a semi-automated rail-mounted gantry crane configuration, which has increased cargo capacity by over 46%, increased throughput velocity and enhanced yard safety at the terminal. The project was completed, with all 30 stacks being utilized by operations and commissioning of all stacks finalized, in November 2020. The acquisition and deployment of more efficient container-handling equipment in the form of additional ship-to-shore cranes and a more standardized shuttle carrier fleet, as well as improvements to its rail-handling capacity, is scheduled on a graduated basis over the next several fiscal years. The effects of these technology and operations investments have increased sustainable operating leverage as has been noted in the above discussion. More importantly though, they have provided a level of capacity and efficiency that has enabled the port to accommodate all of the volume received during this most recent economic surge without diminished performance, as well as accept volume diverted from other ports as a result of the congestion being experienced on both the East and West Coasts of the country.

Looking into fiscal year 2022, container movements through August 2021 reflect a continuation of the upward trend experienced through much of fiscal year 2021 as the world markets have largely reopened and global supply chains continue to seek satisfaction of demand. With the additional capacity now deployed, utilization is markedly lower and service levels have improved significantly in terms of the ability to process containers through the gate and rail portals (turn times), and in terms of crane production, which has provided the sustainable ability to control operating costs, as well as attract new volume to fill the additional capacity. Like most intermodal concerns, the volume realized is also largely dependent on ever-evolving global economic conditions. That said, the current surge in volume is expected to normalize as supply chains gradually come closer to rebalancing. Given the continuing momentum of container volume, the most recent assessment of fiscal year 2022 indicates volume that could exceed 1.9 million containers, but could also be suppressed if variants of the coronavirus result in the need to slow economic activity again or if there is a correction to the markets. Growth initiatives will continue to support economic development within the Commonwealth, which was recently named America's Top State for Business for the second year in a row by the CNBC 2021 competitiveness ranking.

A by-product of the technology investments and channeling of container volume through VIG and NIT is that PMT is now free for the full leverage of its potential as a multi-purpose terminal. VPA is continually evaluating ways to optimally deploy this versatile asset, and most recently has entered into arrangements with large-scale energy concerns to support the development of wind energy generation using PMT as a staging and assembly point. It is expected that PMT's utilization for this and similar purposes will increase as the various projects mature and reach their anticipated operating tempo.

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 from 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, 2021

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
ASSETS				
Current assets:				
Cash and cash equivalents	$ 41,292,912	$ 54,067,952	$ -	$ 95,360,864
Investments	116,793,475	-	-	116,793,475
Restricted assets:				
Cash and cash equivalents	58,744,389	-	-	58,744,389
Investments	22,013,569	-	-	22,013,569
Accounts receivable, net	104,987	61,327,368	(450,898)	60,981,457
Due from other governments	29,139,122	-	-	29,139,122
Due from component unit	59,901,746	-	(59,901,746)	-
Inventories, net	-	19,318,390	-	19,318,390
Prepaid expenses and other	3,066,461	2,823,958	-	5,890,419
Total current assets	331,056,661	137,537,668	(60,352,644)	408,241,685
Noncurrent assets:				
Investments	96,287,728	-	-	96,287,728
Restricted assets:				
Cash and cash equivalents	32,349,259	-	-	32,349,259
Investments	22,447,883	-	-	22,447,883
Other	407,288	8,799,745	-	9,207,033
Non-depreciable capital assets	265,148,159	4,314,845	-	269,463,004
Depreciable/amortizable capital assets, net	2,850,949,527	35,532,973	-	2,886,482,500
Total noncurrent assets	3,267,589,844	48,647,563	-	3,316,237,407
Total assets	3,598,646,505	186,185,231	(60,352,644)	3,724,479,092
DEFERRED OUTFLOWS OF RESOURCES				
OPEB	243,757	52,361	-	296,118
Bond refundings, net	26,252,030	-	-	26,252,030
Pensions	4,870,623	11,817,848	-	16,688,471
Total deferred outflows of resources	31,366,410	11,870,209	-	43,236,619
Total assets and deferred outflows of resources	$ 3,630,012,915	$ 198,055,440	$ (60,352,644)	$ 3,767,715,711

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

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2021

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$ 13,166,865	$ 13,343,392	$ (450,898)	$ 26,059,359
Interest payable	10,131,191	-	-	10,131,191
Long-term debt, current portion	25,872,720	-	-	25,872,720
Compensated absences, current portion	565,980	775,032	-	1,341,012
Workers' compensation costs, current portion	-	846,596	-	846,596
Payroll liabilities	2,419,316	10,227,359	-	12,646,675
Obligations under securities lending	4,101,192	-	-	4,101,192
Due to Parent Member	-	59,901,746	(59,901,746)	-
Total current liabilities	56,257,264	85,094,125	(60,352,644)	80,998,745
Noncurrent liabilities:				
Long-term debt, noncurrent portion	553,759,389	-	-	553,759,389
Capital lease obligations	2,266,754,139	-	-	2,266,754,139
Compensated absences, noncurrent portion	416,305	506,340	-	922,645
Workers' compensation costs, noncurrent portion	-	1,526,380	-	1,526,380
Pension and OPEB liabilities, net	9,200,722	2,576,750	-	11,777,472
Other noncurrent liabilities	10,025,786	-	-	10,025,786
Total noncurrent liabilities	2,840,156,341	4,609,470	-	2,844,765,811
Total liabilities	2,896,413,605	89,703,595	(60,352,644)	2,925,764,556
DEFERRED INFLOWS OF RESOURCES				
OPEB	89,073	544,091	-	633,164
Bonds refundings, net	117,799	-	-	117,799
Pensions	470,124	3,234,443	-	3,704,567
Total deferred inflows of resources	676,996	3,778,534	-	4,455,530
Total liabilities and deferred inflows of resources	2,897,090,601	93,482,129	(60,352,644)	2,930,220,086
NET POSITION				
Net investment in capital assets	296,252,957	39,847,818	-	336,100,775
Restricted for:				
Debt service	129,530,697	-	-	129,530,697
Unrestricted	307,138,660	64,725,493	-	371,864,153
Total net position	732,922,314	104,573,311	-	837,495,625
Total liabilities, deferred inflows of resources, and net position	$ 3,630,012,915	$ 198,055,440	$ (60,352,644)	$ 3,767,715,711

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, 2021

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
Operating revenues:				
Terminal operating revenues	$ -	$ 619,580,423	$ -	$ 619,580,423
Other revenues	13,119,666	-	-	13,119,666
Other revenues - grants, federal and state	5,914,503	-	-	5,914,503
Operating revenues from component unit	275,472,093	-	(275,472,093)	-
Total operating revenues	294,506,262	619,580,423	(275,472,093)	638,614,592
Operating expenses:				
Terminal operations	4,828,027	226,411,405	-	231,239,432
Terminal maintenance	4,881,208	102,349,810	-	107,231,018
General and administrative	23,232,259	35,666,995	-	58,899,254
Facility rental	292,985	-	-	292,985
Depreciation and amortization	113,977,524	7,858,189	-	121,835,713
Payments due to Authority	-	275,472,093	(275,472,093)	-
Total operating expenses	147,212,003	647,758,492	(275,472,093)	519,498,402
Operating income (loss)	147,294,259	(28,178,069)	-	119,116,190
Non-operating revenues (expenses):				
Interest income	992,684	81,905	-	1,074,589
Interest expense	(124,144,422)	-	-	(124,144,422)
Issuance costs	(511,141)	-	-	(511,141)
Revenues from federal government	7,158,494	-	-	7,158,494
Revenues (primary government)	3,452,501	-	-	3,452,501
Other expenses	(3,843,469)	-	-	(3,843,469)
Gain on disposals	93,692	278,348	-	372,040
Total non-operating revenues (expenses), net	(116,801,661)	360,253	-	(116,441,408)
Income (loss) before capital contributions and transfers	30,492,598	(27,817,816)	-	2,674,782
Capital contributions and transfers:				
Commonwealth Port Fund allocation	48,777,619	-	-	48,777,619
Payment to federal government - channel dredging	(54,679,392)	-	-	(54,679,392)
Capital contributions (to) from component unit	147,971	(147,971)	-	-
Capital contributions (to) from other state agencies	535,000	-	-	535,000
Proceeds from primary government	65,942,967	-	-	65,942,967
Increase (decrease) in net position	91,216,763	(27,965,787)	-	63,250,976
Net position, beginning of year	641,705,551	132,539,098	-	774,244,649
Net position, end of year	$ 732,922,314	$ 104,573,311	$ -	$ 837,495,625

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, 2021

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
Cash flows from operating activities:				
Receipts from customers and users	$ 229,426,401	$ 616,628,946	$ (225,456,567)	$ 620,598,780
Receipts from operating grants	6,745,141	-	-	6,745,141
Reimbursement from (to) component unit	23,929,526	(23,929,526)	-	-
Other receipts	13,119,666	-	-	13,119,666
Payments for operating expenses	(33,690,239)	(145,376,147)	-	(179,066,386)
Payments to employees	(29,307,269)	(193,788,582)	-	(223,095,851)
Net cash provided by operating activities	210,223,226	253,534,691	(225,456,567)	238,301,350
Cash flows from noncapital financing activities:				
Transfer to primary government	-	(225,456,567)	225,456,567	-
Channel dredging	(54,679,392)	-	-	(54,679,392)
Net cash used in noncapital financing activities	(54,679,392)	(225,456,567)	225,456,567	(54,679,392)
Cash flows from capital and related financing activities:				
Defeasance deposits	(92,430,029)	-	-	(92,430,029)
Proceeds from long-term debt	102,404,781	-	-	102,404,781
CPF contribution	45,579,165	-	-	45,579,165
Acquisition of capital assets	(84,568,635)	(8,540,956)	-	(93,109,591)
Transfer from primary government	69,789,595	-	-	69,789,595
Facility capital lease payments	(90,092,281)	-	-	(90,092,281)
Proceeds from MELP financing	23,600,000	-	-	23,600,000
Principal paid on long-term debt	(27,919,142)	-	-	(27,919,142)
Interest paid on long-term debt	(21,653,305)	-	-	(21,653,305)
Issuance costs	(511,141)	-	-	(511,141)
Proceeds from other state or federal agencies	4,952,550	-	-	4,952,550
Proceeds from sale of capital assets	1,180,552	307,451	-	1,488,003
Net cash used in capital and related financing activities	(69,667,890)	(8,233,505)	-	(77,901,395)
Cash flows from investing activities:				
Proceeds from sales and maturities	471,185,894	-	-	471,185,894
Purchases of investments	(600,980,149)	-	-	(600,980,149)
Interest received and other	2,119,461	81,905	-	2,201,366
Net cash provided by (used in) investing activities	(127,674,794)	81,905	-	(127,592,889)
Net increase (decrease) in cash and cash equivalents	(41,798,850)	19,926,524	-	(21,872,326)
Cash and cash equivalents, beginning of year	174,185,410	34,141,428	-	208,326,838
Cash and cash equivalents, end of year	$ 132,386,560	$ 54,067,952	$ -	$ 186,454,512

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, 2021

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 147,294,259	$ (28,178,069)	$ -	$ 119,116,190
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Payments to Authority	-	275,472,093	(275,472,093)	-
Depreciation and amortization	113,977,524	7,858,189	-	121,835,713
Other expenses	(3,843,469)	-	-	(3,843,469)
Pension and OPEB expense (credit)	169,852	(3,725,870)	-	(3,556,018)
Change in assets, deferred outflows and inflows of resources and liabilities:				
Increase in accounts receivable	(14,496)	(2,951,477)	-	(2,965,973)
Decrease in due from other governments	830,638	-	-	830,638
Decrease in inventories	-	4,634,271	-	4,634,271
Increase in due from component unit	(46,031,196)	-	46,031,196	-
Increase in prepaid expenses and other	(2,769,931)	(1,803,848)	-	(4,573,779)
Increase in accounts payable and accrued expenses	400,651	1,657,656	-	2,058,307
Decrease in due to VPA	-	(3,984,330)	3,984,330	-
Increase (decrease) in other accrued expenses	(319,606)	4,087,664	-	3,768,058
Decrease in deferred outflows of resources - defined benefit plan	529,000	468,412	-	997,412
Net cash provided by operating activities	$ 210,223,226	$ 253,534,691	$ (225,456,567)	$ 238,301,350
Supplemental schedule of non-cash capital and related financing activities:				
Capital asset additions purchased on account	$ 785,039	$ -	$ -	$ 785,039
Capital transfers from (to) component unit	147,971	(147,971)	-	-
Capital transfers from other state agencies	535,000	-	-	535,000
Amortization of bond premiums/discounts	1,339,460	-	-	1,339,460

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

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

		Total
ASSETS		
Current Assets		
Cash and cash equivalents	$	1,965,659
Receivable from employer		3,092
Total current assets		1,968,751
Noncurrent Assets		
Investments held in trust at fair value		
Long-term bond		14,003,289
Core plus bond		57,902,025
Common and preferred stock		31,941,082
Mutual funds		57,859,190
Total noncurrent assets		161,705,586
Total assets		163,674,337
NET POSITION		
Restricted for:		
Pension benefits		163,674,337
Total net position	$	163,674,337

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

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021

	Total
Additions:	
Employer contributions	$ 7,600,744
Investment income	30,161,343
Total additions	37,762,087
Deductions:	
Benefit payments	6,697,860
Administrative expenses	261,685
Total deductions	6,959,545
Change in net position	30,802,542
Net position, beginning of year	132,871,795
Net position, end of year	$ 163,674,337

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

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.

The Authority also reports fiduciary activities (trust funds) in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. Fiduciary activities are based on activity for the year ended June 30, 2021. Fiduciary funds are excluded from the Authority's basic financial statements and cannot be used to support the Authority's own programs. The Authority is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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, 2021 for the Authority. VIT utilizes the allowance method for doubtful accounts. Accounts receivable are shown net of the allowance for doubtful accounts of approximately $10.1 million as of June 30, 2021 for VIT. The allowance for doubtful accounts is an amount management believes will be adequate to provide for existing accounts receivable that are likely to not be collected.

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 $5.2 million at June 30, 2021.

H. Defined Benefit Pension Plan Trust Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Investment Committee of the Authority determines the valuation policies of the Authority and VIT's defined benefit plans utilizing information provided by the investment advisors, trustee, and insurance company.

I. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

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 removed from the accounts and any resulting gain or loss on such disposition is reflected in non-operating revenues or expenses.

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, 2021 was approximately $1.3 million.

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 maintained impaired assets of $0.2 million, net of the applicable impairment provision, as of June 30, 2021.

J. 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 or 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.

K. 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, 2021. 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 was available for use as paid time off until December 31, 2019. Balances remaining unused at January 1, 2020 were 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.

Note 1. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences (Continued)

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.

L. 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, 2021. No payments can be made out of the state treasury except in pursuance of appropriations made by law.

M. 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.

N. 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 amounts held for the Authority's future construction and debt service payments.

O. 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, 2021, the Authority had approximately $31.4 million of deferred outflows of resources; $4.9 million were pension-related, $244 thousand were related to other postemployment benefits (OPEB), and $26.3 million were 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, 2021, the Authority had approximately $677 thousand of deferred inflows of resources; $470 thousand were pension-related, $89 thousand were OPEB-related, and $118 thousand were bond-related.

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

At June 30, 2021, VIT had approximately $11.9 million of deferred outflows of resources, all but $52 thousand being pension-related, and $3.8 million of deferred inflows of resources, all but $544 thousand being pension-related.

Note 1. Summary of Significant Accounting Policies (Continued)

P. 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 are recognized when due and payable in accordance with the benefit terms. Investments included in the fiduciary net position of the Authority's Retirement Plan are reported at fair value.

Pensions - Blended Component Unit - VIT

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 Virginia International Terminals, LLC Pension Plan (VITPP), and additions to/deductions from VITPP's fiduciary net position have been determined on the same basis as they are reported by VITPP. Benefits are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Q. Pension Liability

The Authority's stand-alone net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 using updated actuarial assumptions, applied to all periods included in the measurement.

R. 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 received 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.

S. Investment Income

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

T. Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through September 29, 2021, the date the financial statements were available to be issued.

Note 1. Summary of Significant Accounting Policies (Continued)

U. Recently Issued Accounting Pronouncements

At June 30, 2021, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Authority. The statements which might, or will, impact the Authority are as follows:

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Statement 87 will be effective for the port beginning with its year ending June 30, 2022. See Note 8 for further discussion of the Company's adoption of this pronouncement.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Statement 89 will be effective for the port beginning with its year ending June 30, 2022.

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 91 will be effective for the port beginning with its year ending June 30, 2023.

GASB Statement No. 92, *Omnibus 2020*, provides guidance to enhance comparability in accounting and financial reporting for leases, pension plans, postemployment benefit arrangements, and a wide range of other accounting and financial reporting issues that have been identified during the implementation and application of certain GASB statements. The requirements related to GASB Statement No. 87, *Leases*, and its associated Implementation Guide are effective upon issuance. The requirements related to GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 84, *Fiduciary Activities*, and the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition will be effective for the port beginning with its year ending June 30, 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses the accounting and financial reporting implications resulting from global reference rate reform, specifically, the extinction of the London Interbank Offered Rate (LIBOR). This Statement would remove LIBOR as an appropriate benchmark interest rate for qualitative evaluation of the effectiveness of an interest rate swap. Statement 93 will be effective for the port beginning with its year ending June 30, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, requires that public-private and public-public partnership arrangements (PPPs) that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if it meets certain criteria. Statement 94 will be effective for the port beginning with its year ending June 30, 2023.

Note 1. Summary of Significant Accounting Policies (Continued)

U. <u>Recently Issued Accounting Pronouncements</u> (Continued)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, requires the port to recognize a right-to-use subscription asset and corresponding subscription liability for certain subscription-based information technology arrangements (SBITAs). The port should recognize amortization of the discount on the subscription asset as an outflow of resources over the subscription term. The port will be required to disclose essential information related to the SBITA. Statement 96 will be effective for the port beginning with its year ending June 30, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32, requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan. The Statement also requires that investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. Statement 97 will be effective for the port beginning with its year ending June 30, 2022.

With the exception of Statements 87 and 89, Management is evaluating the above referenced pronouncements and has yet to determine the impact on the Authority's financial statements.

Note 2. Cash, Cash Equivalents and Investments

As of June 30, 2021, 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 $49,318,639 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, 2021, 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, 2021, these assets aggregated $135,555,100 with $80,757,958 classified as current and $54,797,142 classified as noncurrent based on the purpose for which the assets are restricted.

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

Current restricted assets consist of:

- $27,081,162 in cash and investments related to bond debt service payments to be made July 1, 2021;
- $7,883,075 in cash related to a capital lease payment to be made July 1, 2021;
- $22,673,858 in cash designated for purposes consistent with appropriations made by the Commonwealth of Virginia;
- $22,013,569 in cash and investments reserved to secure debt service in future years as required by the Authority's bond covenants;
- $1,002,301 in cash designated for equipment purchases under installment agreements; and
- $103,993 in cash for miscellaneous purposes.

Noncurrent restricted assets consist of:

- $26,783,608 in cash and investments reserved to secure debt service in future years as required by the Authority's bond covenants; and
- $28,013,534 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.

Cash and Cash Equivalents

As of June 30, 2021, the following shows the segmented time distribution of the Authority's cash and cash equivalents and its fair value measurement:

		Maturies (in Years)
	Fair Value	Less than 1
Cash	$100,770,508	N/A
Mutual and Money Market Funds	16,411,021	$ 16,411,021
U.S. Treasuries	15,205,031	15,205,031
Total	$ 132,386,560	$ 31,616,052

	Fair Value	Level 1	Level 2	Level 3
Cash	$ 100,770,508	N/A	$ -	$ -
Mutual and Money Market Funds	16,411,021	N/A	-	-
U.S. Treasuries	15,205,031	$ 15,205,031	-	-
Total	$ 132,386,560	$ 15,205,031	$ -	$ -

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

Investments

As of June 30, 2021, the following shows the segmented time distribution of the Authority's investments and its fair value measurement:

		Investment Maturities (in Years)	
	Fair Value	Less than 1	1 - 5
Negotiable Certificates of Deposit	$ 49,697,640	$ 48,421,143	$ 1,276,497
Commercial Paper	12,089,634	12,089,634	-
Corporate Bonds and Notes	95,324,500	49,173,499	46,151,001
Fixed Income Securities	13,267,887	7,756,998	5,510,889
U.S. Treasuries	65,565,571	20,311,128	45,254,443
Asset Backed Securities	13,117,929	54,042	13,063,887
Agency Mortgage Backed Securities	8,479,494	1,000,600	7,478,894
Total	$ 257,542,655	$ 138,807,044	$ 118,735,611

	Fair Value	Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	$ 49,697,640	$ 49,697,640	$ -	$ -
Commercial Paper	12,089,634	12,089,634	-	-
Corporate Bonds and Notes	95,324,500	95,324,500	-	-
Fixed Income Securities	13,267,887	13,267,887	-	-
U.S. Treasuries	65,565,571	65,565,571	-	-
Asset Backed Securities	13,117,929	13,117,929	-	-
Agency Mortgage Backed Securities	8,479,494	8,479,494	-	-
Total	$ 257,542,655	$ 257,542,655	$ -	$ -

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The Defined Benefit Pension Plan investment balances as of June 30, 2021 have a measurement date of June 30, 2021. There have been no changes in the valuation methodology used at June 30, 2020 (measurement date June 30, 2019). Following is a description of the valuation methodology used for fiduciary assets measured at fair value:

Separate investment accounts: Valued at unit value based on the observable net asset value (NAV) of the underlying investment at year-end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Authority believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

Investments (Continued)

The following table set forth by level, within the fair value hierarchy, summarizes the Authority's fiduciary assets for the Defined Benefit Pension Plan Trust at fair value as of the measurement date of June 30, 2021:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2021

	Level 1	Level 2	Level 3	Total
Long-term Bond	$ -	$ 2,003,596	$ -	$ 2,003,596
Core Plus Bond	-	9,751,560	-	9,751,560
Common and Preferred Stock	-	5,638,757	-	5,638,757
Mutual Funds	-	11,151,573	-	11,151,573
Total assets in the fair value hierarchy	$ -	$ 28,545,486	$ -	$ 28,545,486

The Authority's defined benefit plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

The Authority's defined benefit plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

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 Annual Comprehensive 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.

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. All deposits are considered adequately collateralized.

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.

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

Investments (Continued)

Blended Component Unit – VIT

The following table set forth by level, within the fair value hierarchy, summarizes VIT's fiduciary assets for the Defined Benefit Pension Plan Trust at fair value as of the measurement date of June 30, 2021:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2021

	Level 1	Level 2	Level 3	Total
Long-term Bond	$ -	$ 11,999,693	$ -	$ 11,999,693
Core Plus Bond	-	48,150,465	-	48,150,465
Common and Preferred Stock	-	26,302,325	-	26,302,325
Mutual Funds	-	46,707,617	-	46,707,617
Total assets in the fair value hierarchy	$ -	$ 133,160,100	$ -	$ 133,160,100

VIT's defined benefit plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

VIT's defined benefit plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

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. At year end, VIT had a total bank balance of $54.9 million, and $54.4 million was exposed to custodial credit risk because it was uninsured.

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.trs.virginia.gov/Cash-Management-Investments.

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.

The Authority's rated investments (not held by the Treasurer) as of June 30, 2021 were rated by Standard & Poor's and the ratings are presented below:

	Authority's Rated Debt Investments' Values					
	Agency Ratings					
	AAA	AA	A	A-1	BBB	Not Rated
Negotiable Certificates of Deposit	$ -	$ 1,202,472	$ -	$ 48,495,168	$ -	$ -
Commercial Paper	-	-	-	12,089,634	-	-
Corporate Bonds and Notes	16,826,448	22,156,245	43,655,188	-	12,083,717	602,902
Fixed Income Securities	-	2,629,807	10,638,080	-	-	-
U.S. Treasuries	-	65,565,571	-	-	-	-
Asset Backed Securities	9,181,398	-	-	-	-	3,936,531
Agency Mortgage Backed Securities	-	8,479,494	-	-	-	-
Total	$ 26,007,846	$ 100,033,589	$ 54,293,268	$ 60,584,802	$12,083,717	$4,539,433

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, 2021, approximately 52% of total revenue was derived from four customers. Receivables outstanding at June 30, 2021 for this concentration totaled $39,537,467.

Note 4. Due From Other Governments

Amounts due from other governments as of June 30, 2021 include:

U.S. Department of Transportation	$ 595,011
Virginia Department of Transportation	1,334,075
Virginia Department of Emergency Management	147,677
Virginia Public Building Authority	16,036,776
U.S. Department of Homeland Security	227,648
Virginia Department of Rail and Public Transportation	166,084
City of Portsmouth	48,272
Virginia Department of Environmental Quality	2,375,000
Transportation Trust Fund	8,208,579
	$ 29,139,122

Note 5. Capital Assets

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

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Governmental activities:					
Capital assets not being depreciated or amortized:					
Land and improvements	$ 103,936,097	$ 535,000	$ -	$ -	$ 104,471,097
Construction in progress (CIP)	205,796,615	79,910,959	-	(125,030,512)	160,677,062
	309,732,712	80,445,959	-	(125,030,512)	265,148,159
Depreciable capital assets:					
Infrastructure	941,734,983	112,738	-	46,887,725	988,735,446
Buildings	102,728,283	35,233	-	1,610,294	104,373,810
Improvements other than buildings	27,987,585	-	-	4,591	27,992,176
Equipment	596,453,930	-	(12,284,030)	76,527,902	660,697,802
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
	3,716,472,355	147,971	(12,284,030)	125,030,512	3,829,366,808
Less accumulated depreciation and amortization for:					
Infrastructure	378,030,499	31,710,968	-	-	409,741,467
Buildings	75,836,280	2,927,971	-	-	78,764,251
Improvements other than buildings	24,402,947	349,831	-	-	24,752,778
Equipment	290,491,841	36,327,025	(11,188,017)	-	315,630,849
Capital lease assets	106,875,360	42,661,729	(9,153)	-	149,527,936
Total accumulated depreciation and amortization	875,636,927	113,977,524	(11,197,170)	-	978,417,281
Depreciable capital assets, net	2,840,835,428	(113,829,553)	(1,086,860)	125,030,512	2,850,949,527
Governmental activities total capital assets, net	$3,150,568,140	$ (33,383,594)	$ (1,086,860)	$ -	$3,116,097,686

* 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 deemed final in November 2019. Accordingly, the lease asset as recorded is being amortized over the remaining lease term.

Note 5. Capital Assets (Continued)

Blended Component Unit – VIT

Changes in capital assets for the year ended June 30, 2021 are summarized as follows:

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
CIP (non-depreciable)	$ 3,924,041	$ 8,540,956	$ -	$ (8,150,152)	$ 4,314,845
Depreciable capital assets:					
Automobiles and trucks	7,884,884	-	(990,541)	1,795,998	8,690,341
Terminal gear and equipment	37,333,078	-	(1,275,529)	728,496	36,786,045
Furniture and fixtures	2,047,776	-	-	16,400	2,064,176
Data processing equipment	72,847,947	-	-	5,452,177	78,300,124
Improvements	2,681,653	-	(120,790)	120,790	2,681,653
Buildings	251,686	-	(36,291)	36,291	251,686
	123,047,024	-	(2,423,151)	8,150,152	128,774,025
Less: accumulated depreciation and amortization	(87,628,941)	(7,858,189)	2,246,078	-	(93,241,052)
Depreciable capital assets, net	35,418,083	(7,858,189)	(177,073)	8,150,152	35,532,973
Net capital assets	$ 39,342,124	$ 682,767	$ (177,073)	$ -	$ 39,847,818

Note 6. Long-Term Debt

Changes in Long-Term Indebtedness

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Amounts Due Within One Year
Revenue bonds	$ 484,890,000	$ 97,615,000	$ (102,620,000)	$ 479,885,000	$ 17,940,000
Issuance premium	18,214,113	4,789,781	(7,242,600)	15,761,294	1,435,764
Total revenue bonds	503,104,113	102,404,781	(109,862,600)	495,646,294	19,375,764
Installment purchases	62,933,246	23,600,000	(4,562,557)	81,970,689	6,446,562
Note payable - dredging	2,064,111	-	(48,985)	2,015,126	50,394
VIG lease	2,253,021,808	14,293,912	(561,581)	2,266,754,139	-
Compensated absences	1,195,851	935,475	(1,149,041)	982,285	565,980
Total	$2,822,319,129	$ 141,234,168	$ (116,184,764)	$2,847,368,533	$ 26,438,700

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness

Revenue Bonds		Balance as of June 30, 2021
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 $7,405,000 to $8,730,000 with semi-annual interest payments with rates ranging from 3.07% 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.	$	55,390,000
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 $2,970,000 to $3,035,000 with interest of 2.35% to 2.55% payable semiannually, the final installment due July 1, 2022. 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.		6,005,000
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 $1,670,000 to $10,300,000 with interest of 2.42% 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).		139,250,000

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness (Continued)

	Balance as of June 30, 2021
Revenue Bonds (Continued)	
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 $2,205,000 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.	$ 93,510,000
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 $2,490,000 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.	28,385,000
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 $225,000 to $8,990,000 beginning July 1, 2019 with semi-annual interest payments with rates ranging from 2.90% 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.	59,730,000
On August 4, 2020, Commonwealth Port Fund Revenue Refunding Bonds, Series 2020A (the "Series 2020A Bonds") dated the same, were issued in the amount of $77,845,000. The bonds are payable in annual principal installments varying from $315,000 to $8,335,000 beginning July 1, 2021 with semi-annual interest payments with rates ranging from .293% to 2.449% beginning January 1, 2021, the final installment due July 1, 2040. Proceeds of the Series 2020A Bonds have been used (a) to pay the costs of refunding of the Series 2012B, 2012C and 2015 Bonds, and (b) to pay costs of issuance of the Series 2020A Bonds. The Series 2020A Bonds are payable primarily from the Commonwealth Port Fund.	77,845,000

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness (Continued)

	Balance as of June 30, 2021
Revenue Bonds (Continued)	
On August 4, 2020, Commonwealth Port Fund Revenue Refunding Bonds, Series 2020B (the "Series 2020B Bonds") dated the same, were issued in the amount of $19,770,000. The bonds are payable in annual principal installments varying from $2,530,000 to $2,560,000 beginning July 1, 2023 with semi-annual interest payments with a rate of 5% beginning January 1, 2021, the final installment due July 1, 2029. Proceeds of the Series 2020B Bonds have been used (a) to pay the costs of refunding of the Series 2012B, 2012C and 2015 Bonds, and (b) to pay costs of issuance of the Series 2020B Bonds. The Series 2020B Bonds are payable primarily from the Commonwealth Port Fund.	$ 19,770,000
Sub-total revenue bonds	479,885,000
Issuance premium, net	15,761,294
Total revenue bonds	495,646,294
Installment Purchases	
The Installment Purchase contract dated October 27, 2017 for the lease purchase of terminal equipment initially totaled $21,784,846 and has addendums for an additional $45,215,154. Payments began 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 began 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. Payments began on the third group of equipment beginning January 1, 2020 with semi-annual payments of principal and interest of $882,586 each January and July until July 1, 2034 at an interest rate of 2.52% per annum. Payments began on the fourth group of equipment beginning July 1, 2020 with semi-annual payments of principal and interest of $842,192 each January and July until January 1, 2030 at an interest rate of 2.04% per annum.	58,370,689

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness (Continued)

	Balance as of June 30, 2021
Installment Purchases (Continued)	
The Installment Purchase contract dated August 1, 2020 for the lease purchase of terminal equipment totaled $11,600,000. Payments begin on August 1, 2021 with semi-annual payments of principal and interest of $655,468 each August and February until February 1, 2031 at an interest rate of 2.35% per annum.	$ 11,600,000
The Installment Purchase contract dated December 8, 2020 for the lease purchase of terminal equipment totaled $12,000,000. Payments begin on July 1, 2021 with semi-annual payments of principal and interest of $458,056 each January and July until January 1, 2036 at an interest rate of 1.78% per annum.	12,000,000
Total installment purchases	81,970,689
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 $108,329 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.	2,015,126
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.	2,266,754,139
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, 2021, 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 compensated absence liability includes provision for related payroll taxes.	982,285
Total long-term indebtedness	$ 2,847,368,533

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements

Summaries of future principal and interest maturities under long-term obligations as of June 30, 2021 are as follows:

Revenue Bonds

Year(s) Ending June 30,	Principal	Interest	Total
2022	$ 17,940,000	$ 17,864,226	$ 35,804,226
2023	18,270,000	17,336,187	35,606,187
2024	18,225,000	16,747,018	34,972,018
2025	18,860,000	16,096,186	34,956,186
2026	19,530,000	15,403,922	34,933,922
2027-2031	110,245,000	65,944,531	176,189,531
2032-2036	97,770,000	47,696,455	145,466,455
2037-2041	102,445,000	27,861,932	130,306,932
2042-2046	76,600,000	9,286,615	85,886,615
Total revenue bonds	$ 479,885,000	$ 234,237,072	$ 714,122,072

Installment Purchases

Year(s) Ending June 30,	Principal	Interest	Total
2022	$ 6,446,562	$ 1,994,594	$ 8,441,156
2023	6,640,965	1,782,775	8,423,740
2024	6,803,361	1,620,379	8,423,740
2025	6,969,833	1,453,907	8,423,740
2026	7,140,485	1,283,255	8,423,740
2027-2031	34,265,037	3,783,986	38,049,023
2032-2036	13,704,446	640,253	14,344,699
Total installment purchases	$ 81,970,689	$ 12,559,149	$ 94,529,838

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements (Continued)

Note Payable – Dredging

Year(s) Ending June 30,	Principal	Interest	Total
2022	$ 50,394	$ 57,935	$ 108,329
2023	51,843	56,486	108,329
2024	53,333	54,996	108,329
2025	54,866	53,462	108,328
2026	56,444	51,885	108,329
2027-2031	307,514	234,129	541,643
2032-2036	354,336	187,308	541,644
2037-2041	408,286	133,358	541,644
2042-2046	470,450	71,194	541,644
2047-2048	207,660	8,998	216,658
Total note payable - dredging	$ 2,015,126	$ 909,751	$ 2,924,877

Capital Lease Obligation – VIG Lease

In November 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 financed the development of additional container handling capacity on approximately 60 acres adjacent to Phase I which increased the annual volume capacity from approximately 680 thousand movements to approximately 1.2 million (Phase II). Phase II development costs funded by the lessor were $312 million to be recovered through the minimum lease payments paid by VPA. The Phase II development costs being financed by the lessor were 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.

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, subject to adjustment based on the difference between the estimated and actual costs to fund the Phase II expansion). During the construction period, the restated lease also provided for an additional $1 million annually of interim construction rent, which ceased as of October 1, 2019. 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 for May of each year to be effective 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
2022	$ (12,750,323)	$ 104,849,978	$ 92,099,655
2023	(11,458,398)	105,401,954	93,943,556
2024	(10,459,654)	105,906,307	95,446,653
2025	(9,388,975)	106,362,775	96,973,800
2026	(8,242,557)	106,767,938	98,525,381
2027-2031	(14,815,220)	537,315,359	522,500,139
2032-2036	30,146,327	535,940,172	566,086,499
2037-2041	90,250,609	522,595,364	612,845,973
2042-2046	170,248,920	493,218,920	663,467,840
2047-2051	275,661,540	442,609,599	718,271,139
2052-2056	413,473,357	364,127,904	777,601,261
2057-2061	592,517,640	249,314,487	841,832,127
2062-2066	761,570,873	87,563,398	849,134,271
Total capital lease	$ 2,266,754,139	$ 3,761,974,155	$ 6,028,728,294

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.

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements (Continued)

Capital Lease Obligation – VIG Lease (Continued)

At June 30, 2021, assets recorded pursuant to the VIG capital lease were included in depreciable/amortizable capital assets shown in Note 5.

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

	Principal	Premium	Total Long-Term Debt
Commonwealth port fund revenue bonds	$ 218,740,000	$ 4,091,492	$ 222,831,492
Port facilities revenue bonds	261,145,000	11,669,802	272,814,802
Installment purchases	81,970,689	-	81,970,689
Note payable - dredging	2,015,126	-	2,015,126
Capital lease obligation – VIG lease	2,266,754,139	-	2,266,754,139
	$ 2,830,624,954	$ 15,761,294	2,846,386,248
Compensated absences			982,285
			$ 2,847,368,533

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, 2021, $4,235,092 and $4,628,684 were reserved as restricted cash and investments, respectively, to satisfy these requirements.

Blended Component Unit – VIT

As of June 30, 2021, VIT has recorded a liability of $1,281,372 for compensated absences.

Note 7. Defeasance of Debt

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, 2021, $93,435,000 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, 2021, $89,400,000 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, 2021, $57,370,000 of these defeased bonds were still outstanding.

On August 4, 2020, the Authority issued $77,845,000 (par value) of Commonwealth Port Fund Revenue Refunding Bonds, Series 2020A (Taxable) to advance refund $4,795,000 in principal amount of the Authority's Commonwealth Port Fund Revenue Bonds, Series 2012C (Non-AMT) issued in the original par amounts of $4,795,000 and to advance refund $58,680,000 in principal amount of the Authority's Commonwealth Port Fund Revenue Bonds, Series 2015 (AMT) issued in the original par amounts of $58,680,000. 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, 2021, $63,475,000 of these defeased bonds were still outstanding.

On August 4, 2020, the Authority issued $19,770,000 (par value) of Commonwealth Port Fund Revenue Refunding Bonds, Series 2020B (AMT) to advance refund $23,080,000 in principal amount of the Authority's Commonwealth Port Fund Revenue Bonds, Series 2012B (Taxable) issued in the original par amounts of $45,230,000. 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, 2021, $23,080,000 of these defeased bonds were still outstanding.

Note 7. Defeasance of Debt (Continued)

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, 2021, $15,162,557 remained as unamortized deferred outflows of resources.

The reacquisition price of the Series 2018 refundings, $60,139,458, netted against the book value of the refunded debt resulted in the recognition of a deferred outflow of $274,171. At June 30, 2021, $268,944 remained as unamortized deferred outflows of resources.

The reacquisition price of the Series 2020A and 2020B refundings, $102,177,672, netted against the book value of the refunded debt resulted in the recognition of a deferred outflow of $11,011,973. At June 30, 2021, $10,336,323 remained as unamortized deferred outflows of resources. In addition, there are unamortized deferred outflows of resources related to the refundings of Series 2002 and 2011 of $482,032 and $269,230, respectively.

Note 8. Commitments and Contingencies

As of June 30, 2021, the Authority has commitments to construction contracts totaling $167,389,148, of which $93,863,731 has been incurred.

Expenses for other operating lease agreements amounted to $132,499 in fiscal year 2021.

Operating lease commitments in aggregate are as follows:

Year(s) Ending June 30,	Amount
2022	$ 140,500
2023	190,857
2024	190,857
2025	190,857
2026	190,857
Thereafter	5,443,775
Total	$ 6,347,703

As referenced in Note 1, the Authority adopted GASB Statement No. 87, *Leases*, effective July 1, 2021. As a result, the Authority recorded new lease assets and corresponding liabilities as of July 1, 2021 in the amount of $10,368,174. Additionally, the Authority recorded new lease receivables and corresponding deferred inflows of resources as of July 1, 2021 in the amount of $12,266,790. In accordance with this Statement, the Authority also revalued its existing VIG lease asset and liability balances based on updated assumptions, resulting in an adjusted lease asset and liability balance at July 1, 2021 of $4,049,305,474 and a favorable adjustment to net position of $233,083,629.

Note 8. Commitments and Contingencies (Continued)

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(s) Ending June 30,	Amount
2022	$ 13,142,034
2023	12,039,991
2024	10,070,503
2025	3,901,637
2026	4,262,005
Thereafter	16,837,437
Total	$ 60,253,607

Rental expense incurred under all operating leases other than chassis (including less than one year and cancellable) was $3,028,127 for the year ended June 30, 2021. Rental expense incurred is net of rents paid on behalf of the VPA which were recorded as a transfer to the VPA totaling $873,608 for the year ended June 30, 2021.

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 $19,237,967 during the year ended June 30, 2021 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 $3,025,902 during the year ended June 30, 2021. Contractual future payments to be received under these agreements are expected to be $2,328,278 in fiscal year 2022.

As referenced in Note 1, VIT adopted GASB Statement No. 87, *Leases*, effective July 1, 2021. As a result, VIT recorded new lease assets and corresponding liabilities as of July 1, 2021 in the amount of $58,281,572. Additionally, VIT recorded new lease receivables and corresponding deferred inflows of resources as of July 1, 2021 in the amount of $12,887,363.

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, 2021, $2,100,180 remains in the account.

Note 8. Commitments and Contingencies (Continued)

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, 2021.

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, 2021.

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, 2022. At June 30, 2021, there were no borrowings outstanding.

On May 20, 2020, VIT obtained a letter of credit available in the amount of $15,000,000 as a preemptive measure to supplement VIT's liquidity reserve requirement capacity. It bears interest at LIBOR plus 1.5% per annum. A note modification agreement was signed on August 2, 2021 to modify the interest rate to the Secured Overnight Financing Rate (SOFR) + 1.5% per annum and extending the expiration date to January 31, 2023. At June 30, 2021, there were no borrowings outstanding.

The May 20, 2020 letter of credit requires the observance of certain covenants during the term of the agreement. Among these is the financial covenant to maintain a required ratio of total liabilities and deferred inflows of resources to effective tangible net worth (as defined in the agreement). As of June 30, 2020, VIT was in compliance with this covenant, as well as the other non-financial covenants required by the agreement.

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 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 January 28, 2014. Employees hired after January 28, 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.php 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 Annual Comprehensive Financial Report. 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, 2021 is $385,503 along with a deferred outflow of resources of $71,545 and a deferred inflow of resources of $145,807.

Note 9. Pension Plans (Continued)

Pensions (Continued)

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.

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 (Unreduced):		
(a) Age	50	50
(b) Service	30	25
Early Retirement (Reduced):		
(a) Age	55	50
(b) Service	5	5
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.

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.

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 0.3% 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 0.3% 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 $1,591,000 in fiscal year 2021 and $2,120,000 in fiscal year 2020 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, 2020 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 6.75% 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	88
Inactive members entitled to but not yet receiving benefits	54
Active eligible members	108
Total	250

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

D. Net Pension Liability

VPA's net pension liability at June 30, 2021 was actuarially measured as of July 1, 2020, 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, 2021
Total pension liability	$ 30,351,064
Plan fiduciary net position	22,615,031
Net pension liability	$ 7,736,033
Plan fiduciary net position as a percentage of the total pension liability	74.51%

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, 2020	$ 27,082,315	$ 20,698,398	$ 6,383,917
Changes for the year:			
Service cost	491,888	-	491,888
Interest	1,894,338	-	1,894,338
Differences between expected and actual experience	1,040,082	-	1,040,082
Net investment income	-	857,108	(857,108)
Contributions from employer	-	2,120,000	(2,120,000)
Benefit payments	(1,024,456)	(1,024,456)	-
Administrative expense	-	(36,019)	36,019
Changes of assumptions	866,897	-	866,897
Balances at June 30, 2021	$ 30,351,064	$ 22,615,031	$ 7,736,033

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 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Total pension liability	$ 34,602,917	$ 30,351,064	$ 26,808,278
Plan fiduciary net position	22,615,031	22,615,031	22,615,031
Net pension liability	$ 11,987,886	$ 7,736,033	$ 4,193,247

G. Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2021, 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	$ 1,591,000	$ -
Difference between actual and expected experience	1,534,709	(28,838)
Assumption changes	1,146,125	(33,158)
Net difference between expected and actual earnings on pension plan investments	527,244	(262,321)
Total	$ 4,799,078	$ (324,317)

The $1,591,000 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, 2022. 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(s) Ending June 30,	Amount
2022	$ 803,601
2023	891,275
2024	681,719
2025	507,166
	$ 2,883,761

For the year ended June 30, 2021, VPA recognized a pension expense of $1,933,350.

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

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*
U.S. Large Cap Equity	21.1%	6.6%
U.S. Mid Cap Equity	6.4%	7.1%
U.S. Small Cap Equity	3.3%	8.1%
International Equity	12.5%	9.7%
Emerging Markets Equity	4.2%	11.2%
Commodities	4.9%	3.7%
REITS	4.8%	7.1%
International Bonds	0.0%	2.7%
Aggregate Bonds	42.8%	3.2%
U.S. Long Duration Bonds	0.0%	2.9%
	100.0%	

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

I. 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 Annual Comprehensive Financial Report.

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 $59,196 for the year ended June 30, 2021.

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 offered to employees of 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, 2021 was $233,158 for the Defined Contribution and $86,060 for the Enhanced Participant Employer Matching Contribution.

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

I. 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, 2021 was $38,957.

The right to modify, alter, amend, or terminate the Authority's Deferred Compensation Plan and the Matching Savings Plan vests with the Investment Committee 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 Investment Committee of the Virginia Port Authority. VITPP issues a stand-alone financial report.

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, as defined by the plan document. 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:

Inactive employees or beneficiaries currently receiving benefits	283
Inactive employees entitled to but not yet receiving benefits	204
Active eligible employees	159
Total	646

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 $6,009,744 and $6,478,156 for the years ended with the measurement dates of June 30, 2021 and 2020, 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 for fiscal year 2021 was $408,296.

E. Net Pension Liability

VIT's net pension liability at June 30, 2021 was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

F. Actuarial Assumptions

The actuarial present value of accumulated plan benefits as determined by an independent actuary using end of year benefit information as of June 30, 2020 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, 2020 were (a) life expectancy of participants (the Pub-2010 Mortality Table (Safety) with Scale MP-2020), (b) assumed retirement ages weighted between 55 to 65 years, (c) investment return (average rate of return of 6.75%), (d) assumed future increase in the social security taxable wage base (2.5%), and (e) salary scale increase rate 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.

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
U.S. Large Cap Equity	21.1%	6.6%
U.S. Mid Cap Equity	6.4%	7.1%
U.S. Small Cap Equity	3.3%	8.1%
International Equity	12.5%	9.7%
Emergining Markets Equity	4.2%	11.2%
Commodities	4.9%	3.7%
REITS	4.8%	7.1%
Short Term Bonds	3.7%	2.8%
Aggregate Bonds	39.1%	3.2%
U.S. Long Duration Bonds	0.0%	2.9%
	100.0%	

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, 2020	$ 106,442,922	$ 103,731,557	$ 2,711,365
Changes for the year:			
Service cost	659,298	-	659,298
Interest	7,306,910	-	7,306,910
Differences between expected and actual experience	(1,050,323)	-	(1,050,323)
Contributions - employer	-	6,478,156	(6,478,156)
Changes of assumptions	2,131,407	-	2,131,407
Net investment income	-	3,929,588	(3,929,588)
Benefit payments, net	(5,435,565)	(5,435,565)	-
Administrative expense	-	(574,957)	574,957
Net changes	3,611,727	4,397,222	(785,495)
Balances at June 30, 2021	$ 110,054,649	$ 108,128,779	$ 1,925,870
Plan fiduciary net position as a percentage of the total pension liability			98.25%

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 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

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

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Total pension liability	$ 122,390,965	$ 110,054,649	$ 99,585,232
Plan fiduciary net position	108,128,779	108,128,779	108,128,779
Net pension liability (asset)	$ 14,262,186	$ 1,925,870	$ (8,543,547)

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, 2021, VIT recognized a pension expense of $2,852,623.

VIT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to measurement date	$ 6,009,744	$ -
Difference between actual and expected experience	373,866	(2,351,303)
Assumption changes	2,514,740	(118,857)
Net difference between expected and actual earnings on pension plan investments	2,919,498	(764,283)
Total	$ 11,817,848	$ (3,234,443)

Deferred outflows of resources resulting from employer contributions subsequent to measurement date in the amount of $6,009,744 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year(s) Ending June 30,	Amount
2022	$ 282,123
2023	826,888
2024	578,834
2025	885,816
	$ 2,573,661

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, 2021 is $618,000 along with a deferred outflow of resources of $139,000 and a deferred inflow of resources of $89,000.

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. 45 of these employees have been transferred to VPA, along with their benefits. Upon 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, 2021 is $461,186 along with a deferred outflow of resources of $104,757 and a deferred inflow of resources of $73.

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, 2020:

Inactive employees or beneficiaries currently receiving benefits	12
Active eligible employees	58
Total	70

The OPEB plan is closed to new entrants.

C. Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 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	1.55%
Healthcare Cost Trend Rates	6.0% decreasing 0.5% per year to an ultimate rate of 5.0% for 2022 and later years

Note 10. Other Postemployment Benefits (Continued)

Blended Component Unit – VIT (Continued)

C. 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 PRI-2012 Mortality Fully Generational using Projection Scale MP-2020. The census was also updated to reflect the current population.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actual experience study for the period.

D. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	$ 896,653
Changes for the year:	
Service cost	17,004
Interest	20,745
Differences between expected and actual experience	(255,525)
Changes of assumptions or other inputs	28,825
Contributions - Employer	(52,094)
Net changes	(241,045)
Balance at June 30, 2021	$ 655,608

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.

E. 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 1.55%, as well as what VIT's estimated total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.55%) or 1-percentage-point higher (2.55%) than the current discount rate:

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

	1% Decrease (0.55%)	Current Rate (1.55%)	1% Increase (2.55%)
Total OPEB liability	$ 691,707	$ 655,608	$ 620,714

Note 10. Other Postemployment Benefits (Continued)

Blended Component Unit – VIT (Continued)

G. 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:

	1% Decrease (5% decreasing to 4%)	Healthcare Cost Trend Rates (6% decreasing to 5%)	1% Increase (7% decreasing to 6%)
Total OPEB liability	$ 607,848	$ 655,608	$ 710,164

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

For the year ended June 30, 2021, VIT recognized OPEB credit of $26,742. VIT also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (544,091)
Changes of assumptions	52,361	-
Total	$ 52,361	$ (544,091)

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

Year(s) Ending June 30,	Amount
2022	$ (104,901)
2023	(104,901)
2024	(104,901)
2025	(104,883)
2026	(47,493)
Thereafter	(24,651)
	$ (491,730)

Note 11. Supplemental Retirement Compensation Plans

VIT sponsors noncontributory supplemental plans covering certain key employees. The accrued liability net of investments in the supplemental plans was $105,272 as of June 30, 2021. Contributions to the plan for the year ended June 30, 2021 were $10,000.

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. For employees hired prior to July 1, 2012, 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. For employees hired on or after July 1, 2012, the matching savings plan requires VIT to contribute 4% of base pay and to match employee contributions in an amount equal to 50% of the first 4% of the participant's base pay contributed to the deferred compensation plan. VIT's total contribution to the matching savings plan was $639,068 for the year ended June 30, 2021.

Note 12. Accrued Workers' Compensation Costs

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 coverage of $5,000,000 per claim, but is obligated to pay the first $1,000,000 of any individual's claim per incident.

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, 2021 is classified as follows:

Workers' compensation claims, current	$ 115,797
Workers' compensation claims, noncurrent	443,098
Total	$ 558,895

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 5% at June 30, 2021. The undiscounted liability totaled approximately $2,070,000 at June 30, 2021. VIT expects to pay assessments annually through 2025. The balance at June 30, 2021 is classified as follows:

Accrued U.S. Department of Labor assessment, current	$ 730,799
Accrued U.S. Department of Labor assessment, noncurrent	1,083,282
Total	$ 1,814,081

Note 13. 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 and 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.

The Authority provides 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. Pursuant to a joint arrangement with VIT, the Authority is partially self-insured for employee health coverage. The Authority is responsible for actual claim costs up to $150,000 per individual for calendar years 2021 and 2020. The aggregate deductible for VIT and VPA combined claims in excess of the individual limit was $6,459,210 for calendar year 2021 and $6,238,503 for calendar year 2020.

Blended Component Unit – VIT

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 2021 and 2020, the individual claim cost limit (deductible) under the policy for VIT was $150,000. The aggregate deductible for VIT and VPA combined claims in excess of the individual limit was $6,459,210 for calendar year 2021 and $6,238,503 for calendar year 2020.

Note 14. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have, and are expected to continue to, impose volatility on the economies and financial markets of many countries, including the geographical area in which the Authority operates.

Note 14. Risks and Uncertainties (Continued)

During fiscal year 2020, the Authority experienced a significant decline in container volume and resulting operating cash flow directly correlated with the subdued economic activity. Over the course of fiscal year 2021, container volume increased significantly, coincident with the reopening of many economies and balancing of global supply chains. Accordingly, operating revenues, income and cash flow all experienced corresponding increases. With the uncertainty and volatility in world markets continuing, as well as the emergence of variants to the coronavirus and surges in reported cases in multiple areas across the world, VPA continues to maintain an appropriate safety/mitigation posture, as well as maintain operating costs management and cash flow practices designed to provide sustainable cash flows to maintain operations and also provide transfer payments from VIT as required by the Payment Agreement.

Note 15. 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 $884,334 for the year ended June 30, 2021.

On August 8, 2014, an agreement for shared services was executed between VPA and VIT, in an effort to centralize the administrative functions and avoid redundancy of 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, 2021, VIT's allocated services from VPA were $20,527,253 and HRCP's were $3,412,273.

For the year ended June 30, 2021, VIT and subsidiaries recorded $275,472,093 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 $12,416,506 in security surcharges from VIT customers for the year ended June 30, 2021.

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	2020	2021
Actuarially determined contribution	$ 874,897	$ 1,772,010	$ 1,377,935	$ 1,323,815	$ 1,515,194	$ 1,443,356	$ 1,623,190
Contributions made in relation to the actuarially determined contribution	900,882	3,850,943	2,377,935	1,323,815	1,515,194	2,120,000	1,591,000
Contribution deficiency (excess)	$ (25,985)	$ (2,078,933)	$ (1,000,000)	$ -	$ -	$ (676,644)	$ 32,190
Covered payroll	$ 10,235,375	$ 9,763,381	$ 9,728,655	$ 9,631,353	$ 9,529,167	$ 10,675,229	$ 10,028,491
Contributions as a % of payroll	8.80%	39.44%	24.44%	13.74%	15.90%	19.86%	15.86%

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 for the measurement date June 30, 2020 (fiscal year ended June 30, 2021):

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	6.75%, net of pension plan investment expense, including inflation
Retirement age	Varies by age and service
Mortality rates	Pub-2010 Mortality Table (Safety) With Scale MP-2020

(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.

(4) For each of the fiscal years presented above, the measurement date for the reported data was June 30 of the preceding fiscal year. For example, for the fiscal year ended June 30, 2021 the measurement date was June 30, 2020.

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	2020	2021
Total Pension Liability							
Service cost	$ 387,024	$ 487,324	$ 593,878	$ 618,438	$ 611,654	$ 593,351	$ 491,888
Interest	971,904	1,019,065	1,414,344	1,413,784	1,564,406	1,748,077	1,894,338
Changes of benefit terms	-	4,876,711	-	-	-	-	-
Differences between expected and actual experience	262,908	(204,569)	(1,058,838)	475,785	1,409,871	149,369	1,040,082
Changes of assumptions	-	1,124,233	(214,977)	414,287	(68,254)	683,127	866,897
Benefit payments	(1,102,947)	(781,017)	(802,306)	(718,066)	(809,461)	(941,562)	(1,024,456)
Net change in total pension liability	518,889	6,521,747	(67,899)	2,204,228	2,708,216	2,232,362	3,268,749
Total Pension Liability, beginning	12,964,772	13,483,661	20,005,408	19,937,509	22,141,737	24,849,953	27,082,315
Total Pension Liability, ending (a)	$ 13,483,661	$ 20,005,408	$ 19,937,509	$ 22,141,737	$ 24,849,953	$ 27,082,315	$ 30,351,064
Plan Fiduciary Net Position							
Contributions - employer	$ 525,696	$ 900,882	$ 3,847,134	$ 2,377,935	$ 1,323,815	$ 1,515,194	$ 2,120,000
Net investment income	1,618,318	467,163	(53,981)	1,728,583	1,492,568	1,298,795	857,108
Benefit payments, including refunds of member contributions	(1,102,947)	(781,017)	(802,306)	(718,066)	(809,461)	(941,562)	(1,024,456)
Administrative expense	(111,083)	(116,756)	(95,257)	(57,183)	(30,441)	(33,095)	(36,019)
Net change in plan fiduciary net position	929,984	470,272	2,895,590	3,331,269	1,976,481	1,839,332	1,916,633
Plan Fiduciary Net Position, beginning	9,255,470	10,185,454	10,655,726	13,551,316	16,882,585	18,859,066	20,698,398
Plan Fiduciary Net Position, ending (b)	$ 10,185,454	$ 10,655,726	$ 13,551,316	$ 16,882,585	$ 18,859,066	$ 20,698,398	$ 22,615,031
Net Pension Liability, ending (a) - (b)	$ 3,298,207	$ 9,349,682	$ 6,386,193	$ 5,259,152	$ 5,990,887	$ 6,383,917	$ 7,736,033
Net Position as a % of Pension Liability	75.54%	53.26%	67.97%	76.25%	75.89%	76.43%	74.51%
Covered Payroll	$ 5,707,279	$ 10,235,375	$ 9,763,381	$ 9,728,655	$ 9,631,353	$ 9,529,167	$ 10,675,229
Net Pension Liability as a % of Payroll	57.79%	91.35%	65.41%	54.06%	62.20%	66.99%	72.47%

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 and the investment rate of return.

Mortality rates	Pub-2010 Mortality Table (Safety) With Scale MP-2020
Investment rate of return	6.75%

(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	2020	2021
Actuarially determined contribution	$ 3,072,285	$ 2,745,069	$ 2,277,104	$ 2,411,564	$ 4,204,954	$ 5,868,369	$ 5,126,208
Contributions made in relation to the actuarially determined contribution	2,157,789	722,211	1,749,973	2,427,553	4,666,517	7,031,866	6,478,156
Contribution deficiency (excess)	$ 914,496	$ 2,022,858	$ 527,131	$ (15,989)	$ (461,563)	$ (1,163,497)	$ (1,351,948)
Covered payroll	$ 23,660,725	$ 17,885,926	$ 17,178,148	$ 17,110,666	$ 16,656,542	$ 11,914,408	$ 9,935,218
Contributions as a % of payroll	9.12%	4.04%	10.19%	14.19%	28.02%	59.02%	65.20%

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 for the measurement date June 30, 2020 (fiscal year ended June 30, 2021):

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	6.8%
Retirement age	Weighted between 55 and 65
Mortality rates	Pub-2010 Mortality Table (Safety) With Scale MP-2020

(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	2020	2021
Total Pension Liability							
Service cost	$ 1,351,708	$ 1,193,213	$ 1,104,372	$ 1,082,156	$ 1,135,258	$ 900,897	$ 659,298
Interest	6,876,416	7,024,100	6,538,633	6,672,598	6,932,889	7,197,527	7,306,910
Changes of benefit terms	-	(4,941,352)	-	-	-	-	-
Differences between expected and actual experience	(1,829,899)	(3,625,271)	(759,936)	363,493	(297,141)	(2,518,409)	2,131,407
Changes of assumptions	-	3,429,692	(1,148,235)	70,113	934,670	1,349,356	(1,050,323)
Benefit payments, including refunds of employee contributions	(4,000,317)	(3,269,754)	(4,417,218)	(4,479,220)	(4,566,807)	(4,814,735)	(5,435,565)
Net change in total pension liability	2,397,908	(189,372)	1,317,616	3,709,140	4,138,869	2,114,636	3,611,727
Total Pension Liability, beginning	92,954,125	95,352,033	95,162,661	96,480,277	100,189,417	104,328,286	106,442,922
Total Pension Liability, ending (a)	$ 95,352,033	$ 95,162,661	$ 96,480,277	$ 100,189,417	$ 104,328,286	$ 106,442,922	$ 110,054,649
Plan Fiduciary Net Position							
Contributions - employer	$ 1,860,000	$ 2,880,000	$ 1,464,372	$ 2,427,553	$ 4,666,517	$ 7,031,866	$ 6,478,156
Net investment income (loss)	6,207,582	1,971,743	(321,606)	8,461,795	5,652,665	7,073,580	3,929,588
Benefit payments, including refunds of member contributions	(4,000,317)	(3,269,754)	(4,417,218)	(4,479,220)	(4,566,807)	(4,814,735)	(5,435,565)
Administrative expense	-	-	-	(37,248)	(149,665)	(550,239)	(574,957)
Net change in plan fiduciary net position	4,067,265	1,581,989	(3,274,452)	6,372,880	5,602,710	8,740,472	4,397,222
Plan Fiduciary Net Position, beginning	80,640,693	84,707,958	86,289,947	83,015,495	89,388,375	94,991,085	103,731,557
Plan Fiduciary Net Position, ending (b)	$ 84,707,958	$ 86,289,947	$ 83,015,495	$ 89,388,375	$ 94,991,085	$ 103,731,557	$ 108,128,779
Net Pension Liability, ending (a) - (b)	$ 10,644,075	$ 8,872,714	$ 13,464,782	$ 10,801,042	$ 9,337,201	$ 2,711,365	$ 1,925,870
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.84%	90.68%	86.04%	89.22%	91.05%	97.45%	98.25%
Covered Payroll	$ 25,708,869	$ 23,660,725	$ 17,885,926	$ 17,178,148	$ 17,110,666	$ 16,656,542	$ 11,914,408
Net Pension Liability as a % of Covered Payroll	41.40%	37.50%	75.28%	62.88%	54.57%	16.28%	16.16%

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	2020	2021
Total OPEB Liability				
Service cost	$ 20,714	$ 21,975	$ 17,004	$ 17,004
Interest	39,418	39,897	20,745	20,745
Differences between expected and actual experience	(649)	(428,448)	-	(255,525)
Changes of assumptions	(43,279)	34,989	-	28,825
Benefit payments	-	(88,498)	(52,094)	(52,094)
Net change in total OPEB liability	16,204	(420,085)	(14,345)	(241,045)
Total OPEB Liability, beginning	1,314,879	1,331,083	910,998	896,653
Total OPEB Liability, ending	$ 1,331,083	$ 910,998	$ 896,653	$ 655,608
Covered Payroll	$ 9,937,757	$ 7,956,518	$ 7,467,816	$ 5,963,030
Total OPEB Liability as a Percentage of Covered Payroll	13.39%	11.45%	12.01%	10.99%

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%
2020	2.3%
2021	1.6%

(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.

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021

	Authority	Virginia International Terminals, LLC		
	Defined Benefit Pension Plan Trust Fund	Defined Benefit Pension Plan Trust Fund	Executive Supplemental Retirement Plan	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ -	$ -	$ 1,965,659	$ 1,965,659
Receivable from employer	3,092	-	-	3,092
Total current assets	3,092	-	1,965,659	1,968,751
Noncurrent Assets				
Investments held in trust at fair value				
Long-term bond	2,003,596	11,999,693	-	14,003,289
Core plus bond	9,751,560	48,150,465	-	57,902,025
Common and preferred stock	5,638,757	26,302,325	-	31,941,082
Mutual funds	11,151,573	46,707,617	-	57,859,190
Total noncurrent assets	28,545,486	133,160,100	-	161,705,586
Total assets	28,548,578	133,160,100	1,965,659	163,674,337
NET POSITION				
Restricted for:				
Pension benefits	28,548,578	133,160,100	1,965,659	163,674,337
Total net position	$ 28,548,578	$ 133,160,100	$ 1,965,659	$ 163,674,337

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021

	Authority	Virginia International Terminals, LLC			
	Defined Benefit Pension Plan Trust Fund	Defined Benefit Pension Plan Trust Fund	Supplemental Executive Benefit Plan	Executive Supplemental Retirement Plan	Total
Additions:					
Employer contributions	$ 1,591,000	$ 6,009,744	$ -	$ -	$ 7,600,744
Investment income (loss)	5,292,118	25,011,726	-	(142,501)	30,161,343
Total additions	6,883,118	31,021,470	-	(142,501)	37,762,087
Deductions:					
Benefit payments	907,330	5,790,530	-	-	6,697,860
Administrative expenses	42,241	199,619	19,825	-	261,685
Total deductions	949,571	5,990,149	19,825	-	6,959,545
Change in net position	5,933,547	25,031,321	(19,825)	(142,501)	30,802,542
Net position, beginning of year	22,615,031	108,128,779	19,825	2,108,160	132,871,795
Net position, end of year	$ 28,548,578	$ 133,160,100	$ -	$ 1,965,659	$ 163,674,337

STATISTICAL SECTION

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 terminal facilities. 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

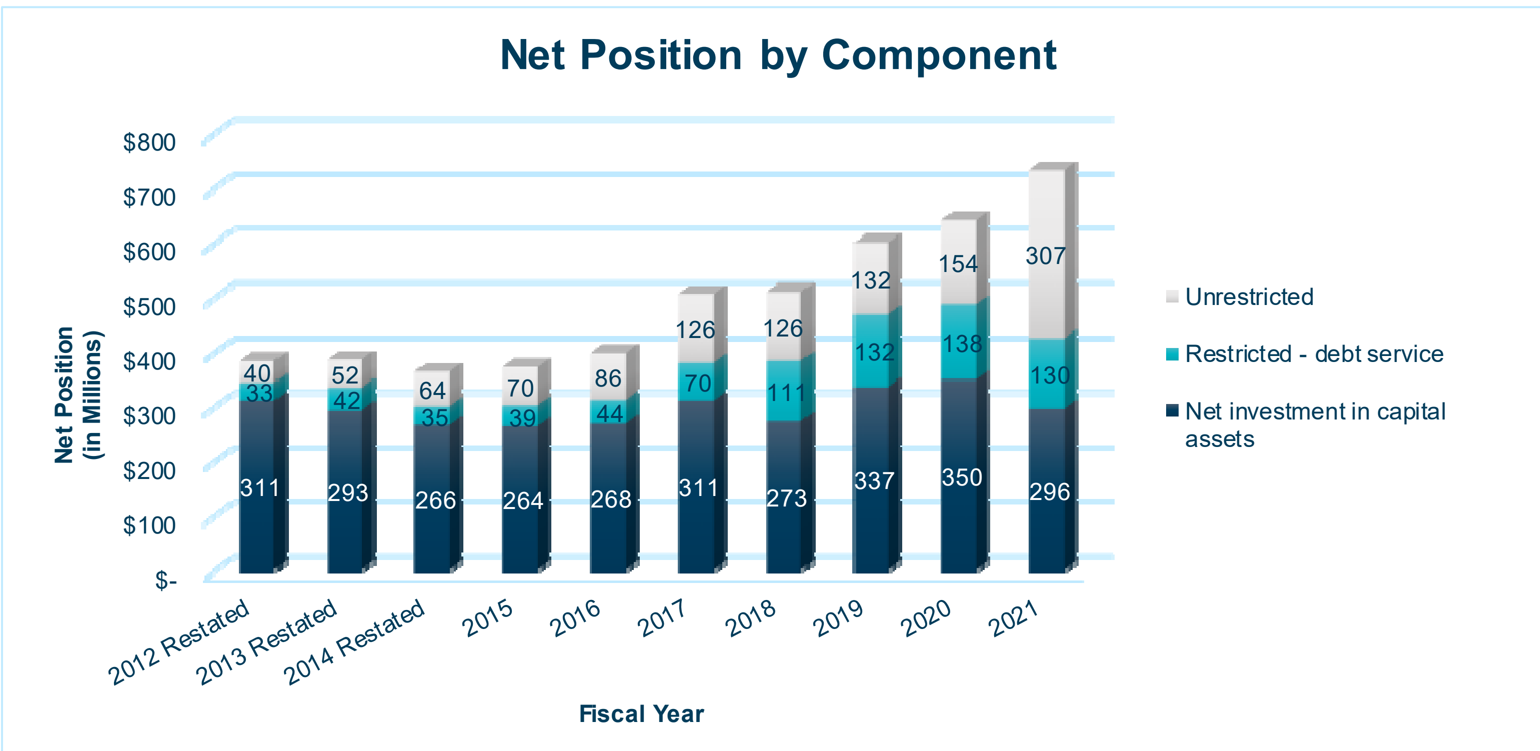
These schedules and graphs contain trend data about how the financial performance and condition of the Authority has changed over time.

VIRGINIA PORT AUTHORITY

NET POSITION BY COMPONENT
Last Ten Fiscal Years

	Fiscal Year June 30,									
	2012 Restated	2013 Restated	2014 Restated	2015	2016	2017	2018	2019	2020	2021
Net Position										
Net investment in capital assets	$ 311,346,910	$ 293,397,720	$ 265,717,230	$ 263,651,206	$ 268,348,384	$ 311,479,560	$ 273,121,342	$ 336,718,537	$ 349,643,679	$ 296,252,957
Restricted - debt service	33,081,525	41,833,813	34,823,401	38,581,530	44,017,978	69,531,520	111,171,674	132,383,445	138,301,604	129,530,697
Unrestricted	39,831,818	51,568,748	63,855,747	70,270,230	86,251,930	126,102,161	126,089,039	131,911,397	153,760,268	307,138,660
Total net position	$ 384,260,253	$ 386,800,281	$ 364,396,378	$ 372,502,966	$ 398,618,292	$ 507,113,241	$ 510,382,055	$ 601,013,379	$ 641,705,551	$ 732,922,314

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

HISTORICAL STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Years 2012 through 2021

	Fiscal Year Ended June 30,									
	2012 Restated	2013 Restated	2014 Restated	2015	2016	2017	2018	2019	2020	2021
Operating revenues:										
Operating revenues from component unit	$ 88,458,998	$ 90,272,604	$ 75,058,836	$ 94,845,407	$ 108,847,183	$ 120,512,239	$ 123,982,416	$ 156,859,006	$ 133,890,229	$ 275,472,093
Other revenues	6,283,332	7,970,579	5,192,084	9,147,626	9,339,787	10,102,177	10,444,816	11,186,158	10,946,317	13,119,666
Operating revenues - grants, federal and state	6,519,292	4,903,439	7,762,729	5,295,084	6,390,908	2,113,617	5,534,057	5,198,170	5,704,423	5,914,503
Total operating revenues	101,261,622	103,146,622	88,013,649	109,288,117	124,577,878	132,728,033	139,961,289	173,243,334	150,540,969	294,506,262
Operating expenses:										
Terminal operations	2,068,666	2,128,546	1,309,688	5,696,445	5,438,202	4,078,716	3,912,388	4,169,632	4,553,752	4,828,027
Terminal maintenance	10,492,515	8,731,182	8,324,365	2,409,614	3,742,873	2,052,612	3,878,667	2,441,104	3,494,678	4,881,208
General and administrative	22,089,260	18,577,038	26,205,663	19,339,042	20,041,975	18,024,873	20,339,423	22,039,448	25,818,916	23,232,259
Facility rental	37,063,827	47,229,466	52,479,613	55,679,447	55,618,729	17,429,000	396,370	1,451,058	1,681,651	292,985
Depreciation and amortization	44,840,342	44,095,008	43,084,669	42,608,659	44,018,111	70,124,183	79,097,839	79,673,359	96,402,812	113,977,524
Total operating expenses	116,554,610	120,761,240	131,403,998	125,733,207	128,859,890	111,709,384	107,624,687	109,774,601	131,951,809	147,212,003
Operating income (loss)	(15,292,988)	(17,614,618)	(43,390,349)	(16,445,090)	(4,282,012)	21,018,649	32,336,602	63,468,733	18,589,160	147,294,259
Non-operating revenues (expenses):										
Interest income	636,920	482,181	330,581	441,454	652,550	895,675	1,368,375	3,983,383	5,829,248	992,684
Interest expense	(23,070,737)	(20,531,918)	(16,888,384)	(14,198,070)	(18,383,892)	(88,211,549)	(125,344,867)	(123,706,715)	(125,263,781)	(124,144,422)
Issuance costs	(734,427)	(917,063)	(69,000)	(1,031,774)	(489,036)	(2,749,482)	(112,864)	(448,452)	(40,658)	(511,141)
Commonwealth Rail Relocation income (& ARRA)	6,375,798	244,424	-	-	-	-	-	-	-	-
Commonwealth Rail Relocation expenses	(6,296,498)	(394,990)	(133,770)	(2,730)	-	-	-	-	-	-
Revenues from federal government	4,612,432	3,471,137	626,643	709,511	9,653,436	11,988,133	785,515	7,489,797	3,152,063	7,158,494
Revenues (expenses) primary government	(297,267)	(158,628)	306,335	-	-	-	-	3,345,006	2,725,029	3,452,501
Revenues (expenses) other state proceeds, net	-	-	-	-	6,142,660	6,791,349	3,265,330	-	-	-
Other income (expenses)	8,722	-	-	404,983	(2,802,901)	(2,227,563)	(2,373,008)	(3,216,848)	(3,376,631)	(3,843,469)
Gain (loss) on disposals	(15,266,083)	708,585	2,652	-	(1,107,131)	(20,574)	(1,768,892)	744,338	225,163	93,692
Income (loss) before capital contributions and transfers	(49,324,128)	(34,710,890)	(59,215,292)	(30,121,716)	(10,616,326)	(52,515,362)	(91,843,809)	(48,340,758)	(98,160,407)	30,492,598
Capital contributions and transfers:										
Commonwealth Port Fund allocation	36,252,985	37,223,718	36,652,218	38,418,111	42,366,884	41,469,200	41,126,101	43,051,489	41,922,273	48,777,619
Capital contributions (to) from component unit	956,079	27,200	159,171	(189,807)	(287,700)	22,447,458	710,212	1,488,664	283,513	147,971
Payments to federal government - channel dredging	-	-	-	-	(5,500,393)	(844,504)	(984,275)	(3,223,890)	(17,402,176)	(54,679,392)
Capital contributions from other state agencies	-	-	-	-	152,861	-	-	-	-	535,000
Proceeds from primary government	-	-	-	-	-	84,661,132	54,260,585	97,655,819	114,048,969	65,942,967
Increase (decrease) in net position	(12,115,064)	2,540,028	(22,403,903)	8,106,588	26,115,326	95,217,924	3,268,814	90,631,324	40,692,172	91,216,763
Special item - lease conversion	-	-	-	-	-	13,277,025	-	-	-	-
Increase (decrease) in net position after special item	(12,115,064)	2,540,028	(22,403,903)	8,106,588	26,115,326	108,494,949	3,268,814	90,631,324	40,692,172	91,216,763
Net position - beginning of year	396,375,317	384,260,253	386,800,281	364,396,378	372,502,966	398,618,292	507,113,241	510,382,055	601,013,379	641,705,551
Net position - end of year	$ 384,260,253	$ 386,800,281	$ 364,396,378	$ 372,502,966	$ 398,618,292	$ 507,113,241	$ 510,382,055	$ 601,013,379	$ 641,705,551	$ 732,922,314

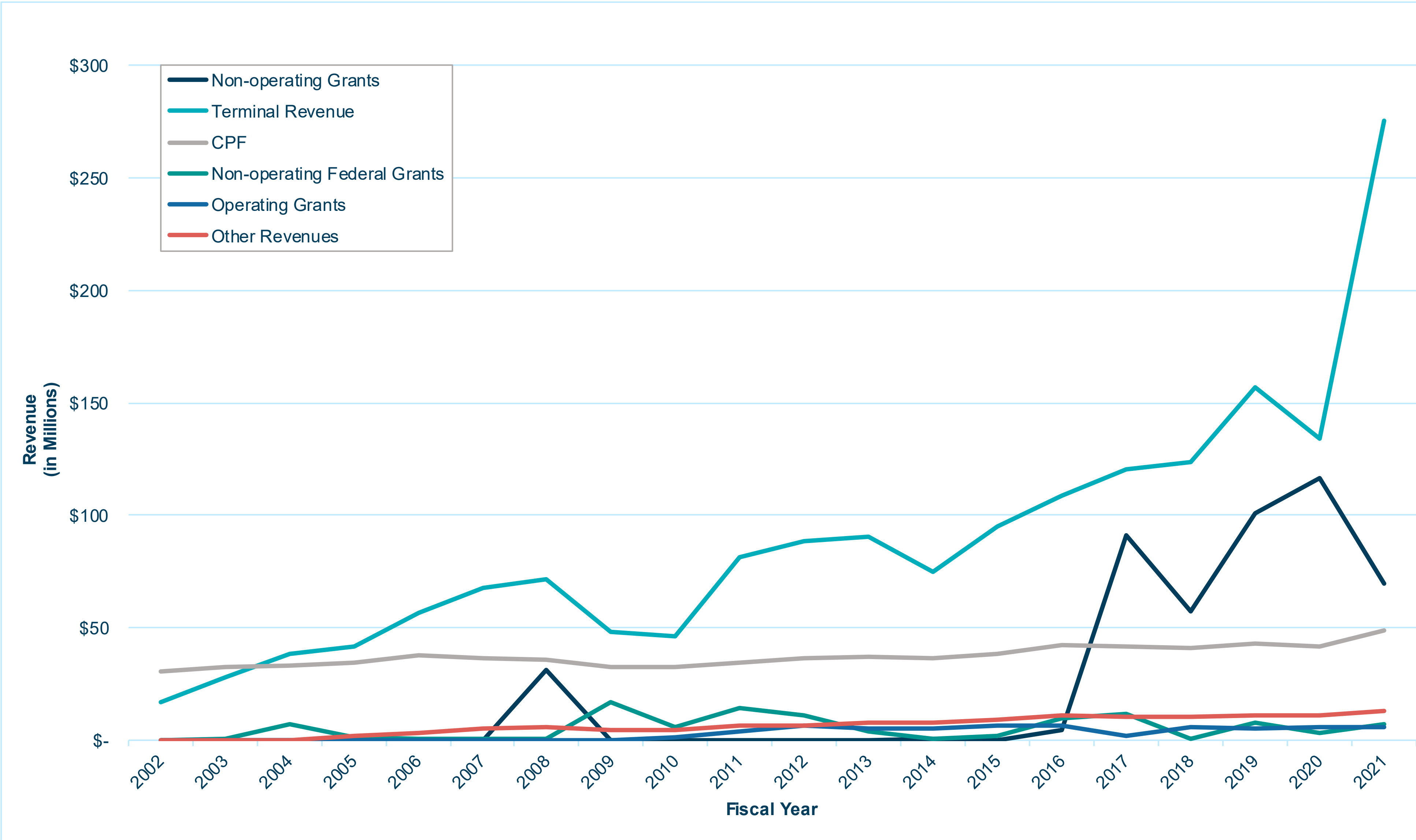
Certain prior year amounts have been reclassified to conform to the presentation depicted in the financial statements presented herein.
The presentation has also been restated for the implementation of GASB 68 and the effect of the prior period adjustment for capitalized interest.

HISTORICAL REVENUE COMPARISONS

This graph contains trend data about how the revenue sources of the Authority have changed over time.

VIRGINIA PORT AUTHORITY

HISTORICAL REVENUE COMPARISONS
Fiscal Years 2002 through 2021

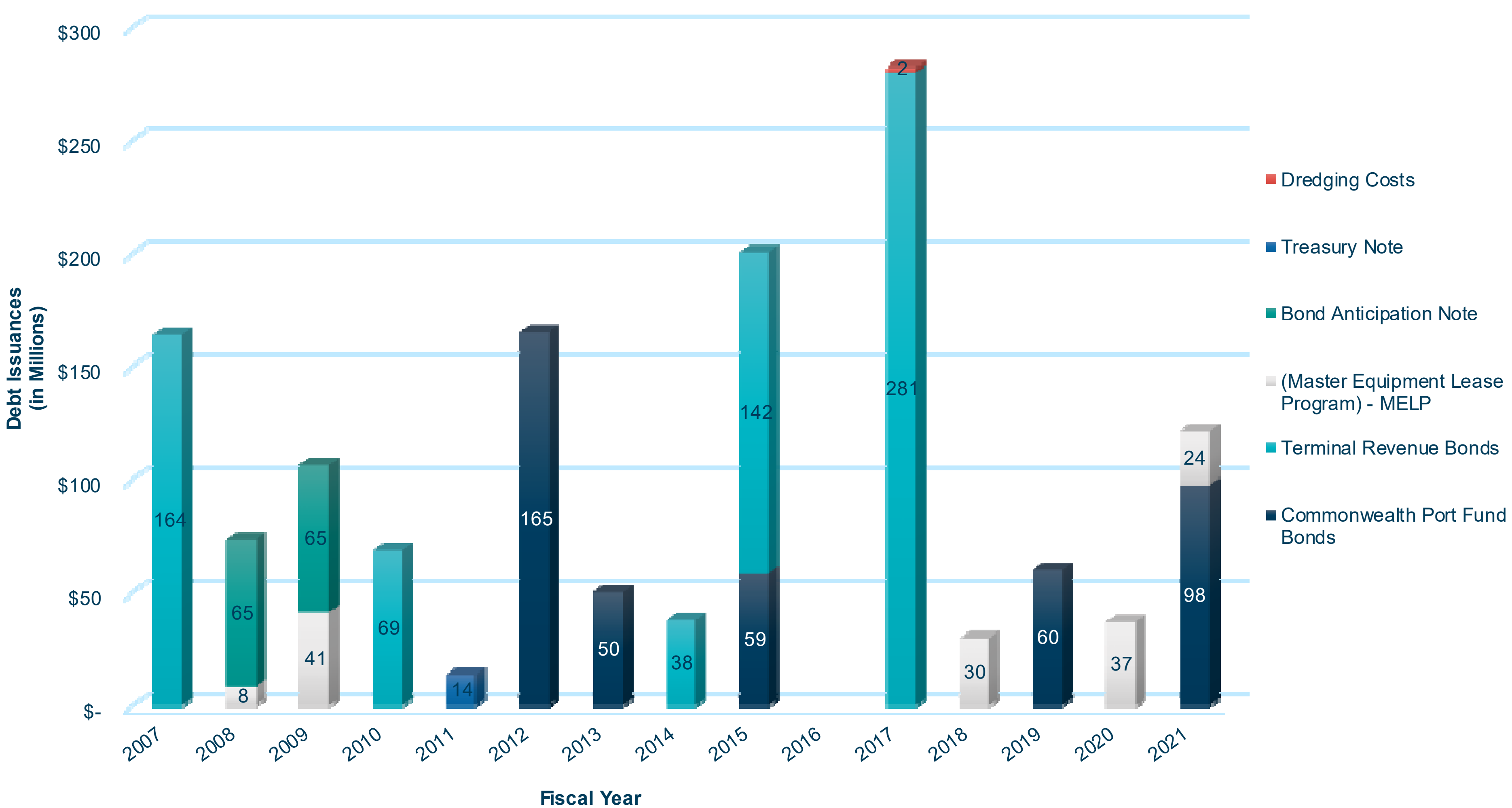


DEBT CAPACITY

These schedules and graphs present information about the Authority's debt requirements and ability to pay debt service.

VIRGINIA PORT AUTHORITY

HISTORICAL DEBT ISSUANCES
(Par Value – USD Millions)



VIRGINIA PORT AUTHORITY
COMMONWEALTH PORT FUND (CPF) REVENUE BONDS[1]
DEBT SERVICE PAYMENT REQUIREMENTS

Fiscal Year Ending	Issued 1/25/2012			Issued 9/26/2012			Issued 7/26/2018			Issued 8/4/2020			Issued 8/4/2020			
	Series 2012			Series 2012B			Series 2018			Series 2020A			Series 2020B			Total Bonds
June 30,	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service
2022	$ 7,190,000	$ 1,759,489	$ 8,949,489	$ 2,970,000	$ 112,064	$ 3,082,064	$ 225,000	$ 2,274,046	$ 2,499,046	$ 1,405,000	$ 1,450,717	$ 2,855,717	$ -	$ 988,500	$ 988,500	$ 18,374,816
2023	7,405,000	1,540,848	8,945,848	3,035,000	38,620	3,073,620	235,000	2,267,259	2,502,259	1,230,000	1,446,058	2,676,058	-	988,500	988,500	18,186,285
2024	7,625,000	1,304,419	8,929,419	-	-	-	240,000	2,260,014	2,500,014	1,235,000	1,439,930	2,674,930	2,530,000	925,250	3,455,250	17,559,613
2025	7,875,000	1,048,963	8,923,963	-	-	-	250,000	2,252,294	2,502,294	1,240,000	1,431,928	2,671,928	2,655,000	795,625	3,450,625	17,548,810
2026	8,140,000	773,005	8,913,005	-	-	-	255,000	2,244,086	2,499,086	1,250,000	1,422,314	2,672,314	2,790,000	659,500	3,449,500	17,533,905
2027	8,425,000	477,249	8,902,249	-	-	-	265,000	2,235,374	2,500,374	1,260,000	1,409,906	2,669,906	2,930,000	516,500	3,446,500	17,519,029
2028	8,730,000	162,378	8,892,378	-	-	-	275,000	2,226,125	2,501,125	1,275,000	1,394,961	2,669,961	3,075,000	366,375	3,441,375	17,504,839
2029	-	-	-	-	-	-	2,845,000	2,171,352	5,016,352	7,540,000	1,334,241	8,874,241	3,230,000	208,750	3,438,750	17,329,343
2030	-	-	-	-	-	-	2,945,000	2,068,062	5,013,062	8,485,000	1,215,142	9,700,142	2,560,000	64,000	2,624,000	17,337,204
2031	-	-	-	-	-	-	3,045,000	1,958,515	5,003,515	11,655,000	1,055,438	12,710,438	-	-	-	17,713,953
2032	-	-	-	-	-	-	7,445,000	1,762,746	9,207,746	7,560,000	891,596	8,451,596	-	-	-	17,659,342
2033	-	-	-	-	-	-	7,725,000	1,476,605	9,201,605	295,000	818,514	1,113,514	-	-	-	10,315,119
2034	-	-	-	-	-	-	8,015,000	1,175,778	9,190,778	305,000	812,491	1,117,491	-	-	-	10,308,269
2035	-	-	-	-	-	-	8,325,000	859,396	9,184,396	310,000	806,011	1,116,011	-	-	-	10,300,407
2036	-	-	-	-	-	-	8,650,000	526,913	9,176,913	315,000	799,112	1,114,112	-	-	-	10,291,025
2037	-	-	-	-	-	-	8,990,000	178,317	9,168,317	325,000	791,578	1,116,578	-	-	-	10,284,895
2038	-	-	-	-	-	-	-	-	-	7,750,000	692,700	8,442,700	-	-	-	8,442,700
2039	-	-	-	-	-	-	-	-	-	7,940,000	500,576	8,440,576	-	-	-	8,440,576
2040	-	-	-	-	-	-	-	-	-	8,135,000	303,737	8,438,737	-	-	-	8,438,737
2041	-	-	-	-	-	-	-	-	-	8,335,000	102,062	8,437,062	-	-	-	8,437,062
	$ 55,390,000	$ 7,066,351	$ 62,456,351	$ 6,005,000	$ 150,684	$ 6,155,684	$ 59,730,000	$ 27,936,882	$ 87,666,882	$ 77,845,000	$ 20,119,012	$ 97,964,012	$ 19,770,000	$ 5,513,000	$ 25,283,000	$ 279,525,929
			7/1/2027 Maturity			7/1/2022 Maturity			7/1/2036 Maturity			7/1/2040 Maturity			7/1/2029 Maturity	

[1] The bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the revenues primarily 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 BONDS[1]
DEBT SERVICE PAYMENT REQUIREMENTS

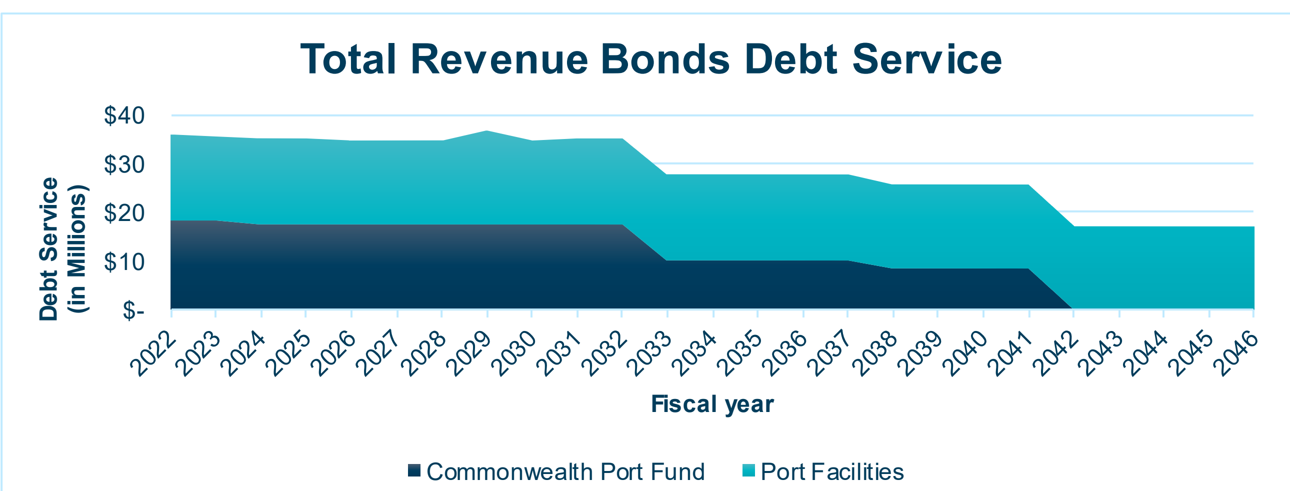
Fiscal Year Ending June 30,	Issued 11/17/2016 Series 2016A Principal	Series 2016A Interest	Series 2016A Debt Service	Issued 11/17/2016 Series 2016B Principal	Series 2016B Interest	Series 2016B Debt Service	Issued 11/17/2016 Series 2016C Principal	Series 2016C Interest	Series 2016C Debt Service	Total Bonds Debt Service
2022	$ 1,630,000	$ 5,775,983	$ 7,405,983	$ 2,105,000	$ 4,622,875	$ 6,727,875	$ 2,415,000	$ 880,552	$ 3,295,552	$ 17,429,410
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	634,796	3,279,796	17,407,376
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	161,245	6,611,245	-	-	-	17,141,862
	$ 139,250,000	$ 98,269,037	$ 237,519,037	$ 93,510,000	$ 70,615,245	$ 164,125,245	$ 28,385,000	$ 4,566,861	$ 32,951,861	$ 434,596,143
			7/1/2045 Maturity			7/1/2045 Maturity			7/1/2028 Maturity	

[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 Fund Revenue Bonds Debt Service	Port Facilities Revenue Bonds Debt Service	Total Revenue Bonds Debt Service
2022	$ 18,374,816	$ 17,429,410	$ 35,804,226
2023	18,186,285	17,419,902	35,606,187
2024	17,559,613	17,412,405	34,972,018
2025	17,548,810	17,407,376	34,956,186
2026	17,533,905	17,400,017	34,933,922
2027	17,519,029	17,395,334	34,914,363
2028	17,504,839	17,386,763	34,891,602
2029	17,329,343	19,274,274	36,603,617
2030	17,337,204	17,368,313	34,705,517
2031	17,713,953	17,360,479	35,074,432
2032	17,659,342	17,347,697	35,007,039
2033	10,315,119	17,325,949	27,641,068
2034	10,308,269	17,315,924	27,624,193
2035	10,300,407	17,306,367	27,606,774
2036	10,291,025	17,296,356	27,587,381
2037	10,284,895	17,284,987	27,569,882
2038	8,442,700	17,262,288	25,704,988
2039	8,440,576	17,251,382	25,691,958
2040	8,438,737	17,239,337	25,678,074
2041	8,437,062	17,224,968	25,662,030
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	-	17,141,862	17,141,862
	$ 279,525,929	$ 434,596,143	$ 714,122,072



VIRGINIA PORT AUTHORITY

RATIO OF OUTSTANDING REVENUE BONDS, MASTER EQUIPMENT LEASE FINANCINGS, AND NOTES PAYABLE[1] BY TYPE TO OPERATING REVENUES

Fiscal Years 2012 through 2021

Fiscal Year Ended June 30,	Port Facilities Revenue Bonds*	Commonwealth Port Fund Revenue Bonds*	Master Equipment Lease Financing	Other Long-Term Debt*	Total	Ratio - Total Debt to Operating Revenues	Total Business-Type Activities Operating Revenues
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	352,334,153
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	490,834,668
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
2020	267,085,000	217,805,000	62,933,246	2,064,111	549,887,357	1.07	512,909,151
2021	261,145,000	218,740,000	81,970,689	2,015,126	563,870,815	0.88	638,614,592

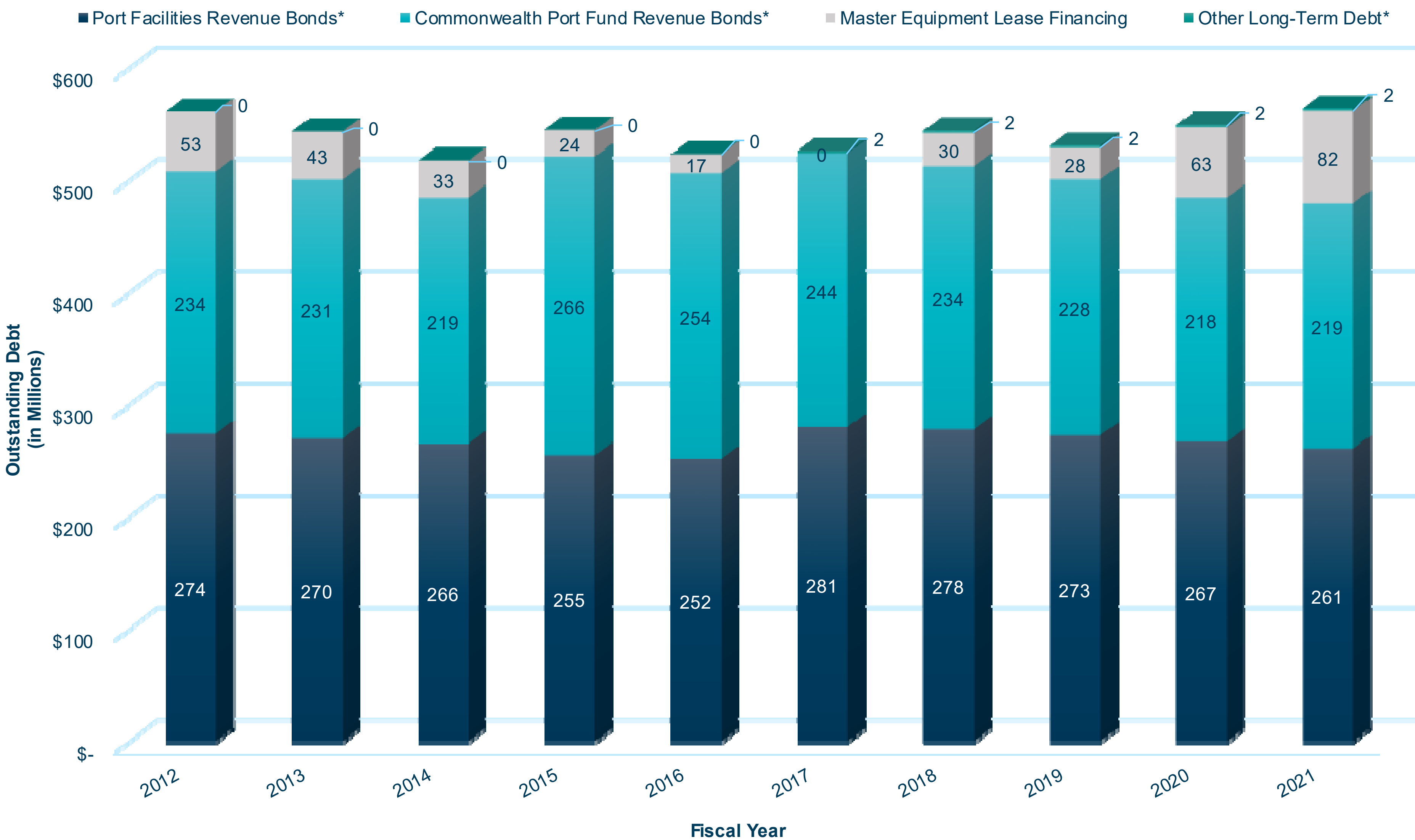
* at par value - does not include premiums or deferred amounts

[1] The above table considers debt in the context of principal repayment obligations for borrowed funds to financial capital needs. Commensurate with issuance, there may be premiums/discounts associated with the debt. The table also excludes the amended and restated lease with Virginia International Gateway, Inc. Please see Note 6 to the financial statements for more information.

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 ratios reflect debt as a percentage of combined operating revenues which fluctuate based on local, state, and world-wide economics.

VIRGINIA PORT AUTHORITY

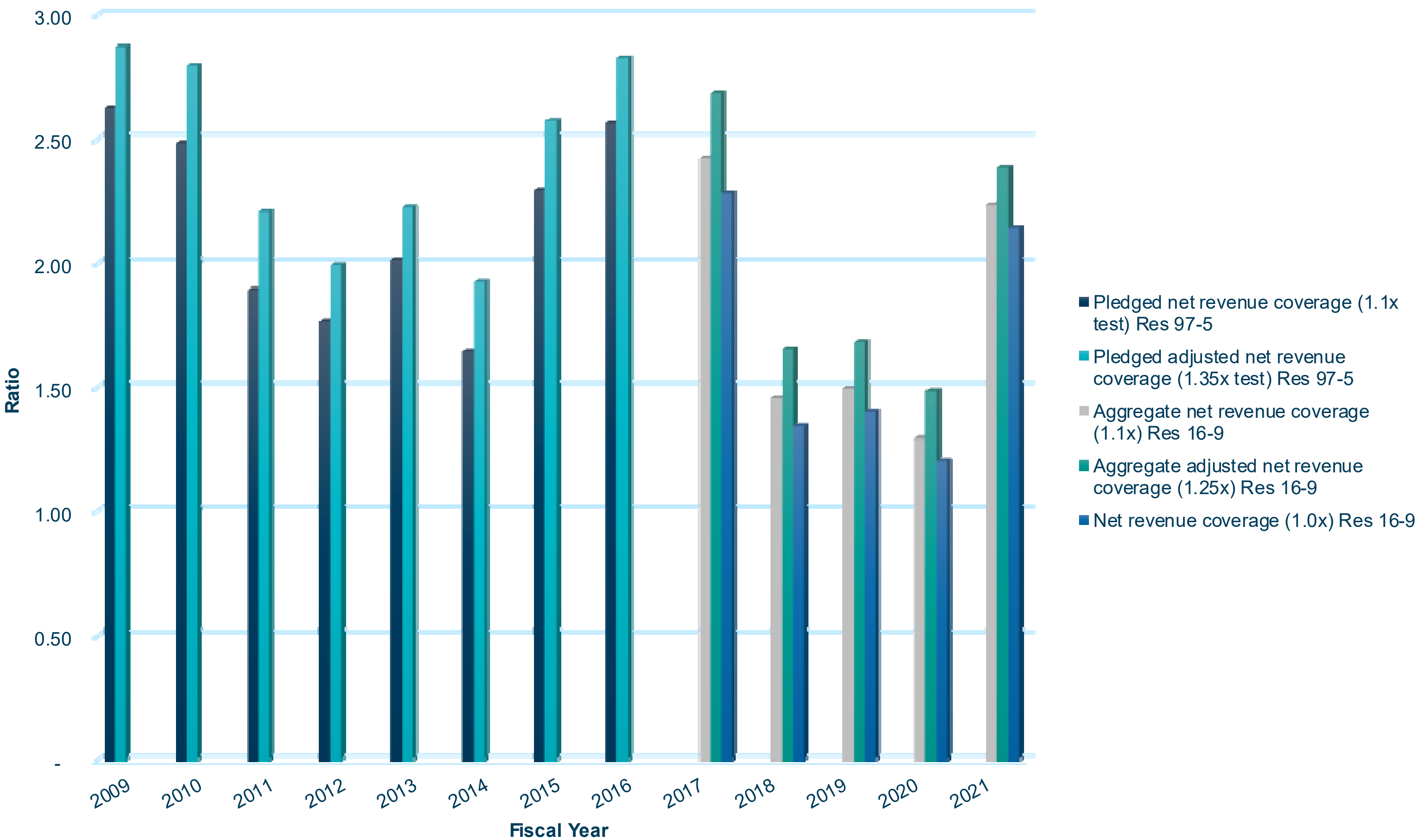
OUTSTANDING DEBT BY TYPE



* at par value – does not include premiums or deferred amounts
Note: Does not include the VIG lease. Please refer to Note 6 for further discussion of the capital lease obligation – VIG lease.

VIRGINIA PORT AUTHORITY

HISTORICAL DEBT SERVICE COVERAGE RATIOS



VIRGINIA PORT AUTHORITY
AND VIRGINIA INTERNATIONAL TERMINALS, LLC

OPERATING RESULTS AND DEBT SERVICE COVERAGE RESOLUTION NO. 97-5
CASH BASIS
Fiscal Years 2012 through 2016

	Fiscal Year Ended 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)
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	39,088,548	29,074,687	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

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

VIRGINIA PORT AUTHORITY

OPERATING RESULTS AND DEBT SERVICE COVERAGE RESOLUTION NO. 16-9

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
VIRGINIA INTERNATIONAL TERMINALS					
VIT/HRCP II gross receipts	$ 484,493,992	$ 550,211,505	$ 589,669,817	$ 556,625,173	$ 631,181,992
VIT/HRCP II current expenses	(350,770,652)	(421,532,643)	(419,549,635)	(416,717,115)	(403,298,306)
VIT liquidity reserve withdrawal (deposit)	(2,542,503)	6,060,609	(10,030,673)	(676,752)	4,745,778
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)	(11,091,346)	(8,193,395)
VIT/HRCP II payment (per Payment Agreement to VPA)	145,489,323	123,693,244	153,633,788	128,139,960	224,436,069
VIRGINIA PORT AUTHORITY					
Gross revenues:					
VIT/HRCP II payment per Payment Agreement	145,489,323	123,693,244	153,633,788	128,139,960	224,436,069
Other VPA income and interest income	10,036,848	11,185,777	15,052,567	17,247,283	20,270,887
Total gross revenues	155,526,171	134,879,021	168,686,355	145,387,243	244,706,956
Current expenses:					
Terminal expenditures	(26,487,514)	(24,606,069)	(27,837,037)	(27,756,049)	(22,668,812)
Operating lease payments	(17,429,000)	(185,000)	(185,000)	(185,000)	(132,499)
Total current expenses	(43,916,514)	(24,791,069)	(28,022,037)	(27,941,049)	(22,801,311)
Net revenue (B)	111,609,657	110,087,952	140,664,318	117,446,194	221,905,645
VPA Commonwealth Port Fund used for O & M **(P)**	7,657,417	8,161,526	9,975,320	10,192,191	6,097,423
VPA Commonwealth Port Fund used for VIG rent **(Q)**	5,831,000	9,996,000	9,996,000	9,996,000	9,996,000
Revenue stabilization fund balance	29,082,109	39,660,634	39,973,130	40,115,940	39,933,402
25% of revenue stabilization fund balance **(D)**	7,270,527	9,915,159	9,993,283	10,028,985	9,983,351
Net revenue (B)	111,609,657	110,087,952	140,664,318	117,446,194	221,905,645
Aggregate net revenue **(E)** (E = B + D - A)	126,459,541	131,049,338	157,113,322	138,566,525	240,082,391
Adjusted net revenue **(F)** (F = B + P + Q)	125,098,074	128,245,478	160,635,638	137,634,385	237,999,068
Aggregate adjusted net revenue **(G)** (G = F + D - A)	139,947,958	149,206,864	177,084,642	158,754,716	256,175,814
DEBT SERVICE COVERAGE					
Senior debt service:					
Senior obligations	42,577,887	72,795,077	87,818,263	90,298,809	90,092,280
Series 2016 Bonds principal and interest requirements	9,614,006	17,536,594	17,503,749	17,068,203	17,413,977
Aggregate principal and interest requirements (C)	$ 52,191,893	$ 90,331,671	$ 105,322,012	$ 107,367,012	$ 107,506,257

Debt Service Coverage	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021
Aggregate net revenue coverage (E/C > 1.1x)	2.42	1.45	1.49	1.29	2.23
Aggregate adjusted net revenue coverage (G/C > 1.25x)	2.68	1.65	1.68	1.48	2.38
Net revenue coverage ((B-A)/C > 1.0x)	2.28	1.34	1.40	1.20	2.14

Note: 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.

THE PORT OF VIRGINIA®

THE PORT BY NUMBERS

ECONOMIC DEVELOPMENT

$1.5 billion + invested in port-related economic development in 2020

13 million + sq. ft. of industrial development space since 2016

208 port related economic development announcements over the past five years

MID-ATLANTIC LOCATION

Home to **Foreign Trade Zone (FTZ) #20**

Two days drive from **75% of the U.S. population, 47 hours** rail transit to Chicago

18 nautical miles or 2.5 hours to open sea with no air draft restrictions

SERVICES

Asia service offerings from both **Panama Canal and Suez Canal**

31 international shipping line services with direct service to **90 foreign ports**

Virginia has the **third largest state-maintained transportation network,** including interstates: I-95, I-81, I-64, I-85, I-77, I-66

THE PORT BY NUMBERS

RAIL

2 Class I railroads operating on-dock – Norfolk Southern & CSX

19 Midwest and Southeast inland points served by rail

32.7 percent of cargo arrives and departs the port by rail, the largest percentage of any U.S. East Coast port.

CAPACITY

26 Suez-class ship-to-shore cranes port-wide

HRCP II provides a true gray chassis pool across container operations.

55′/16.76m channel deepening project will be complete by 2025

IMPACT

Responsible for nearly **400,000 jobs**

Recipient of **20 Elizabeth River Project Star Awards**

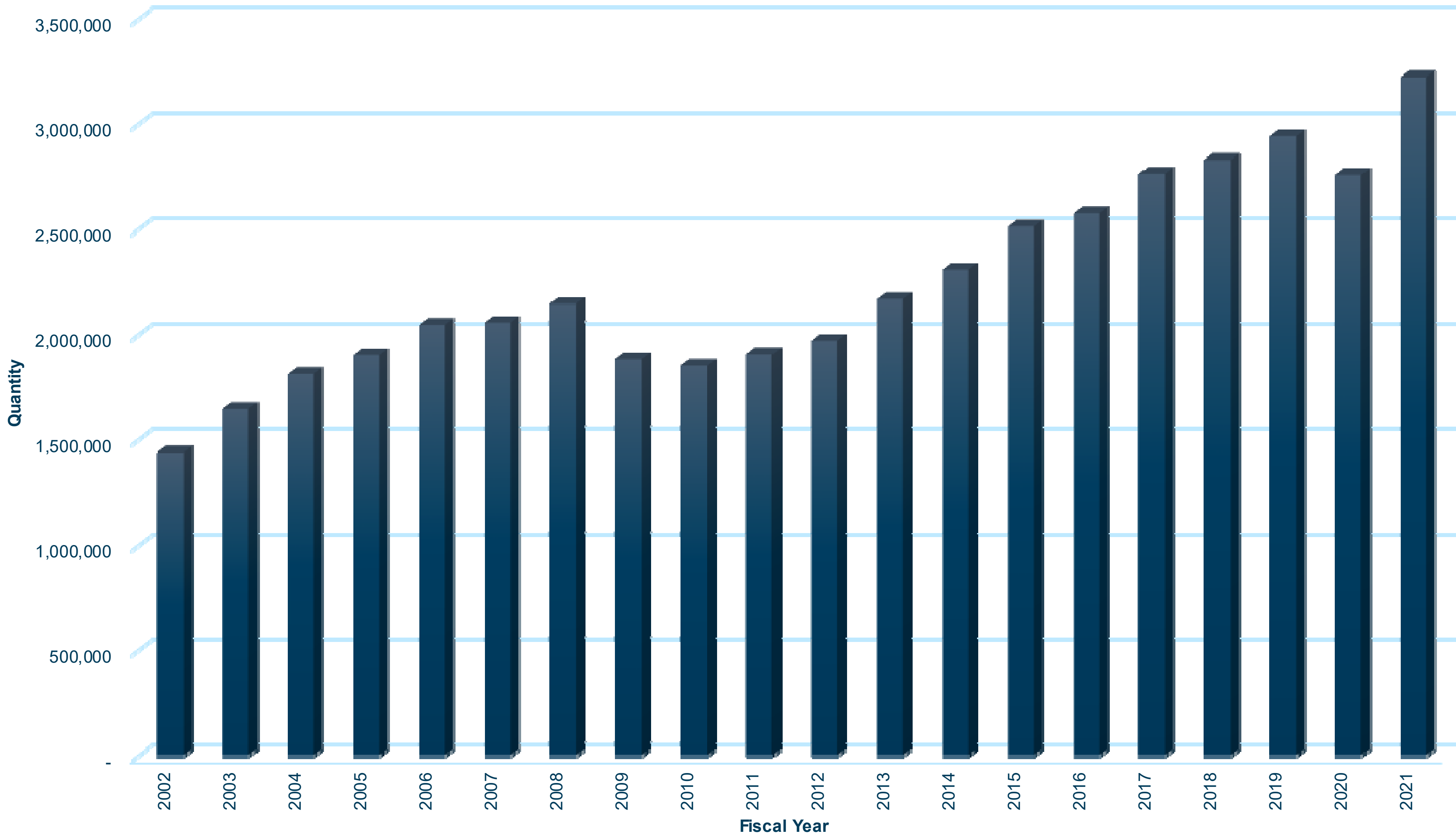
$6.95 million available in Virginia Port Incentives each year

THE PORT OF VIRGINIA RAIL CONNECTIVITY

THE PORT OF VIRGINIA TERMINALS

VIRGINIA PORT AUTHORITY

TWENTY-FOOT EQUIVALENT UNIT (TEU) CONTAINER THROUGHPUT



Hampton Roads Harbor

Calendar Year 2020 Trade Overview

TOTAL	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	53,712.20	48,726.95
General Cargo	21,081.93	19,125.21
Container Cargo	21,001.83	19,052.55
Breakbulk Cargo*	80.10	72.67
Container Units	1,556,063	
TEUs	2,813,415	
Total Cargo Dollar Value (Millions)	$68,912.84	

EXPORT	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	42,291.05	38,365.84
General Cargo	10,525.07	9,548.19
Container Cargo	10,517.04	9,540.90
Breakbulk Cargo	8.03	7.28
Container Units	812,050	
TEUs	1,474,900	
Total Cargo Dollar Value (Millions)	$24,422.67	

IMPORT	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	11,421.15	10,361.11
General Cargo	10,556.86	9,577.03
Container Cargo	10,484.79	9,511.64
Breakbulk Cargo	72.07	65.38
Container Units	744,013	
TEUs	1,338,514	
Total Cargo Dollar Value (Millions)	$44,490.17	

Vessel Calls	2,219
Coal Loadings* Short Tons (Thousands)	26,644.40

*Coal loadings and breakbulk cargo include international and domestic shipments

US East Coast Port	TEUs	East Coast Market Share
New York/New Jersey	8,088,155	37.1%
Savannah	4,976,844	22.9%
Port of Virginia	3,150,239	13.7%
Charleston (SC)	2,647,207	11.4%
Miami	1,242,999	5.2%
Baltimore	1,168,573	5.1%
Port Everglades	1,119,453	4.6%

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

THE PORT OF VIRGINIA

Calendar Year 2020 Total Cargo in Thousands of Short Tons

Top 10 Trading Partners

	Exports			Imports	
1	India	5,550.96	1	China	2,147.09
2	Brazil	4,890.46	2	India	829.66
3	China	3,375.12	3	Germany	808.81
4	Ukraine	2,811.15	4	Vietnam	651.44
5	United Kingdom	2,677.31	5	Brazil	599.76
6	Netherlands	2,440.55	6	Italy	581.23
7	Turkey	1,532.79	7	Turkey	505.74
8	Japan	1,404.32	8	Russia	339.40
9	Italy	1,365.66	9	France	331.27
10	Croatia	1,320.19	10	Spain	312.14

Top 10 Commodities

	Exports			Imports	
1	Mineral Fuels, Mineral Oils	28,042.68	1	Nuclear Reactors, Boilers, Machinery	853.90
2	Oil Seeds And Oleaginous Fruits	2,915.52	2	Furniture; Bedding, Cushions	844.81
3	Wood And Articles Of Wood	2,768.73	3	Plastics And Articles Thereof	701.82
4	Residues And Waste From The Food Industries	1,898.14	4	Salt; Sulfur; Earths And Stone	688.46
5	Pulp Of Wood	1,453.29	5	Electrical Machinery	617.09
6	Plastics And Articles Thereof	626.79	6	Beverages, Spirits And Vinegar	520.31
7	Animal Or Vegetable Fats And Oils	357.44	7	Inorganic Chemicals	478.44
8	Meat And Edible Meat Offal	345.50	8	Articles Of Iron Or Steel	448.78
9	Iron And Steel	339.44	9	Articles Of Stone	403.74
10	Paper And Paperboard	334.41	10	Vehicles	366.14

Trade Lanes

	Export	Import
Africa	2,500.96	149.31
Asia, Northeast	8,161.88	2,674.51
Asia, Southeast	3,157.84	1,471.31
Carribbean	1,161.58	75.86
Central America	165.30	44.51
Europe, North	13,523.40	2,961.70
India & Others	42,757.77	974.84
Mediterranean	5,934.69	1,767.10
Middle East	571.82	125.55
North America	228.09	64.44
Oceania	36.37	13.75
South America	6,382.38	1,098.27

Top U.S. Ports

1	Houston, TX	198,982.13
2	Corpus Christi, TX	121,093.60
3	New Orleans, LA	110,973.13
4	Los Angeles, CA	76,665.60
5	Newark, NJ	61,282.74
6	Gramercy, LA	60,471.45
7	The Port of Virginia, VA	53,712.20
8	Long Beach, CA	46,840.11
9	Port Arthur, TX	41,362.56
10	Savannah, GA	41,200.59

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

THE PORT OF VIRGINIA

Calendar Year 2020 Total Cargo in Thousands of Metric Tons

Top 10 Trading Partners

	Exports			Imports	
1	India	5,035.76	1	China	1,947.81
2	Brazil	4,436.56	2	India	752.66
3	China	3,061.86	3	Germany	733.74
4	Ukraine	2,550.24	4	Vietnam	590.98
5	United Kingdom	2,428.82	5	Brazil	544.10
6	Netherlands	2,214.03	6	Italy	527.28
7	Turkey	1,390.52	7	Turkey	458.80
8	Japan	1,273.98	8	Russia	307.90
9	Italy	1,238.91	9	France	300.52
10	Croatia	1,197.66	10	Spain	283.17

Top 10 Commodities

	Exports			Imports	
1	Mineral Fuels, Mineral Oils	25,439.92	1	Nuclear Reactors, Boilers, Machinery	774.65
2	Oil Seeds And Oleaginous Fruits	2,644.92	2	Furniture; Bedding, Cushions	766.40
3	Wood And Articles Of Wood	2,511.75	3	Plastics And Articles Thereof	636.68
4	Residues And Waste From The Food Industries	1,721.96	4	Salt; Sulfur; Earths And Stone	624.56
5	Pulp Of Wood	1,318.40	5	Electrical Machinery	559.82
6	Plastics And Articles Thereof	568.62	6	Beverages, Spirits And Vinegar	472.02
7	Animal Or Vegetable Fats And Oils	324.26	7	Inorganic Chemicals	434.03
8	Meat And Edible Meat Offal	313.43	8	Articles Of Iron Or Steel	407.12
9	Iron And Steel	307.93	9	Articles Of Stone	366.26
10	Paper And Paperboard	303.37	10	Vehicles	332.16

Trade Lanes

	Export	Import
Africa	2,268.84	135.45
Asia, Northeast	7,404.35	2,426.28
Asia, Southeast	2,864.75	1,334.75
Carribbean	1,053.77	68.82
Central America	149.96	40.38
Europe, North	12,268.24	2,686.81
India & Others	38,789.24	884.36
Mediterranean	5,383.87	1,603.08
Middle East	518.75	113.90
North America	206.92	58.45
Oceania	33.00	12.47
South America	5,790.00	996.34

Top U.S. Ports

1	Houston, TX	180,513.77
2	Corpus Christi, TX	109,854.39
3	New Orleans, LA	100,673.25
4	Los Angeles, CA	69,549.95
5	Newark, NJ	55,594.83
6	Gramercy, LA	54,858.84
7	The Port of Virginia, VA	48,726.95
8	Long Beach, CA	42,492.69
9	Port Arthur, TX	37,523.53
10	Savannah, GA	37,376.59

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 2020 Total Cargo in Millions of U.S. Dollars

Top 10 Trading Partners

	Exports			Imports	
1	China	$2,453.21	1	China	$9,072.09
2	Belgium	$1,810.77	2	Germany	$5,816.54
3	Germany	$1,537.31	3	India	$3,344.23
4	United Kingdom	$1,272.92	4	Italy	$2,654.41
5	Netherlands	$1,272.72	5	Vietnam	$2,419.13
6	Japan	$1,253.21	6	Japan	$1,711.08
7	Spain	$1,043.23	7	Malaysia	$1,577.72
8	Brazil	$864.18	8	United Kingdom	$1,096.13
9	Austria	$837.04	9	France	$1,085.27
10	India	$825.94	10	Brazil	$1,076.07

Top 10 Commodities

	Exports			Imports	
1	Nuclear Reactors, Boilers, Machinery	$2,543.47	1	Nuclear Reactors, Boilers, Machinery	$9,121.96
2	Pharmaceutical Products	$2,431.17	2	Electrical Machinery	$4,471.85
3	Plastics And Articles Thereof	$2,003.07	3	Pharmaceutical Products	$3,198.11
4	Miscellaneous Chemical Products	$1,166.77	4	Furniture; Bedding, Cushions	$2,503.57
5	Organic Chemicals	$1,160.68	5	Vehicles, Other Than Railway	$2,231.14
6	Oil Seeds And Oleaginous Fruits	$1,152.90	6	Plastics And Articles Thereof	$2,116.31
7	Vehicles, Other Than Railway	$1,134.91	7	Organic Chemicals	$1,399.20
8	Electrical Machinery	$972.68	8	Toys, Games And Sports Equipment	$1,349.82
9	Wood And Articles Of Wood	$778.50	9	Articles Of Iron Or Steel	$1,129.57
10	Residues And Waste From The Food Industries	$701.42	10	Optical, Medical or Surgical Instruments	$1,115.61

Trade Lanes

	Export	Import
Africa	$1,574.65	$414.52
Asia, Northeast	$4,873.28	$12,276.66
Asia, Southeast	$2,054.94	$6,474.48
Carribbean	$217.87	$23.15
Central AM	$236.27	$169.89
Europe, North	$9,470.52	$14,079.42
India & Others	$1,105.07	$4,186.15
Mediterranean	$1,886.91	$4,735.15
Middle East	$1,226.69	$443.70
North America	$32.50	$32.36
Oceania	$212.49	$41.97
South America	$1,531.47	$1,612.71

Top U.S. Ports

1	Los Angeles, CA	$259,208.82
2	Newark, NJ	$148,314.70
3	Houston, TX	$126,110.26
4	Savannah, GA	$103,230.61
5	Long Beach, CA	$91,700.22
6	Charleston, SC	$72,702.73
7	Norfolk-Newport News, VA	$68,912.84
8	Oakland, CA	$50,465.27
9	Baltimore, MD	$49,578.29
10	New Orleans, LA	$40,975.56

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

Port Facilities

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	2020	2021
Sworn Officers/Security Personnel/ Safety	82	81	49	42	39	47	51	50	49	54	53	52
Marketing/Economic Development Personnel	6	8	9	13	18	25	17	18	19	19	18	24
Port Promotions Personnel	5	6	5	2	-	-	-	-	-	-	-	-
Strategic Planning, Engineering & Acquisition Personnel	8	8	7	7	8	8	24	27	23	40	35	30
Information Technology Personnel	-	-	-	-	-	-	41	41	39	34	31	31
Administrative Personnel	23	23	22	17	18	56	63	67	70	73	84	78
Agency Totals	124	126	92	81	83	136	196	203	200	220	221	215

VIRGINIA PORT AUTHORITY
SOURCE AND USE DATA
Fiscal Year Ended June 30, 2021

Operating revenues	$ 294,506,262	70%	Operating expenses	$ 147,212,003	45%
Non-operating revenues	127,100,928	30%	Non-operating expenses	183,178,424	55%
Total revenues	$ 421,607,190		**Total expenses**	$ 330,390,427	

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

Of the operating revenues, $275.5 million or 93.5% are operating transfers based on the net cash flows of Virginia International Terminals. Their tariff rates are published at https://www.portofvirginia.com/tools/schedule-of-rates/. Currently, 32.2% of all terminal operating revenues are based on unit rate contracts which are proprietary, but commit shiplines and alliances to long-term contracts with minimum annual container volumes. The remaining revenues are billed at tariff rates or via specific quotes.

VIRGINIA PORT AUTHORITY

CAPITAL ASSETS[1]
Fiscal Years 2012 through 2021

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Terminals Operated (total)	6	6	6	6	6	6	6	6	6	6
Owned	4	4	4	4	4	4	4	4	4	4
Leased	2	2	2	2	2	2	2	2	2	2
Land (acres)	1,630	1,630	1,592	1,592	1,592	1,592	1,592	1,592	1,592	2,101
Berth/Wharf (linear feet)	20,084	20,084	18,439	18,439	17,955	17,935	17,935	18,736	18,736	28,185
Rail Track (linear feet)	187,457	187,457	177,020	177,020	184,795	204,607	204,607	208,495	208,495	246,188
On-Terminal Warehouse (sq. ft.)	2,523,105	2,523,105	2,614,105	2,614,105	2,698,000	2,638,105	2,638,105	2,017,305	2,017,305	2,017,305
Net Book Value of Capital Assets	$ 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	$ 1,209,875,926	$ 1,218,058,048
Construction in progress	112,808,246	110,378,281	131,136,358	108,312,870	122,437,149	195,487,725	291,098,822	311,683,859	205,796,615	160,677,062
Land	105,611,558	105,727,987	105,539,821	105,539,821	102,749,147	103,936,099	103,936,097	103,936,097	103,936,097	104,471,097
Buildings and infrastructure	715,700,049	715,771,832	723,745,918	765,087,023	780,966,061	851,512,977	857,600,994	935,250,075	1,072,450,851	1,121,101,432
Equipment	269,181,526	280,120,829	288,455,554	298,791,643	304,165,331	370,713,726	370,798,153	448,463,600	596,453,930	660,697,802
Depreciation (accumulated)	(393,733,124)	(436,489,590)	(478,463,938)	(521,072,595)	(557,264,493)	(609,275,655)	(656,345,283)	(709,556,451)	(768,761,567)	(828,889,345)

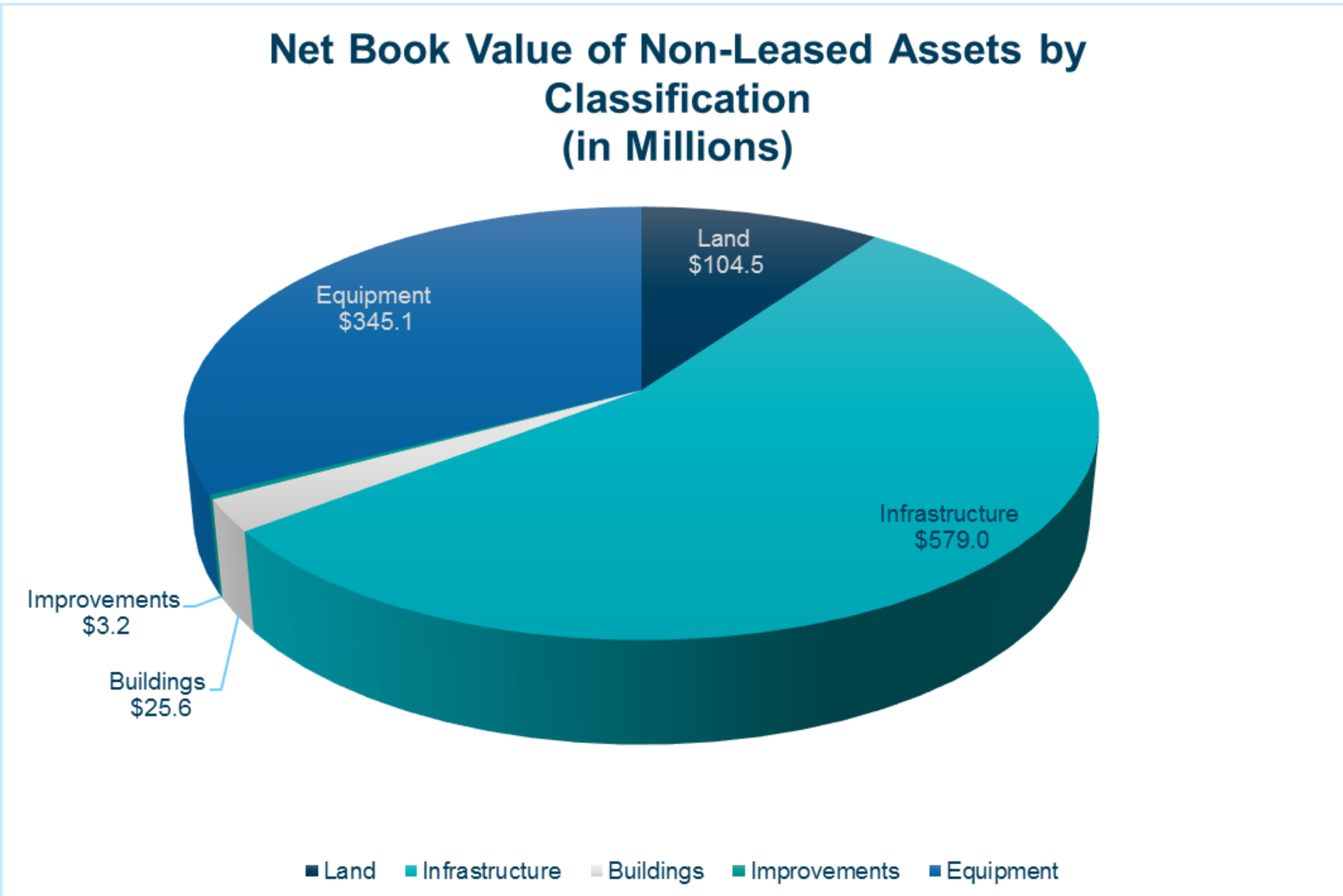
THE PORT OF VIRGINIA®

[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 deliver opportunity by driving business to, and through, the Commonwealth, the Virginia Port Authority is responsible for the maintenance of and improvements to the Commonwealth's port facilities. Sixty-five percent (65%) 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 thirty-three percent (33%) 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 and improvements (2%).



This chart excludes Construction in Progress ($160.7M) as these assets are not currently used in operations.

VIRGINIA PORT AUTHORITY

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Years 2012 through 2021

	Fiscal Year Ended June 30,									
	2012 Restated[(1)]	2013 Restated[(1)]	2014 Restated[(1)]	2015	2016	2017 Restated[(1)]	2018	2019	2020	2021
Operating revenues:										
Terminal operating revenues	$ 297,835,649	$ 339,460,135	$ 383,714,148	$ 451,242,335	$ 444,444,057	$ 478,261,207	$ 522,069,004	$ 551,236,042	$ 496,258,411	$ 619,580,423
Other revenues	6,519,292	7,970,579	7,762,729	9,147,626	9,339,787	10,102,177	10,444,816	11,186,158	10,946,317	13,119,666
Operating revenues - grants, federal and state	6,283,332	4,903,439	5,192,084	5,295,084	6,390,908	2,113,617	5,534,057	5,198,170	5,704,423	5,914,503
Total operating revenues	310,638,273	352,334,153	396,668,961	465,685,045	460,174,752	490,477,001	538,047,877	567,620,370	512,909,151	638,614,592
Operating expenses:										
Terminal operations	128,782,659	153,682,077	176,243,834	222,664,900	209,680,717	218,813,211	247,513,433	251,470,175	217,207,852	231,239,432
Terminal maintenance	54,936,881	70,958,589	92,160,744	86,935,700	89,883,939	94,533,543	104,686,862	108,678,605	112,128,919	107,231,018
General and administrative	51,903,912	43,556,452	46,063,032	36,479,680	49,708,682	49,656,296	52,028,679	55,581,726	58,476,374	58,899,254
Facility rental	37,063,827	47,229,466	52,479,613	55,679,447	55,618,729	17,429,000	396,370	1,451,058	1,681,651	292,985
Depreciation and amortization	49,271,899	47,979,055	46,612,042	46,648,716	47,723,393	74,405,644	84,271,174	86,939,592	103,839,332	121,835,713
Total operating expenses	321,959,178	363,405,639	413,559,265	448,408,443	452,615,460	454,837,694	488,896,518	504,121,156	493,334,128	519,498,402
Operating income (loss)	(11,320,905)	(11,071,486)	(16,890,304)	17,276,602	7,559,292	35,639,307	49,151,359	63,499,214	19,575,023	119,116,190
Non-operating revenues (expenses):										
Interest income	1,510,827	333,654	555,518	502,056	704,381	920,012	1,368,375	4,052,618	6,177,222	1,074,589
Interest expense	(23,070,738)	(20,531,918)	(16,888,384)	(14,241,006)	(18,365,341)	(88,233,183)	(125,368,889)	(123,516,438)	(125,263,781)	(124,144,422)
Issuance costs	(734,427)	(917,063)	(69,000)	(1,031,774)	(489,036)	(2,749,482)	(112,864)	(448,452)	(40,658)	(511,141)
Revenues (expenses) VEDP, net	-	-	-	-	6,142,660	6,791,349	3,265,330	-	-	-
Commonwealth Rail Relocation income (& ARRA)	6,375,798	244,424	-	-	-	-	-	-	-	-
Commonwealth Rail Relocation expenses	(6,296,498)	(394,990)	(133,770)	(2,730)	-	-	-	-	-	-
Revenues from federal government	4,612,432	3,471,137	626,643	709,511	9,653,436	11,988,133	785,515	7,489,797	3,152,063	7,158,494
Revenues (expenses) primary government	(297,267)	(158,628)	306,335	-	-	-	-	3,345,006	2,725,029	3,452,501
Other income (expenses)	8,722	-	-	404,983	(2,802,901)	(2,227,563)	(2,373,008)	(3,216,848)	(3,376,631)	(3,843,469)
Gain (loss) on disposals	(15,266,083)	708,585	2,652	-	(1,107,131)	(20,574)	(1,768,892)	744,338	271,117	372,040
Income (loss) before capital contributions and transfers	(44,478,139)	(28,316,285)	(32,490,310)	3,617,642	1,295,360	(37,892,001)	(75,053,074)	(48,050,765)	(96,780,616)	2,674,782
Capital contributions and transfers:										
Commonwealth Port Fund allocation	36,252,985	37,223,718	36,652,218	38,418,111	42,366,884	41,469,200	41,126,101	43,051,489	41,922,273	48,777,619
Capital contributions from component unit	-	-	11,000	-	-	-	-	-	-	-
Payments to federal government - channel dredging	-	-	-	-	(5,500,393)	(844,504)	(984,275)	(3,223,890)	(17,402,176)	(54,679,392)
Proceeds from primary government	-	-	-	-	-	84,661,132	54,260,585	97,655,819	114,048,969	65,942,967
Capital contributions from other state agencies	-	-	-	-	152,861	-	-	-	-	535,000
Cumulative effect of changes in accounting principle[(2)]	-	(4,564,965)	12,207,272	(29,915,563)	-	6,561	-	-	-	-
Increase (decrease) in net position	(8,225,154)	4,342,468	16,380,180	12,120,190	38,314,712	87,400,388	19,349,337	89,432,653	41,788,450	63,250,976
Special item - lease conversion	-	-	-	-	-	13,277,025	-	-	-	-
Increase (decrease) in net position after special item	(8,225,154)	4,342,468	16,380,180	12,120,190	38,314,712	100,677,413	19,349,337	89,432,653	41,788,450	63,250,976
Net position - beginning of year	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	774,244,649
Net position - end of year	$ 451,839,246	$ 456,181,714	$ 472,561,894	$ 484,682,084	$ 522,996,796	$ 623,674,209	$ 643,023,546	$ 732,456,199	$ 774,244,649	$ 837,495,625

(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.

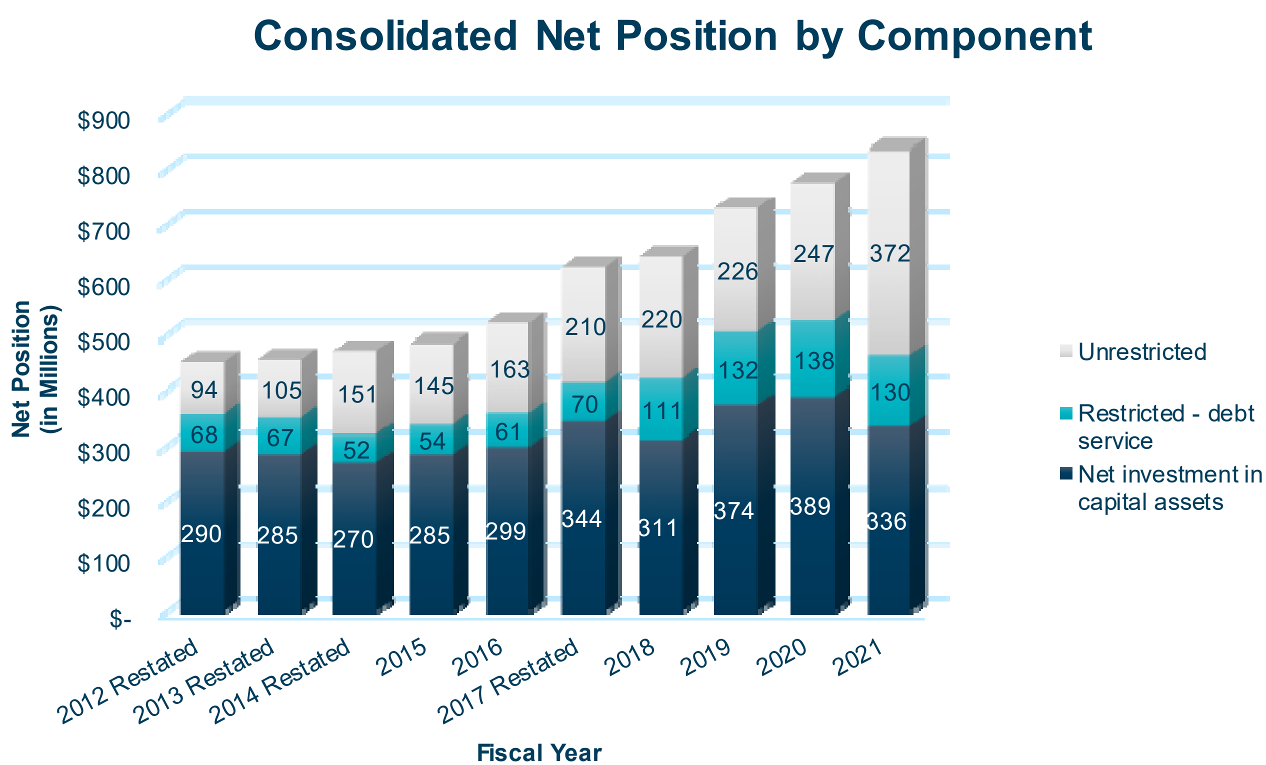
(2) 2013/2014 VIT adopted GASB pronouncements in lieu of FASB pronouncements in order to conform to the VPA accounting methodology; 2015 VPA/VIT adopted GASB 68 Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27.

VIRGINIA PORT AUTHORITY

CONSOLIDATED NET POSITION BY COMPONENT
Fiscal Years 2012 through 2021

	Fiscal Year June 30,									
	2012 Restated	2013 Restated	2014 Restated	2015	2016	2017 Restated	2018	2019	2020	2021
Net Position										
Net investment in capital assets	$ 290,000,862	$ 284,918,598	$ 269,881,033	$ 284,879,235	$ 299,198,470	$ 344,497,228	$ 311,357,185	$ 374,200,083	$ 388,985,803	$ 336,100,775
Restricted - debt service	68,272,355	66,720,529	52,020,379	54,464,665	61,274,859	69,531,520	111,171,674	132,383,445	138,301,604	129,530,697
Unrestricted	93,566,029	104,542,587	150,660,482	145,338,184	162,523,467	209,645,461	220,494,687	225,872,671	246,957,242	371,864,153
Total net position	$ 451,839,246	$ 456,181,714	$ 472,561,894	$ 484,682,084	$ 522,996,796	$ 623,674,209	$ 643,023,546	$ 732,456,199	$ 774,244,649	$ 837,495,625

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.



COMPLIANCE SECTION

VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT

(Unaudited)

FOR THE

FISCAL YEAR ENDED JUNE 30, 2021

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 2018

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS,
SERIES 2020A (Taxable)

COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS,
SERIES 2020B (AMT)

<u>BASE CUSIP NUMBER</u>: 928075

CONTINUING DISCLOSURE AGREEMENT
ANNUAL REPORT
Fiscal Year Ended June 30, 2021

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 2018
Commonwealth Port Fund Revenue Refunding Bonds, Series 2020A (Taxable)
Commonwealth Port Fund Revenue Refunding Bonds, Series 2020B (AMT)

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 General Assembly of the Commonwealth, in Chapter 1289 of the Acts of Assembly, approved various structural changes to the Commonwealth's method for funding transportation projects in an effort to simplify and make the Commonwealth's transportation funding arrangements more transparent and sustainable. These changes generally became effective July 1, 2020 and changed the composition of the Transportation Fund and the allocation to the Port Fund to 2.5%.

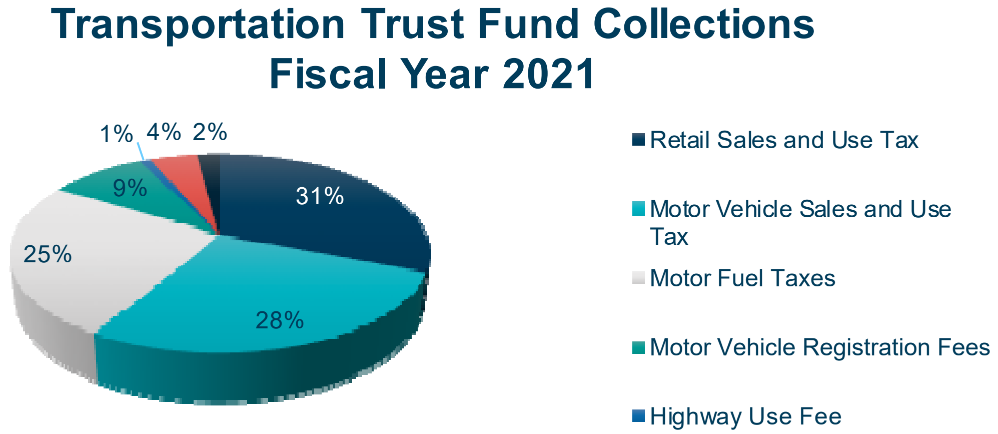
The following table sets forth the annual collections of the taxes that have been allocated to the Transportation Trust Fund beginning with the fiscal year ended June 30, 2012.

TRANSPORTATION TRUST FUND
STATEMENT OF REVENUE COLLECTIONS
Last Ten Fiscal Years

Transportation Trust Fund
(in millions)

	Fiscal Year June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Retail Sales and Use Tax	$ 503.1	$ 521.2	$ 526.6	$ 590.7	$ 599.1	$ 615.6	$ 618.4	$ 649.5	$ 644.5	$1,265.1
Motor Vehicle Sales and Use Tax(1)	198.3	201.8	207.4	224.9	237.2	245.8	242.7	254.0	240.8	1,136.3
Motor Fuel Taxes(2)	115.5	123.7	115.0	118.8	138.8	106.9	105.3	105.4	102.1	1,027.9
Motor Vehicle Registration Fees(3)	21.2	21.7	21.8	22.0	21.8	22.3	21.8	22.4	20.2	363.1
Highway Use Fee	-	-	-	-	-	-	-	-	-	42.7
Gross Premium Insurance Co	-	-	-	-	-	-	-	-	-	181.4
Recording Deeds and Contracts	-	-	-	-	-	-	-	-	-	83.7
Total Transportation Trust Fund Revenues(4)	$ 838.1	$ 868.4	$ 870.8	$ 956.4	$ 996.9	$ 990.6	$ 988.2	$1,031.3	$1,007.6	$4,100.2

(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 and int'l registration plan MV fee.
(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

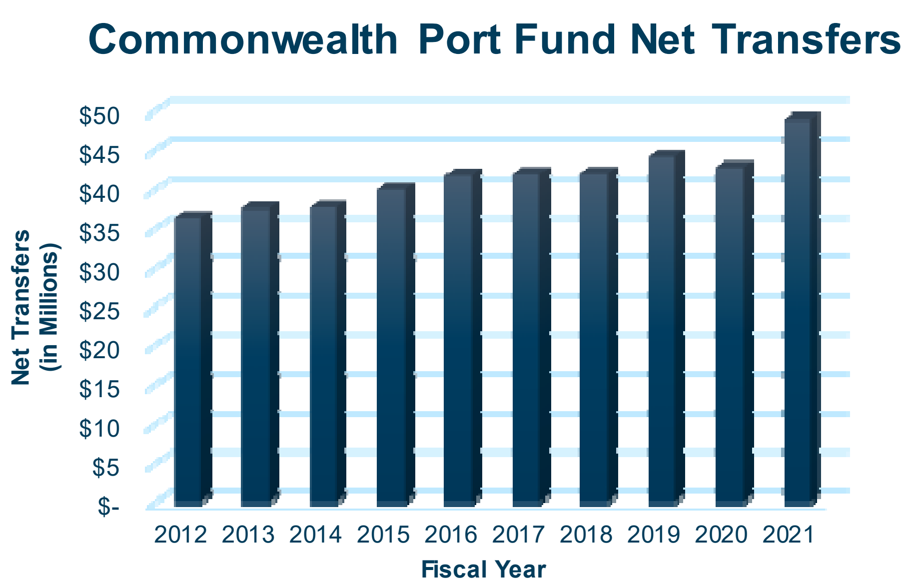
The following table shows the allocation of Transportation Trust Fund revenue to the Port Fund, the interest credited to the Port Fund prior to its transfer to the Income Account under the Authority's Commonwealth Port Fund Revenue Bond Resolution (the "Bond Resolution") net of the expenses charged thereto for the fiscal years 2012 through 2021. 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
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
2020	41,850,933		882,068		42,733,001
2021	48,686,001		229,987		48,915,988

(1) For fiscal years 2012 through 2020, the allocation amount was equal to 4.2% of total Transportation Trust Fund revenues less certain estimated expenses. Beginning in fiscal year 2021, the allocation amount was equal to 2.5% 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

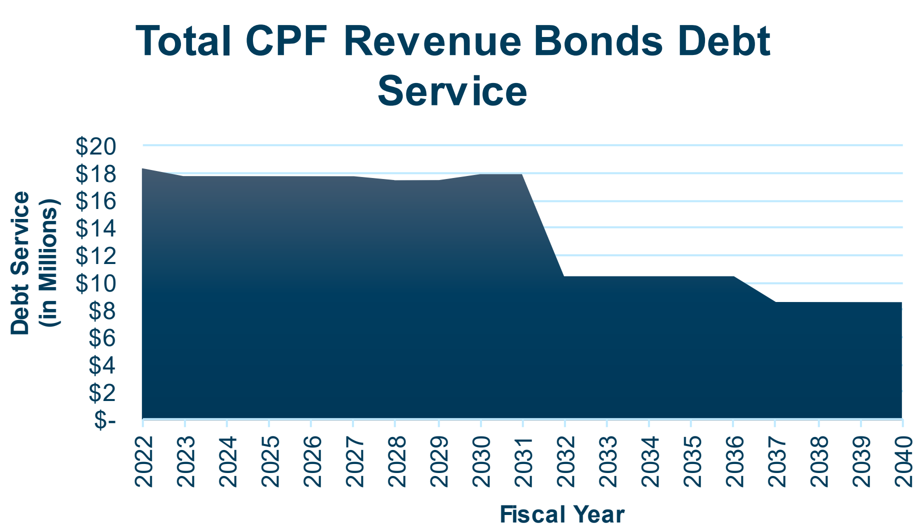
Debt Service Requirements

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; the outstanding Commonwealth Port Fund Revenue Refunding Bonds, Series 2018 and the outstanding Commonwealth Port Fund Revenue Refunding Bonds, Series 2020A and 2020B.

Fiscal Year Ending June 30,	Series 2012 Bonds Debt Service	Series 2012B Bonds Debt Service	Series 2018 Bonds Debt Service	Series 2020A Bonds Debt Service	Series 2020B Bonds Debt Service	Total Bonds Debt Service*
2022	$ 9,059,515	$ 3,112,241	$ 2,505,784	$ 2,678,659	$ 988,500	$ 18,344,699
2023	9,052,182	-	2,503,734	2,678,456	3,518,500	17,752,872
2024	9,056,657	-	2,506,294	2,676,404	3,517,000	17,756,355
2025	9,056,269	-	2,503,294	2,677,452	3,519,250	17,756,265
2026	9,054,741	-	2,504,879	2,677,177	3,519,750	17,756,547
2027	9,054,756	-	2,505,869	2,677,636	3,518,250	17,756,511
2028	-	-	5,066,381	8,927,285	3,519,500	17,513,166
2029	-	-	5,066,323	9,766,197	2,688,000	17,520,520
2030	-	-	5,059,802	12,804,086	-	17,863,888
2031	-	-	9,347,229	8,521,790	-	17,869,019
2032	-	-	9,348,264	1,116,401	-	10,464,665
2033	-	-	9,344,946	1,120,628	-	10,465,574
2034	-	-	9,346,609	1,119,354	-	10,465,963
2035	-	-	9,347,184	1,117,667	-	10,464,851
2036	-	-	9,346,633	1,120,558	-	10,467,191
2037	-	-	-	8,537,598	-	8,537,598
2038	-	-	-	8,537,801	-	8,537,801
2039	-	-	-	8,538,350	-	8,538,350
2040	-	-	-	8,539,124	-	8,539,124

*Does not include Refunded Bonds

Debt Service Requirements are shown in the graph below:

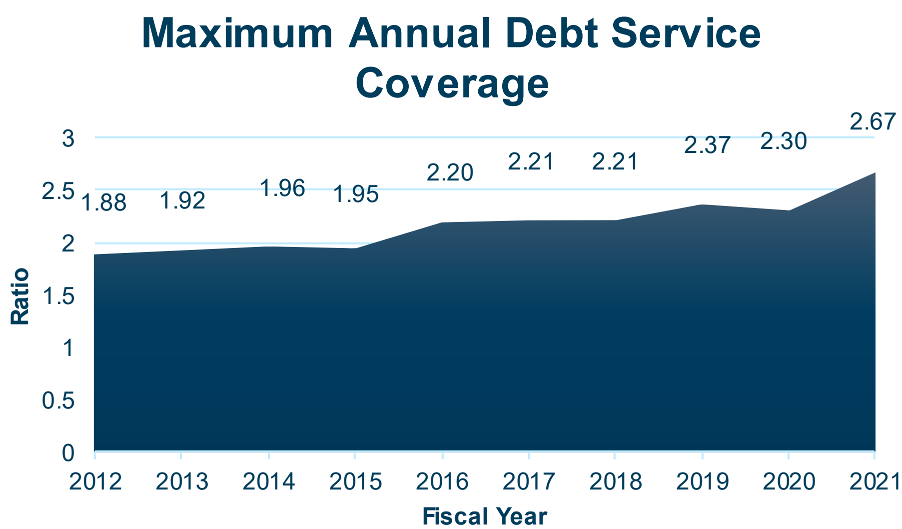


DEBT SERVICE DEPOSIT REQUIREMENTS AND COVERAGE (Continued)

Debt Service Coverage

Coverage of maximum annual debt service on the 2012, 2018, and 2020 Bonds by Commonwealth Port Fund Primary Income for the fiscal year ended June 30, 2021 is shown below:

Commonwealth Port Fund Primary Income for fiscal year ended June 30, 2021	$	48,915,988
Maximum Annual Debt Service (fiscal year 2022)		18,344,699
Pro Forma Maximum Annual Debt Service Coverage		2.67



VIRGINIA PORT AUTHORITY TABLE 4

AUTHORITY REVENUES AND EXPENSES
Five Year Schedule
(Cash Basis)

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
Revenues:					
Special Fund	$ 149,663,484	$ 150,241,765	$ 177,489,142	$ 160,492,249	$ 264,776,430
Commonwealth Port Fund	41,901,281	41,950,709	42,993,584	43,970,285	45,579,165
General Fund and Other	16,354,141	17,814,102	20,397,159	12,816,065	5,256,348
Total revenues	207,918,906	210,006,576	240,879,885	217,278,599	315,611,943
Operating Expenditures:					
Economic Development Services:					
National and international trade services	3,377,383	3,459,954	4,400,542	3,928,521	3,883,842
Commerce advertising	642,539	868,413	600,951	739,772	426,153
Port Facilities Planning, Maintenance, Acquisition and Construction:					
Maintenance and operation of Port facilities	9,821,794	16,836,797	14,056,757	19,308,946	27,363,913
Port facilities planning	235,712	496,585	319,313	4,709	12,658
Debt service for Port facilities	37,808,297	36,286,762	40,298,530	38,043,644	42,694,651
Financial Assistance for Port Activities:					
Aid to local ports	708,998	1,187,282	1,636,924	2,185,061	2,302,337
Payment in lieu of taxes	1,518,566	1,185,726	834,990	1,240,718	1,376,168
Administration and Support Services:					
General management and direction	23,351,933	20,792,416	21,635,943	25,180,341	25,411,880
Facility rental	60,006,887	72,980,077	88,003,262	90,483,809	90,224,779
Security services	8,720,740	8,921,974	11,662,453	11,201,122	9,410,385
Total operating expenditures	146,192,849	163,015,986	183,449,665	192,316,643	203,106,766
Funds available for capital projects	$ 61,726,057	$ 46,990,590	$ 57,430,220	$ 24,961,956	$ 112,505,177

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 export and import commodities for the most recent calendar year.

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

	2015	2016	2017	2018	2019	2020
Exports:						
Soybeans and products	844,039	822,012	1,193,392	992,683	1,125,101	1,407,782
Wood pulp	758,466	905,411	869,404	761,463	817,174	933,449
Pet and animal feeds	502,409	507,737	568,277	710,100	656,282	847,080
Logs and lumber	852,913	860,369	1,280,448	1,703,765	784,436	696,838
Paper and paperboard	901,543	923,662	868,676	756,664	689,676	667,851
Imports:						
Furniture	583,881	725,538	852,501	910,630	867,517	848,511
Plastic products	274,003	203,857	302,759	390,054	412,707	488,565
Non alcoholic beverages	-	-	-	-	233,866	265,986
Solar panels	-	-	-	-	-	224,711
Paper and paperboard	-	-	-	-	-	205,321
Auto parts	487,757	442,302	479,020	512,542	406,515	-
General cargo	-	-	-	633,825	312,450	-

* This table includes both export and import 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)

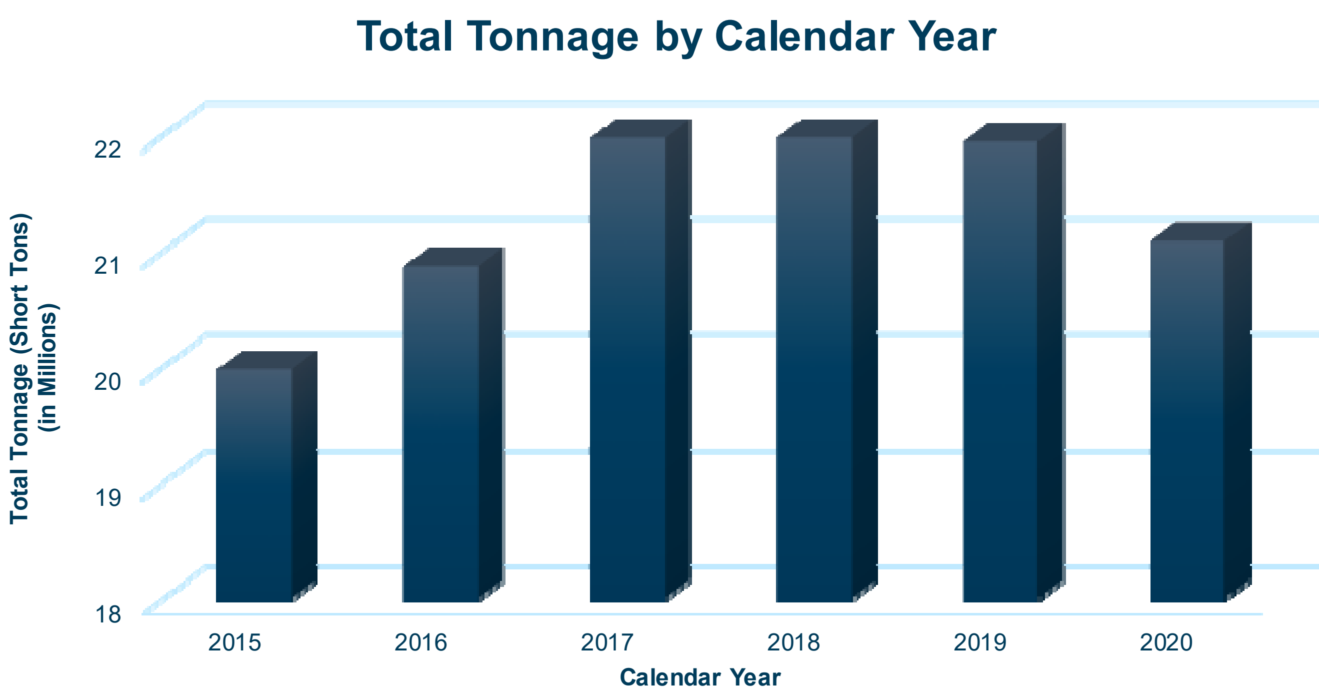
Presented below is information concerning the volume of general cargo handled at all facilities that comprise the Port of Virginia.

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

	2015	2016	2017	2018	2019	2020
Breakbulk	295,719	204,425	187,124	189,429	161,489	80,097
Container	19,681,988	20,664,886	21,784,594	21,785,434	21,779,258	21,001,830
Total tons	19,977,707	20,869,311	21,971,718	21,974,863	21,940,747	21,081,927

* 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, 2021

PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2016A

PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2016B

PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2016C

<u>BASE CUSIP NUMBER</u>: 928077

CONTINUING DISCLOSURE AGREEMENT
ANNUAL REPORT
Fiscal Year Ended June 30, 2021

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

AUTHORITY REVENUES AND EXPENSES
Five Year Schedule
(Cash Basis)

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
Revenues:					
Special Fund	$ 149,663,484	$ 150,241,765	$ 177,489,142	$ 160,492,249	$ 264,776,430
Commonwealth Port Fund	41,901,281	41,950,709	42,993,584	43,970,285	45,579,165
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Total revenues	207,918,906	210,006,576	240,879,885	217,278,599	315,611,943
Operating Expenditures:					
Economic Development Services:					
National and international trade services	3,377,383	3,459,954	4,400,542	3,928,521	3,883,842
Commerce advertising	642,539	868,413	600,951	739,772	426,153
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Port facilities planning	235,712	496,585	319,313	4,709	12,658
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Financial Assistance for Port Activities:					
Aid to local ports	708,998	1,187,282	1,636,924	2,185,061	2,302,337
Payment in lieu of taxes	1,518,566	1,185,726	834,990	1,240,718	1,376,168
Administration and Support Services:					
General management and direction	23,351,933	20,792,416	21,635,943	25,180,341	25,411,880
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Security services	8,720,740	8,921,974	11,662,453	11,201,122	9,410,385
Total operating expenditures	146,192,849	163,015,986	183,449,665	192,316,643	203,106,766
Funds available for capital projects	$ 61,726,057	$ 46,990,590	$ 57,430,220	$ 24,961,956	$ 112,505,177

VIRGINIA INTERNATIONAL TERMINALS, LLC REVENUES AND EXPENSES
Five Year Schedule

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
Revenues:					
Operating	$ 478,618,874	$ 521,072,730	$ 551,236,042	$ 496,258,411	$ 619,580,423
Nonoperating	2,706	(24,023)	256,365	393,928	360,253
Gross revenues	478,621,580	521,048,707	551,492,407	496,652,339	619,940,676
Expenses:					
Operating and maintenance expenses	297,757,567	333,005,963	341,546,651	321,288,341	328,761,215
Administrative expenses	45,728,413	47,269,593	52,796,757	40,093,978	43,525,184
Total expenses	343,485,980	380,275,556	394,343,408	361,382,319	372,286,399
Income before transfers(1)	$ 135,135,600	$ 140,773,151	$ 157,148,999	$ 135,270,020	$ 247,654,277

(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" does not represent net cash transferred by VIT to the Authority. However, such information is a reasonable indication of the financial performance of VIT.

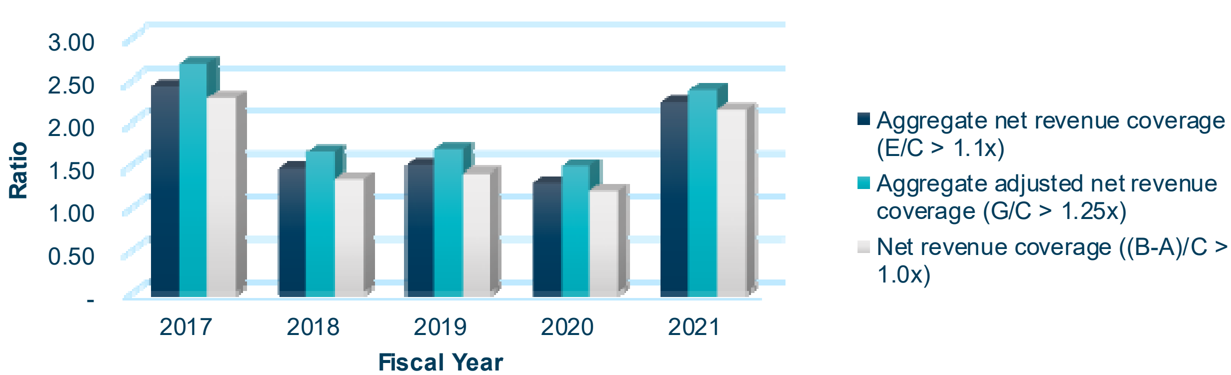
Source: VIT accrual basis financial statements for the indicated fiscal years.

OPERATING RESULTS AND DEBT SERVICE COVERAGE – Resolution No. 16-9

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
VIRGINIA INTERNATIONAL TERMINALS					
VIT/HRCP II gross receipts	$ 484,493,992	$ 550,211,505	$ 589,669,817	$ 556,625,173	$ 631,181,992
VIT/HRCP II current expenses	(350,770,652)	(421,532,643)	(419,549,635)	(416,717,115)	(403,298,306)
VIT liquidity reserve withdrawal (deposit)	(2,542,503)	6,060,609	(10,030,673)	(676,752)	4,745,778
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)	(11,091,346)	(8,193,395)
VIT/HRCP II payment (per Payment Agreement to VPA)	145,489,323	123,693,244	153,633,788	128,139,960	224,436,069
VIRGINIA PORT AUTHORITY					
Gross revenues:					
VIT/HRCP II payment per Payment Agreement	145,489,323	123,693,244	153,633,788	128,139,960	224,436,069
Other VPA income and interest income	10,036,848	11,185,777	15,052,567	17,247,283	20,270,887
Total gross revenues	155,526,171	134,879,021	168,686,355	145,387,243	244,706,956
Current expenses:					
Terminal expenditures	(26,487,514)	(24,606,069)	(27,837,037)	(27,756,049)	(22,668,812)
Operating lease payments	(17,429,000)	(185,000)	(185,000)	(185,000)	(132,499)
Total current expenses	(43,916,514)	(24,791,069)	(28,022,037)	(27,941,049)	(22,801,311)
Net revenue (B)	111,609,657	110,087,952	140,664,318	117,446,194	221,905,645
VPA Commonwealth Port Fund used for O & M **(P)**	7,657,417	8,161,526	9,975,320	10,192,191	6,097,423
VPA Commonwealth Port Fund used for VIG rent **(Q)**	5,831,000	9,996,000	9,996,000	9,996,000	9,996,000
Revenue stabilization fund balance	29,082,109	39,660,634	39,973,130	40,115,940	39,933,402
25% of revenue stabilization fund balance **(D)**	7,270,527	9,915,159	9,993,283	10,028,985	9,983,351
Net revenue (B)	111,609,657	110,087,952	140,664,318	117,446,194	221,905,645
Aggregate net revenue **(E)** (E = B + D - A)	126,459,541	131,049,338	157,113,322	138,566,525	240,082,391
Adjusted net revenue **(F)** (F = B + P + Q)	125,098,074	128,245,478	160,635,638	137,634,385	237,999,068
Aggregate adjusted net revenue **(G)** (G = F + D - A)	139,947,958	149,206,864	177,084,642	158,754,716	256,175,814
DEBT SERVICE COVERAGE					
Senior debt service:					
Senior obligations	42,577,887	72,795,077	87,818,263	90,298,809	90,092,280
Series 2016 Bonds principal and interest requirements	9,614,006	17,536,594	17,503,749	17,068,203	17,413,977
Aggregate principal and interest requirements (C)	$ 52,191,893	$ 90,331,671	$ 105,322,012	$ 107,367,012	$ 107,506,257

Debt Service Coverage	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021
Aggregate net revenue coverage (E/C > 1.1x)	2.42	1.45	1.49	1.29	2.23
Aggregate adjusted net revenue coverage (G/C > 1.25x)	2.68	1.65	1.68	1.48	2.38
Net revenue coverage ((B-A)/C > 1.0x)	2.28	1.34	1.40	1.20	2.14

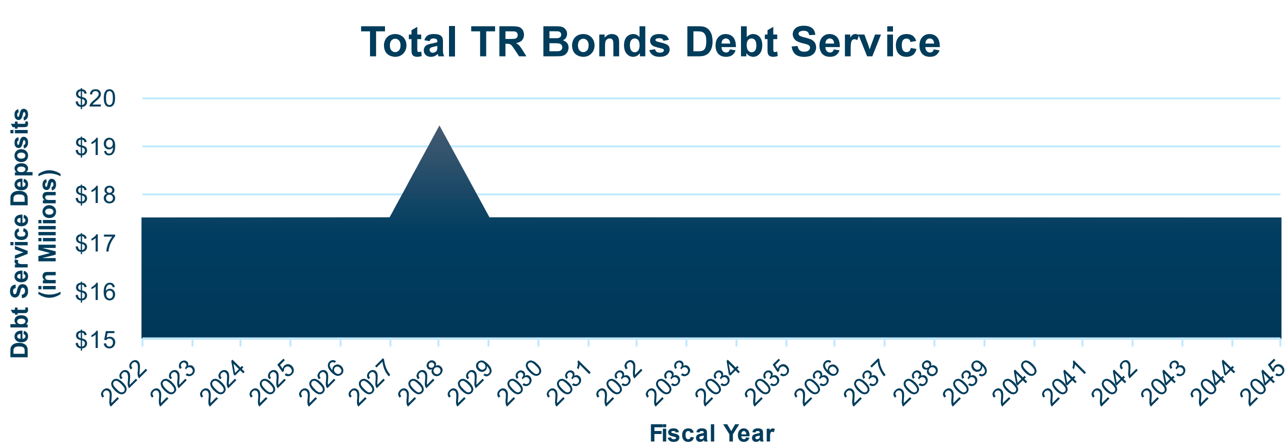
Debt Service Coverage under Res. 16-9



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
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 export and import commodities for the most recent calendar year.

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

	2015	2016	2017	2018	2019	2020
Exports:						
Soybeans and products	844,039	822,012	1,193,392	992,683	1,125,101	1,407,782
Wood pulp	758,466	905,411	869,404	761,463	817,174	933,449
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Logs and lumber	852,913	860,369	1,280,448	1,703,765	784,436	696,838
Paper and paperboard	901,543	923,662	868,676	756,664	689,676	667,851
Imports:						
Furniture	583,881	725,538	852,501	910,630	867,517	848,511
Plastic products	274,003	203,857	302,759	390,054	412,707	488,565
Non alcoholic beverages	-	-	-	-	233,866	265,986
Solar panels	-	-	-	-	-	224,711
Paper and paperboard	-	-	-	-	-	205,321
Auto parts	487,757	442,302	479,020	512,542	406,515	-
General cargo	-	-	-	633,825	312,450	-

* This table includes both export and import 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)

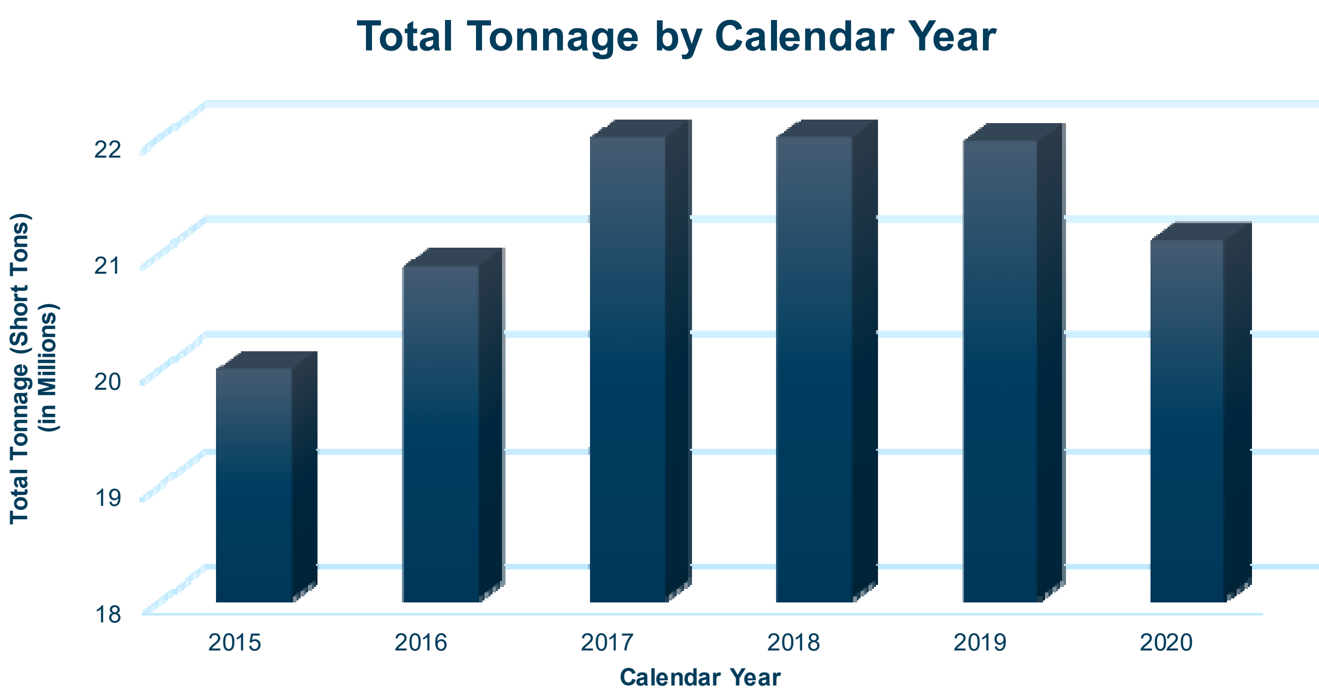
Presented below is information concerning the volume of general cargo handled at all facilities that comprise the Port of Virginia.

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

	2015	2016	2017	2018	2019	2020
Breakbulk	295,719	204,425	187,124	189,429	161,489	80,097
Container	19,681,988	20,664,886	21,784,594	21,785,434	21,779,258	21,001,830
Total tons	19,977,707	20,869,311	21,971,718	21,974,863	21,940,747	21,081,927

* 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

TABLE 6

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

	Fiscal Year Ended June 30,									
	2012 Restated(1)	2013 Restated(1)	2014 Restated(1)	2015	2016	2017 Restated(1)	2018	2019	2020	2021
Operating revenues:										
Terminal operating revenues	$ 297,835,649	$ 339,460,135	$ 383,714,148	$ 451,242,335	$ 444,444,057	$ 478,261,207	$ 522,069,004	$ 551,236,042	$ 496,258,411	$ 619,580,423
Other revenues	6,519,292	7,970,579	7,762,729	9,147,626	9,339,787	10,102,177	10,444,816	11,186,158	10,946,317	13,119,666
Operating revenues - grants, federal and state	6,283,332	4,903,439	5,192,084	5,295,084	6,390,908	2,113,617	5,534,057	5,198,170	5,704,423	5,914,503
Total operating revenues	310,638,273	352,334,153	396,668,961	465,685,045	460,174,752	490,477,001	538,047,877	567,620,370	512,909,151	638,614,592
Operating expenses:										
Terminal operations	128,782,659	153,682,077	176,243,834	222,664,900	209,680,717	218,813,211	247,513,433	251,470,175	217,207,852	231,239,432
Terminal maintenance	54,936,881	70,958,589	92,160,744	86,935,700	89,883,939	94,533,543	104,686,862	108,678,605	112,128,919	107,231,018
General and administrative	51,903,912	43,556,452	46,063,032	36,479,680	49,708,682	49,656,296	52,028,679	55,581,726	58,476,374	58,899,254
Facility rental	37,063,827	47,229,466	52,479,613	55,679,447	55,618,729	17,429,000	396,370	1,451,058	1,681,651	292,985
Depreciation and amortization	49,271,899	47,979,055	46,612,042	46,648,716	47,723,393	74,405,644	84,271,174	86,939,592	103,839,332	121,835,713
Total operating expenses	321,959,178	363,405,639	413,559,265	448,408,443	452,615,460	454,837,694	488,896,518	504,121,156	493,334,128	519,498,402
Operating income (loss)	(11,320,905)	(11,071,486)	(16,890,304)	17,276,602	7,559,292	35,639,307	49,151,359	63,499,214	19,575,023	119,116,190
Non-operating revenues (expenses):										
Interest income	1,510,827	333,654	555,518	502,056	704,381	920,012	1,368,375	4,052,618	6,177,222	1,074,589
Interest expense	(23,070,738)	(20,531,918)	(16,888,384)	(14,241,006)	(18,365,341)	(88,233,183)	(125,368,889)	(123,516,438)	(125,263,781)	(124,144,422)
Issuance costs	(734,427)	(917,063)	(69,000)	(1,031,774)	(489,036)	(2,749,482)	(112,864)	(448,452)	(40,658)	(511,141)
Revenues (expenses) VEDP, net	-	-	-	-	6,142,660	6,791,349	3,265,330	-	-	-
Commonwealth Rail Relocation income (& ARRA)	6,375,798	244,424	-	-	-	-	-	-	-	-
Commonwealth Rail Relocation expenses	(6,296,498)	(394,990)	(133,770)	(2,730)	-	-	-	-	-	-
Revenues from federal government	4,612,432	3,471,137	626,643	709,511	9,653,436	11,988,133	785,515	7,489,797	3,152,063	7,158,494
Revenues (expenses) primary government	(297,267)	(158,628)	306,335	-	-	-	-	3,345,006	2,725,029	3,452,501
Other income (expenses)	8,722	-	-	404,983	(2,802,901)	(2,227,563)	(2,373,008)	(3,216,848)	(3,376,631)	(3,843,469)
Gain (loss) on disposals	(15,266,083)	708,585	2,652	-	(1,107,131)	(20,574)	(1,768,892)	744,338	271,117	372,040
Income (loss) before capital contributions and transfers	(44,478,139)	(28,316,285)	(32,490,310)	3,617,642	1,295,360	(37,892,001)	(75,053,074)	(48,050,765)	(96,780,616)	2,674,782
Capital contributions and transfers:										
Commonwealth Port Fund allocation	36,252,985	37,223,718	36,652,218	38,418,111	42,366,884	41,469,200	41,126,101	43,051,489	41,922,273	48,777,619
Capital contributions from component unit	-	-	11,000	-	-	-	-	-	-	-
Payments to federal government - channel dredging	-	-	-	-	(5,500,393)	(844,504)	(984,275)	(3,223,890)	(17,402,176)	(54,679,392)
Proceeds from primary government	-	-	-	-	-	84,661,132	54,260,585	97,655,819	114,048,969	65,942,967
Capital contributions from other state agencies	-	-	-	-	152,861	-	-	-	-	535,000
Cumulative effect of changes in accounting principle(2)	-	(4,564,965)	12,207,272	(29,915,563)	-	6,561	-	-	-	-
Increase (decrease) in net position	(8,225,154)	4,342,468	16,380,180	12,120,190	38,314,712	87,400,388	19,349,337	89,432,653	41,788,450	63,250,976
Special item - lease conversion	-	-	-	-	-	13,277,025	-	-	-	-
Increase (decrease) in net position after special item	(8,225,154)	4,342,468	16,380,180	12,120,190	38,314,712	100,677,413	19,349,337	89,432,653	41,788,450	63,250,976
Net position - beginning of year	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	774,244,649
Net position - end of year	$ 451,839,246	$ 456,181,714	$ 472,561,894	$ 484,682,084	$ 522,996,796	$ 623,674,209	$ 643,023,546	$ 732,456,199	$ 774,244,649	$ 837,495,625

(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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