THE PORT OF VIRGINIA®

VIRGINIA PORT AUTHORITY

Annual Comprehensive Financial Report For Fiscal Year ended June 30, 2022

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

Portsmouth Marine Terminal ready for offshore wind

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE

VIRGINIA PORT AUTHORITY

A COMPONENT UNIT OF THE COMMONWEALTH OF VIRGINIA

FOR THE

FISCAL YEAR ENDED JUNE 30, 2022

Prepared by

The Finance Division of the
Virginia Port Authority

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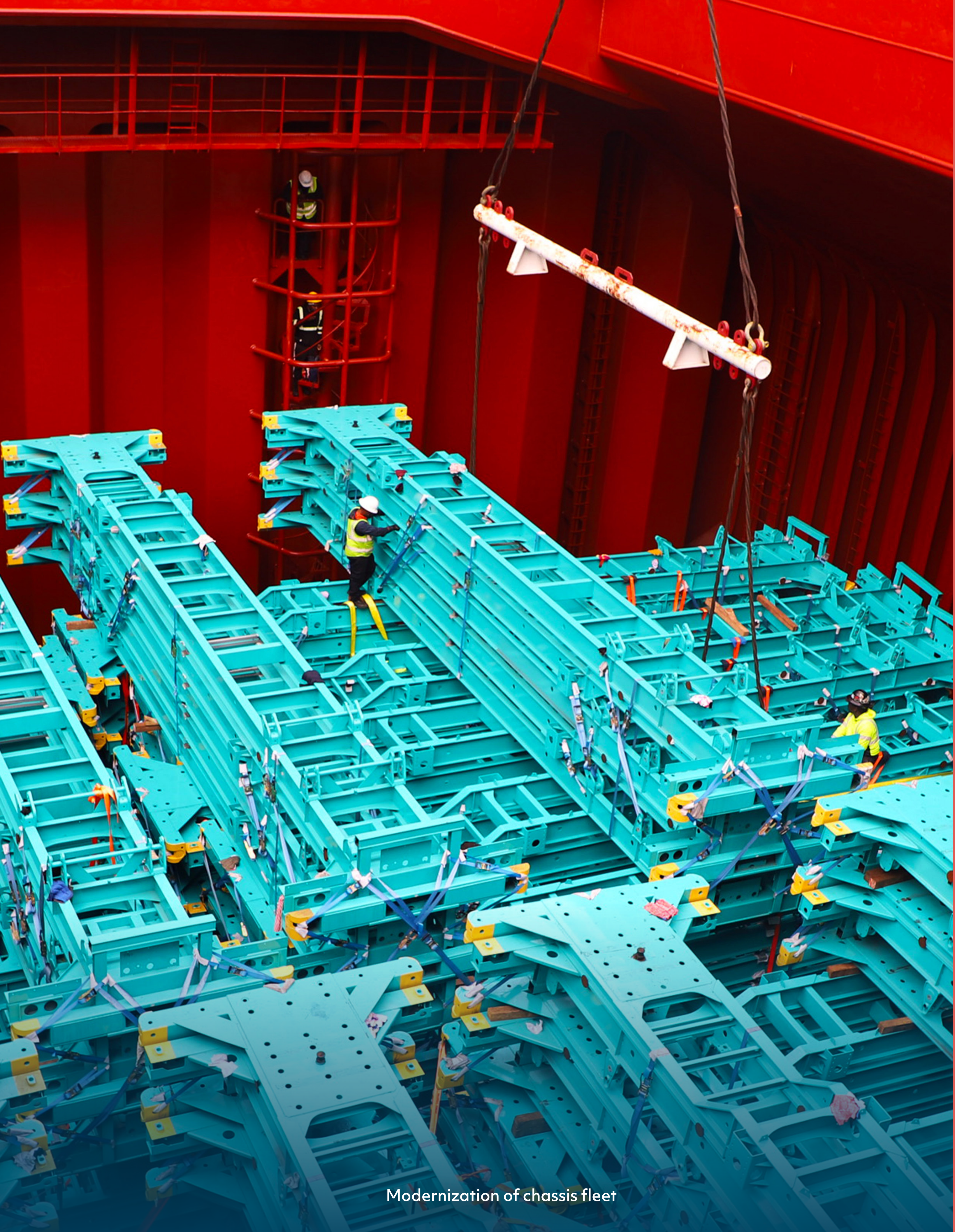


Modernization of chassis fleet

THE PORT OF VIRGINIA®

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

September 22, 2022

Dear Customers, Stakeholders and Port Partners:

Fiscal year 2022 (FY2022) presented a number of unique and unprecedented challenges to the global supply chain and global economies. However, for the second year in a row, the Port of Virginia® has been able to leverage its ongoing investments in the capacity and service capability of its two largest terminals for another record-setting year. Under the "Virginia Model", the port was able to showcase its adaptability to the various challenges that presented themselves and provide its customers and beneficial cargo owners with a much needed level of reliability, ultimately handling more than 2.1 million containers, equal to 3.7 million twenty-foot equivalent units (TEUs). In doing so, the port was recognized as the most productive port in North America for Calendar Year 2021, as measured by *The Container Port Performance Index 2021*. For our efforts, we earned a record operating income of $268 million, generated earnings before interest, taxes, depreciation and amortization (EBITDA) of $460 million, and positive operating cash flow of $430 million. With the safety of our colleagues and partners top of mind, the port was able to provide world class service while maintaining a safety record that's among the best in its history, well above industry standards, and on a trend of continuous improvement.

Despite the demands placed on port operations by the increase in cargo volumes, as well as constantly shifting berth schedules resulting from the global supply chain issues, the port remained focused on its long-term infrastructure needs, embarking on the next phase of $1.4 billion in capital improvements in the coming four years. In close partnership with the U.S. Army Corps of Engineers, significant headway was made towards the deepening and widening of the harbor following the New Start designation received in fiscal year 2021. Upon completion, the port will have the deepest shipping channel on the U.S. East Coast, allowing for simultaneous two-way traffic of Ultra-Large Container Vessels (ULCV's) into and out of our harbor. In addition to adapting our natural assets, the port also commenced the modernization of the North berth of Norfolk International Terminals (NIT), which will seek to densify and semi-automate container stacks, resulting in annual capacity of 800,000 containers along with improved operating efficiency and operating leverage. Concurrently, the port also began construction on the expansion of its Central Rail Yard at NIT, which will increase this terminal's rail capacity by approximately seventy-five percent. These investments represent critical components to the organization's goal of making this port the premiere global gateway on the U.S. East Coast.

While the movement of cargo remains the port's top objective, we must also position ourselves to do so in a responsible and sustainable manner. The port has committed to achieving carbon neutral operations by the year 2040. Through a partnership with the Virginia Department of Energy (DOE), the port secured a significant and scalable portion of the solar-powered electrical output generated by select solar farms, owned and operated by Dominion Energy. In doing so, the Port will be able to fulfill 100% of its operational electricity needs through renewable energy sources by 2024, well ahead of its original schedule. The port was also able to reduce its carbon footprint throughout the year through its replacement of diesel-powered equipment with cleaner burning hybrid and fully electric models of the same equipment.

FY2022 has demonstrated that the capital investments made over the past several years at the Port of Virginia, combined with a strong relationship with our labor partners and an operating model that enables optimal flexibility have enhanced our position among world class terminal operators. While other ports throughout the U.S. and the world experienced significant congestion issues, which ultimately translated into unexpected cargo delays, the Port of Virginia was able to leverage its strengths to provide its customers with a much desired level of certainty in their own operations.

Some of the more notable highlights from the 12 months that ended June 30, 2022 include:

November 2021

- The VPA Board of Commissioners approves $61.5 million construction bid and $18 million equipment contract associated with the NIT Central Rail Yard Expansion project. This project seeks to increase this terminal's rail capacity by approximately 75% and its completion is timed to support the opening of the port's *Wider, Deeper, Safer* commercial shipping channel.

December 2021

- The port closed its calendar year having processed more than 325,000 TEUs in December, making it the most productive month in the port's history and capping off its most productive year on record having processed 3.5 million TEUs in 2021.

January 2022

- Two of the three stevedoring service providers, Ceres Marine Terminals, Inc. and CP&O LLC (CP&O), announce they will consolidate their services under one brand, CP&O. CP&O and the port entered into a 10-year stevedore license agreement (effective March 2), which will provide port customers with the choice of using CP&O or Virginia International Terminals, LLC (VIT) to stevedore their vessels.

February 2022

- VPA releases a study conducted by The College of William & Mary that measures the combined economic benefit of the port to Virginia's economy over the port's 2021 fiscal year. The study highlighted three ways in which the port contributes to Virginia's economy: movement/transport of export and import cargo within Virginia; the export of Virginia-made goods; and the added processing and distribution of imports retained in the Commonwealth. The study attributes more than 437,000 jobs and $27 billion in labor income to port activity.

March 2022

- The port welcomed a pair of massive, 171-foot capacity, container cranes to the South berth of NIT, the final piece of the nearly $800 million in land-side investments made at both NIT and Virginia International Gateway (VIG) since 2016. The new cranes have the capacity to reach across a vessel that is 26 containers wide and will expand the port's lift capacity, berth productivity and ability to handle multiple ultra-large container vessels (ULCVs) simultaneously.

April 2022

- The port's *Wider, Deeper, Safer* harbor-deepening project received its final segment of federal funding as part of the Infrastructure Investment and Jobs Act. The project will create the deepest and widest shipping channels on the US East Coast by late 2024, thereby allowing for simultaneous, two-way traffic of ULCVs into the Port's harbor. The estimated cost of the project is $450 million which will be shared 50-50 between the federal government and the Commonwealth of Virginia.

May 2022

- In addition to welcoming two new vessel services, handling a record number of containers, and commissioning two brand new STS cranes along with 11 hybrid shuttle trucks, the port entered into an agreement allowing the Virginia Department of Energy to allocate 10 percent of the energy from 345 MW of solar projects being completed by Dominion Energy, along with an option for additional output as may be needed. Coupled with the port's proportionate share of the original contract, the port expects to fulfill all of its operational electricity needs from renewable sources by 2024.

June 2022

- The port was named the highest performing port in North America in 2021, according to *The Container Port Performance Index 2021*. Globally, the port ranked 23 out of 370 of the world's top ports. The rankings were based on total port hours per ship call.

The Port of Virginia remains a significant contributor to the economy of the Commonwealth and to the nation, as demonstrated by the results of the 2021 Economic Impact Study by the College of William & Mary, and our ability to accept overflow from fellow East Coast terminals to help relieve ongoing congestion issues. As we continue to leverage strategic infrastructure investments, the Port fully expects these efforts to translate to a compounding increase in these same economic indicators in pursuit of our ultimate mission:

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

Lastly, I would like to take this opportunity to recognize our former Chairman of the Board, John G. Milliken, for his many years of service to the Virginia Port Authority. Chairman Milliken was instrumental in guiding the port during a period of critical transformation and the port has benefited greatly from the wisdom, leadership, experience and commitment that he has shared throughout his tenure. We extend our deepest admiration and appreciation for his service and tireless efforts to promote the Port of Virginia and extend our best wishes for the future while we look forward to leveraging the experience and partnership of our new Chairman and Commissioners as we continue the journey.

Sincerely Yours,

Stephen A. Edwards
CEO and Executive Director

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

September 22, 2022

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, 2022, 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, 2022. 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. Theuthority, over the years, has acquired and unified certain port facilities for the benefit of the Commonwealth. The Authority owns 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 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 operates the facilities pursuant to its Operating Agreement, as 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 regarding VIT is included in the footnotes to the financial statements.

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

Finance and Risk Management

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

Despite the Federal Reserve Bank's current posture and the anticipation of future increases to its benchmark overnight borrowing rate, interest rates remain at a level favorable to financing continuing investment. The Authority is working to provide the most benefit to our citizens and customers at the least cost, and will continuously evaluate financing alternatives to achieve a favorable return. In pursuit of this objective, the Authority was able to demonstrate its strong operational and financial performance as well as its ability to maintain or increase its liquidity levels to the credit rating agency, S&P Global Ratings, who raised the Authority's long-term rating on its series 2016A and 2016B Port Facilities refunding bonds from 'A-' to 'A' with an outlook of stable. 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 insurance, cyber, and umbrella policies.

Virginia Port Authority and the Economy

The port's success has generated significant economic spin-off benefits to the Commonwealth. Annually, port-related business and activity directly and indirectly contribute to Virginia's economy and account for more than 437,000 jobs, or $27 billion in Virginia labor income. The positive effects of our evolution reverberate throughout Virginia. In FY2022, the port helped drive businesses to invest $2.4 billion resulting in the development of 6.1 million square feet of space that is expected to generate more than 5,000 new jobs for Virginians. Our port-centric development approach and partnership with the Virginia Economic Development Partnership (VEDP) is designed to attract businesses that will thrive in proximity to the port's footprint. Household names like Amazon, AutoZone, ICON Home Fitness and *LEGO*® 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

Building on the momentum gained in FY2021, the port continued setting new monthly volume records for much of FY2022, accreting more than 15% of containerized cargo growth and culminating in a record annual volume of more than 2 million containers moved. In part, this growth can be attributed to the backlog created by supply chain disruptions over the past two years, but a significant portion is directly attributable to the efficiencies with which the Port of Virginia has handled this cargo. 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 through the continuation of its investment in Norfolk International Terminals, which includes the optimization of its North berth and expansion of its Central Rail Yard; continued investments in the modernization of its fleet of container handling equipment; and dredging efforts that will widen and deepen our shipping channels to allow for simultaneous two-way traffic into and out of Norfolk Harbor. 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 ultra large container vessels, along with our record of preserving cargo fluidity during times of extreme demand, makes The Port of Virginia a compelling option for the changing flow of global freight traffic.

The Port of Virginia operating model, the “Virginia Model”, is unique in the industry and has a proven track record for success. For over 30 years, this structure resulted in consistent growth, benefiting not only Virginians but also the country. The Authority continues to evolve operations to enhance capacity and fluidity to attract economic expansion within the Commonwealth. In support of these efforts, the Authority established a formal Investment Management program with a goal to accumulate sufficient liquidity in order to preserve resiliency during periods of cash flow disruption while also making optimal use of the reserves being accumulated, and provide the capability to self-fund capital projects if required. We have been charged to develop The Port of Virginia into the premiere gateway for international cargo transported through the Mid-Atlantic and Mid-West regions of the United States.

Major Initiatives

During fiscal year 2022, VPA culminated the journey of expanding and optimizing its two largest terminals, VIG and the South berth of NIT, with the commissioning of two 171-foot ship to shore cranes. The timing of this was fortuitous, as the additional capacity of one million containers allowed us to smoothly and seamlessly handle the surges in demand brought on by the pandemic, including the diversion of vessels from both U.S. coasts. The Authority is now entering the next phase of evolution, with the densification and modernization of the North berth of NIT. With an estimated cost of $650 million, this will be the largest single construction project ever undertaken by the Authority. The project will provide the port with an annual throughput capacity of 800 thousand containers and, once complete, allow for the same operating leverage now being realized at the South berth of NIT. Concurrently, the Authority is also overseeing improvements necessary to redeploy its Portsmouth Marine Terminal asset as the most capable heavy load facility on the East Coast. These improvements will allow the terminal to serve as a hub for the development and finishing of critical components to the offshore wind farm being constructed 27 miles off the coast of Virginia Beach.

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 and widen the channels to allow two-way traffic for ultra-large container vessels. Project execution is well underway, with a 2024 targeted completion date. During fiscal year 2022, the Authority secured the remaining federal funding associated with this project and executed contracts on all remaining phases of dredging.

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 ACFR for the fiscal year ended June 30, 2021, the sixteenth consecutive year that the Authority has achieved this recognition. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that the fiscal year 2022 report will continue to meet the Certificate of Achievement Program's requirements.

The port was named the highest performing port in North America in calendar year 2021, as measured by *The Container Port Performance Index 2021*. Globally, the Virginia Port Authority ranked 23 out of 370 of the world's top ports.

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 continuing governance and support 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

VIRGINIA PORT AUTHORITY

Norfolk, Virginia

BOARD OF COMMISSIONERS

Aubrey L. Layne, Jr., Chair

Faith B. Power, Vice Chair

Shaza L. Andersen
John C. Asbury
James C. Burnett
Michael W. Coleman
Eva Teig Hardy
Maurice A. Jones
John W. Kirk III
Edward F. O'Callaghan
Deborah C. Waters

David L. Richardson, State Treasurer
(ex-officio member of the Board)

Jason El Koubi, President and Chief Executive Officer, Virginia Economic Development Partnership

APPOINTED OFFICIALS

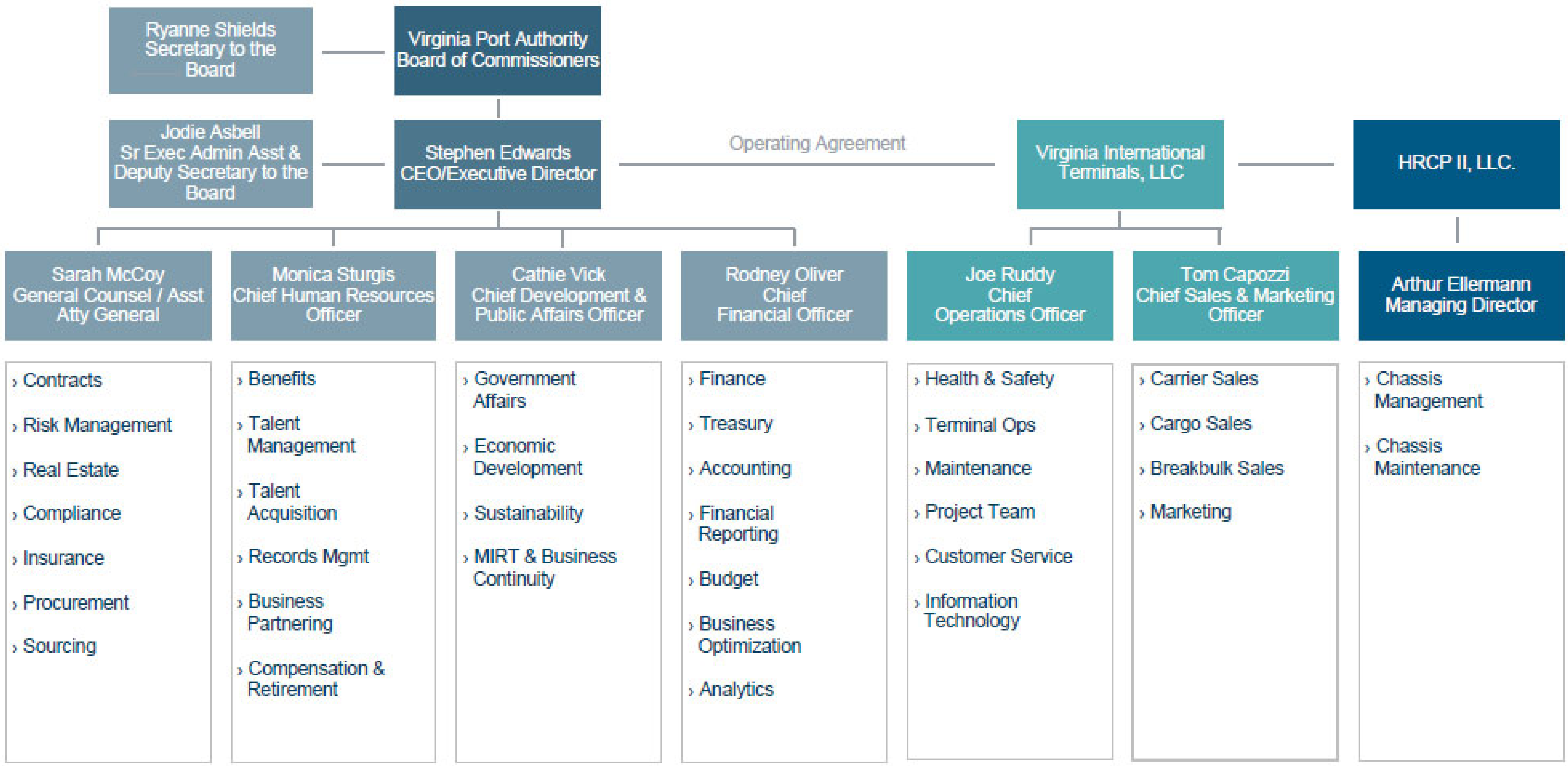
Stephen A. Edwards, CEO and Executive Director

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



Use of barge instead of trucks for inter-terminal transfers

FINANCIAL SECTION

PBMares[SM]

INDEPENDENT AUDITOR'S REPORT

The Honorable Glenn Youngkin
Governor of Virginia

The Honorable Janet D. Howell
Chair, Joint Legislative Audit
and Review Commission

The Board of Commissioners
Virginia Port Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activity of the Virginia Port Authority (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 15 to the financial statements, the Authority restated beginning net position with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 16-25 and 80-84, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 supplementary information on pages 85-86 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section, statistical section, and compliance section as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022 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 the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
September 22, 2022

VIRGINIA PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022

(Unaudited)
Unless explicitly indicated otherwise, all dollar amounts herein are expressed in thousands

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, 2022 (FY2022), with selected comparative information for the Fiscal Year ended June 30, 2021 (FY2021). 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 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 also leases two 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. Commissioners serve staggered five-year terms, and may serve a maximum of two consecutive terms.

As a key element of Virginia's economy and link in the national supply chain, the Authority is guided by the following mission statement:

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

Certain prior period amounts included in the comparative information have been reclassified to conform to current year presentation.

FINANCIAL HIGHLIGHTS *(dollars in Thousands)*

- VPA's net position, as restated, increased by $163,144 in FY2022 compared to an increase of $63,248 during FY2021. Net position at June 30, 2022 was $1,233,723.
- Operating income for VPA on a comparable basis increased from $119,117 to $268,054.
- Volume of 2.1 million containers (3.7 million twenty-foot equivalent units, or TEUs) moved through the terminal properties during FY2022, which was 274 thousand containers (15%) higher than FY2021.
- Liquidity improved dramatically year over year, with net working capital of $561,833 and a current ratio (current assets divided by current liabilities) of 6.1 at June 30, 2022. Unrestricted cash and investments at June 30, 2022 were $573,312.

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 No. 34 reporting model, as mandated by GASB. The purpose of this 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; accordingly, revenues are recognized when earned and expenses are recognized when incurred. Please refer to Note 1 in the accompanying notes to financial statements for a summary of the Authority's significant accounting policies. Following the 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, 2022 and 2021, respectively, follows:

Condensed Summary of Statements of Net Position
June 30, 2022 and 2021

	2022	2021	Increase/ (Decrease)
		(In Thousands)	
Assets:			
Current assets	$ 671,861	$ 408,242	$ 263,619
Capital assets, net	5,318,598	3,155,946	2,162,652
Other noncurrent assets	269,714	160,292	109,422
Total assets	6,260,173	3,724,480	2,535,693
Deferred outflows of resources	34,750	43,237	(8,487)
Total assets and deferred outflows of resources	6,294,923	3,767,717	2,527,206
Liabilities:			
Current liabilities	110,028	80,999	29,029
Noncurrent liabilities	4,880,276	2,844,766	2,035,510
Total liabilities	4,990,304	2,925,765	2,064,539
Deferred inflows of resources	70,896	4,459	66,437
Total liabilities and deferred inflows of resources	5,061,200	2,930,224	2,130,976
Net position:			
Net investment in capital assets	429,234	336,101	93,133
Restricted	136,866	129,531	7,335
Unrestricted	667,623	371,861	295,762
Total net position	$ 1,233,723	$ 837,493	$ 396,230

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

The increase in current assets is attributable almost entirely to higher unrestricted cash and investment balances from improved operating cash flow directly correlated with higher volumes. The free cash generated by operations has been used to build additional liquidity in current investments needed to enhance resiliency and prepare for the funding requirements of pending capital investment projects.

Capital assets, net (the cost of capital assets and lease assets, less accumulated depreciation and amortization) increased significantly over the prior year as a result of the Authority's implementation of GASB Statement No. 87, *Leases* (GASB 87), which generally requires that the value of leases with non-cancellable terms in excess of twelve months be recorded on the statement of net position as a lease asset. Upon adoption of this new standard effective July 1, 2021, the Authority recorded $2,136,523 in additional lease assets along with the corresponding lease liability, including the revaluation of the lease for the VIG terminal, previously recorded as a capital lease. During the fiscal year, the Authority added $41,287 of additional lease assets, associated principally with the continuing reconstitution of its chassis fleet. See notes 5, 6 and 12 in the notes to the consolidated financial statements for additional discussion. Excluding the impact of asset additions resulting from GASB 87, the Authority's depreciable and non-depreciable capital assets remained flat from FY2021. $68,968 of capital assets were added in association with continuing capital projects, offset by depreciation expense. See note 5 in the notes to financial statements for additional detail.

The increase to other noncurrent assets is principally the result of the adoption of GASB 87 and the recognition of a net pension asset in the amount of $20,063 at VIT. As noted in the previous paragraph, the Authority adopted GASB 87, *Leases*, during the year. Similar to the requirement for lessees to record a lease asset, lessors must record a lease receivable and corresponding deferred inflow for the present value of the applicable non-cancellable lease payments. The Authority is a party to various license and lease agreements for property and storage space that qualify for lease accounting (most notably the arrangements at PMT for the development and operation of a facility to support the construction of offshore wind energy assets), and at June 30, 2022 has recorded a $61,552 lease receivable. See note 12 in the notes to financial statements for additional detail.

The decrease to deferred outflows of resources is the result of a smaller required contribution to the VPA and VIT pension plans in FY2022 vs FY2021, the amortization of pension-related deferred outflows of resources (see Note 9 to financial statements for additional detail of pensions) and the amortization of deferred outflows related to previous refundings of Port Facilities and Commonwealth Port Fund revenue bonds (see Notes 6 and 7 to financial statements for additional detail of bonds and other indebtedness).

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Current liabilities increased by $29,029. Approximately $18,901 of this increase is attributable to the Authority's adoption of GASB 87, which requires that a lease liability equal to the corresponding lease asset be recorded for leases with non-cancellable terms in excess of twelve months. The remaining increase is primarily attributable to an increase in payables, almost solely the result of the timing of work related to the *Wider, Deeper, Safer* channel deepening project and the accrued cost related to this work.

Noncurrent liabilities at June 30, 2022 increased by $2,035,510, predominately due to the adoption of GASB 87. The adoption added $1,931,066 of noncurrent liabilities, $1,782,551 of which applied to the revaluation of the VIG lease and related liabilities.

The Authority's debt service reduced principal related to the Revenue Bonds and MELP liabilities by $24,387 during FY22. The VIG lease liability, including VIG installment purchases increased by $53,527 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 2037). See Note 6 to financial statements for further detail regarding the Authority's long-term indebtedness.

The $66,437 increase in deferred inflows of resources is almost completely attributable to the recording of deferred inflows of resources related to leases for which the Authority is the lessor (corresponding with the increase to other noncurrent assets related to leases as noted above).

NET POSITION

Net investment in capital assets represents the land, buildings, infrastructure, improvements, and equipment, etc., less the accumulated depreciation and amortization and outstanding liabilities related to those capital assets. This portion of net position increased by $93,133, primarily due to the adoption of GASB 87, which required the Authority to revalue the VIG lease asset and corresponding lease liability, resulting in an increase to beginning net investment in capital assets of $233,086. See Note 15 for further discussion surrounding the change in accounting principle. The increase due to the restatement is offset by an overall decrease in capital assets of approximately $13,624 (discussed previously); an overall increase in indebtedness (excluding items related to the VIG lease) of $22,896; and an overall increase to VIG-related liabilities of $88,562. 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 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 increase in balances at June 30, 2022 is attributable to higher accumulated debt service deposits ahead of scheduled debt service payments on July 1, 2022.

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 current investments associated with retained positive cash flow, contributed to the 79% increase in the FY2022 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, 2022 and 2021, follows:

Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	2021	Increase/ (Decrease)
		(In Thousands)	
Operating revenues	$ 897,151	$ 638,615	$ 258,536
Operating expenses	629,097	519,498	109,599
Operating income	268,054	119,117	148,937
Non-operating expenses, net	(160,678)	(116,445)	(44,233)
Income before capital contributions	107,376	2,672	104,704
Capital contributions:			
Commonwealth Port Fund allocation	57,821	48,778	9,043
Capital transactions with other government agencies	(2,053)	11,798	(13,851)
Increase in net position	163,144	63,248	99,896
Net position, beginning of year	837,493	774,245	63,248
Cumulative effect of change in accounting principle	233,086	-	233,086
Net position, end of year	$ 1,233,723	$ 837,493	$ 396,230

Substantially all 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 balance of operating revenues are principally attributable to operating grants from state and federal governments.

Fiscal year 2022 operating revenues increased $258,536, or 40%, from fiscal year 2021, due primarily to the 15% increase in volume driven by the economic rebound from the initial impacts of the COVID-19 pandemic. The effect of the increase in volume materialized in predominately three distinct parts. (1) – The absolute volume increase of 274 thousand containers resulted in a $75,820 increase to "unit rate" revenue. With larger effect, (2) - the issues experienced across global supply chains resulted in cargo "traffic jams" that curtailed the flow of cargo, resulting in cargo resting in place, or "dwelling" for much longer periods than historical norms. A principal incentive for shippers to pick up their cargo is the rendering of storage charges based on the length of dwell of the cargo. In many cases, shippers either had no place to store this excess cargo, or found it more cost effective to allow their cargo to dwell at points of interchange, such as the Port of Virginia. With dwell times exceeding double the historical norms, the storage charges accumulated throughout the year, resulting in a year over year increase of $137,769 for this revenue category. (3) - The Authority's blended component unit – VIT maintains a fleet of container chassis for short-term rental by logistics providers and shippers. Coincident with the surge in cargo entering North America, the demand for VIT's chassis reached an all-time high, and utilization of the fleet was near 100% for the majority of the year. The result of this higher utilization was an increase to chassis revenue of $23,216. The balance of the increase in operating revenue resulted from the ancillary income streams, including security surcharge fees, associated with the higher volume. Operating grant revenue remained relatively flat.

Compared with the 40% increase in operating revenues, total operating expenses only increased by $109,599, or 21%, in fiscal year 2022.

With the completion of terminal expansions at Norfolk International Terminals (NIT) South and Virginia International Gateway (VIG), the Authority has converted its cost structure to be closer to fixed in nature compared to the more variable cost structure of five years ago. Accordingly, the Authority's operating income is more sensitive to changes in volume (up or down). The highly favorable results in 2022 were the result of positive leverage from significant increases in volume and lower cost elasticity, contrasted with the much less favorable results in 2020 where significant declines in volume were not offset by corresponding declines in operating expense. With the increase in volume, the Authority did incur a $51,274 increase in terminal labor and fringe cost, most of which was in premium (overtime) categories to accommodate the increasingly variable schedule of vessels calling the terminal. Of the total increase, $19,924 was offset by the effect of the implementation of GASB 87, which required that the cost of qualifying chassis leases be reflected as amortization expense and interest expense in fiscal year 2022, compared to chassis lease/terminal operating expense in fiscal year 2021. As a result, terminal operations expense only experienced a 13% increase ($30,504).

In addition to higher terminal operations expense, fiscal year 2022 terminal maintenance expense increased by $13,145 from fiscal year 2021. This was principally comprised of $6,003 in higher labor costs and $7,013 in higher services/parts costs related to efforts to keep the facilities and equipment in safe operable condition in the midst of higher demand. As the year progressed and inflationary pressures began to escalate from January forward, the Authority also incurred $3,222 in higher fuel cost for approximately the same level of consumption.

General and administrative expense finished FY2022 $4,202 lower than FY2021. Despite higher costs associated with "normal" inflation and the resumption of marketing and travel efforts, headcount levels and other discretionary spending were managed tightly, and spending on COVID mitigation tactics was not as high as FY2021.

Depreciation and amortization expense (before the effect of GASB 87) remained relatively flat in the current year primarily due to the relative size of the entity's asset base. The effect of the GASB 87 implementation resulted in certain lease cost now being reported as amortization and interest expense, which in turn drove $68,290 of additional amortization expense (principally related to the revalued VIG lease and recording of chassis leases as referred to in the discussion of terminal operations expense above).

Net non-operating revenues/expenses were $44,233 unfavorable to FY2021. The GASB 87 implementation resulted in an increase of interest expense related to leases of $49,409. This was offset in part by non-operating grants received from varying sources and $3,735 of lease interest income recognized related to lease receivables (from the implementation of GASB 87). It is noteworthy that the Authority realized $3,346 of investment income on its investments. However, during the rapid rise in interest rates that occurred during the second half of the fiscal year, all of this income was offset (on paper at least) by the unrealized losses required to be recognized through June 30, 2022 as a result of holding the various fixed-income securities.

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 $9,043 from FY2021 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 dredging of the harbor to 55 feet, decreased by a net of $13,317 as channel dredging activity did not resume momentum until near the end of FY2022.

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, 2022 and 2021, respectively, follows:

Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021	Increase/ (Decrease)
		(In Thousands)	
Cash flows provided by operating activities	$ 429,671	$ 233,366	$ 196,305
Cash flows used in non-capital financing activities	(338)	(5,804)	5,466
Cash flows used in capital and related financing activities	(154,686)	(121,841)	(32,845)
Cash flows used in investing activities	(137,426)	(127,593)	(9,833)
Net increase (decrease) in cash and cash equivalents	137,221	(21,872)	159,093
Cash and cash equivalents:			
Beginning of year	186,455	208,327	(21,872)
End of year	$ 323,676	$ 186,455	$ 137,221

The improvement in cash flows provided by operating activities was the result of the nearly 15% increase in volume and revenues associated with the higher dwell times. However, the order of magnitude of the improvement is also attributable to the achievement of enhanced operating leverage (the ability to generate revenue increases with lower expense increases). The nearly 2 to 1 ratio of revenue increase to expense increase reflects this leverage, as collections experience remained consistent. The majority of the Authority's operating cash flow was generated through the operations of its blended component unit – VIT. As a result of this operating leverage, the Authority was able to yield cash flow sufficient to meet its debt service obligations, sustain and fund new and underway capital projects, and continue to improve its overall liquidity position.

Cash flows used in non-capital financing activities were negligible during FY2022, as the channel dredging activity did not begin building momentum until late FY2022. The expenditures associated with this activity are reimbursable by the Commonwealth and the U.S. Army Corps of Engineers, resulting in positive cash flows that mostly offset against each other.

Cash used in capital and related financing activities was $32,845 higher than FY2021. Overall investment in capital assets decreased significantly to $64,296 in FY2022 from $89,315 in FY2021 due in part to significant delays resulting from global supply chain issues that resulted in delayed milestone payments as well as delays in physical delivery of certain assets. However, the majority of this decrease is simply a result of timing as the Authority concluded on the optimization of the South berth of NIT in FY2021 and construction on current infrastructure projects did not begin in earnest until the second half of FY2022. Concurrent with the conclusion of the optimization project, the Authority experienced a precipitous decrease related to its reimbursement proceeds received from the Commonwealth in the amount of $21,528. This was partially offset by an increase in grant funding of $6,966 as the Authority began construction of the Central Rail Yard expansion project, which is supported by both federal and state grant funds. Offsetting the lower spending level for the period, payments made on leases meeting the requirements of GASB 87 resulted in an overall increase to cash used in capital and related financing activities of $22,376. Increases to contributions received from the Commonwealth Transportation Trust Fund resulted in additional cash flows of $12,809. Finally, as a result of its strong liquidity posture and the timing of required investment funding, the Authority was able to fund its capital investments without the need for taking on new debt, resulting in a reduction of $33,575 in cash flows related to new debt issuances from FY2021 financing activity.

In FY2022, the Authority used $137,426 in cash related to investing activities (net), a $9,833 increase over FY2021. Because of the increase in operating cash flows noted above, the Authority was able to continue adding to its investment portfolio during the fiscal year after meeting debt service and capital investment requirements. 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, 2022, 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:

- Two additional Ship to Shore Cranes for NIT
- Eighteen new Hybrid Shuttle Trucks for VIG and NIT
- NIT Central Rail Yard Expansion – Infrastructure and Container Handling Equipment

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

Debt and Installment Purchase Obligations

At June 30, 2022, the Authority had $4,910,039 in outstanding liabilities related to either bond, installment purchase, notes payable, or lease liabilities, excluding deferred items. Of this balance, $4,098,496 is related to the VIG lease and $103,695 is related to chassis lease arrangements. Revenue bonds outstanding consist of $461,945 in Port Facilities revenue bonds and Commonwealth Port Fund revenue bonds issued by the Authority, with $14,325 of issuance premiums. Installment purchase liabilities consist of $75,524 in Master Equipment Lease Program (MELP) financing and $139,559 in installment purchase liabilities related to the VIG lease.

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 $280,530 to refund Series 2010, 2015A, 2015B and 2013 Port Facilities Revenue Refunding Bonds, as well as refund the 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 Global Ratings (S&P), respectively. In August 2022, S&P raised its long-term rating from A- to A, and its issuer credit rating from A to A+.

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 FY2022. 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 Port Facilities Revenue Bonds 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 Refunding bonds issued in 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.

Additionally, as part of its continuing capital investment program, the Authority may elect to finance certain future investments with either Master Equipment Lease financings, Port Facilities Revenue Bond offerings or Commonwealth Port Fund Revenue Bond offerings ("new money"), however this will depend on multiple factors such as interest rates, borrowing capacity, cash flow and investment trends, etc.

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. The current allocation to VPA is 2.5%, apportioned from a revenue pool consisting of motor vehicle, gas tax and other related revenues. From FY2021 to FY2022, the Authority's apportionment in dollars increased from $48,778 to $57,821.

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 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, and is evaluating alternatives to expand the usage of this short-haul mode. Volume carried on the JRBL declined slightly from FY2021 to FY2022, however annual volume has increased from 23 thousand containers in fiscal year 2017 to 38 thousand in FY2022. 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.

With the completion of the expansions of VIG and the South berth of NIT between 2019 and 2021, the Authority, between the two facilities, offers 30 super Post Panamax or larger ship to shore cranes that operate across more than 10 thousand linear feet of berth space and feed 58 semi-automated stacks capable of 2.5 million container lifts annually and over 800 thousand rail lifts. The effects of these technology and operations investments are increased and more 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 the continuing cargo surge with only a marginal effect on 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. With the planned expansions of rail capacity at NIT and capacity enhancement of the North berth of NIT, the capacity can quickly be expanded to handle over 3.2 million marine lifts (5.8 million TEUs) and over 1 million rail lifts.

Looking into fiscal year 2023, we expect container volume to remain essentially flat to fiscal year 2022 as beneficial cargo owners equalize their inventory levels, and measures to restore price stability (i.e., higher interest rates) are implemented. However, there are several variables which could affect volume demand. These include, but are not limited to: the evolving labor contract negotiations on the west coast, consumer confidence and spending patterns, inflation and interest rate trends, geopolitical trends (i.e., the ongoing conflict in Ukraine and trade volumes from China), and the level of global economic activity.

Terminal service levels are recovering from the mid-year pressure in terms of the ability to sustain higher efficiency of vessel load and discharge, as well as process containers through the rail and gate portals, which is sustaining the leverage to control operating cost as well as attract new volume to fill the additional capacity. The addition of two new 171-foot ship to shore cranes in May of 2022 to the South berth of NIT has further enhanced the Authority's capacity to work ultra-large container vessels, and planned expansions to the NIT central railyard, as well as the optimization of the North berth of NIT as referenced above (investments anticipated to be approximately $732,660 dollars over the 2-4 year project periods), will position the Authority to accommodate anticipated demand growth in the coming years.

A by-product of the technology investments and channeling of container volume through VIG and NIT is that PMT can now be leveraged for its multi-purpose potential. During FY2022, the Authority executed leases with both Dominion Energy and Siemens Gamesa that will make PMT a hub for the support of offshore wind development for at least the coming decade. The port is proud to participate in this particular endeavor to support reliable renewable energy and expand upon its mission in a way that, as of a few years ago, was not conceived.

Additionally, during FY2022, the Authority entered into an agreement with the Virginia Department of Energy to commit to the purchase of its electricity from renewable sources. This agreement, which will take effect July 1, 2022, will support the development and sustainment of non-fossil fuel energy assets within the Commonwealth, and accelerate the Authority's goal toward achieving net-zero carbon emissions by 2040.

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, 2022

		Authority		Virginia International Terminals, LLC		Eliminations		Total Business-Type Activities
				(In Thousands)				
ASSETS								
Current assets:								
Cash and cash equivalents	$	180,815	$	46,337	$	-	$	227,152
Investments		185,383		-		-		185,383
Restricted assets:								
Cash and cash equivalents		93,080		-		-		93,080
Investments		22,759		-		-		22,759
Accounts receivable, net		137		73,638		(103)		73,672
Due from other governments		39,889		-		-		39,889
Due from related parties		73,475		473		(73,948)		-
Inventories, net		-		19,743		-		19,743
Prepaid expenses and other		911		3,254		-		4,165
Leases receivable, current portion		4,481		1,537		-		6,018
Total current assets		600,930		144,982		(74,051)		671,861
Noncurrent assets:								
Investments		160,777		-		-		160,777
Restricted assets:								
Cash and cash equivalents		3,444		-		-		3,444
Investments		24,170		-		-		24,170
Leases receivable, noncurrent portion		42,623		12,911		-		55,534
Net pension asset		-		20,063		-		20,063
Non-depreciable capital assets		278,291		7,983		-		286,274
Depreciable capital assets, net		926,143		31,393		-		957,536
Lease assets, net		3,970,931		103,857		-		4,074,788
Other assets		-		5,726		-		5,726
Total noncurrent assets		5,406,379		181,933		-		5,588,312
Total assets		6,007,309		326,915		(74,051)		6,260,173
DEFERRED OUTFLOWS OF RESOURCES								
Bond refundings, net		23,256		-		-		23,256
Pensions and OPEB, net		3,994		7,500		-		11,494
Total deferred outflows of resources		27,250		7,500		-		34,750
Total assets and deferred outflows of resources	$	6,034,559	$	334,415	$	(74,051)	$	6,294,923

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, 2022

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
		(In Thousands)		
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	$ 22,849	$ 28,231	$ (576)	$ 50,504
Interest payable	9,752	-	-	9,752
Long-term debt, current portion	26,403	-	-	26,403
Lease liabilities, current portion	982	17,919	-	18,901
Obligations under securities lending	4,468	-	-	4,468
Due to Parent Member	-	73,475	(73,475)	-
Total current liabilities	64,454	119,625	(74,051)	110,028
Noncurrent liabilities:				
Long-term debt, noncurrent portion	666,915	-	-	666,915
Lease liabilities, noncurrent portion	4,110,694	87,126	-	4,197,820
Pension and OPEB liabilities, net	5,249	583	-	5,832
Other noncurrent liabilities	7,387	2,322	-	9,709
Total noncurrent liabilities	4,790,245	90,031	-	4,880,276
Total liabilities	4,854,699	209,656	(74,051)	4,990,304
DEFERRED INFLOWS OF RESOURCES				
Bond refundings, net	98	-	-	98
Leases	41,009	13,741	-	54,750
Pensions and OPEB, net	2,896	13,152	-	16,048
Total deferred inflows of resources	44,003	26,893	-	70,896
Total liabilities and deferred inflows of resources	4,898,702	236,549	(74,051)	5,061,200
NET POSITION				
Net investment in capital assets	393,528	35,706	-	429,234
Restricted for:				
Debt service	136,866	-	-	136,866
Unrestricted	605,463	62,160	-	667,623
Total net position	1,135,857	97,866	-	1,233,723
Total liabilities, deferred inflows of resources, and net position	$ 6,034,559	$ 334,415	$ (74,051)	$ 6,294,923

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, 2022

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
		(In Thousands)		
Operating revenues:				
Terminal operating revenues	$ -	$ 873,982	$ -	$ 873,982
Other revenues	19,339	(275)	-	19,064
Other revenues - grants, federal and state	4,105	-	-	4,105
Operating revenues from component unit	439,092	-	(439,092)	-
Total operating revenues	462,536	873,707	(439,092)	897,151
Operating expenses:				
Terminal operations	4,359	257,384	-	261,743
Terminal maintenance	4,608	115,768	-	120,376
General and administrative	17,768	37,222	-	54,990
Depreciation and amortization	165,406	26,582	-	191,988
Operating payments to Authority	-	439,092	(439,092)	-
Total operating expenses	192,141	876,048	(439,092)	629,097
Operating income (loss)	270,395	(2,341)	-	268,054
Non-operating revenues (expenses):				
Investment income (loss), net	(2,305)	424	-	(1,881)
Interest expense	(171,000)	(3,152)	-	(174,152)
Revenue from federal sources	5,877	-	-	5,877
Revenues from state sources	8,520	-	-	8,520
Revenues from private sources	5,567	-	-	5,567
Other expenses	(5,090)	-	-	(5,090)
Gain on disposals	481	-	-	481
Total non-operating, net	(157,950)	(2,728)	-	(160,678)
Income (loss) before capital contributions and transfers	112,445	(5,069)	-	107,376
Capital contributions and transfers:				
Commonwealth Port Fund allocation	57,821	-	-	57,821
Payment to federal government - channel dredging	(23,335)	-	-	(23,335)
Capital contributions (to) from component unit	1,638	(1,638)	-	-
Proceeds from primary government	21,282	-	-	21,282
Increase (decrease) in net position	169,851	(6,707)	-	163,144
Net position, beginning of year, as restated	966,006	104,573	-	1,070,579
Net position, end of year	$ 1,135,857	$ 97,866	$ -	$ 1,233,723

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, 2022

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
		(In Thousands)		
Cash flows from operating activities:				
Receipts from customers and users	$ 419,392	$ 860,689	$ (425,504)	$ 854,577
Receipts from operating grants	2,617	-	-	2,617
Reimbursement from (to) component unit	22,697	(22,697)	-	-
Other receipts	19,339	-	-	19,339
Payments for operating expenses	(28,291)	(139,907)	-	(168,198)
Payments to employees	(27,640)	(251,024)	-	(278,664)
Net cash provided by operating activities	408,114	447,061	(425,504)	429,671
Cash flows from noncapital financing activities:				
Transfer from (to) primary government	15,972	(425,504)	425,504	15,972
Payments for channel dredging activity	(16,310)	-	-	(16,310)
Net cash used in noncapital financing activities	(338)	(425,504)	425,504	(338)
Cash flows from capital and related financing activities:				
CPF contribution	58,388	-	-	58,388
Acquisition of capital assets	(55,061)	(9,235)	-	(64,296)
Transfer from primary government	528	-	-	528
Payments made on VIG lease liablities	(95,352)	-	-	(95,352)
Principal paid on other lease liabilities	(849)	(17,332)	-	(18,181)
Interest paid on other lease liabilities	(1,043)	(3,152)	-	(4,195)
Principal paid on long-term debt	(24,437)	-	-	(24,437)
Interest paid on long-term debt	(19,918)	-	-	(19,918)
Issuance costs	(12)	-	-	(12)
Proceeds from other state or federal agencies	6,382	-	-	6,382
Proceeds from private sources	5,567	-	-	5,567
Proceeds from sale of capital assets	833	7	-	840
Net cash used in capital and related financing activities	(124,974)	(29,712)	-	(154,686)
Cash flows from investing activities:				
Proceeds from sales and maturities	546,161	-	-	546,161
Purchases of investments	(692,538)	-	-	(692,538)
Interest received and other	8,527	424	-	8,951
Net cash provided by (used in) investing activities	(137,850)	424	-	(137,426)
Net increase (decrease) in cash and cash equivalents	144,952	(7,731)	-	137,221
Cash and cash equivalents, beginning of year	132,387	54,068	-	186,455
Cash and cash equivalents, end of year	$ 277,339	$ 46,337	$ -	$ 323,676

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, 2022

	Authority	Virginia International Terminals, LLC	Eliminations	Total Business-Type Activities
		(In Thousands)		
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 270,395	$ (2,341)	$ -	$ 268,054
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Payments to Authority	-	439,092	(439,092)	-
Depreciation and amortization	165,406	26,582	-	191,988
Other expenses	(5,078)	-	-	(5,078)
Pension and OPEB credit	(382)	(8,625)	-	(9,007)
Change in assets, deferred outflows and inflows of resources and liabilities:				
Increase in accounts receivable	(32)	(12,311)	-	(12,343)
Increase in due from other governments	(1,488)	-	-	(1,488)
Increase in inventories	-	(425)	-	(425)
Increase in due from related parties	(13,573)	(473)	13,573	(473)
Decrease in prepaid expenses and other	2,155	2,644	-	4,799
Decrease (increase) in leases receivable	(856)	962	-	106
Increase (decrease) in accounts payable and accrued expenses	(3,399)	3,329	-	(70)
Decrease in due to VPA	-	(15)	15	-
Increase in other accrued expenses	318	-	-	318
Decrease in deferred inflows - leases	(5,239)	(1,669)	-	(6,908)
Decrease (increase) in deferred outflows of resources - defined benefit plans	(113)	311	-	198
Net cash provided by operating activities	$ 408,114	$ 447,061	$ (425,504)	$ 429,671
Supplemental Schedule of Non-cash Operating Activity:				
Leases receivable	$ 47,104	$ 15,410	$ -	$ 62,514
Deferred inflows of resources - leases	(47,104)	(15,410)	-	(62,514)
Supplemental schedule of Non-cash Capital and Related Financing Activity:				
Capital contribution of VPA	$ 1,638	$ (1,638)	$ -	$ -
Capital asset additions purchased on account	3,818	-	-	3,818
Lease assets	(3,644)	(39,264)	-	(42,908)
Lease liabilities	3,644	39,264	-	42,908

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, 2022

		Total
		(In Thousands)
ASSETS		
Current Assets		
Cash and cash equivalents	$	2,209
Total current assets		2,209
Noncurrent Assets		
Investments held in trust at fair value:		
Long-term bond		12,105
Core plus bond		49,679
Common and preferred stock		29,084
Mutual funds		49,224
Total noncurrent assets		140,092
Total assets		142,301
NET POSITION		
Restricted for:		
Pension benefits		142,301
Total net position	$	142,301

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, 2022

	Total
	(In Thousands)
Additions:	
Employer contributions	$ 7,403
Investment loss	(20,955)
Total additions	(13,552)
Deductions:	
Benefit payments and transfers	7,521
Administrative expenses	301
Total deductions	7,822
Change in net position	(21,374)
Net position, beginning of year	163,675
Net position, end of year	$ 142,301

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

Unless explicitly indicated otherwise, all dollar amounts herein are expressed in thousands

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, LLC (VIT) and its wholly-owned subsidiary, Hampton Roads Chassis Pool II, LLC (HRCP), operate the terminal facilities for VPA. VIT is a single-member limited liability company registered in Virginia with VPA as the sole member. As a result, the Authority has determined that 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, 2022. 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.

The Appropriations Act as enacted by the General Assembly of Virginia established the Authority's budget for the year ended June 30, 2022. No payments can be made out of the state treasury except in pursuance of appropriations made by law.

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, 2022 for the Authority. VIT utilizes the allowance method for doubtful accounts. Accounts receivable are shown net of the allowance for doubtful accounts of approximately $18,886 as of June 30, 2022 for VIT. The allowance for doubtful accounts is an amount management believes will be adequate to absorb losses on existing accounts receivable that are likely to not be collected.

G. Inventories

Inventories of VIT consist of supplies and equipment parts and are reported using the moving average unit cost method. An inventory allowance has been established for parts identified as obsolete or to be disposed of. The VIT allowance for inventory totaled approximately $4,757 at June 30, 2022.

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, custodian, and actuary.

I. Capital Assets

Capital assets are generally assets with an initial cost of $5 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, excluding lease assets, which are stated at the present value of certain required lease payments.

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	5 - 50 years
Infrastructure	4 - 41 years
Equipment	3 - 28 years

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 is charged to expense as incurred.

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. As of June 30, 2022, the Authority had impaired assets related to container handling equipment and infrastructure for which net book value has been reduced to $0.

J. Leases

The Authority adopted GASB 87 on July 1, 2021. Beginning adjustments to lease assets and lease liabilities resulted in a change to beginning net position. Beginning adjustments to lease receivables and deferred inflows of resources did not result in such a change. See Note 15 for additional detail surrounding the change in accounting principle.

Lessee: For new or modified contracts, the Authority determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), the Authority records a lease asset and lease obligation which is calculated based on the value of the discounted future lease payments over the term of the lease. If the interest rate implicit in the lease is not readily determinable, the Authority will use the applicable incremental borrowing rate in the calculation of the present value of the lease payments.

The Authority is a lessee for non-cancellable leases of certain port facilities, office space, land and equipment. The Authority recognizes a lease liability and right to use lease asset on the Statement of Net Position. Leases with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Positon and expense is recognized as incurred over the lease term.

At the commencement of a lease, the Authority measures the lease liability at the present value of payments expected to be made during the lease term and then reduces the liability by the principal portion of lease payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs, then amortized on a straight line basis over a period that is the shorter of the lease term or the useful life of similar capital assets. Chassis and terminal equipment have useful lives of no longer than 18 years, with lease terms no longer than 10 years.

Lease payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

Note 1. Summary of Significant Accounting Policies (Continued)

J. Leases (Continued)

Lessor: For new or modified contracts, the Authority determines whether the contract is a lease. If a contract is determined to be, or contain, a lease with a non-cancellable term in excess of 12 months (including any options to extend or terminate the lease when exercise is reasonably certain), the Authority records a lease receivable and a deferred inflow of resources which is calculated based on the value of the discounted future lease payments over the term of the lease. If the interest rate implicit in the lease is not explicit, the Authority may apply the guidance for imputation of interest as a means of determining the interest rate.

The Authority will not recognize a lease receivable and a deferred inflow of resources for leases with a non-cancellable term of less than 12 months, and income is recognized as earned.

The Authority is a lessor for non-cancellable leases of certain real estate and storage facilities. The Authority recognizes a lease receivable and a deferred inflow of resources on the Statement of Net Position.

At the commencement of a lease, the Authority measures the lease receivable as the present value of payments expected to be received during the lease term and then reduces the receivable by the principal portion of lease payments received after satisfaction of accrued interest on the lease receivable, calculated using the effective interest method. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date, then recognized on a straight-line basis as revenue over the lease term.

K. 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.

L. Compensated Absences

Employee benefits, including accumulated paid time off (PTO) and legacy leave, are accrued as liabilities in the period the benefits are earned. Amounts earned and estimated to be paid during the next fiscal year are reported as current liabilities. The Authority maintains a PTO policy applicable to each calendar year where employees earn PTO at varying rates based on tenure. At the end of each calendar year, any unused PTO up to 40 hours may be carried forward for use within the next six months. At June 30, any remaining prior year earned balances not liquidated at that time will be forfeited. Balances are earned on a quarterly basis but available for use on January 1 each year. Leave used over and above the earned amounts at termination are to be repaid to the Authority.

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

Note 1. Summary of Significant Accounting Policies (Continued)

M. Accrued Workers' Compensation – Blended Component Unit - VIT

Since 1999, VIT participates in a workers' compensation insurance pool and shares risk with other members of the 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.

Included in accrued expenses for these legacy claims 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 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 5.0% at June 30, 2022. VIT expects to pay assessments annually through 2027. The balance at June 30, 2022 is classified in accrued expenses as follows (in thousands):

Workers' compensation claims and U.S. DOL assessment, current	$ 636
Workers' compensation claims and U.S. DOL assessment, noncurrent	1,872
Total	$ 2,508

N. 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.

O. 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. A second component of the Authority's net position reports its net investment in capital assets, which represents the original cost of capital assets, net of accumulated depreciation and amortization and net of any outstanding capital-related debt.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until consumption. See Notes 6, 9, and 10 for additional detail related to these elements.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that period. See Notes 6, 9, 10, and 12 for additional detail related to these elements.

Note 1. Summary of Significant Accounting Policies (Continued)

Q. Fiduciary Net Position

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 net 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 (asset), deferred outflows of resources, 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.

R. Pension Liability (Asset)

Both the Authority's and VIT's stand-alone net pension liability (asset) were measured as of June 30, 2021. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2021 using updated actuarial assumptions, applied to all periods included in the measurement.

S. 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 and HRCP 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 costs of services, costs of maintaining its asset base, administrative expenses, rent applicable to short-term leases and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

T. Investment Income

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

U. Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through September 22, 2022, the date the financial statements were available to be issued.

Note 1. Summary of Significant Accounting Policies (Continued)

V. <u>Recently Issued Accounting Pronouncements</u>

At June 30, 2022, 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. 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 Authority beginning with its year ending June 30, 2023.

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

GASB Statement No. 99, *Omnibus 2022*, provides guidance to enhance comparability in accounting and financial reporting for derivative instruments, leases, financial guarantees, 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. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* are effective upon issuance. The requirements related to GASB Statement No. 87, *Leases*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for the Authority beginning with its year ending June 30, 2023. The requirements related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be effective for the Authority beginning with its year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Statement 100 will be effective for the Authority beginning with its year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement 101 will be effective for the Authority beginning with its year ending June 30, 2025.

The Authority has not yet completed its evaluation of the effect these GASB Statements will have on its financial statements.

Note 2. Cash, Cash Equivalents and Investments

As of June 30, 2022, 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 $56,969 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, 2022, 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, 2022, these assets aggregated $143,453 with $115,839 classified as current and $27,614 classified as noncurrent based on the purpose for which the assets are restricted.

Current restricted assets consist of:
- $27,302 in cash and investments related to bond debt service payments to be made July 1, 2022;
- $8,663 in cash related to a capital lease payment to be made July 1, 2022;
- $56,112 in cash designated for purposes consistent with appropriations made by the Commonwealth of Virginia;
- $22,759 in cash and investments reserved to secure debt service in future years as required by the Authority's bond covenants; and
- $1,003 in cash designated for equipment purchases under installment agreements.

Noncurrent restricted assets consist of:
- $25,126 in cash and investments reserved to secure debt service in future years as required by the Authority's bond covenants; and
- $2,488 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.

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

Cash and Cash Equivalents

As of June 30, 2022, the following shows the segmented time distribution of the Authority's and VIT's cash and cash equivalents and its fair value measurement:

	Fair Value	Maturities (in Years) Less than 1
	(In Thousands)	
Cash	$ 292,602	N/A
Mutual and Money Market Funds	15,793	15,793
U.S. Treasuries	15,281	15,281
Total	$ 323,676	$ 31,074

	Fair Value	Level 1	Level 2	Level 3
		(In Thousands)		
Cash	$ 292,602	N/A	$ -	$ -
Mutual and Money Market Funds	15,793	15,793	-	-
U.S. Treasuries	15,281	15,281	-	-
Total	$ 323,676	$ 31,074	$ -	$ -

Investments

As of June 30, 2022, the following shows the segmented time distribution of the Authority's investments and its fair value measurement:

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
		(In Thousands)	
Negotiable Certificates of Deposit	$ 54,901	$ 54,901	$ -
Commercial Paper	30,732	30,732	-
Corporate Bonds and Notes	127,082	63,913	63,169
Fixed Income Securities	17,628	10,277	7,351
U.S. Treasuries	121,921	44,280	77,641
Asset Backed Securities	32,140	62	32,078
Agency Mortgage Backed Securities	7,916	3,586	4,330
Municipal Bonds	769	769	-
Total	$ 393,089	$ 208,520	$ 184,569

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

Investments (Continued)

	Fair Value	Level 1	Level 2	Level 3
	(In Thousands)			
Negotiable Certificates of Deposit	$ 54,901	$ 54,901	$ -	$ -
Commercial Paper	30,732	30,732	-	-
Corporate Bonds and Notes	127,082	127,082	-	-
Fixed Income Securities	17,628	17,628	-	-
U.S. Treasuries	121,921	121,921	-	-
Asset Backed Securities	32,140	32,140	-	-
Agency Mortgage Backed Securities	7,916	7,916	-	-
Municipal Bonds	769	769	-	-
Total	$ 393,089	$ 393,089	$ -	$ -

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.

With respect to the Statement of Fiduciary Net Position, there have been no changes in the valuation methodology used at June 30, 2021 (measurement date June 30, 2021). The Defined Benefit Pension Plan investment balances as of June 30, 2022 have a measurement date of June 30, 2022. 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.

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, 2022:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2022

	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Long-term Bond	$ 1,780	$ -	$ -	$ 1,780
Core Plus Bond	8,680	-	-	8,680
Common and Preferred Stock	5,263	-	-	5,263
Mutual Funds	9,671	-	-	9,671
Total assets in the fair value hierarchy	$ 25,394	$ -	$ -	$ 25,394

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

Investments (Continued)

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 statement 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 VITPP Trust Fund at fair value as of the measurement date of June 30, 2022:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2022

	Level 1	Level 2	Level 3	Total
		(In Thousands)		
Long-term Bond	$ 10,325	$ -	$ -	$ 10,325
Core Plus Bond	40,999	-	-	40,999
Common and Preferred Stock	23,821	-	-	23,821
Mutual Funds	39,553	-	-	39,553
Total assets in the fair value hierarchy	$ 114,698	$ -	$ -	$ 114,698

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 statement 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 $47,830, and $47,330 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.

Note 3. Concentration of Risk (Continued)

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, 2022 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
			(In Thousands)			
Negotiable Certificates of Deposit	$ -	$ -	$ -	$ 54,503	$ 398	$ -
Commercial Paper	-	-	-	28,740	1,992	-
Corporate Bonds and Notes	6,435	22,449	85,701	-	10,817	1,680
Fixed Income Securities	-	5,931	11,697	-	-	-
U.S. Treasuries	-	121,921	-	-	-	-
Asset Backed Securities	24,599	-	-	-	-	7,541
Agency Mortgage Backed Securities	-	7,916	-	-	-	-
Municipal Bonds	-	-	769	-	-	-
Total	$ 31,034	$ 158,217	$ 98,167	$ 83,243	$ 13,207	$ 9,221

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, 2022, approximately 61% of total revenue was derived from four customers. Receivables outstanding at June 30, 2022 for this concentration totaled $48,830.

Note 4. Due From Other Governments

Amounts due from other governments as of June 30, 2022 include (in thousands):

Virginia Public Building Authority	$ 20,818
Transportation Trust Fund	7,641
U.S. Department of Transportation	4,970
Virginia Department of Rail and Public Transportation	3,125
Virginia Department of Emergency Management	2,428
U.S. Department of Homeland Security	515
Virginia Department of Transportation	300
City of Portsmouth	92
	$ 39,889

Note 5. Capital Assets

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

	Balance July 1, 2021*	Additions	Deletions	Transfers	Balance June 30, 2022
			(In Thousands)		
Governmental activities:					
Capital assets not being depreciated or amortized:					
Land and improvements	$ 104,471	$ -	$ -	$ -	$ 104,471
Construction in progress (CIP)	160,677	58,095	-	(44,952)	173,820
	265,148	58,095	-	(44,952)	278,291
Depreciable capital assets:					
Infrastructure	988,735	1,618	-	13,292	1,003,645
Buildings and improvements	132,366	20	-	1,141	133,527
Equipment	660,698	-	(47,807)	30,519	643,410
Lease assets:					
VIG	4,049,305	-	-	-	4,049,305
Land and real property	10,368	3,644	-	-	14,012
Equipment	16	-	-	-	16
	5,841,488	5,282	(47,807)	44,952	5,843,915
Less accumulated depreciation and amortization for:					
Depreciable capital assets:					
Infrastructure	(409,741)	(35,775)	-	-	(445,516)
Buildings and improvements	(103,517)	(3,231)	-	-	(106,748)
Equipment	(315,631)	(33,998)	47,454	-	(302,175)
Lease assets:					
VIG	-	(90,995)	-	-	(90,995)
Land and real property	-	(1,393)	-	-	(1,393)
Equipment	-	(14)	-	-	(14)
Total accumulated depreciation and amortization	(828,889)	(165,406)	47,454	-	(946,841)
Depreciable capital assets, net	5,012,599	(160,124)	(353)	44,952	4,897,074
Governmental activities total capital assets, net	$ 5,277,747	$ (102,029)	$ (353)	$ -	$ 5,175,365

*The July 1, 2021 balances in the above table have been adjusted for the implementation of GASB 87, *Leases*, as of that date.

Note 5. Capital Assets (Continued)

Blended Component Unit – VIT

Changes in capital assets for the year ended June 30, 2022 are summarized as follows:

	Balance July 1, 2021**	Additions	Deletions	Transfers	Balance June 30, 2022
			(In Thousands)		
CIP (non-depreciable)	$ 4,315	$ 9,235	$ -	$ (5,567)	$ 7,983
Depreciable capital assets:					
Buildings and improvements	2,933	-	-	-	2,933
Terminal gear and equipment	36,786	-	(436)	375	36,725
Automobiles and trucks	8,691	-	(508)	997	9,180
Data processing equipment	78,300	-	(1,638)	4,163	80,825
Furniture and fixtures	2,064	-	-	32	2,096
Lease assets:*					
Chassis and terminal equipment	83,113	39,264	(1,620)	-	120,757
	211,887	39,264	(4,202)	5,567	252,516
Less accumulated depreciation and amortization for:					
Depreciable capital assets	(93,241)	(8,033)	908	-	(100,366)
Lease assets	-	(18,549)	1,649	-	(16,900)
Depreciable capital assets, net	118,646	12,682	(1,645)	5,567	135,250
Net capital assets	$ 122,961	$ 21,917	$ (1,645)	$ -	$ 143,233

*Lease assets at June 30, 2022 primarily consist of $118,745 for 14,493 chassis leased by HRCP, along with $2,012 of terminal operating equipment leased by VIT. See Note 12 for further details.

**The July 1, 2021 balances in the above table have been adjusted for the implementation of GASB 87, *Leases*, as of that date.

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, 2021*	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One Year
			(In Thousands)		
Revenue bonds	$ 479,885	$ -	$ (17,940)	$ 461,945	$ 18,270
Issuance premium	15,761	-	(1,436)	14,325	1,441
Total revenue bonds	495,646	-	(19,376)	476,270	19,711
Installment purchases	217,194	4,336	(6,447)	215,083	6,641
Note payable - dredging	2,015	-	(50)	1,965	51
Compensated absences	982	902	(972)	912	534
Total other liabilities	220,191	5,238	(7,469)	217,960	7,226
VIG lease	4,049,305	49,191	-	4,098,496	-
Other lease liabilities	10,385	3,644	(849)	13,180	982
Total lease liabilities	4,059,690	52,835	(849)	4,111,676	982
Total	$ 4,775,527	$ 58,073	$ (27,694)	$ 4,805,906	$ 27,919

*The July 1, 2021 balances in the above table have been adjusted for the implementation of GASB 87, *Leases*, as of that date.

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness

Revenue Bonds	Balance as of June 30, 2022 *(In Thousands)*
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. The bonds are payable in annual principal installments varying from \$7,405 to \$8,730 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.	$ 48,200
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. The bonds have a final annual principal installment of \$3,035 with interest of 2.55% payable on 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.	3,035
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. The bonds are payable in annual principal installments varying from \$1,670 to \$10,300 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 2015A 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).	137,620

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness (Continued)

Revenue Bonds (Continued)	Balance as of June 30, 2022 *(In Thousands)*
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. The bonds are payable in annual principal installments varying from $2,205 to $6,450 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, 2015A and 2015B 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.	$ 91,405
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. The bonds are payable in annual principal installments varying from $2,490 to $9,840 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.	25,970
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. The bonds are payable in annual principal installments varying from $235 to $8,990 with semi-annual interest payments with rates ranging from 3.00% to 3.97%, with 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.	59,505
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. The bonds are payable in annual principal installments varying from $295 to $11,655 with semi-annual interest payments with rates ranging from 0.42% to 2.45%, with 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 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.	76,440

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness (Continued)

	Balance as of June 30, 2022 *(In Thousands)*
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. The bonds are payable in annual principal installments varying from $2,530 to $3,230 beginning July 1, 2023 with semi-annual interest payments with a rate of 5%, with 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 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
Sub-total revenue bonds	461,945
Issuance premium, net	14,325
Total revenue bonds	476,270
Installment Purchases	
The Installment Purchase contract dated October 27, 2017 for the lease purchase of terminal equipment initially totaled $21,785 and has addendums for an additional $45,215. Payments began on the initial group of equipment beginning July 1, 2018 with semi-annual payments of principal and interest of $897 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 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 $883 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 each January and July until January 1, 2030 at an interest rate of 2.04% per annum.	53,637
The Installment Purchase contract dated August 1, 2020 for the lease purchase of terminal equipment totaled $11,600. Payments began on August 1, 2021 with semi-annual payments of principal and interest of $655 each August and February until February 1, 2031 at an interest rate of 2.35% per annum.	10,579
The Installment Purchase contract dated December 8, 2020 for the lease purchase of terminal equipment totaled $12,000. Payments began on July 1, 2021 with semi-annual payments of principal and interest of $458 each January and July until January 1, 2036 at an interest rate of 1.78% per annum.	11,308

Note 6. Long-Term Debt (Continued)

Details of Long-Term Indebtedness (Continued)

	Balance as of June 30, 2022 *(In Thousands)*
Installment Purchases (Continued)	
Installment Purchase Contract 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.	$ 139,559
Total installment purchases	215,083
Note Payable - Dredging	
A contract for the payment of channel dredging costs totaling $2,158 with original annual payments of principal and interest of $108 for a period of 30 years at an interest rate of 2.88%, to be adjusted every 5 years. Final payment is due in 2047.	1,965
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, 2022, 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.	912
VIG Lease	
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.	4,098,496
Other Lease Liabilities	
The Authority is a lessee for non-cancellable leases of certain port facilities, office space, land and equipment. Leases have terms that range from three to 40 years. Certain lease agreements include payments that are discounted based on usage and others include rental payments adjusted periodically for inflation. See Note 12 for more information.	13,180
Total long-term indebtedness	$ 4,805,906

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, 2022 are as follows:

Revenue Bonds

Year(s) Ending June 30,	Principal	Interest	Total
		(In Thousands)	
2023	$ 18,270	$ 17,336	$ 35,606
2024	18,225	16,747	34,972
2025	18,860	16,096	34,956
2026	19,530	15,404	34,934
2027	20,245	14,669	34,914
2028-2032	113,950	62,332	176,282
2033-2037	94,255	43,774	138,029
2038-2042	95,960	23,984	119,944
2043-2046	62,650	6,030	68,680
Total revenue bonds	$ 461,945	$ 216,372	$ 678,317

Installment Purchases

Year(s) Ending June 30,	Principal	Interest	Total
		(In Thousands)	
2023	$ 2,587	$ 10,094	$ 12,681
2024	2,659	10,174	12,833
2025	2,735	10,255	12,990
2026	2,814	10,337	13,151
2027	3,813	10,405	14,218
2028-2032	16,704	52,101	68,805
2033-2037	(2,178)	53,367	51,189
2038-2042	(6,611)	55,803	49,192
2043-2047	1,955	56,611	58,566
2048-2052	15,505	54,222	69,727
2053-2057	36,130	46,884	83,014
2058-2062	66,715	32,118	98,833
2063-2065	72,255	8,036	80,291
Total installment purchases	$ 215,083	$ 410,407	$ 625,490

The above table reflects principal and interest payment requirements applicable to the respective year. To the extent that interest incurred exceeds the payment made, the principal value will be lower and, where applicable, will reflect negative amortization.

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements (Continued)

Note Payable – Dredging

Year(s) Ending June 30,	Principal	Interest	Total
		(In Thousands)	
2023	$ 51	$ 56	$ 107
2024	53	55	108
2025	55	53	108
2026	56	52	108
2027	58	50	108
2028-2032	316	225	541
2033-2037	365	177	542
2038-2042	420	121	541
2043-2047	484	57	541
2048	107	3	110
Total note payable - dredging	$ 1,965	$ 849	$ 2,814

VIG Lease

In November 2016, VPA formally commenced the VIG lease. The agreement extended the termination date of the original lease from June 30, 2030 to December 31, 2065, as well as expanded the operable terminal capacity of the facility. Additionally, the lease provided 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.

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. After years five and ten of the amended and restated lease, the total annual rent increases by an additional $1,000 at each interval. An additional 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 rent expense and be recorded in the applicable lease year as realized.

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements (Continued)

VIG Lease (Continued)

Year(s) Ending June 30,	Principal	Interest	Total
		(In Thousands)	
2023	$ (47,615)	$ 142,483	$ 94,868
2024	(45,866)	144,103	98,237
2025	(43,934)	145,658	101,724
2026	(41,809)	147,144	105,335
2027	(39,478)	148,553	109,075
2028-2032	(154,404)	760,684	606,280
2033-2037	(57,883)	779,694	721,811
2038-2042	80,767	778,591	859,358
2043-2047	274,047	749,069	1,023,116
2048-2052	537,683	680,396	1,218,079
2053-2057	891,401	558,792	1,450,193
2058-2062	1,359,876	366,663	1,726,539
2063-2065	1,385,711	93,675	1,479,386
Total VIG lease	$ 4,098,496	$ 5,495,505	$ 9,594,001

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 2037. At June 30, 2022, lease assets recorded pursuant to the VIG lease were included in depreciable capital assets shown in Note 5.

Other Lease Liabilities

Year(s) Ending June 30,	Principal	Interest	Total
		(In Thousands)	
2023	$ 982	$ 1,076	$ 2,058
2024	1,063	1,039	2,102
2025	1,155	994	2,149
2026	1,257	941	2,198
2027	1,370	878	2,248
2028-2032	2,738	3,383	6,121
2033-2037	2,159	873	3,032
2038-2042	517	382	899
2043-2047	615	285	900
2048-2052	731	169	900
2053-2057	593	37	630
Total other lease liabilities	$ 13,180	$ 10,057	$ 23,237

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements (Continued)

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

	Principal	Premium	Total Long-Term Debt
		(In Thousands)	
Commonwealth port fund revenue bonds	$ 206,950	$ 3,296	$ 210,246
Port facilities revenue bonds	254,995	11,029	266,024
Installment purchases	215,083	-	215,083
Note payable - dredging	1,965	-	1,965
Compensated absences	912	-	912
VIG lease	4,098,496	-	4,098,496
Other lease liabilities	13,180	-	13,180
	$ 4,791,581	$ 14,325	$ 4,805,906

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, 2022, $681 and $7,866 were maintained as restricted cash and investments, respectively, to satisfy these requirements.

Blended Component Unit – VIT

A summary of changes in lease liabilities and other liabilities for VIT follows:

	Balance July 1, 2021*	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One Year
			(In Thousands)		
Compensated absences	$ 1,281	$ 1,204	$ (1,227)	$ 1,258	$ 808
Chassis leases	81,101	39,264	(16,670)	103,695	17,263
Other lease liabilities	2,012	-	(662)	1,350	656
Total	$ 84,394	$ 40,468	$ (18,559)	$ 106,303	$ 18,727

*The July 1, 2021 balances in the above table have been adjusted for the implementation of GASB 87, *Leases*, as of that date.

Summaries of future principal and interest maturities under long-term obligations as of June 30, 2022 are as follows:

Year(s) Ending June 30,	Principal	Interest	Total
		(In Thousands)	
2023	$ 17,263	$ 3,311	$ 20,574
2024	16,006	2,728	18,734
2025	12,424	2,220	14,644
2026	9,275	1,859	11,134
2027	9,601	1,533	11,134
Thereafter	39,126	2,881	42,007
Total chassis leases	$ 103,695	$ 14,532	$ 118,227

Note 6. Long-Term Debt (Continued)

Annual Long-Term Debt Requirements (Continued)

Blended Component Unit – VIT (Continued)

Year Ending June 30,	Principal	Interest	Total
		(In Thousands)	
2023	$ 656	$ 36	$ 692
2024	540	14	554
2025	154	2	156
Total other lease liabilities	$ 1,350	$ 52	$ 1,402

Note 7. Defeasance of Debt

On November 17, 2016, the Authority issued $143,965 (par value) of Port Facilities Revenue Refunding Bonds, Series 2016A (Taxable) to advance refund $57,085 in principal amount of the Authority's Port Facilities Revenue Bonds, Series 2010 issued in the original par amounts of $68,630; to advance refund $42,435 in principal amount of the Authority's Port Facilities Revenue Bonds, Series 2015A issued in the original par amounts of $85,130, and to advance refund $14,160 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, 2022, $42,435 of these defeased bonds were still outstanding.

On August 4, 2020, the Authority issued $77,845 (par value) of Commonwealth Port Fund Revenue Refunding Bonds, Series 2020A (Taxable) to advance refund $4,795 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 and to advance refund $58,680 in principal amount of the Authority's Commonwealth Port Fund Revenue Bonds, Series 2015 (AMT) issued in the original par amounts of $58,680. 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, 2022, $63,475 of these defeased bonds were still outstanding.

Note 7. Defeasance of Debt (Continued)

On August 4, 2020, the Authority issued $19,770 (par value) of Commonwealth Port Fund Revenue Refunding Bonds, Series 2020B (AMT) to advance refund $23,080 in principal amount of the Authority's Commonwealth Port Fund Revenue Bonds, Series 2012B (Taxable) issued in the original par amounts of $45,230. 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, 2022, $23,080 of these defeased bonds were still outstanding.

The Series 2016A and 2016B refundings were undertaken as a condition of the VIG lease. The reacquisition price of $298,236 netted against the book value of the refunded debt resulted in the recognition of a deferred outflow of resources of $24,353. At June 30, 2022, $13,574 remained as unamortized deferred outflows of resources.

The reacquisition price of the Series 2018 refundings, $60,139, netted against the book value of the refunded debt resulted in the recognition of a deferred outflow of $274. At June 30, 2022, $272 remained as unamortized deferred outflows of resources.

The reacquisition price of the Series 2020A and 2020B refundings, $102,178, netted against the book value of the refunded debt resulted in the recognition of a deferred outflow of $11,012. At June 30, 2022, $9,410 remained as unamortized deferred outflows of resources.

Note 8. Commitments and Contingencies

As of June 30, 2022, the Authority has commitments to construction contracts totaling $193,898, of which $102,779 has been incurred.

Federal Grants

The Authority receives federal grant funding from the United States Department of Transportation, Maritime Administration in support of major infrastructure projects being completed across the Authority's port facilities. In addition, the Authority has also been awarded grants from the United States Department of Homeland Security, 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, 2022, $2.5 million remains in the account.

Note 8. Commitments and Contingencies (Continued)

Legal Matters and Claims

The Authority, from time to time, is a defendant in legal matters 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, 2022.

Renewable Energy

During fiscal year 2022, the Authority entered into an arrangement with the Virginia Department of Energy (VDOE) whereby the Authority has committed to purchase at least ten percent of a prior commitment by VDOE to purchase 345 megawatts of power from Virginia Electric and Power Company (Dominion Energy) generated by renewable sources to include principally solar power, but potentially other renewable sources as may become available. The Authority has an option to purchase additional energy output in excess of the ten percent commitment. As part of the arrangement, the Authority agrees to pay for the renewable electricity commitment at base rates adequate to cover the operating costs of the respective renewable energy assets. The term of the commitments are generally 20 years from the commercial operations dates of the respective facilities, and on average are expected to last until approximately 2040. With respect to its ten percent purchase commitment, the Authority will either have to pay the excess of the base rate over the locational marginal price (LMP) as quoted by the PJM regional transmission organization, or receive the excess of the LMP over the base rate. The cost of the renewable energy resources, including the payment or receipt for any difference as described above, will be an operating expense of the related terminals and settled by VIT in the period in which incurred. The principal purpose of the arrangement is for the Authority to secure sufficient electric capacity to satisfy all of its electricity needs from renewable sources.

Blended Component Unit – VIT

VIT is a defendant in various legal matters 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, 2022.

On April 7, 2014, VIT obtained a letter of credit available in the amount of $1,001 for workers' compensation claims. It bears interest at prime and is set to expire on May 31, 2023. At June 30, 2022, there were no borrowings outstanding.

On May 20, 2020, VIT obtained a letter of credit available in the amount of $15,000 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, 2022, 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, 2022, 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, 2022 is $386 along with a deferred outflow of resources of $72 and a deferred inflow of resources of $146.

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.

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan

A. General Eligibility Rules

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

	General	Police
Normal Retirement:		
(a) Age	65	60
Early Retirement (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, 2019.

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 $1,704 in fiscal year 2022 and $1,591 in fiscal year 2021 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 July 1, 2021 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	93
Inactive members entitled to but not yet receiving benefits	54
Active eligible members	98
Total	245

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

D. Net Pension Liability

VPA's net pension liability at June 30, 2022 was actuarially measured as of July 1, 2021, 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, 2022
	(In Thousands)
Total pension liability	$ 32,348
Plan fiduciary net position	28,549
Net pension liability	$ 3,799
Plan fiduciary net position as a percentage of the total pension liability	88.26%

E. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
		(In Thousands)	
Balances at June 30, 2021	$ 30,351	$ 22,615	$ 7,736
Changes for the year:			
Service cost	537	-	537
Interest	2,055	-	2,055
Differences between expected and actual experience	312	-	312
Net investment income	-	5,292	(5,292)
Contributions from employer	-	1,591	(1,591)
Benefit payments	(907)	(907)	-
Administrative expense	-	(42)	42
Balances at June 30, 2022	$ 32,348	$ 28,549	$ 3,799

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%)
		(In Thousands)	
Total pension liability	$ 36,797	$ 32,348	$ 28,630
Plan fiduciary net position	28,549	28,549	28,549
Net pension liability	$ 8,248	$ 3,799	$ 81

G. Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2022, 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
	(In Thousands)	
Employer contributions made subsequent to measurement date	$ 1,704	$ -
Difference between actual and expected experience	1,216	-
Assumption changes	780	-
Net difference between expected and actual earnings on pension plan investments	-	(2,661)
Total	$ 3,700	$ (2,661)

The $1,704 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
	(In Thousands)
2023	$ 205
2024	(5)
2025	(179)
2026	(686)
	$ (665)

For the year ended June 30, 2022, VPA recognized a pension expense of $1,203.

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	20.7%	5.1%
U.S. Mid Cap Equity	6.1%	5.7%
U.S. Small Cap Equity	3.1%	6.3%
International Equity	11.6%	8.4%
Emerging Markets Equity	3.7%	9.2%
Commodities	4.8%	3.5%
REITS	4.9%	7.6%
Aggregate Bonds	41.1%	2.2%
U.S. Long Duration Bonds	4.0%	1.7%
	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. Both plans are administered by VPA; authority for establishing or amending benefit terms belongs to the Board of Commissioners. 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 $99 for the year ended June 30, 2022. There were no contributions payable at June 30, 2022.

Note 9. Pension Plans (Continued)

VPA Defined Benefit Plan (Continued)

I. Deferred Compensation Plans (Continued)

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, 2022 was $437 for the Defined Contribution and $175 for the Enhanced Participant Employer Matching Contribution. There were no contributions payable at June 30, 2022.

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, 2022 was $73.

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

Blended Component Unit – VIT

A. Plan Description

The Virginia International Terminals, LLC Pension Plan (VITPP) is a single employer, noncontributory defined benefit pension plan administered by VIT. The VITPP provides retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions and obligations are established and may be amended by resolutions of the Board of Commissioners of the Authority. The VITPP issues a stand-alone financial report. The most recent report is as of June 30, 2021 and is available upon request from management.

B. Benefits Provided

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.

Note 9. Pension Plans (Continued)

Blended Component Unit – VIT (Continued)

B. Benefits Provided (Continued)

Employees covered by the benefit terms as of the measurement date June 30, 2021:

Inactive employees or beneficiaries currently receiving benefits	301
Inactive employees entitled to but not yet receiving benefits	192
Active eligible employees	144
Total	637

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 do not 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 $5,699 and $6,010 for the years ended with the measurement dates of June 30, 2022 and 2021, 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 submit an annual premium filing each year 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 2022 was $419.

E. Net Pension Asset

VIT's net pension asset at June 30, 2022 was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date, resulting in a pension asset reported at June 30, 2022.

Note 9. Pension Plans (Continued)

Blended Component Unit – VIT (Continued)

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, 2021 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, 2021 were (a) life expectancy of participants (the Pub-2010 Mortality Table (Safety) with Scale MP-2020) (b) assumed retirement ages (weighted between 55 to 68 years), (c) investment return (average rate of return of 6.75%) and (d) salary scale increase rate (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.

G. Asset Valuation Method

IRC Section 430(g) provides that plan assets be valued at either their fair 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 value of assets on the valuation date and the adjusted fair 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 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	20.7%	5.1%
U.S. Mid Cap Equity	6.0%	5.7%
U.S. Small Cap Equity	3.1%	6.3%
International Equity	11.6%	8.4%
Emergining Markets Equity	3.7%	9.2%
Commodities	4.8%	3.5%
REITS	4.9%	7.6%
Aggregate Bonds	45.2%	2.2%
	100.0%	

Note 9. Pension Plans (Continued)

Blended Component Unit – VIT (Continued)

I. Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
		(In Thousands)	
Balances at June 30, 2021	$ 110,055	$ 108,129	$ 1,926
Changes for the year:			
Service cost	592	-	592
Interest	7,273	-	7,273
Differences between expected and actual experience	1,142	-	1,142
Contributions - employer	-	6,010	(6,010)
Net investment income	-	25,012	(25,012)
Benefit payments, net	(5,791)	(5,791)	-
Administrative expense	-	(200)	200
Net changes	3,216	25,031	(21,815)
Balances at June 30, 2022	$ 113,271	$ 133,160	$ (19,889)
Plan fiduciary net position as a percentage of the total pension liability			117.56%

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

The following presents the net pension asset of the VITPP, calculated using the discount rate of 6.75 percent, as well as what VITPP's net pension asset 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 Asset at End of Period

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
		(In Thousands)	
Total pension liability	$ 125,547	$ 113,271	$ 102,824
Plan fiduciary net position	133,160	133,160	133,160
Net pension asset	$ (7,613)	$ (19,889)	$ (30,336)

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, 2022, VIT recognized a pension credit of $2,267.

VIT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In Thousands)	
Employer contributions made subsequent to measurement date	$ 5,699	$ -
Difference between expected and actual experience	-	(537)
Changes of assumptions	1,760	-
Net difference between projected and actual plan investment earnings	-	(12,187)
Total	$ 7,459	$ (12,724)

The $5,699 reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date of June 30, 2021 will be recognized as an addition to the plan fiduciary net position in the fiscal year ending June 30, 2023 (actuarial valuation measurement date of June 30, 2022). Amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension credit as follows:

Year Ending June 30,	Amount
	(In Thousands)
2023	$ (2,487)
2024	(2,735)
2025	(2,428)
2026	(3,314)
	$ (10,964)

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) 2 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, 2022 is $618 along with a deferred outflow of resources of $138 and a deferred inflow of resources of $89.

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, 2022 is $447 along with a deferred outflow of resources of $84.

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.

Total OPEB liability: VIT's total OPEB liability of $656 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date. Based on information included in that valuation, the liability was rolled forward to $583 at June 30, 2022.

B. Employees Covered by Benefit Terms

Employees covered by the benefit terms as of June 30, 2021 (the most recent measurement date):

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

The OPEB plan is closed to new entrants.

Note 10. Other Postemployment Benefits (Continued)

Blended Component Unit – VIT (Continued)

C. Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 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

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, 2021 valuation were based on the results of an actual experience study for the period.

D. Changes in the Total OPEB Liability

	Total OPEB Liability *(In Thousands)*
Balance at June 30, 2021	$ 656
Changes for the year:	
Service cost	13
Interest	10
Contributions - Employer	(96)
Net changes	(73)
Balance at June 30, 2022	$ 583

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:

Note 10. Other Postemployment Benefits (Continued)

Blended Component Unit – VIT (Continued)

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

	1% Decrease (0.55%)	Current Rate (1.55%)	1% Increase (2.55%)
		(In Thousands)	
Total OPEB liability	$ 615	$ 583	$ 552

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 estimated total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower (4 percent all years) or 1-percentage-point higher (6 percent all years) than the current healthcare cost trend rates:

	1% Decrease (4% all years)	Healthcare Cost Trend Rates (5% all years)	1% Increase (6% all years)
		(In Thousands)	
Total OPEB liability	$ 540	$ 583	$ 631

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

For the year ended June 30, 2022, VIT recognized an OPEB credit of $82. VIT also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In Thousands)	
Differences between expected and actual experience	$ -	$ (428)
Changes of assumptions	41	-
Total	$ 41	$ (428)

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

Year Ending June 30,	Amount
	(In Thousands)
2023	$ (105)
2024	(105)
2025	(105)
2026	(47)
2027	(25)
	$ (387)

Note 11. Supplemental Retirement and Compensation Plans

A. Executive Supplemental Retirement Plan

VIT sponsors an executive supplemental retirement plan (ESRP), a noncontributory single-employer defined benefit supplemental plan covering certain key employees. Benefit provisions and obligations are established and may be amended by resolutions of the Board of Commissioners of the Authority. The ESRP does not issue a stand-alone financial report. The ESRP is accounted for on the economic resources measurement focus and the accrual basis of accounting. The ESRP is reported as a fiduciary fund.

ESRP Financial Statements

As of June 30, 2022, the ESRP's statement of fiduciary net position is as follows (in thousands):

Assets	
Current assets:	
Cash and cash equivalents	$ 2,209
Total current assets	2,209
Total assets	2,209
Net Position	
Restricted for:	
Pension benefits	2,209
Total net position	$ 2,209

For the fiscal year ended June 30, 2022, the ESRP's statement of changes in fiduciary net position is as follows (in thousands):

Additions:	
Investment income	$ 243
Total additions	243
Change in net position	243
Net position, beginning of year	1,966
Net position, end of year	$ 2,209

Employees Covered by Benefit Terms

Employees covered by the benefit terms as of the measurement date of June 30, 2021:

Inactive employees entitled to but not yet receiving benefits	7
Total	7

Note 11. Supplemental Retirement and Compensation Plans (Continued)

B. Net Pension Liability

VIT's net pension liability at June 30, 2022 was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The fair value of investments in the supplemental plan (as of June 30, 2022) exceeded the total benefit obligation (measured at June 30, 2021) by $174. There were no contributions to the plan for the year ended June 30, 2022. The actuarial cost method used to determine the normal cost and actuarial accrued liabilities of the plan was the entry age normal cost method.

Actuarial Assumptions

Discount Rate	6.75%
Preretirement Mortality	1.55%
Postretirement Mortality	PRI-2012 White Collar Retiree Tables for annuitants projected forward with Scale MP-2021 (previously, projected forward with Scale MP-2020 for all years).
Retirement Age	Participants not in-pay are assumed to retire at age 65 and elect a single life annuity.

C. Deferred Compensation and Matching Savings Plans

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. Both plans are administered by the Authority; authority for establishing or amending benefit terms belongs to the Board of Commissioners of the Authority. 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 $878 for the year ended June 30, 2022. There were no contributions payable at June 30, 2022.

Note 12. Leases

Lessee: The Authority is a lessee for non-cancellable leases of certain port facilities, office space, land and equipment. Most leases include one or more options to renew, and have terms that range from 3 to 43 years. The exercise of lease renewal options is at the discretion of the Authority. Certain lease agreements include payments that are discounted based on usage and others include rental payments adjusted periodically for inflation. The Authority monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease asset and liability if changes occur that are expected to significantly affect the amount of the lease liability. Except as discussed below, the Authority's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Key estimates and judgements related to leases include how the Authority determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments.

Discount Rate	When readily available or determinable, the Authority uses the interest rate charged by the lessor. If not readily available or determinable, the Authority uses its estimated incremental borrowing rate.
Lease Term	The lease term includes the non-cancellable period of the lease.
Lease Payments	Lease payments included in the measurement of the lease liability are comprised of fixed payments and, if applicable, the purchase option price the Authority is reasonably certain to exercise.

Lease assets are reported with depreciable capital assets and lease liabilities are discretely presented on the Statement of Net Position.

Lessor: The Authority is a lessor for non-cancellable leases of certain real estate and storage facilities. The Authority's lease and sublease portfolio consists of leases with various companies for terms ranging from 1 to 50 years. Certain lease agreements include rental payments adjusted periodically for inflation and others contain various build to suit and termination options. The Authority monitors changes in circumstances that would require a remeasurement of a lease and will remeasure the lease receivable and deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable.

Note 12. Leases (Continued)

Lessor (continued): Key estimates and judgements related to leases include how the Authority determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

Discount Rate	The Authority uses a commercial methodology to determine the discount rate for leases. Interest income on lease receivables is recognized based on an amortization schedule using the effective interest method.
Lease Term	The lease term includes the non-cancellable period of the lease.
Lease Receipts	Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

The Authority has a deferred inflow of resources associated with its leases that will be recognized as revenue over the term of the leases. As of June 30, 2022, the balance of the deferred inflow was $41,009. Lease revenue for the year ended June 30, 2022 was $4,225 and lease interest income for the same year was $2,753.

Blended Component Unit – VIT

Lessee: VIT is a lessee for leases of certain autos, chassis and equipment. Most leases include one or more options to renew, and have terms that range from 3 to 10 years. The exercise of lease renewal options is at VIT's discretion. VIT monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease asset and liability if changes occur that are expected to significantly affect the amount of the lease liability.

Key estimates and judgements related to leases include the determination of the applicable discount rate, lease term, lease payments, and residual value guarantees or other provisions as follows:

Discount Rate	When readily available or determinable, VIT uses the interest rate charged by the lessor. If not readily available or determinable, VIT uses its estimated incremental borrowing rate.
Lease Term	The lease term includes the non-cancellable period of the lease.
Lease Payments	Lease payments included in the measurement of the lease liability are comprised of fixed payments and, if applicable, the purchase option price VIT is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with current and noncurrent liabilities on the statement of net position.

Lessor: VIT is a lessor for certain real estate and storage facilities. VIT's lease and sublease portfolio consists of leases with various companies for terms ranging from monthly to 20 years. Certain lease agreements include rental payments adjusted periodically for inflation. VIT monitors changes in circumstances that would require a re-measurement of a lease and will re-measure the lease receivable and related deferred inflows of resources if changes occur that are expected to significantly affect the amount of the lease receivable.

Note 12. Leases (Continued)

Blended Component Unit – VIT (Continued)

Lessor (continued): Key estimates and judgements related to leases include the determination of a discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

Discount Rate	VIT uses a commercial methodology to determine the discount rate for leases. Interest income on lease receivables is recognized based on an amortization schedule using the effective interest method.
Lease Term	The lease term includes the non-cancellable period of the lease.
Lease Receipts	Lease receipts included in the measurement of the lease receivable is comprised of fixed payments from the lessee.

VIT has a deferred inflow of resources associated with its leases that will be recognized as revenue over the term of the leases. As of June 30, 2022, the balance of the deferred inflow was $13,741. Lease revenue for the year ended June 30, 2022 was $1,668 and lease interest income for the same year was $982. VIT has a total leases receivable balance of $14,448. Of the total, $1,537 is current and the remaining $12,911 is noncurrent.

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 the 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 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 2022 and 2021, the individual claim cost limit (deductible) under the policy for the Authority was $150. The aggregate deductible for VIT and VPA combined claims in excess of the individual limit was $6,131 and $6,459 for calendar years 2022 and 2021, respectively.

Note 14. Related Parties

VIT makes lease payments on behalf of the VPA for various equipment and office space. Total payments on behalf of VPA for these lease agreements totaled $900 for the year ended June 30, 2022.

An agreement for shared services was executed between VPA, VIT and HRCP, in an effort to centralize administrative functions and avoid redundancy of costs. Services shared include accounting and finance, purchasing, risk management, human resources, and other applicable functions. 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. For the year ended June 30, 2022, VIT's allocated services from VPA were $20,587 and HRCP's were $2,110.

For the year ended June 30, 2022, VIT and HRCP recorded $439,092 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 $14,882 in security surcharges from VIT customers on behalf of VPA for the year ended June 30, 2022.

Note 15. Change in Accounting Principle

As of July 1, 2021, the Authority adopted GASB Statement No. 87, *Leases*. Implementation of this statement resulted in a $233,086 increase to beginning net position on the Authority's financial statements. See Notes 6 and 12 for further detail on leases.

Net position, beginning of year	$	732,920
Remeasurement of lease liability under GASB 87		233,086
Net position, beginning of year, as restated	$	966,006

REQUIRED SUPPLEMENTARY INFORMATION
(RSI)
(UNAUDITED)

VPA DEFINED BENEFIT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

	Fiscal Year Ended June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
	(In Thousands)							
Actuarially determined contribution	$ 875	$ 1,772	$ 1,378	$ 1,323	$ 1,515	$ 1,443	$ 1,623	$ 1,518
Contributions made in relation to the actuarially determined contribution	901	3,851	2,378	1,323	1,515	2,120	1,591	1,704
Contribution deficiency (excess)	$ (26)	$ (2,079)	$ (1,000)	$ -	$ -	$ (677)	$ 32	$ (186)
Covered payroll	$ 10,235	$ 9,763	$ 9,729	$ 9,631	$ 9,529	$ 10,675	$ 10,028	$ 8,402
Contributions as a % of payroll	8.80%	39.44%	24.44%	13.74%	15.90%	19.86%	15.87%	20.28%

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, 2021 (fiscal year ended June 30, 2022):

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.

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	2022
	(In Thousands)							
Total Pension Liability								
Service cost	$ 387	$ 487	$ 594	$ 618	$ 612	$ 593	$ 492	$ 537
Interest	971	1,019	1,414	1,414	1,564	1,748	1,894	2,055
Changes of benefit terms	-	4,878	-	-	-	-	-	-
Differences between expected and actual experience	263	(205)	(1,059)	476	1,410	149	1,040	312
Changes of assumptions	-	1,124	(215)	414	(68)	683	867	-
Benefit payments	(1,103)	(781)	(802)	(718)	(809)	(941)	(1,024)	(907)
Net change in total pension liability	518	6,522	(68)	2,204	2,709	2,232	3,269	1,997
Total Pension Liability, beginning	12,965	13,483	20,005	19,937	22,141	24,850	27,082	30,351
Total Pension Liability, ending (a)	$ 13,483	$ 20,005	$ 19,937	$ 22,141	$ 24,850	$ 27,082	$ 30,351	$ 32,348
Plan Fiduciary Net Position								
Contributions - employer	$ 525	$ 901	$ 3,847	$ 2,378	$ 1,324	$ 1,515	$ 2,120	$ 1,591
Net investment income	1,618	467	(54)	1,729	1,492	1,299	857	5,292
Benefit payments, including refunds of member contributions	(1,102)	(781)	(802)	(718)	(809)	(942)	(1,024)	(907)
Administrative expense	(111)	(117)	(95)	(57)	(30)	(33)	(37)	(42)
Net change in plan fiduciary net position	930	470	2,896	3,332	1,977	1,839	1,916	5,934
Plan Fiduciary Net Position, beginning	9,255	10,185	10,655	13,551	16,883	18,860	20,699	22,615
Plan Fiduciary Net Position, ending (b)	$ 10,185	$ 10,655	$ 13,551	$ 16,883	$ 18,860	$ 20,699	$ 22,615	$ 28,549
Net Pension Liability, ending (a) - (b)	$ 3,298	$ 9,350	$ 6,386	$ 5,258	$ 5,990	$ 6,383	$ 7,736	$ 3,799
Net Position as a % of Pension Liability	75.54%	53.26%	67.97%	76.25%	75.90%	76.43%	74.51%	88.26%
Covered Payroll	$ 5,707	$ 10,235	$ 9,763	$ 9,728	$ 9,631	$ 9,529	$ 10,675	$ 10,028
Net Pension Liability as a % of Payroll	57.79%	91.35%	65.41%	54.05%	62.19%	66.98%	72.47%	37.88%

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	2022
	(In Thousands)							
Actuarially determined contribution	$ 3,072	$ 2,745	$ 2,277	$ 2,412	$ 4,205	$ 5,868	$ 5,126	$ 2,235
Contributions made in relation to the actuarially determined contribution	2,158	722	1,750	2,428	4,667	7,032	6,478	6,010
Contribution deficiency (excess)	$ 914	$ 2,023	$ 527	$ (16)	$ (462)	$ (1,164)	$ (1,352)	$ (3,775)
Covered payroll	$ 23,661	$ 17,886	$ 17,178	$ 17,111	$ 16,657	$ 11,914	$ 9,935	$ 8,259
Contributions as a % of payroll	9.12%	4.04%	10.19%	14.19%	28.02%	59.02%	65.20%	72.77%

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, 2021 (fiscal year ended June 30, 2022):

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 (ASSET) AND RELATED RATIOS

	Fiscal Year Ended June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
	(In Thousands)							
Total Pension Liability								
Service cost	$ 1,352	$ 1,193	$ 1,104	$ 1,082	$ 1,135	$ 901	$ 659	$ 592
Interest	6,876	7,024	6,539	6,673	6,933	7,198	7,307	7,273
Changes of benefit terms	-	(4,941)	-	-	-	-	-	-
Changes of assumptions	-	3,430	(1,148)	70	(297)	1,349	2,131	-
Differences between expected and actual experience	(1,830)	(3,625)	(760)	363	935	(2,518)	(1,050)	1,142
Benefit payments, including refunds of employee contributions	(4,000)	(3,270)	(4,417)	(4,479)	(4,567)	(4,815)	(5,436)	(5,791)
Net change in total pension liability	2,398	(189)	1,318	3,709	4,139	2,115	3,611	3,216
Total Pension Liability, beginning	92,954	95,352	95,163	96,481	100,190	104,329	106,444	110,055
Total Pension Liability, ending (a)	$ 95,352	$ 95,163	$ 96,481	$ 100,190	$ 104,329	$ 106,444	$ 110,055	$ 113,271
Plan Fiduciary Net Position								
Contributions - employer	$ 1,860	$ 2,880	$ 1,464	$ 2,428	$ 4,667	$ 7,032	$ 6,478	$ 6,010
Net investment income (loss)	6,208	1,972	(322)	8,462	5,653	7,074	3,930	25,012
Benefit payments, including refunds of member contributions	(4,000)	(3,270)	(4,417)	(4,479)	(4,567)	(4,815)	(5,436)	(5,791)
Administrative expense	-	-	-	(37)	(150)	(550)	(575)	(202)
Net change in plan fiduciary net position	4,068	1,582	(3,275)	6,374	5,603	8,741	4,397	25,029
Plan Fiduciary Net Position, beginning	80,641	84,709	86,291	83,016	89,390	94,993	103,734	108,131
Plan Fiduciary Net Position, ending (b)	$ 84,709	$ 86,291	$ 83,016	$ 89,390	$ 94,993	$ 103,734	$ 108,131	$ 133,160
Net Pension Liability (Asset), ending (a) - (b)	$ 10,643	$ 8,872	$ 13,465	$ 10,800	$ 9,336	$ 2,710	$ 1,924	$ (19,889)
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%	117.56%
Covered Payroll	$ 25,709	$ 23,661	$ 17,886	$ 17,178	$ 17,111	$ 16,657	$ 11,914	$ 9,935
Net Pension Liability (Asset) as a % of Covered Payroll	41.40%	37.50%	75.28%	62.87%	54.56%	16.27%	16.15%	-200.19%

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.

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	2022
			(In Thousands)		
Total OPEB Liability					
Service cost	$ 21	$ 22	$ 17	$ 17	$ 13
Interest	39	40	21	21	10
Differences between expected and actual experiences	(1)	(428)	-	(256)	-
Changes of assumptions	-	35	-	29	-
Benefit payments	(43)	(89)	(52)	(52)	(96)
Net change in total OPEB liability	16	(420)	(14)	(241)	(73)
Total OPEB Liability, beginning	1,315	1,331	911	897	656
Total OPEB Liability, ending	$ 1,331	$ 911	$ 897	$ 656	$ 583
Covered-employee Payroll	$ 9,938	$ 7,957	$ 7,468	$ 5,963	$ 5,316
Total OPEB Liability as a Percentage of Covered-employee Payroll	13.39%	11.45%	12.01%	11.00%	10.97%

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%
2022	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.

(4) As there are no contributions to the OPEB plan, covered employee payroll is presented above.

SUPPLEMENTARY INFORMATION

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, LLC

COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	Authority	Virginia International Terminals, LLC		
	Defined Benefit Pension Plan Trust Fund	Defined Benefit Pension Plan Trust Fund	Executive Supplemental Retirement Plan	Total
		(In Thousands)		
ASSETS				
Current Assets				
Cash and cash equivalents	$ -	$ -	$ 2,209	$ 2,209
Total current assets	-	-	2,209	2,209
Noncurrent Assets				
Investments held in trust at fair value:				
Long-term bond	1,780	10,325	-	12,105
Core plus bond	8,680	40,999	-	49,679
Common and preferred stock	5,263	23,821	-	29,084
Mutual funds	9,671	39,553	-	49,224
Total noncurrent assets	25,394	114,698	-	140,092
Total assets	25,394	114,698	2,209	142,301
NET POSITION				
Restricted for:				
Pension benefits	25,394	114,698	2,209	142,301
Total net position	$ 25,394	$ 114,698	$ 2,209	$ 142,301

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	Authority	Virginia International Terminals, LLC		
	Defined Benefit Pension Plan Trust Fund	Defined Benefit Pension Plan Trust Fund	Executive Supplemental Retirement Plan	Total
		(In Thousands)		
Additions:				
Employer contributions	$ 1,704	$ 5,699	$ -	$ 7,403
Investment income (loss)	(3,774)	(17,424)	243	(20,955)
Total additions	(2,070)	(11,725)	243	(13,552)
Deductions:				
Benefit payments and transfers	1,031	6,490	-	7,521
Administrative expenses	54	247	-	301
Total deductions	1,085	6,737	-	7,822
Change in net position	(3,155)	(18,462)	243	(21,374)
Net position, beginning of year	28,549	133,160	1,966	163,675
Net position, end of year	$ 25,394	$ 114,698	$ 2,209	$ 142,301

Stacks at capacity

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

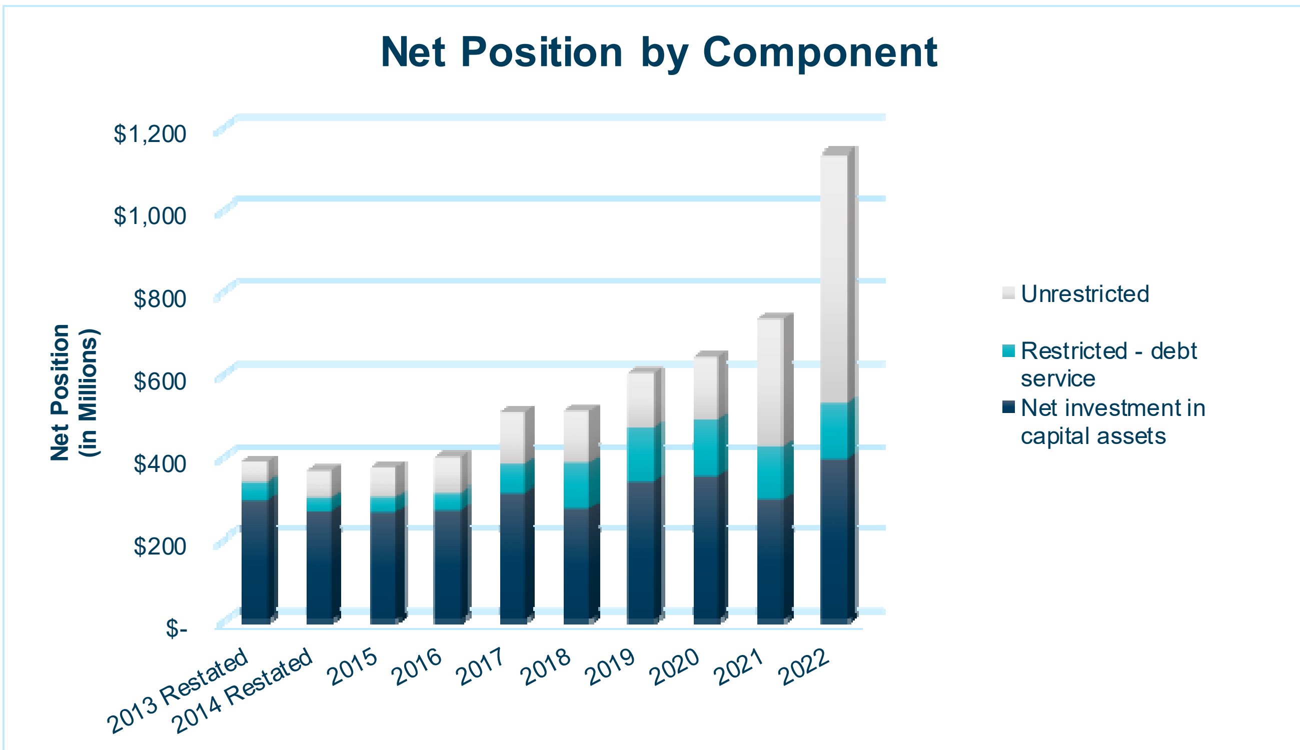
These schedules and graphs contain trend data about how the financial performance and condition of the Authority has changed over time.

VIRGINIA PORT AUTHORITY

NET POSITION BY COMPONENT
Last Ten Fiscal Years

	Fiscal Year June 30,									
	2013 Restated	2014 Restated	2015	2016	2017	2018	2019	2020	2021	2022
	(In Thousands)									
Net Position										
Net investment in capital assets	$ 293,398	$ 265,717	$ 263,651	$ 268,348	$ 311,480	$ 273,121	$ 336,719	$ 349,644	$ 296,253	$ 393,528
Restricted - debt service	41,834	34,823	38,582	44,018	69,532	111,172	132,383	138,302	129,531	136,866
Unrestricted	51,568	63,856	70,269	86,252	126,099	126,087	131,909	153,754	307,136	605,463
Total net position	$ 386,800	$ 364,396	$ 372,502	$ 398,618	$ 507,111	$ 510,380	$ 601,011	$ 641,700	$ 732,920	$ 1,135,857

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 Year Ended June 30,									
	2013 Restated[1]	2014 Restated[1]	2015	2016	2017	2018	2019	2020	2021	2022
					(In Thousands)					
Operating revenues:										
Operating revenues from component unit	$ 90,273	$ 75,059	$ 94,845	$ 108,847	$ 120,512	$ 123,982	$ 156,859	$ 133,890	$ 275,472	$ 439,092
Other revenues	7,971	5,192	9,148	9,340	10,102	10,445	11,186	10,946	13,120	19,339
Operating revenues - grants, federal and state	4,903	7,763	5,295	6,391	2,114	5,534	5,198	5,704	5,915	4,105
Total operating revenues	103,147	88,014	109,288	124,578	132,728	139,961	173,243	150,540	294,507	462,536
Operating expenses:										
Terminal operations	2,129	1,310	5,696	5,438	4,079	3,912	4,170	4,554	4,828	4,359
Terminal maintenance	8,731	8,324	2,410	3,743	2,053	3,879	2,441	3,495	4,881	4,608
General and administrative	65,806	78,686	75,018	75,661	35,454	20,735	23,490	27,501	23,525	17,768
Depreciation and amortization	44,095	43,085	42,609	44,018	70,124	79,098	79,673	96,403	113,978	165,406
Total operating expenses	120,761	131,405	125,733	128,860	111,710	107,624	109,774	131,953	147,212	192,141
Operating income (loss)	(17,614)	(43,391)	(16,445)	(4,282)	21,018	32,337	63,469	18,587	147,295	270,395
Non-operating revenues (expenses):										
Investment income (loss), net	482	331	441	653	896	1,368	3,983	5,829	993	(2,305)
Interest expense	(20,532)	(16,888)	(14,198)	(18,384)	(88,211)	(125,345)	(123,707)	(125,264)	(124,144)	(171,000)
Revenues from federal sources	3,320	493	707	9,653	11,988	786	7,490	3,152	7,158	5,877
Revenues from state sources	(159)	306	-	6,143	6,791	3,265	3,345	2,725	3,453	8,520
Revenues from private sources	-	-	-	-	-	-	-	-	-	5,567
Other income (expenses)	(917)	(69)	(627)	(3,292)	(4,977)	(2,486)	(3,665)	(3,418)	(4,354)	(5,090)
Gain (loss) on disposals	709	3	-	(1,107)	(21)	(1,769)	744	225	94	481
Income (loss) before capital contributions and transfers	(34,711)	(59,215)	(30,122)	(10,616)	(52,516)	(91,844)	(48,341)	(98,164)	30,495	112,445
Capital contributions and transfers:										
Commonwealth Port Fund allocation	37,224	36,652	38,418	42,367	41,469	41,126	43,051	41,922	48,778	57,821
Capital contributions (to) from component unit	27	159	(190)	(288)	22,447	710	1,489	284	148	1,638
Payments to federal government - channel dredging	-	-	-	(5,500)	(845)	(984)	(3,224)	(17,402)	(54,679)	(23,335)
Capital contributions from other state agencies	-	-	-	153	-	-	-	-	535	-
Proceeds from primary government	-	-	-	-	84,661	54,261	97,656	114,049	65,943	21,282
Cumulative effect of changes in accounting principle[2]	-	-	-	-	-	-	-	-	-	233,086
Increase (decrease) in net position	2,540	(22,404)	8,106	26,116	95,216	3,269	90,631	40,689	91,220	402,937
Special item - lease conversion	-	-	-	-	13,277	-	-	-	-	-
Increase (decrease) in net position after special item	2,540	(22,404)	8,106	26,116	108,493	3,269	90,631	40,689	91,220	402,937
Net position - beginning of year	384,260	386,800	364,396	372,502	398,618	507,111	510,380	601,011	641,700	732,920
Net position - end of year	$ 386,800	$ 364,396	$ 372,502	$ 398,618	$ 507,111	$ 510,380	$ 601,011	$ 641,700	$ 732,920	$ 1,135,857

Certain prior year amounts have been reclassified to conform to the presentation depicted in the financial statements presented herein.

[1] The presentation has been restated for the implementation of GASB 68 and the effect of the prior period adjustment for capitalized interest.

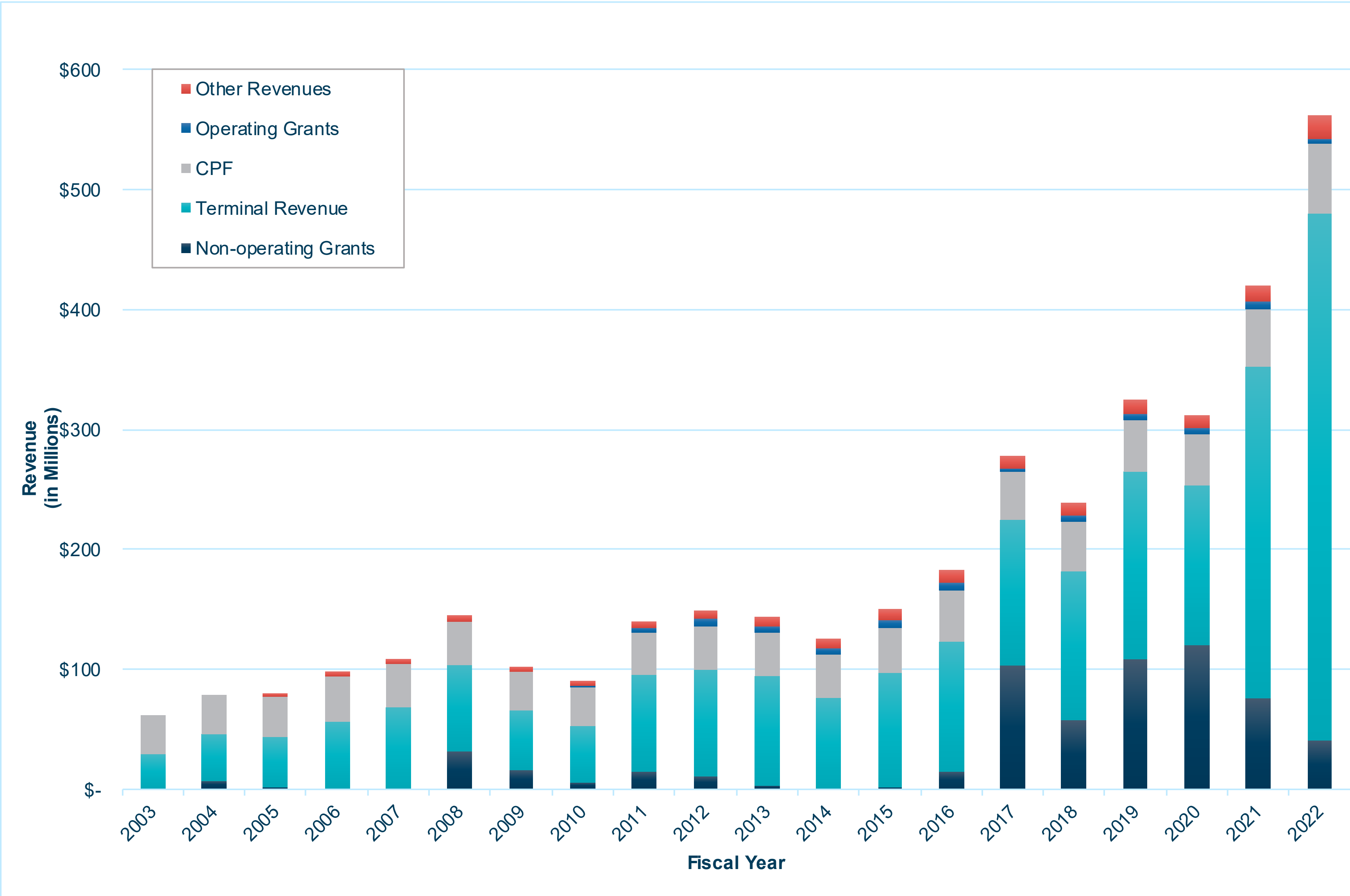
[2] The Authority adopted GASB Statement No. 87, *Leases*, in fiscal year 2022.

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

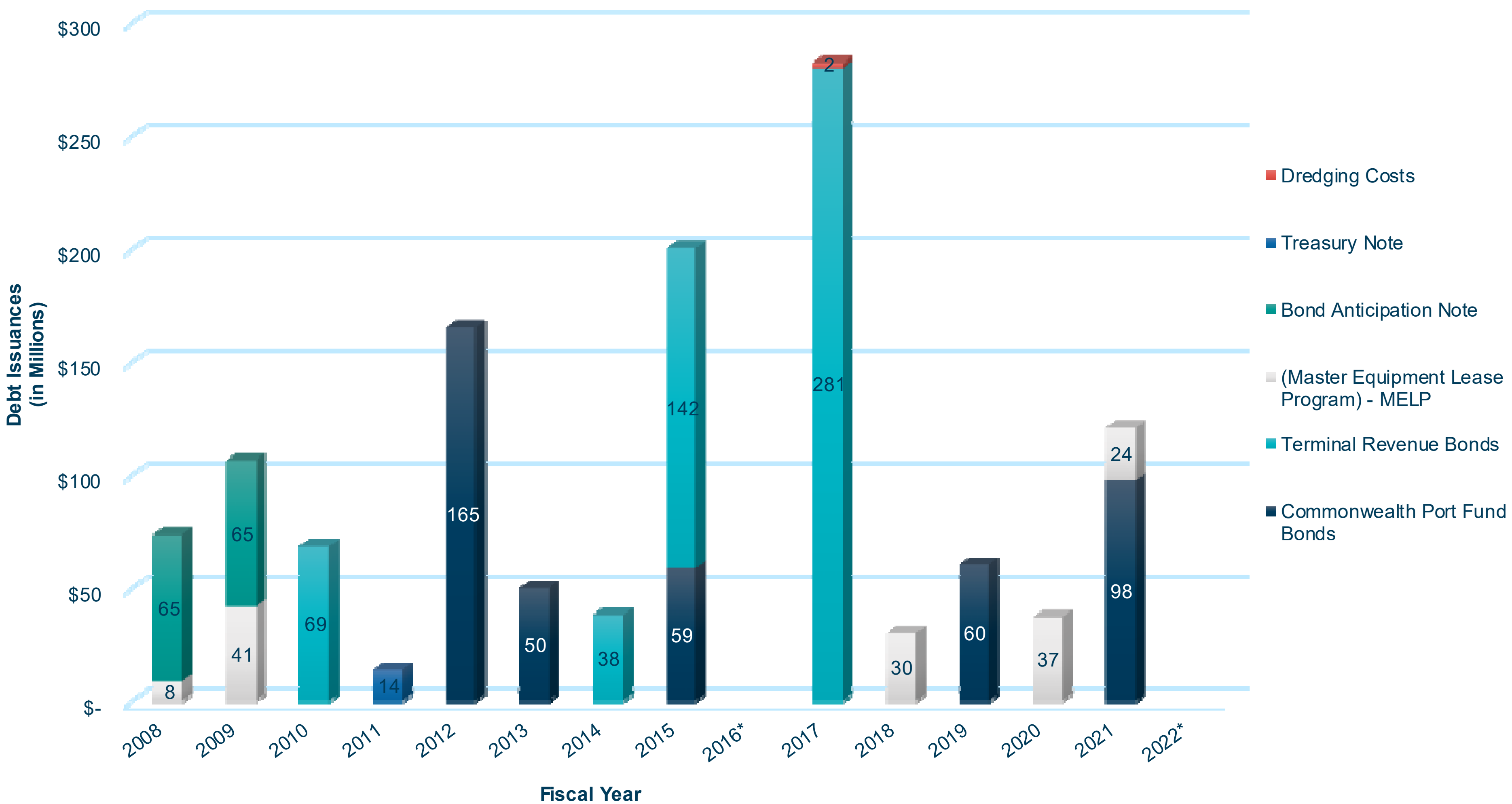


DEBT CAPACITY

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)



*No new debt was issued in fiscal years 2016 or 2022.

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

Fiscal Year Ending June 30,	Issued 1/25/2012 Series 2012			Issued 9/26/2012 Series 2012B			Issued 7/26/2018 Series 2018			Issued 8/4/2020 Series 2020A			Issued 8/4/2020 Series 2020B			Total Bonds Debt Service
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	
								(In Thousands)								
2023	$ 7,405	$ 1,541	$ 8,946	$ 3,035	$ 39	$ 3,074	$ 235	$ 2,267	$ 2,502	$ 1,230	$ 1,446	$ 2,676	$ -	$ 989	$ 989	$ 18,187
2024	7,625	1,304	8,929	-	-	-	240	2,260	2,500	1,235	1,440	2,675	2,530	925	3,455	17,559
2025	7,875	1,049	8,924	-	-	-	250	2,252	2,502	1,240	1,432	2,672	2,655	796	3,451	17,549
2026	8,140	773	8,913	-	-	-	255	2,244	2,499	1,250	1,422	2,672	2,790	660	3,450	17,534
2027	8,425	477	8,902	-	-	-	265	2,235	2,500	1,260	1,410	2,670	2,930	517	3,447	17,519
2028	8,730	162	8,892	-	-	-	275	2,226	2,501	1,275	1,395	2,670	3,075	366	3,441	17,504
2029	-	-	-	-	-	-	2,845	2,171	5,016	7,540	1,334	8,874	3,230	209	3,439	17,329
2030	-	-	-	-	-	-	2,945	2,068	5,013	8,485	1,215	9,700	2,560	64	2,624	17,337
2031	-	-	-	-	-	-	3,045	1,959	5,004	11,655	1,055	12,710	-	-	-	17,714
2032	-	-	-	-	-	-	7,445	1,763	9,208	7,560	892	8,452	-	-	-	17,660
2033	-	-	-	-	-	-	7,725	1,477	9,202	295	819	1,114	-	-	-	10,316
2034	-	-	-	-	-	-	8,015	1,176	9,191	305	812	1,117	-	-	-	10,308
2035	-	-	-	-	-	-	8,325	859	9,184	310	806	1,116	-	-	-	10,300
2036	-	-	-	-	-	-	8,650	527	9,177	315	799	1,114	-	-	-	10,291
2037	-	-	-	-	-	-	8,990	178	9,168	325	792	1,117	-	-	-	10,285
2038	-	-	-	-	-	-	-	-	-	7,750	693	8,443	-	-	-	8,443
2039	-	-	-	-	-	-	-	-	-	7,940	501	8,441	-	-	-	8,441
2040	-	-	-	-	-	-	-	-	-	8,135	304	8,439	-	-	-	8,439
2041	-	-	-	-	-	-	-	-	-	8,335	102	8,437	-	-	-	8,437
	$ 48,200	$ 5,306	$ 53,506	$ 3,035	$ 39	$ 3,074	$ 59,505	$ 25,662	$ 85,167	$ 76,440	$ 18,669	$ 95,109	$ 19,770	$ 4,526	$ 24,296	$ 261,152
			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 by the Commonwealth.

VIRGINIA PORT AUTHORITY

PORT FACILITIES REVENUE BONDS[1]
DEBT SERVICE PAYMENT REQUIREMENTS

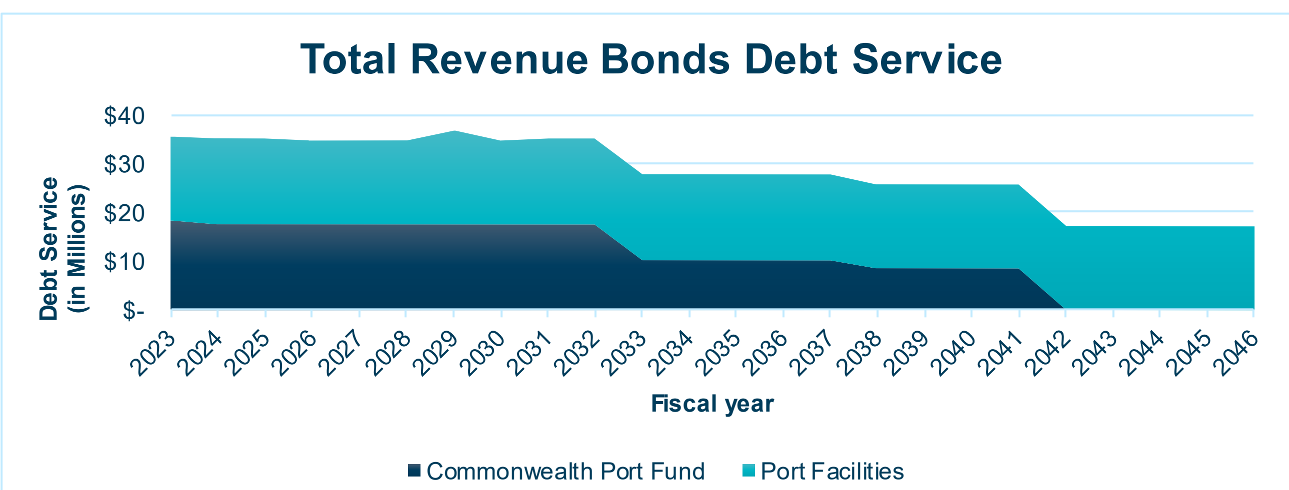
Fiscal Year Ending June 30,	Issued 11/17/2016 Series 2016A			Issued 11/17/2016 Series 2016B			Issued 11/17/2016 Series 2016C			Total Bonds Debt Service
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	
					(In Thousands)					
2023	$ 1,670	$ 5,739	$ 7,409	$ 2,205	$ 4,515	$ 6,720	$ 2,490	$ 801	$ 3,291	$ 17,420
2024	1,715	5,696	7,411	2,315	4,402	6,717	2,565	719	3,284	17,412
2025	1,765	5,649	7,414	2,430	4,284	6,714	2,645	635	3,280	17,408
2026	1,815	5,598	7,413	2,555	4,159	6,714	2,725	548	3,273	17,400
2027	1,880	5,544	7,424	2,680	4,028	6,708	2,805	458	3,263	17,395
2028	1,930	5,485	7,415	2,815	3,891	6,706	2,900	366	3,266	17,387
2029	-	5,455	5,455	-	3,820	3,820	9,840	159	9,999	19,274
2030	5,305	5,362	10,667	2,955	3,746	6,701	-	-	-	17,368
2031	5,490	5,171	10,661	3,105	3,595	6,700	-	-	-	17,361
2032	5,685	4,967	10,652	3,260	3,436	6,696	-	-	-	17,348
2033	5,895	4,737	10,632	3,425	3,269	6,694	-	-	-	17,326
2034	6,145	4,483	10,628	3,595	3,093	6,688	-	-	-	17,316
2035	6,405	4,217	10,622	3,775	2,909	6,684	-	-	-	17,306
2036	6,675	3,941	10,616	3,965	2,715	6,680	-	-	-	17,296
2037	6,960	3,653	10,613	4,160	2,512	6,672	-	-	-	17,285
2038	7,255	3,343	10,598	4,365	2,299	6,664	-	-	-	17,262
2039	7,580	3,011	10,591	4,585	2,075	6,660	-	-	-	17,251
2040	7,920	2,664	10,584	4,815	1,840	6,655	-	-	-	17,239
2041	8,270	2,301	10,571	5,060	1,594	6,654	-	-	-	17,225
2042	8,640	1,923	10,563	5,310	1,334	6,644	-	-	-	17,207
2043	9,030	1,527	10,557	5,575	1,062	6,637	-	-	-	17,194
2044	9,435	1,114	10,549	5,855	776	6,631	-	-	-	17,180
2045	9,855	682	10,537	6,150	476	6,626	-	-	-	17,163
2046	10,300	231	10,531	6,450	161	6,611	-	-	-	17,142
	$ 137,620	$ 92,493	$ 230,113	$ 91,405	$ 65,991	$ 157,396	$ 25,970	$ 3,686	$ 29,656	$ 417,165
			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
		(In Thousands)	
2023	$ 18,187	$ 17,420	$ 35,607
2024	17,559	17,412	34,971
2025	17,549	17,408	34,957
2026	17,534	17,400	34,934
2027	17,519	17,395	34,914
2028	17,504	17,387	34,891
2029	17,329	19,274	36,603
2030	17,337	17,368	34,705
2031	17,714	17,361	35,075
2032	17,660	17,348	35,008
2033	10,316	17,326	27,642
2034	10,308	17,316	27,624
2035	10,300	17,306	27,606
2036	10,291	17,296	27,587
2037	10,285	17,285	27,570
2038	8,443	17,262	25,705
2039	8,441	17,251	25,692
2040	8,439	17,239	25,678
2041	8,437	17,225	25,662
2042	-	17,207	17,207
2043	-	17,194	17,194
2044	-	17,180	17,180
2045	-	17,163	17,163
2046	-	17,142	17,142
	$ 261,152	$ 417,165	$ 678,317



VIRGINIA PORT AUTHORITY

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

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
				(In Thousands)			
2013	$ 270,110	$ 230,505	$ 43,428	$ -	$ 544,043	1.54	$ 352,334
2014	265,515	219,230	33,290	-	518,035	1.31	396,669
2015	255,360	266,280	23,791	-	545,431	1.20	456,169
2016	251,995	254,350	17,292	-	523,637	1.15	454,819
2017	280,530	243,770	-	2,158	526,458	1.07	490,835
2018	278,395	234,420	29,937	2,158	544,910	1.01	537,045
2019	272,830	227,890	28,440	2,112	531,272	0.94	567,620
2020	267,085	217,805	62,933	2,064	549,887	1.07	512,909
2021	261,145	218,740	81,971	2,015	563,871	0.88	638,615
2022	254,995	206,950	75,524	1,965	539,434	0.60	897,151

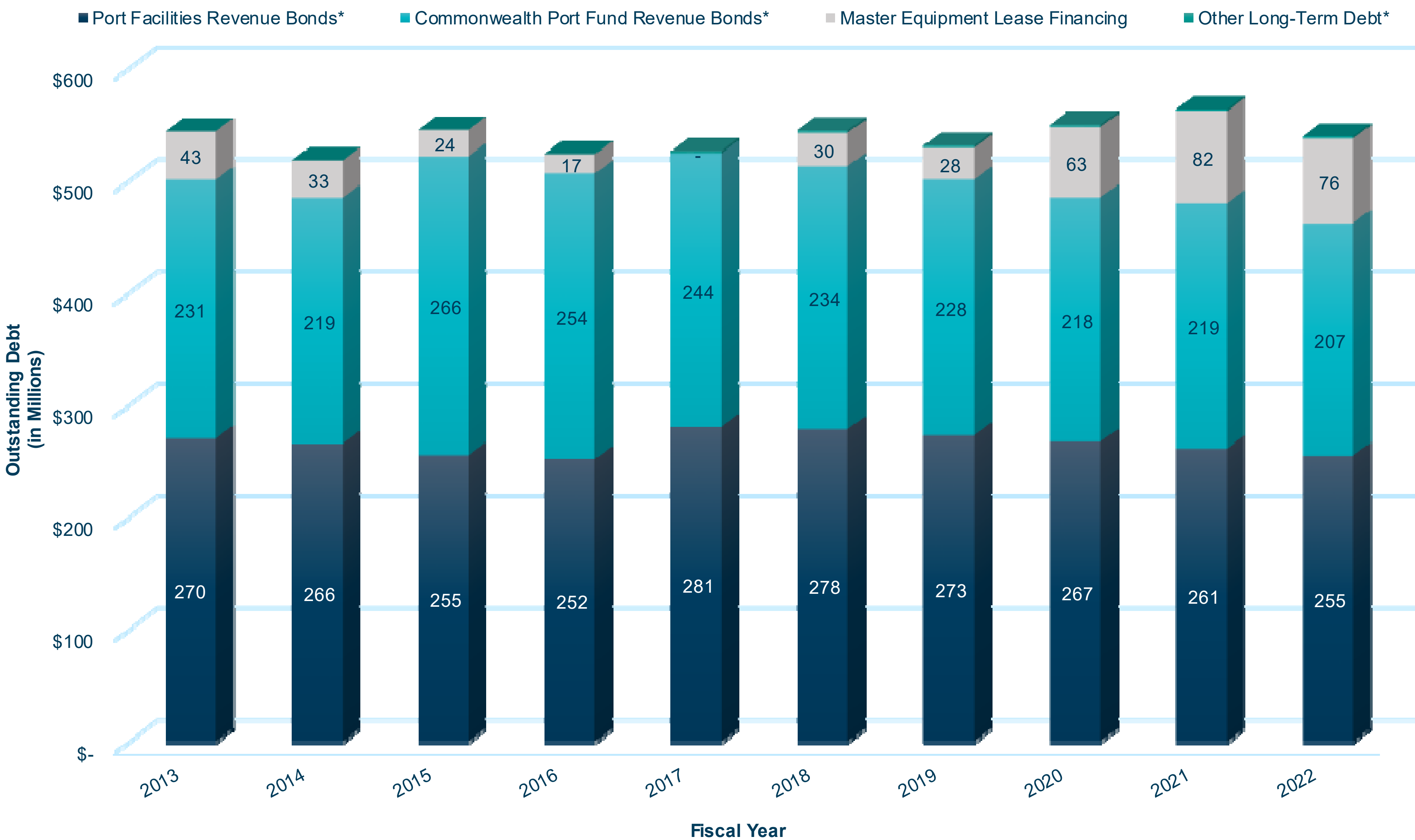
* at par value - does not include premiums or deferred amounts

[1] The above table considers debt in the context of principal repayment obligations for borrowed funds to finance capital needs. Commensurate with issuance, there may be premiums/discounts associated with the debt. The table also excludes liabilities originating from the amended and restated lease with Virginia International Gateway, Inc. and other leases under GASB 87. Please see Note 6 and Note 12 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

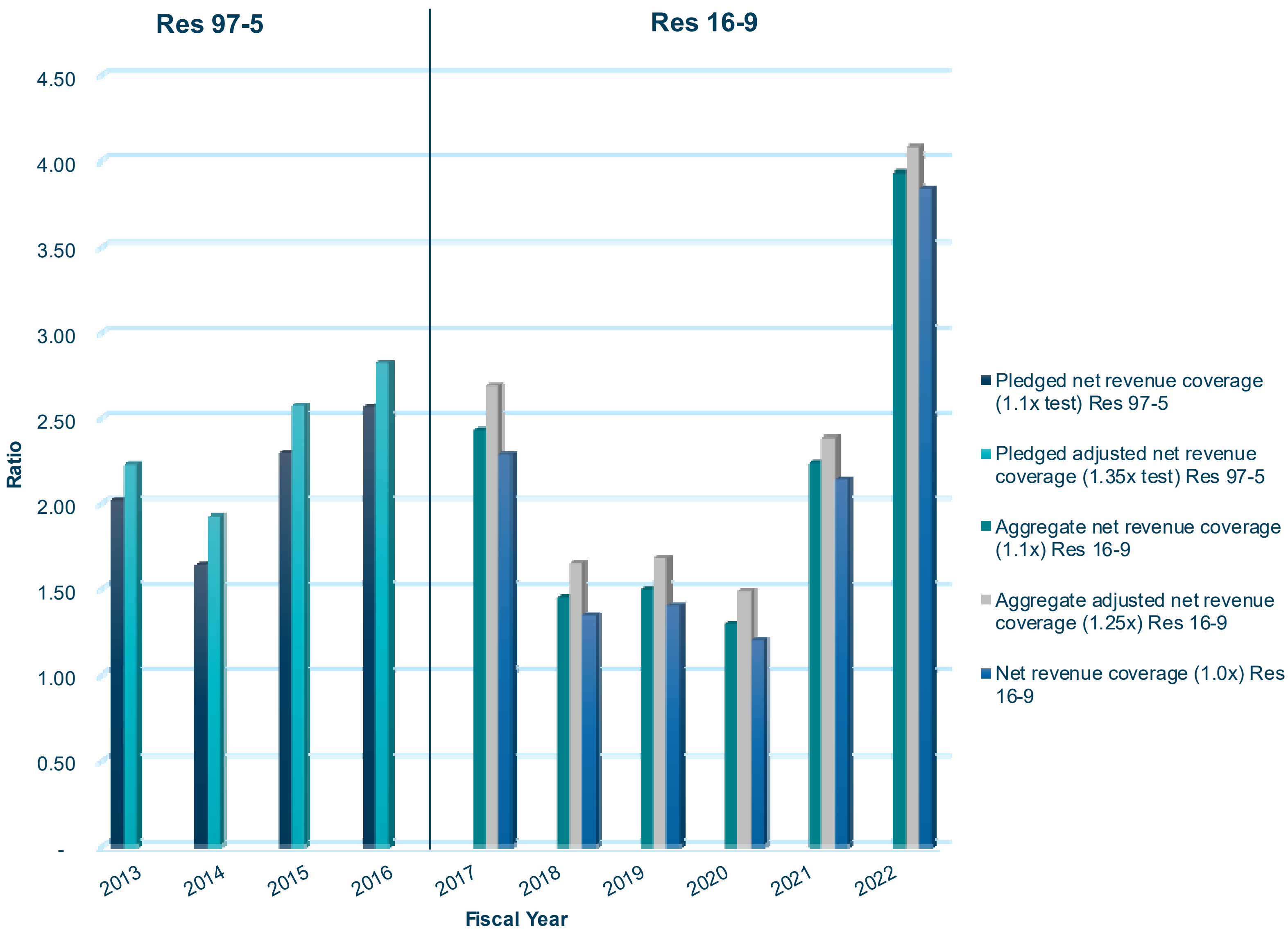


* at par value – does not include premiums or deferred amounts

Note: Does not include the VIG lease liabilities or other liabilities recorded pursuant to GASB 87. Please refer to Note 6 for further detail of lease liabilities.

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 Year Ended June 30,			
	2013	2014	2015	2016
		(In Thousands)		
Virginia International Terminals				
Gross receipts	$ 319,329	$ 312,014	$ 356,487	$ 420,226
Current expenses	(222,110)	(223,496)	(258,034)	(304,120)
CE reserve withdrawal (deposit)	-	2,596	3,451	(4,653)
Deposits to CEMA	(4,636)	(9,243)	(7,215)	(8,690)
Capital asset proceeds (expense) credit	(768)	(733)	(673)	(336)
VIT net revenue	$ 91,815	$ 81,138	$ 94,016	$ 102,427
Virginia Port Authority				
Gross revenues:				
VIT net revenue	$ 91,815	$ 81,138	$ 94,016	$ 102,427
Other income	8,882	6,924	7,991	25,310
Interest income	99	9	140	6
Total VPA gross revenues	100,796	88,071	102,147	127,743
Current expenses	(70,047)	(72,578)	(78,802)	(93,003)
Net revenues	$ 30,749	$ 15,493	$ 23,345	$ 34,740
CPF for O&M	$ 3,704	$ 4,338	$ 3,765	$ 4,409
Debt Service Coverage				
Port facilities revenue bonds:				
Net debt service	$ 17,572	$ 15,114	$ 13,333	$ 16,985
Pledged net revenues	35,384	24,737	30,559	43,431
Pledged adjusted net revenues	39,089	29,075	34,324	47,839
Pledged net revenue coverage	2.01	1.64	2.29	2.56
Pledged adjusted net revenue coverage	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	2022
	(In Thousands)					
VIRGINIA INTERNATIONAL TERMINALS						
VIT/HRCP II gross receipts	$ 484,494	$ 550,211	$ 589,670	$ 556,625	$ 631,182	$ 905,761
VIT/HRCP II current expenses	(350,771)	(421,533)	(419,549)	(416,717)	(403,298)	(471,421)
VIT liquidity reserve withdrawal (deposit)	(2,543)	6,061	(10,031)	(677)	4,745	(721)
One-time cash transfers HRCP II	5,827	-	-	-	-	-
VIT CEMA liquidation	16,061	-	-	-	-	-
VIT/HRCP II port operator capital expenditures **(A)**	(7,579)	(11,046)	(6,456)	(11,091)	(8,193)	(9,067)
VIT/HRCP II payment (per Payment Agreement to VPA)	145,489	123,693	153,634	128,140	224,436	424,552
VIRGINIA PORT AUTHORITY						
Gross revenues:						
VIT/HRCP II payment per Payment Agreement	145,489	123,693	153,634	128,140	224,436	424,552
Other VPA income and interest income	10,037	11,186	15,052	17,247	20,271	21,433
Total gross revenues	155,526	134,879	168,686	145,387	244,707	445,985
Current expenses:						
Terminal expenditures	(26,488)	(24,606)	(27,837)	(27,756)	(22,669)	(21,440)
Operating lease payments	(17,429)	(185)	(185)	(185)	(132)	(793)
Total current expenses	(43,917)	(24,791)	(28,022)	(27,941)	(22,801)	(22,233)
Net revenue (B)	111,609	110,088	140,664	117,446	221,906	423,752
VPA Commonwealth Port Fund used for O & M **(P)**	7,657	8,162	9,975	10,192	6,097	7,373
VPA Commonwealth Port Fund used for VIG rent **(Q)**	5,831	9,996	9,996	9,996	9,996	9,996
Revenue stabilization fund balance	29,082	39,661	39,973	40,116	39,933	39,338
25% of revenue stabilization fund balance **(D)**	7,271	9,915	9,994	10,029	9,983	9,835
Net revenue (B)	111,609	110,088	140,664	117,446	221,906	423,752
Aggregate net revenue **(E)** (E = B + D - A)	126,459	131,049	157,114	138,566	240,082	442,654
Adjusted net revenue **(F)** (F = B + P + Q)	125,097	128,246	160,635	137,634	237,999	441,121
Aggregate adjusted net revenue **(G)** (G = F + D - A)	139,947	149,207	177,085	158,754	256,175	460,023
DEBT SERVICE COVERAGE						
Senior debt service:						
Senior obligations	42,578	72,795	87,818	90,299	90,092	95,352
Series 2016 Bonds principal and interest requirements	9,614	17,537	17,504	17,068	17,414	17,387
Aggregate principal and interest requirements (C)	$ 52,192	$ 90,332	$ 105,322	$ 107,367	$ 107,506	$ 112,739

Debt Service Coverage	**Actual 2017**	**Actual 2018**	**Actual 2019**	**Actual 2020**	**Actual 2021**	**Actual 2022**
Aggregate net revenue coverage (E/C > 1.1x)	2.42	1.45	1.49	1.29	2.23	3.93
Aggregate adjusted net revenue coverage (G/C > 1.25x)	2.68	1.65	1.68	1.48	2.38	4.08
Net revenue coverage ((B-A)/C > 1.0x)	2.28	1.34	1.40	1.20	2.14	3.84

Note: 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.

THE PORT BY NUMBERS

ECONOMIC DEVELOPMENT

Over $1.4 billion in current infrastructure projects and ongoing investments

Over 20 million sq. ft. of announced and available industrial development space

204 port related economic development announcements over the past five years

MID-ATLANTIC LOCATION

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

By 2024, we will be the only East Coast Port with **55' Channel depth and 2-way ULCV traffic**

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

SERVICES

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

38 international shipping line services to more than **90 foreign ports**

Addition of **10 new vessel services** last fiscal year

THE PORT BY NUMBERS

RAIL

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

19 Midwest and Southeast inland points served by rail

31.8 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

Investing nearly $80 million in rail infrastructure

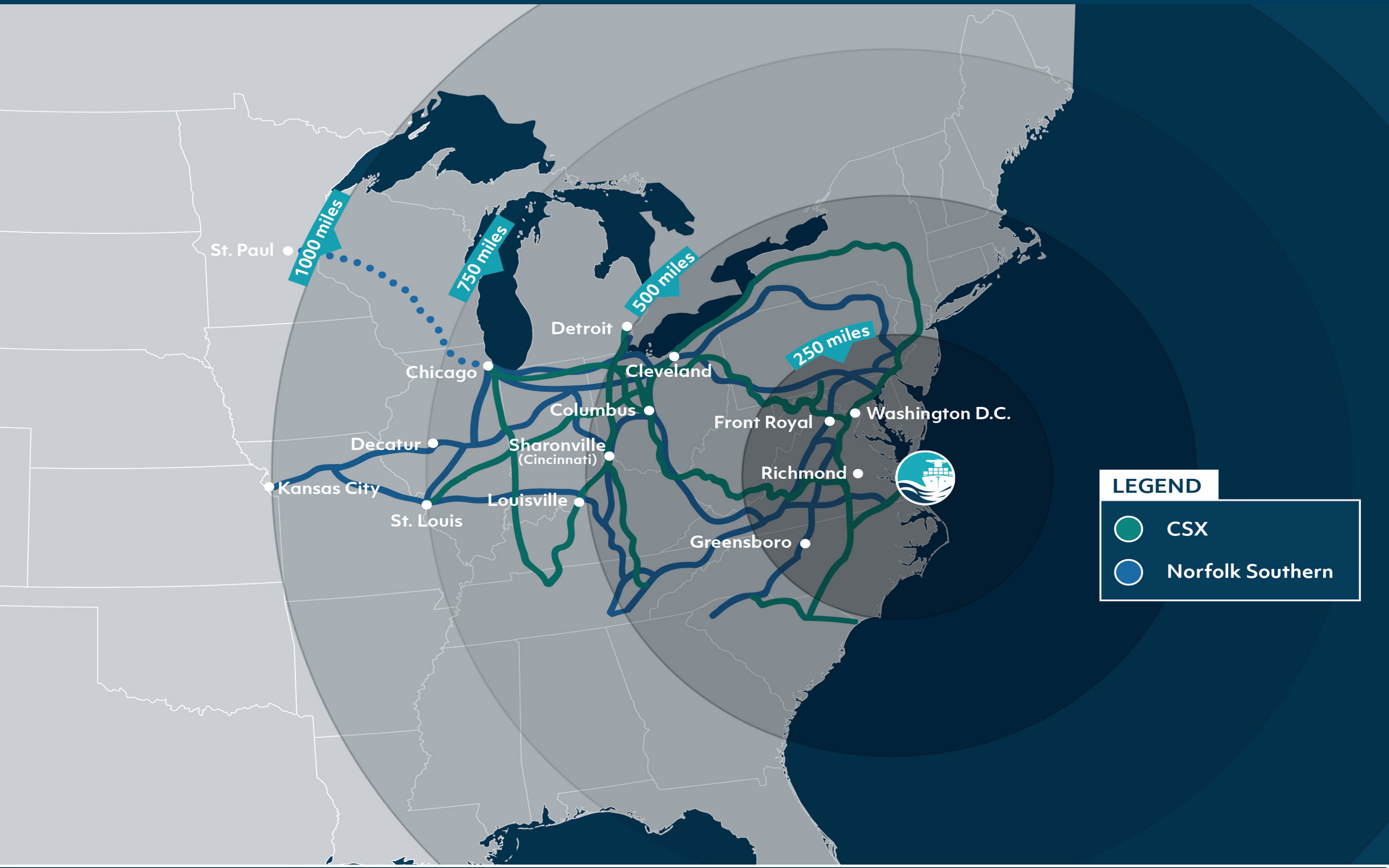
IMPACT

Responsible for nearly **400,000 jobs**

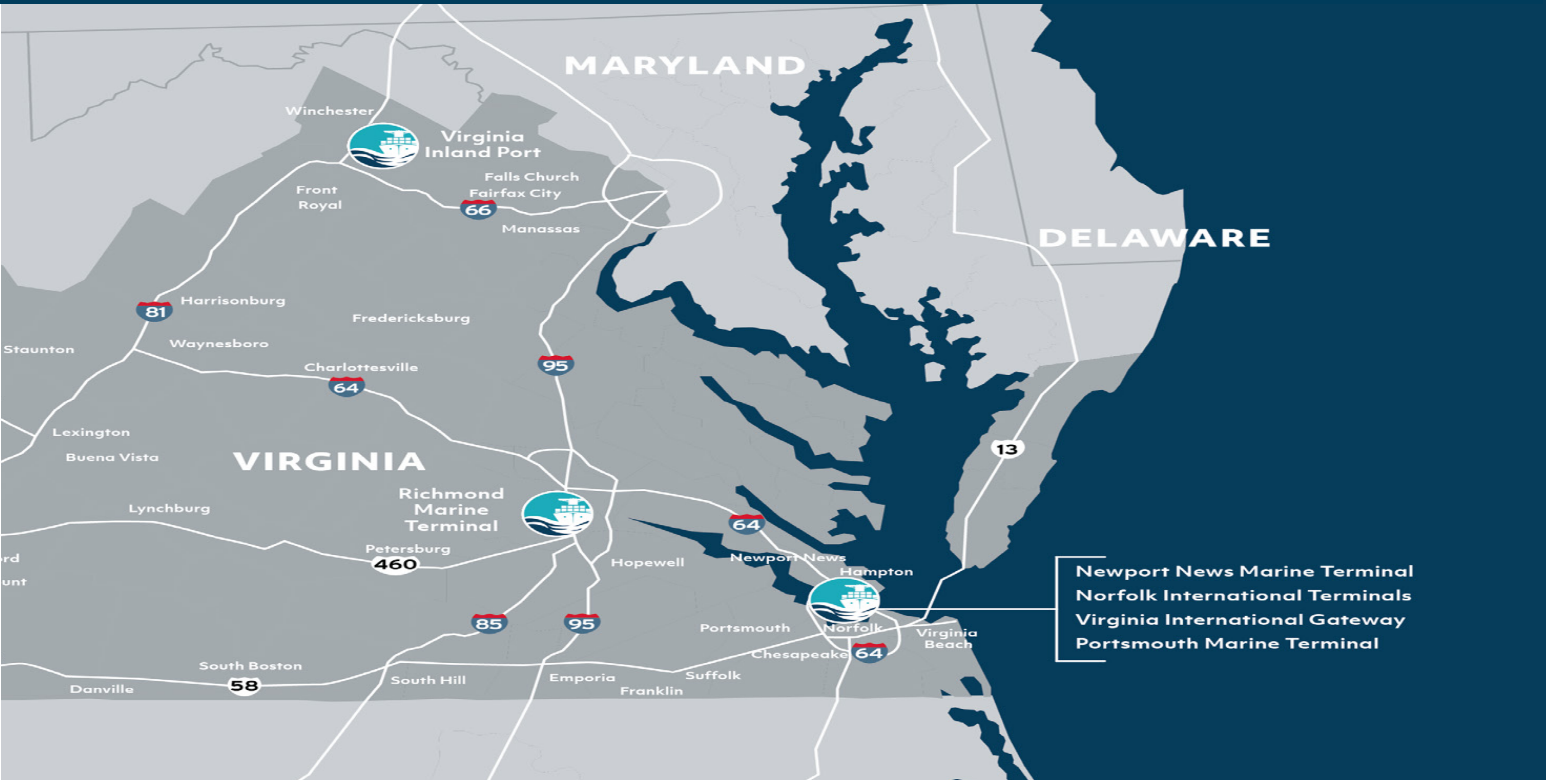
Recipient of **20 Elizabeth River Project Star Awards**

$6.95 million available in Virginia Port Incentives

THE PORT OF VIRGINIA RAIL CONNECTIVITY

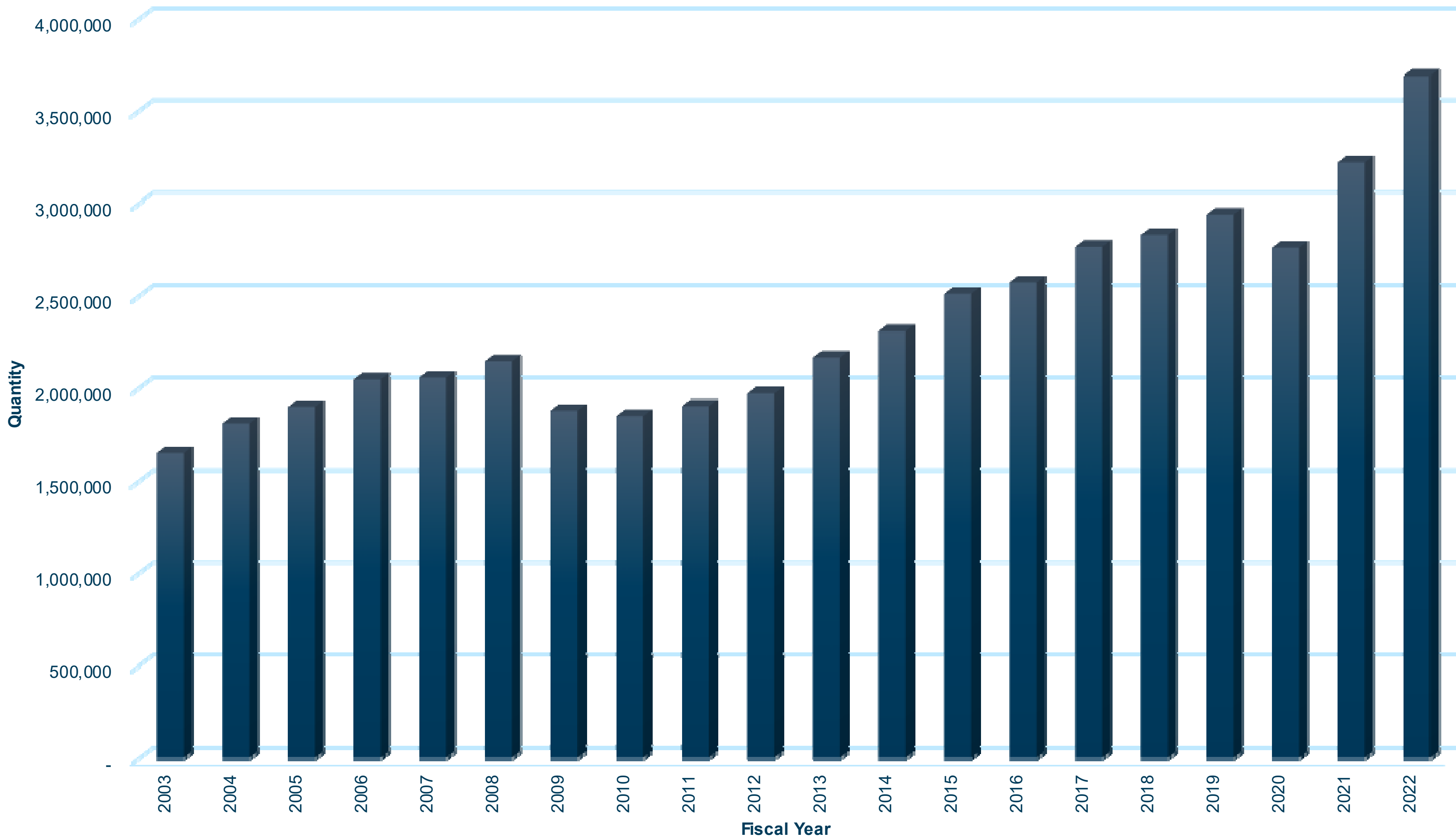


THE PORT OF VIRGINIA TERMINALS



VIRGINIA PORT AUTHORITY

TWENTY-FOOT EQUIVALENT UNIT (TEU) CONTAINER THROUGHPUT



Hampton Roads Harbor

Calendar Year 2021 Trade Overview

TOTAL	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	61,506	55,797
General Cargo	25,354	23,001
Container Cargo	25,206	22,867
Breakbulk Cargo*	148	134
Container Units	1,959,750	
TEUs	3,522,834	
Total Cargo Dollar Value (Millions)	$90,704	

EXPORT	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	46,451	42,140
General Cargo	11,648	10,567
Container Cargo	11,631	10,552
Breakbulk Cargo	17	15
Container Units	1,004,702	
TEUs	1,811,941	
Total Cargo Dollar Value (Millions)	$30,575	

IMPORT	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	15,054	13,657
General Cargo	13,706	12,434
Container Cargo	13,575	12,315
Breakbulk Cargo	131	119
Container Units	955,048	
TEUs	1,710,893	
Total Cargo Dollar Value (Millions)	$60,129	

Vessel Calls	1,908
Coal Loadings* Short Tons (Thousands)	29,451

*Coal loadings and breakbulk cargo include international and domestic shipments

US East Coast Port	TEUs	East Coast Market Share
New York/New Jersey	8,985,929	35.7%
Savannah	5,613,164	22.3%
Port of Virginia	3,522,835	14.0%
Charleston (SC)	2,751,449	10.9%
Miami	1,251,433	5.0%
Port Everglades	975,238	3.9%
Baltimore	863,645	3.4%
Philadelphia	614,102	2.4%
Jacksonville	343,444	1.4%
Palm Beach	229,810	0.9%

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 2021 Total Cargo in Thousands of Short Tons

Top 10 Trading Partners

	Exports			Imports	
1	China	9,535	1	China	2,510
2	Brazil	4,712	2	India	1,370
3	India	4,589	3	Germany	1,138
4	Netherlands	2,923	4	Italy	874
5	United Kingdom	2,446	5	Brazil	848
6	Ukraine	1,559	6	Vietnam	738
7	Morocco	1,528	7	Turkey	630
8	Japan	1,426	8	France	497
9	Poland	1,260	9	Spain	487
10	Italy	1,251	10	Indonesia	390

Top 10 Commodities

	Exports			Imports	
1	Mineral Fuels, Mineral Oils	30,535	1	Nuclear Reactors, Boilers	1,293
2	Oil Seeds And Oleaginous Fruits	3,239	2	Furniture; Bedding	994
3	Wood And Articles Of Wood; Wood Charcoal	3,031	3	Plastics And Articles Thereof	986
4	Residues And Waste From The Food Industries	1,960	4	Salt; Sulfur; Earths And Stone	821
5	Pulp Of Wood	1,581	5	Articles Of Stone, Plaster, Cement	606
6	Plastics And Articles Thereof	683	6	Articles Of Iron Or Steel	603
7	Iron And Steel	505	7	Wood And Articles Of Wood	601
8	Cereals	376	8	Beverages, Spirits And Vinegar	582
9	Paper And Paperboard	326	9	Electrical Machinery	565
10	Meat And Edible Meat Offal	324	10	Vehicles	529

Trade Lanes

	Export	Import
Africa	2,952	200
Asia, Northeast	11,999	3,115
Asia, Southeast	2,798	1,847
Carribbean	495	133
Central America	272	43
Europe, North	11,671	3,932
India & Others	5,055	1,554
Mediterranean	4,609	2,536
Middle East	537	190
North America	308	117
Oceania	58	18
South America	5,698	1,368

Top U.S. Ports

1	Houston, TX	190,256
2	Corpus Christi, TX	129,991
3	New Orleans, LA	125,822
4	Los Angeles, CA	81,299
5	Newark, NJ	77,653
6	Port of Virginia, VA	61,506
7	Gramercy, LA	59,597
8	Long Beach, CA	57,373
9	Savannah, GA	47,971
10	Port Arthur, TX	47,933

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 2021 Total Cargo in Millions of U.S. Dollars

Top 10 Trading Partners

	Exports			Imports	
1	China	$3,006	1	China	$11,054
2	Belgium	$2,016	2	Germany	$7,488
3	Germany	$1,737	3	India	$5,362
4	Japan	$1,652	4	Italy	$4,606
5	Netherlands	$1,566	5	Vietnam	$2,856
6	United Kingdom	$1,329	6	Japan	$1,984
7	Spain	$1,312	7	Malaysia	$1,794
8	India	$1,209	8	France	$1,628
9	Austria	$1,203	9	Brazil	$1,485
10	Brazil	$1,047	10	United Kingdom	$1,437

Top 10 Commodities

	Exports			Imports	
1	Nuclear Reactors, Boilers	$3,339	1	Nuclear Reactors, Boilers	$13,101
2	Pharmaceutical Products	$2,921	2	Electrical Machinery	$4,949
3	Plastics And Articles Thereof	$2,465	3	Pharmaceutical Products	$3,601
4	Vehicles	$1,663	4	Vehicles	$3,300
5	Oil Seeds And Oleaginous Fruits	$1,611	5	Furniture; Bedding, Matresses	$3,210
6	Miscellaneous Chemical Products	$1,446	6	Plastics And Articles Thereof	$3,024
7	Organic Chemicals	$1,308	7	Organic Chemicals	$1,950
8	Electrical Machinery	$1,145	8	Articles Of Iron Or Steel	$1,668
9	Wood And Articles Of Wood; Wood Charcoal	$983	9	Toys, Games And Sports Equipment	$1,574
10	Residues And Waste From The Food Industries	$927	10	Made-Up Textile Articles Nesoi	$1,389

Trade Lanes

	Export	Import
Africa	$1,661.60	$577
Asia, Northeast	$6,235.13	$15,116
Asia, Southeast	$2,926.16	$8,040
Carribbean	$228.97	$45
Central AM	$355.05	$203
Europe, North	$11,168.19	$19,073
India & Others	$1,680.58	$6,364
Mediterranean	$2,537.12	$7,849
Middle East	$1,358.59	$496
North America	$62.56	$119
Oceania	$352.08	$63
South America	$2,009.31	$2,184

Top U.S. Ports

1	Los Angeles, CA	$293,654
2	Newark, NJ	$187,126
3	Houston, TX	$169,889
4	Savannah, GA	$125,566
5	Long Beach, CA	$103,636
6	Port of Virginia, VA	$90,704
7	Charleston, SC	$88,581
8	Baltimore, MD	$61,330
9	New Orleans, LA	$58,009
10	Corpus Christi, TX	$56,717

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sworn Officers/Security Personnel/Safety	42	39	47	51	50	49	54	53	52	52
Marketing/ Economic Development Personnel	13	18	25	17	18	19	19	18	24	18
Port Promotions Personnel	2	-	-	-	-	-	-	-	-	-
Strategic Planning, Engineering & Acquisition Personnel	7	8	8	24	27	23	40	35	30	26
Information Technology Personnel	-	-	-	41	41	39	34	31	31	31
Administrative Personnel	17	18	56	63	67	70	73	84	78	80
Authority Totals	81	83	136	196	203	200	220	221	215	207

VIRGINIA PORT AUTHORITY
SOURCE AND USE DATA
Fiscal Year Ended June 30, 2022
(In Thousands)

Operating revenues	$ 462,536	82%	Operating expenses	$ 192,141	49%
Non-operating revenues	98,881	18%	Non-operating expenses	199,425	51%
Total revenues	$ 561,417		**Total expenses**	$ 391,566	

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, $439,092 or 95% 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, 55% 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

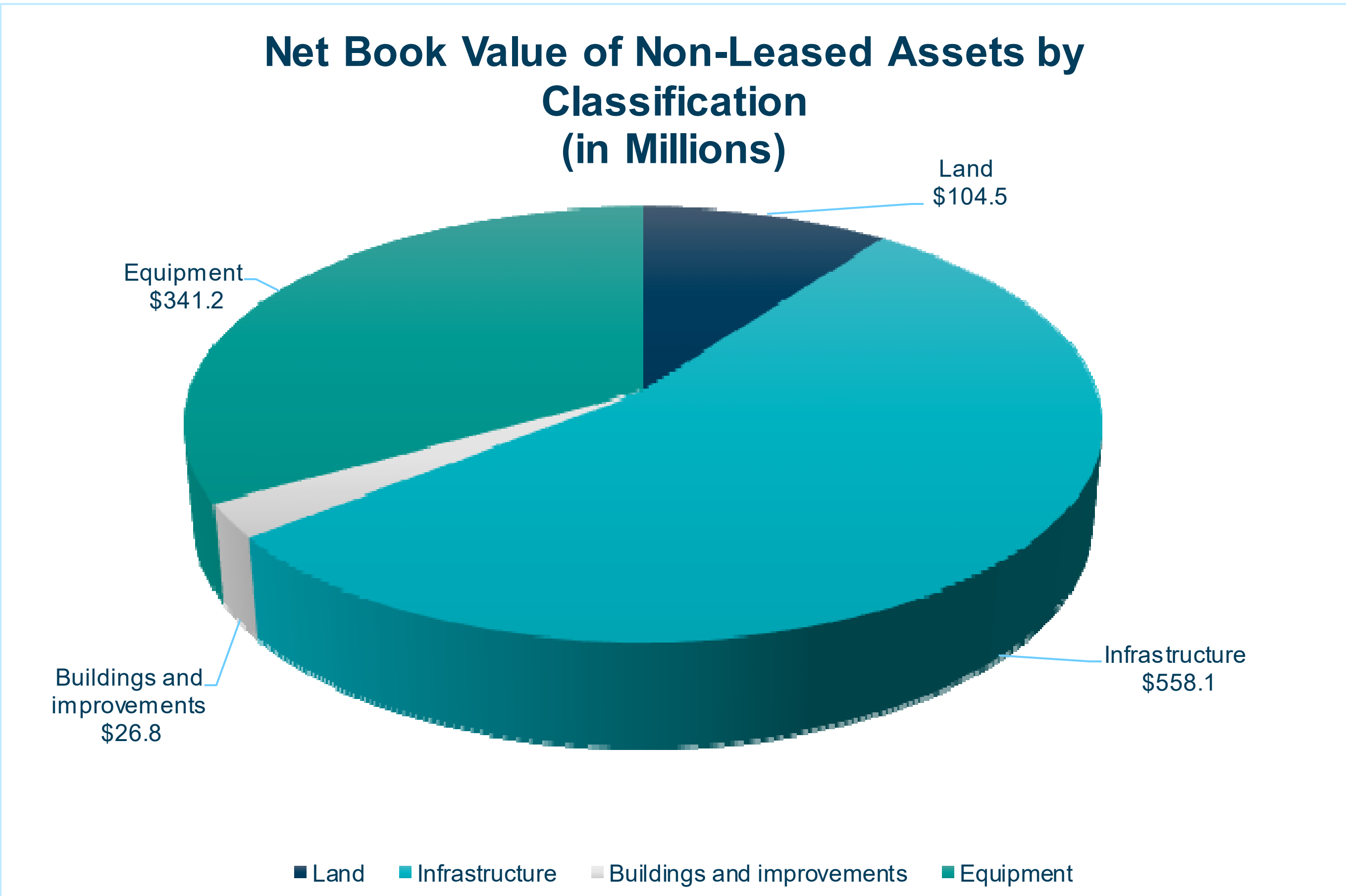
CAPITAL ASSETS[1]

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	1,592	1,592	1,592	1,592	1,592	1,592	1,592	2,101	2,180
Berth/Wharf (linear feet)	20,084	18,439	18,439	17,955	17,935	17,935	18,736	18,736	19,885	19,885
Rail Track (linear feet)	187,457	177,020	177,020	184,795	204,607	204,607	208,495	208,495	246,188	333,704
On-Terminal Warehouse (sq. ft.)	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	2,017,305
					(In Thousands)					
Net Book Value of Capital Assets	$ 775,509	$ 770,414	$ 756,659	$ 753,053	$ 912,375	$ 967,089	$ 1,089,778	$ 1,209,876	$ 1,218,058	$ 1,204,434
Construction in progress	110,378	131,136	108,313	122,437	195,488	291,099	311,684	205,797	160,677	173,820
Land	105,728	105,540	105,540	102,749	103,936	103,936	103,936	103,936	104,471	104,471
Buildings and infrastructure	715,772	723,746	765,087	780,966	851,513	857,601	935,250	1,072,451	1,121,101	1,137,172
Equipment	280,121	288,456	298,792	304,165	370,714	370,798	448,464	596,454	660,698	643,410
Depreciation (accumulated)	(436,490)	(478,464)	(521,073)	(557,264)	(609,276)	(656,345)	(709,556)	(768,762)	(828,889)	(854,439)

[1] Excludes the net book value of the amended and restated lease with Virginia International Gateway, Inc., and other lease liabilities recorded pursuant to GASB 87.

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-four percent (64%) 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 (3%).



This chart excludes Construction in Progress ($173.8M) as these assets are not currently used in operations.

VIRGINIA PORT AUTHORITY

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Fiscal Year Ended June 30,									
	2013 Restated[1]	2014 Restated[1]	2015	2016	2017 Restated[1]	2018	2019	2020	2021	2022
	(In Thousands)									
Operating revenues:										
Terminal operating revenues	$ 339,460	$ 383,714	$ 451,242	$ 444,444	$ 478,261	$ 522,069	$ 551,236	$ 496,258	$ 619,580	$ 873,982
Other revenues	7,971	7,763	9,148	9,340	10,102	10,445	11,186	10,946	13,120	19,064
Operating revenues - grants, federal and state	4,903	5,192	5,295	6,391	2,114	5,534	5,198	5,704	5,915	4,105
Total operating revenues	352,334	396,669	465,685	460,175	490,477	538,048	567,620	512,908	638,615	897,151
Operating expenses:										
Terminal operations	153,682	176,244	222,665	209,681	218,813	247,513	251,470	217,208	231,239	261,743
Terminal maintenance	70,959	92,161	86,936	89,884	94,534	104,687	108,679	112,129	107,231	120,376
General and administrative	90,785	98,543	92,159	105,328	67,085	52,425	57,033	60,158	59,192	54,990
Depreciation and amortization	47,979	46,612	46,649	47,723	74,406	84,271	86,940	103,839	121,836	191,988
Total operating expenses	363,405	413,560	448,409	452,616	454,838	488,896	504,122	493,334	519,498	629,097
Operating income (loss)	(11,071)	(16,891)	17,276	7,559	35,639	49,152	63,498	19,574	119,117	268,054
Non-operating revenues (expenses):										
Investment income (loss), net	334	556	502	704	920	1,368	4,053	6,177	1,075	(1,880)
Interest expense	(20,532)	(16,888)	(14,241)	(18,365)	(88,233)	(125,369)	(123,516)	(125,264)	(124,144)	(174,152)
Revenue from federal sources	3,320	493	707	9,653	11,988	786	7,490	3,152	7,158	5,877
Revenue from state sources	(159)	306	-	6,143	6,791	3,265	3,345	2,725	3,453	8,520
Revenue from private sources	-	-	-	-	-	-	-	-	-	5,567
Other income (expenses)	(917)	(69)	(627)	(3,292)	(4,977)	(2,486)	(3,665)	(3,418)	(4,355)	(5,090)
Gain (loss) on disposals	709	3	-	(1,107)	(21)	(1,769)	744	271	372	480
Income (loss) before capital contributions and transfers	(28,316)	(32,490)	3,617	1,295	(37,893)	(75,053)	(48,051)	(96,783)	2,676	107,376
Capital contributions and transfers:										
Commonwealth Port Fund allocation	37,224	36,652	38,418	42,367	41,469	41,126	43,051	41,922	48,778	57,821
Capital contributions from component unit	-	11	-	-	-	-	-	-	-	-
Payments to federal government - channel dredging	-	-	-	(5,500)	(845)	(984)	(3,224)	(17,402)	(54,679)	(23,335)
Proceeds from primary government	-	-	-	-	84,661	54,261	97,656	114,049	65,943	21,282
Capital contributions from other state agencies	-	-	-	153	-	-	-	-	535	-
Cumulative effect of changes in accounting principle[2]	(4,565)	12,207	(29,916)	-	7	-	-	-	-	233,086
Increase (decrease) in net position	4,343	16,380	12,119	38,315	87,399	19,350	89,432	41,786	63,253	396,230
Special item - lease conversion	-	-	-	-	13,277	-	-	-	-	-
Increase (decrease) in net position after special item	4,343	16,380	12,119	38,315	100,676	19,350	89,432	41,786	63,253	396,230
Net position - beginning of year	451,839	456,182	472,562	484,681	522,996	623,672	643,022	732,454	774,240	837,493
Net position - end of year	$ 456,182	$ 472,562	$ 484,681	$ 522,996	$ 623,672	$ 643,022	$ 732,454	$ 774,240	$ 837,493	$ 1,233,723

(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.

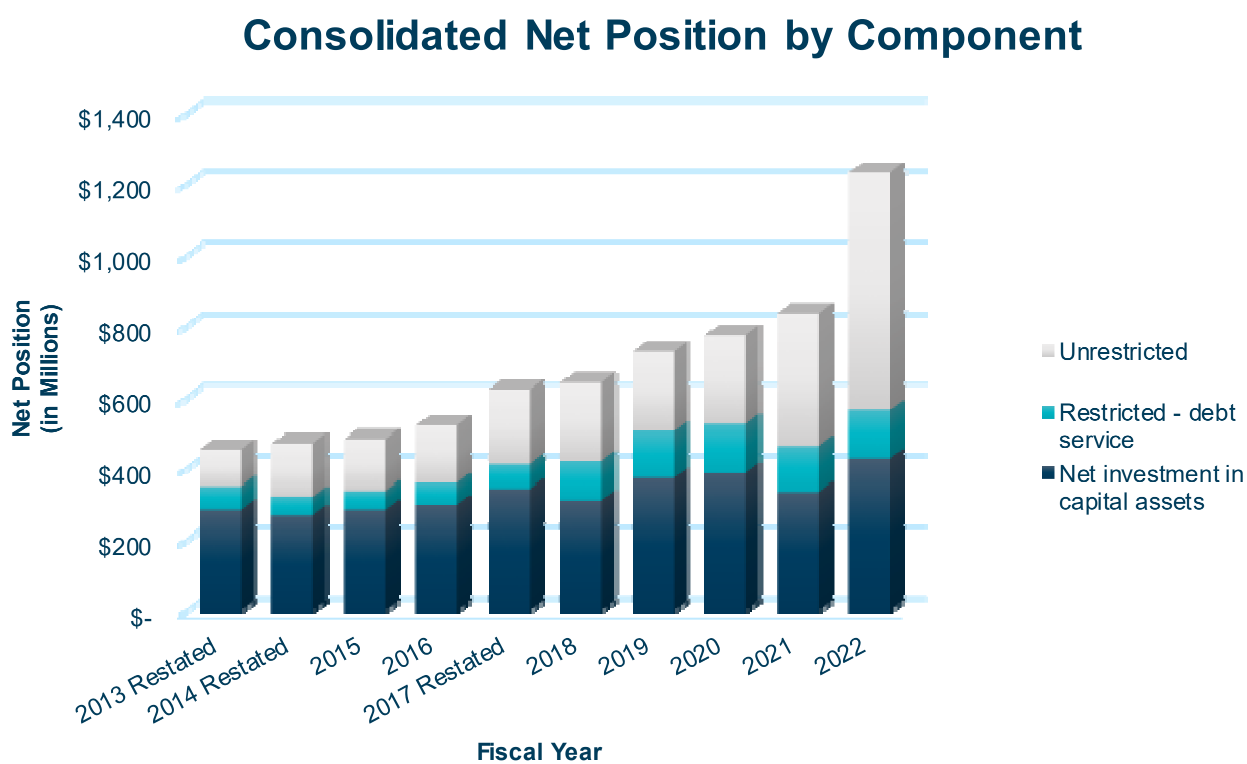
(2) 2013/2014 VIT adopted GASB pronouncements in lieu of FASB pronouncements in order to conform to the VPA accounting methodology; 2015 VPA/VIT adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*; 2022 VPA/VIT adopted GASB Statement No. 87, *Leases*.

VIRGINIA PORT AUTHORITY

CONSOLIDATED NET POSITION BY COMPONENT

	Fiscal Year June 30,									
	2013 Restated	2014 Restated	2015	2016	2017 Restated	2018	2019	2020	2021	2022
	(In Thousands)									
Net Position										
Net investment in capital assets	$ 284,919	$ 269,881	$ 284,879	$ 299,198	$ 344,496	$ 311,356	$ 374,200	$ 388,984	$ 336,100	$ 429,234
Restricted - debt service	66,720	52,020	54,465	61,275	69,531	111,171	132,382	138,300	129,530	136,866
Unrestricted	104,543	150,661	145,337	162,523	209,645	220,495	225,872	246,956	371,863	667,623
Total net position	$ 456,182	$ 472,562	$ 484,681	$ 522,996	$ 623,672	$ 643,022	$ 732,454	$ 774,240	$ 837,493	$ 1,233,723

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.



Keeping colleagues connected-tug boat harbor tour

VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT

(Unaudited)

FOR THE

FISCAL YEAR ENDED JUNE 30, 2022

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)

BASE CUSIP NUMBER: 928075

CONTINUING DISCLOSURE AGREEMENT
ANNUAL REPORT
Fiscal Year Ended June 30, 2022

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, 2013.

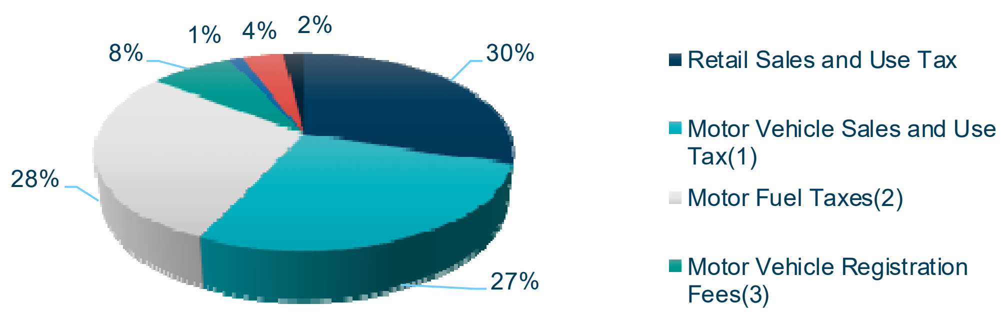
TRANSPORTATION TRUST FUND
STATEMENT OF REVENUE COLLECTIONS
Last Ten Fiscal Years

Transportation Trust Fund
(in millions)

	Fiscal Year June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Retail Sales and Use Tax	$ 521.2	$ 526.6	$ 590.7	$ 599.1	$ 615.6	$ 618.4	$ 649.5	$ 644.5	$1,265.1	$1,344.2
Motor Vehicle Sales and Use Tax[(1)]	201.8	207.4	224.9	237.2	245.8	242.7	254.0	240.8	1,136.3	1,236.7
Motor Fuel Taxes[(2)]	123.7	115.0	118.8	138.8	106.9	105.3	105.4	102.1	1,027.9	1,288.0
Motor Vehicle Registration Fees[(3)]	21.7	21.8	22.0	21.8	22.3	21.8	22.4	20.2	363.1	349.8
Highway Use Fee	-	-	-	-	-	-	-	-	42.7	53.8
Gross Premium Insurance Co	-	-	-	-	-	-	-	-	181.4	180.7
Recording Deeds and Contracts	-	-	-	-	-	-	-	-	83.7	81.6
Total Transportation Trust Fund Revenues[(4)]	$ 868.4	$ 870.8	$ 956.4	$ 996.9	$ 990.6	$ 988.2	$1,031.3	$1,007.6	$4,100.2	$4,534.8

(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.

Transportation Trust Fund Collections
Fiscal Year 2022



NET TRANSFERS TO THE COMMONWEALTH PORT FUND

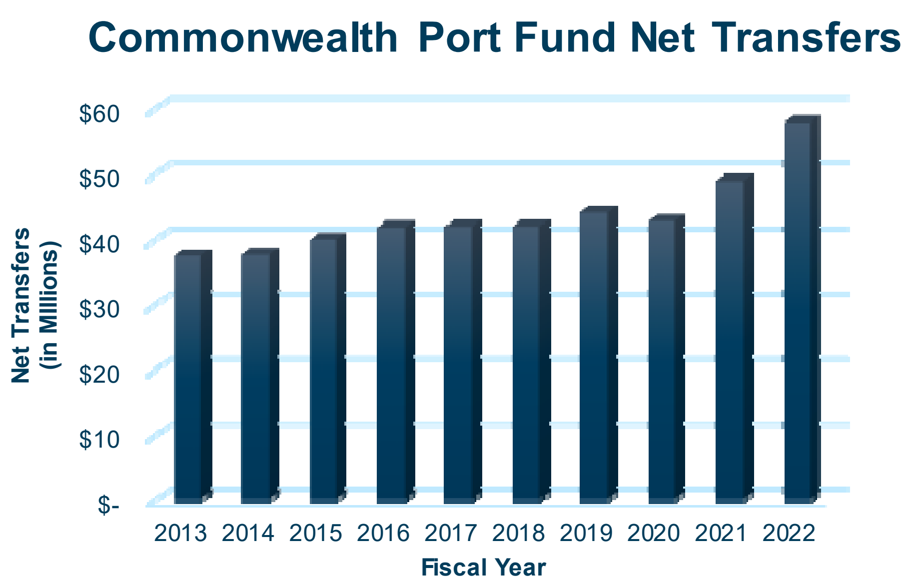
The following table shows the allocation of Transportation Trust Fund revenue to the Port Fund, the interest credited to the Port Fund prior to its transfer to the Income Account under the Authority's Commonwealth Port Fund Revenue Bond Resolution (the "Bond Resolution") net of the expenses charged thereto for the fiscal years 2013 through 2022. 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
			(In Thousands)		
2013	$ 37,200		$ 228		$ 37,428
2014	37,341		226		37,567
2015	39,641		292		39,933
2016	41,481		277		41,758
2017	41,451		464		41,915
2018	41,355		596		41,951
2019	43,156		864		44,020
2020	41,851		882		42,733
2021	48,686		230		48,916
2022	57,821		65		57,886

(1) For fiscal years 2013 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

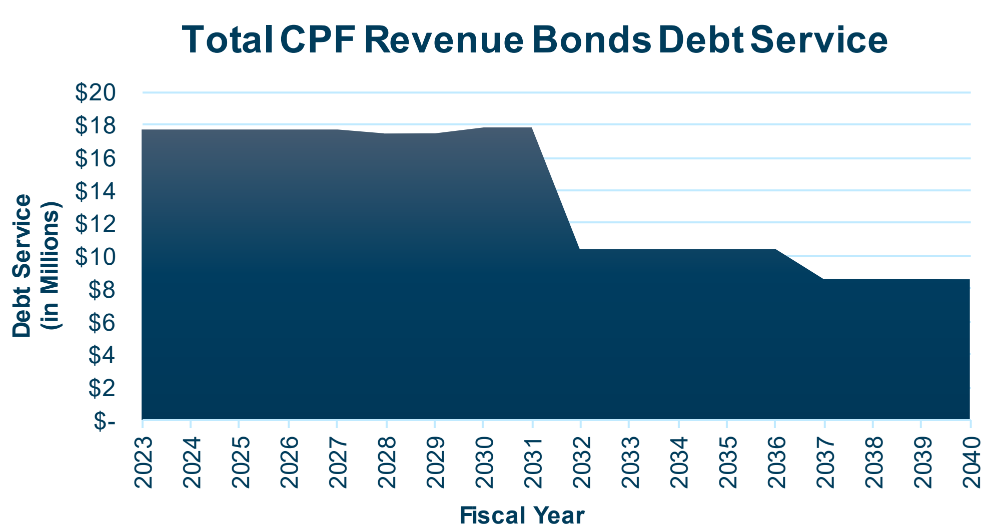
Debt Service Requirements

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; 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 2018 Bonds Debt Service	Series 2020A Bonds Debt Service	Series 2020B Bonds Debt Service	Total Bonds Debt Service*
			(In Thousands)		
2023	$ 9,052	$ 2,504	$ 2,678	$ 3,519	$ 17,753
2024	9,057	2,506	2,676	3,517	17,756
2025	9,056	2,503	2,677	3,519	17,755
2026	9,055	2,505	2,677	3,520	17,757
2027	9,055	2,506	2,678	3,518	17,757
2028	-	5,066	8,927	3,520	17,513
2029	-	5,066	9,766	2,688	17,520
2030	-	5,060	12,804	-	17,864
2031	-	9,347	8,522	-	17,869
2032	-	9,348	1,116	-	10,464
2033	-	9,345	1,121	-	10,466
2034	-	9,347	1,119	-	10,466
2035	-	9,347	1,118	-	10,465
2036	-	9,347	1,121	-	10,468
2037	-	-	8,536	-	8,536
2038	-	-	8,538	-	8,538
2039	-	-	8,538	-	8,538
2040	-	-	8,539	-	8,539

*Does not include Refunded Bonds

Debt Service Requirements are shown in the graph below:

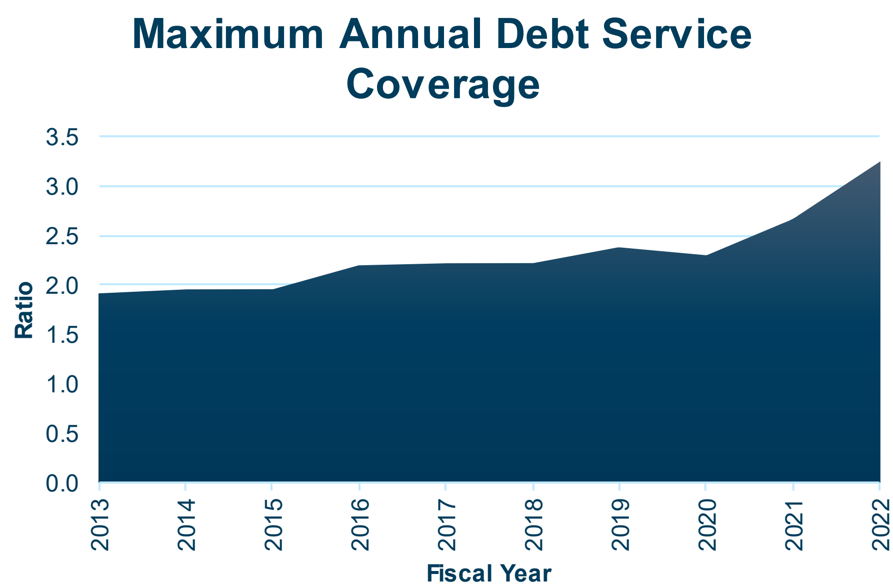


DEBT SERVICE DEPOSIT REQUIREMENTS AND COVERAGE (Continued)

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, 2022 is shown below:

Commonwealth Port Fund Primary Income for fiscal year ended June 30, 2022 (in thousands)	$	57,886
Maximum Annual Debt Service (fiscal year 2031) (in thousands)	$	17,869
Pro Forma Maximum Annual Debt Service Coverage		3.24



AUTHORITY REVENUES AND EXPENSES
Five Year Schedule
(Cash Basis)

	Fiscal Year Ended June 30,				
	2018	2019	2020	2021	2022
			(In Thousands)		
Revenues:					
Special Fund	$ 150,242	$ 177,489	$ 160,492	$ 264,777	$ 461,247
Commonwealth Port Fund	41,951	42,994	43,971	45,579	58,388
General Fund and Other	17,814	20,397	12,816	5,256	2,617
Total revenues	210,007	240,880	217,279	315,612	522,252
Operating Expenditures:					
Economic Development Services:					
National and international trade services	3,460	4,401	3,928	3,884	3,833
Commerce advertising	868	601	740	426	20
Port Facilities Planning, Maintenance, Acquisition and Construction:					
Maintenance and operation of Port facilities	16,837	14,057	19,309	27,364	19,186
Port facilities planning	497	319	5	13	12
Debt service for Port facilities	36,287	40,299	38,044	42,695	44,465
Financial Assistance for Port Activities:					
Aid to local ports	1,187	1,637	2,185	2,302	3,563
Payment in lieu of taxes	1,186	835	1,241	1,376	1,544
Administration and Support Services:					
General management and direction	20,792	21,636	25,180	25,412	25,098
Facility rental	72,980	88,003	90,484	90,225	95,352
Security services	8,922	11,662	11,201	9,410	10,769
Total operating expenditures	163,016	183,450	192,317	203,107	203,842
Funds available for capital projects	$ 46,991	$ 57,430	$ 24,962	$ 112,505	$ 318,410

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)

	2017	2018	2019	2020	2021
Exports:					
Soybeans and products	1,193,392	992,683	1,125,101	1,407,782	1,493,241
Wood pulp	869,404	761,463	817,174	933,449	958,155
Logs and lumber	1,280,448	1,703,765	784,436	696,838	861,555
Pet and animal feeds	568,277	710,100	656,282	847,080	851,644
Paper and paperboard	868,676	756,664	689,676	667,851	731,917
Imports:					
Furniture	852,501	910,630	867,517	848,511	1,079,478
Plastic products	302,759	390,054	412,707	488,565	658,909
Auto parts	479,020	512,542	406,515	-	321,965
Non alcoholic beverages	-	-	233,866	265,986	306,615
Paper and paperboard	-	-	-	205,321	292,379

* 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)

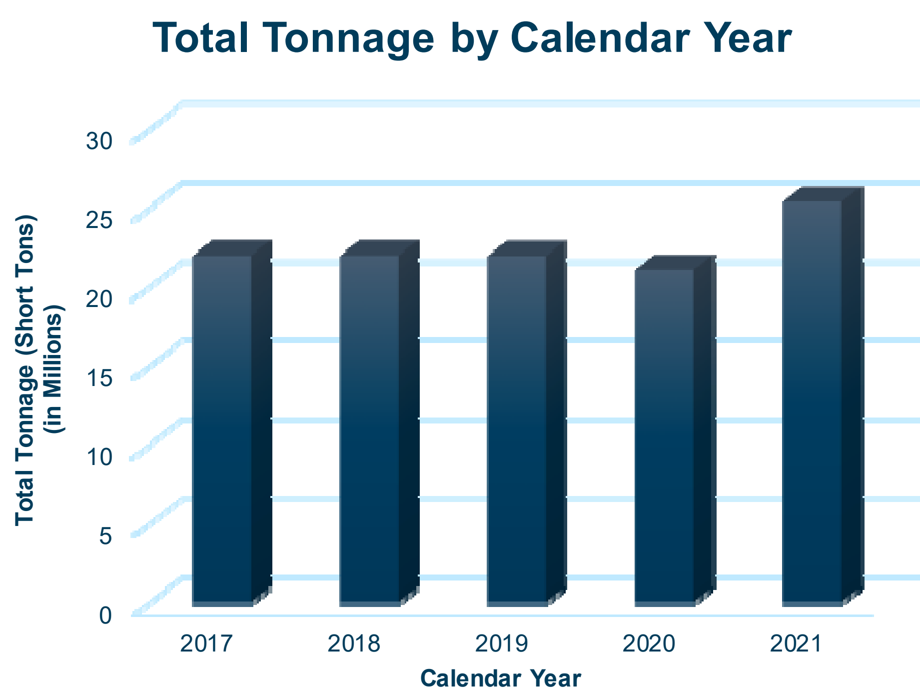
Presented below is information concerning the volume of general cargo handled at all facilities that comprise the Port of Virginia.

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

	2017	2018	2019	2020	2021
Breakbulk	187,124	189,429	161,489	80,097	147,686
Container	21,784,594	21,785,434	21,779,258	21,001,830	25,206,462
Total tons	21,971,718	21,974,863	21,940,747	21,081,927	25,354,148

* 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, 2022

PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2016A

PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2016B

PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2016C

BASE CUSIP NUMBER: 928077

CONTINUING DISCLOSURE AGREEMENT
ANNUAL REPORT
Fiscal Year Ended June 30, 2022

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,				
	2018	2019	2020	2021	2022
			(In Thousands)		
Revenues:					
Special Fund	$ 150,242	$ 177,489	$ 160,492	$ 264,777	$ 461,247
Commonwealth Port Fund	41,951	42,994	43,971	45,579	58,388
General Fund and Other	17,814	20,397	12,816	5,256	2,617
Total revenues	210,007	240,880	217,279	315,612	522,252
Operating Expenditures:					
Economic Development Services:					
National and international trade services	3,460	4,401	3,928	3,884	3,833
Commerce advertising	868	601	740	426	20
Port Facilities Planning, Maintenance, Acquisition and Construction:					
Maintenance and operation of Port facilities	16,837	14,057	19,309	27,364	19,186
Port facilities planning	497	319	5	13	12
Debt service for Port facilities	36,287	40,299	38,044	42,695	44,465
Financial Assistance for Port Activities:					
Aid to local ports	1,187	1,637	2,185	2,302	3,563
Payment in lieu of taxes	1,186	835	1,241	1,376	1,544
Administration and Support Services:					
General management and direction	20,792	21,636	25,180	25,412	25,098
Facility rental	72,980	88,003	90,484	90,225	95,352
Security services	8,922	11,662	11,201	9,410	10,769
Total operating expenditures	163,016	183,450	192,317	203,107	203,842
Funds available for capital projects	$ 46,991	$ 57,430	$ 24,962	$ 112,505	$ 318,410

VIRGINIA INTERNATIONAL TERMINALS, LLC REVENUES AND EXPENSES
Five Year Schedule

	Fiscal Year Ended June 30,				
	2018	2019	2020	2021	2022
	(In Thousands)				
Revenues:					
Operating	$ 521,073	$ 551,236	$ 496,258	$ 619,581	$ 873,707
Nonoperating	(24)	256	394	360	-
Gross revenues	521,049	551,492	496,652	619,941	873,707
Expenses:					
Operating and maintenance expenses	333,006	341,546	321,288	328,761	373,152
Administrative expenses	47,270	52,797	40,094	43,525	63,804
Nonoperating	-	-	-	-	2,728
Total expenses	380,276	394,343	361,382	372,286	439,684
Income before transfers[1]	$ 140,773	$ 157,149	$ 135,270	$ 247,655	$ 434,023

[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.

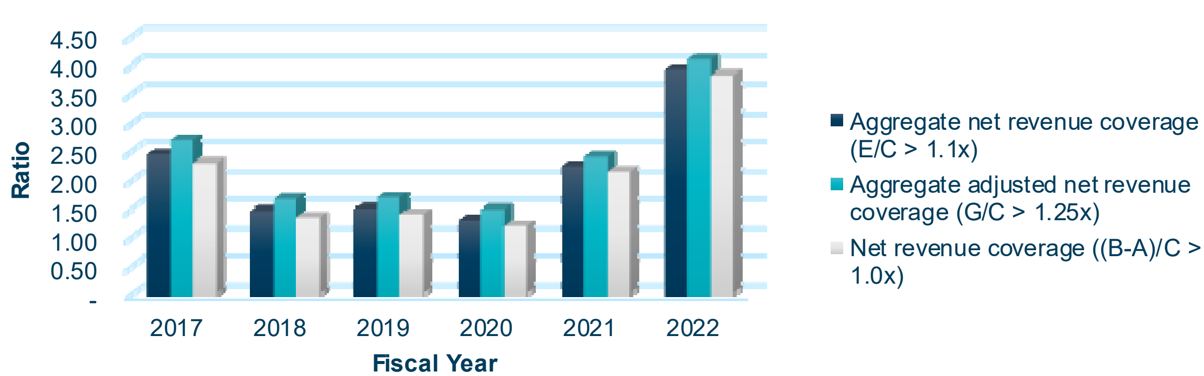
Source: VIT accrual basis financial statements for the indicated fiscal years.

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

	Fiscal Year Ended June 30,					
	2017	2018	2019	2020	2021	2022
			(In Thousands)			
VIRGINIA INTERNATIONAL TERMINALS						
VIT/HRCP II gross receipts	$ 484,494	$ 550,211	$ 589,670	$ 556,625	$ 631,182	$ 905,761
VIT/HRCP II current expenses	(350,771)	(421,533)	(419,549)	(416,717)	(403,298)	(471,421)
VIT liquidity reserve withdrawal (deposit)	(2,543)	6,061	(10,031)	(677)	4,745	(721)
One-time cash transfers HRCP II	5,827	-	-	-	-	-
VIT CEMA liquidation	16,061	-	-	-	-	-
VIT/HRCP II port operator capital expenditures **(A)**	(7,579)	(11,046)	(6,456)	(11,091)	(8,193)	(9,067)
VIT/HRCP II payment (per Payment Agreement to VPA)	145,489	123,693	153,634	128,140	224,436	424,552
VIRGINIA PORT AUTHORITY						
Gross revenues:						
VIT/HRCP II payment per Payment Agreement	145,489	123,693	153,634	128,140	224,436	424,552
Other VPA income and interest income	10,037	11,186	15,052	17,247	20,271	21,433
Total gross revenues	155,526	134,879	168,686	145,387	244,707	445,985
Current expenses:						
Terminal expenditures	(26,488)	(24,606)	(27,837)	(27,756)	(22,669)	(21,440)
Operating lease payments	(17,429)	(185)	(185)	(185)	(132)	(793)
Total current expenses	(43,917)	(24,791)	(28,022)	(27,941)	(22,801)	(22,233)
Net revenue (B)	111,609	110,088	140,664	117,446	221,906	423,752
VPA Commonwealth Port Fund used for O & M **(P)**	7,657	8,162	9,975	10,192	6,097	7,373
VPA Commonwealth Port Fund used for VIG rent **(Q)**	5,831	9,996	9,996	9,996	9,996	9,996
Revenue stabilization fund balance	29,082	39,661	39,973	40,116	39,933	39,338
25% of revenue stabilization fund balance **(D)**	7,271	9,915	9,994	10,029	9,983	9,835
Net revenue (B)	111,609	110,088	140,664	117,446	221,906	423,752
Aggregate net revenue **(E)** (E = B + D - A)	126,459	131,049	157,114	138,566	240,082	442,654
Adjusted net revenue **(F)** (F = B + P + Q)	125,097	128,246	160,635	137,634	237,999	441,121
Aggregate adjusted net revenue **(G)** (G = F + D - A)	139,947	149,207	177,085	158,754	256,175	460,023
DEBT SERVICE COVERAGE						
Senior debt service:						
Senior obligations	42,578	72,795	87,818	90,299	90,092	95,352
Series 2016 Bonds principal and interest requirements	9,614	17,537	17,504	17,068	17,414	17,387
Aggregate principal and interest requirements (C)	$ 52,192	$ 90,332	$ 105,322	$ 107,367	$ 107,506	$ 112,739

Debt Service Coverage	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022
Aggregate net revenue coverage (E/C > 1.1x)	2.42	1.45	1.49	1.29	2.23	3.93
Aggregate adjusted net revenue coverage (G/C > 1.25x)	2.68	1.65	1.68	1.48	2.38	4.08
Net revenue coverage ((B-A)/C > 1.0x)	2.28	1.34	1.40	1.20	2.14	3.84

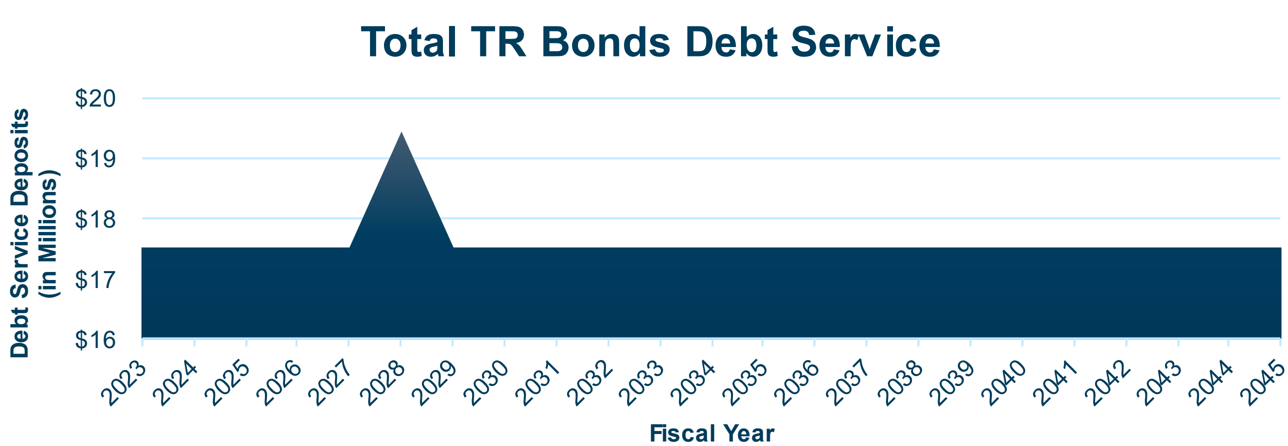
Debt Service Coverage under Res. 16-9



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
			(In Thousands)	
2023	$ 7,434	$ 6,775	$ 3,326	$ 17,535
2024	7,439	6,774	3,323	17,536
2025	7,440	6,778	3,317	17,535
2026	7,452	6,775	3,309	17,536
2027	7,446	6,776	3,313	17,535
2028	5,455	3,820	10,159	19,434
2029	10,760	6,775	-	17,535
2030	10,759	6,778	-	17,537
2031	10,757	6,777	-	17,534
2032	10,757	6,779	-	17,536
2033	10,758	6,778	-	17,536
2034	10,758	6,778	-	17,536
2035	10,757	6,780	-	17,537
2036	10,760	6,776	-	17,536
2037	10,761	6,773	-	17,534
2038	10,761	6,775	-	17,536
2039	10,761	6,776	-	17,537
2040	10,757	6,780	-	17,537
2041	10,756	6,777	-	17,533
2042	10,759	6,777	-	17,536
2043	10,760	6,778	-	17,538
2044	10,758	6,780	-	17,538
2045	10,761	6,773	-	17,534



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)

	2017	2018	2019	2020	2021
Exports:					
Soybeans and products	1,193,392	992,683	1,125,101	1,407,782	1,493,241
Wood pulp	869,404	761,463	817,174	933,449	958,155
Logs and lumber	1,280,448	1,703,765	784,436	696,838	861,555
Pet and animal feeds	568,277	710,100	656,282	847,080	851,644
Paper and paperboard	868,676	756,664	689,676	667,851	731,917
Imports:					
Furniture	852,501	910,630	867,517	848,511	1,079,478
Plastic products	302,759	390,054	412,707	488,565	658,909
Auto parts	479,020	512,542	406,515	-	321,965
Non alcoholic beverages	-	-	233,866	265,986	306,615
Paper and paperboard	-	-	-	205,321	292,379

* 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)

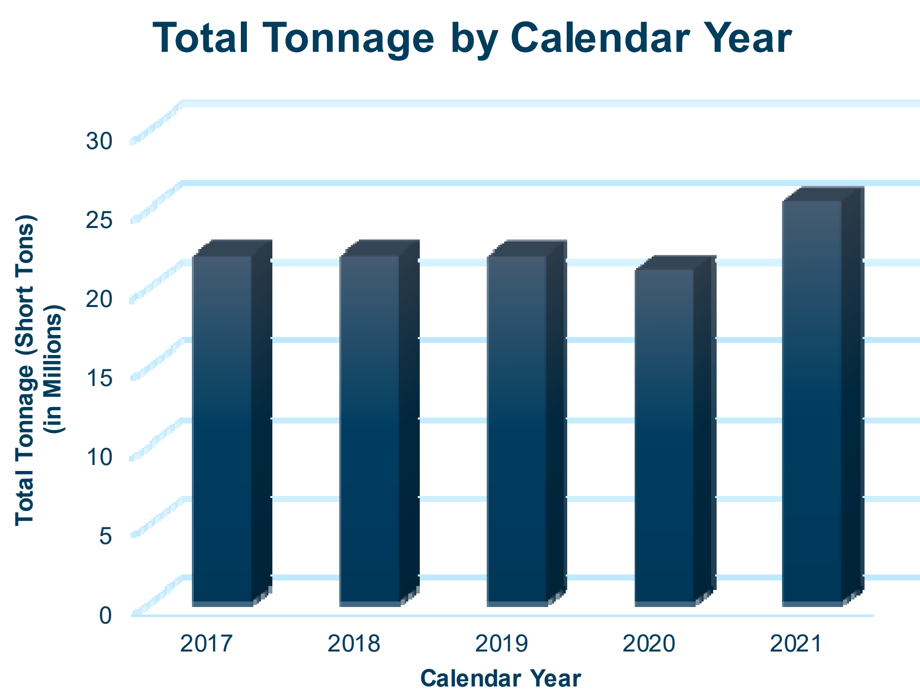
Presented below is information concerning the volume of general cargo handled at all facilities that comprise the Port of Virginia.

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

	2017	2018	2019	2020	2021
Breakbulk	187,124	189,429	161,489	80,097	147,686
Container	21,784,594	21,785,434	21,779,258	21,001,830	25,206,462
Total tons	21,971,718	21,974,863	21,940,747	21,081,927	25,354,148

* 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



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

	Fiscal Year Ended June 30,									
	2013 Restated[(1)]	2014 Restated[(1)]	2015	2016	2017 Restated[(1)]	2018	2019	2020	2021	2022
					(In Thousands)					
Operating revenues:										
Terminal operating revenues	$ 339,460	$ 383,714	$ 451,242	$ 444,444	$ 478,261	$ 522,069	$ 551,236	$ 496,258	$ 619,580	$ 873,982
Other revenues	7,971	7,763	9,148	9,340	10,102	10,445	11,186	10,946	13,120	19,064
Operating revenues - grants, federal and state	4,903	5,192	5,295	6,391	2,114	5,534	5,198	5,704	5,915	4,105
Total operating revenues	352,334	396,669	465,685	460,175	490,477	538,048	567,620	512,908	638,615	897,151
Operating expenses:										
Terminal operations	153,682	176,244	222,665	209,681	218,813	247,513	251,470	217,208	231,239	261,743
Terminal maintenance	70,959	92,161	86,936	89,884	94,534	104,687	108,679	112,129	107,231	120,376
General and administrative	90,785	98,543	92,159	105,328	67,085	52,425	57,033	60,158	59,192	54,990
Depreciation and amortization	47,979	46,612	46,649	47,723	74,406	84,271	86,940	103,839	121,836	191,988
Total operating expenses	363,405	413,560	448,409	452,616	454,838	488,896	504,122	493,334	519,498	629,097
Operating income (loss)	(11,071)	(16,891)	17,276	7,559	35,639	49,152	63,498	19,574	119,117	268,054
Non-operating revenues (expenses):										
Investment income (loss), net	334	556	502	704	920	1,368	4,053	6,177	1,075	(1,880)
Interest expense	(20,532)	(16,888)	(14,241)	(18,365)	(88,233)	(125,369)	(123,516)	(125,264)	(124,144)	(174,152)
Revenue from federal sources	3,320	493	707	9,653	11,988	786	7,490	3,152	7,158	5,877
Revenue from state sources	(159)	306	-	6,143	6,791	3,265	3,345	2,725	3,453	8,520
Revenue from private sources	-	-	-	-	-	-	-	-	-	5,567
Other income (expenses)	(917)	(69)	(627)	(3,292)	(4,977)	(2,486)	(3,665)	(3,418)	(4,355)	(5,090)
Gain (loss) on disposals	709	3	-	(1,107)	(21)	(1,769)	744	271	372	480
Income (loss) before capital contributions and transfers	(28,316)	(32,490)	3,617	1,295	(37,893)	(75,053)	(48,051)	(96,783)	2,676	107,376
Capital contributions and transfers:										
Commonwealth Port Fund allocation	37,224	36,652	38,418	42,367	41,469	41,126	43,051	41,922	48,778	57,821
Capital contributions from component unit	-	11	-	-	-	-	-	-	-	-
Payments to federal government - channel dredging	-	-	-	(5,500)	(845)	(984)	(3,224)	(17,402)	(54,679)	(23,335)
Proceeds from primary government	-	-	-	-	84,661	54,261	97,656	114,049	65,943	21,282
Capital contributions from other state agencies	-	-	-	153	-	-	-	-	535	-
Cumulative effect of changes in accounting principle[(2)]	(4,565)	12,207	(29,916)	-	7	-	-	-	-	233,086
Increase (decrease) in net position	4,343	16,380	12,119	38,315	87,399	19,350	89,432	41,786	63,253	396,230
Special item - lease conversion	-	-	-	-	13,277	-	-	-	-	-
Increase (decrease) in net position after special item	4,343	16,380	12,119	38,315	100,676	19,350	89,432	41,786	63,253	396,230
Net position - beginning of year	451,839	456,182	472,562	484,681	522,996	623,672	643,022	732,454	774,240	837,493
Net position - end of year	$ 456,182	$ 472,562	$ 484,681	$ 522,996	$ 623,672	$ 643,022	$ 732,454	$ 774,240	$ 837,493	$ 1,233,723

(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*; 2022 VPA/VIT adopted GASB Statement No. 87, *Leases*.

VIRGINIA PORT AUTHORITY ©
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Use of dredge material to restore Virginia beaches