Virginia Port Authority

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2008

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE

VIRGINIA PORT AUTHORITY

A COMPONENT UNIT OF THE COMMONWEALTH OF VIRGINIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Prepared by the Finance Department of the
Virginia Port Authority

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INTRODUCTORY SECTION

COMMONWEALTH of VIRGINIA

Virginia Port Authority
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Norfolk, Virginia 23510-1679
Telephone (757) 683-8000
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Jerry A. Bridges
Executive Director

October 29, 2008

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

Dear Commissioners:

The Comprehensive Annual Financial Report (CAFR) of the Virginia Port Authority (the Authority) for the fiscal year ended June 30, 2008, 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. 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 ongoing independent financial audit performed by the Authority's independent financial auditors, the Auditor of Public Accounts, as well as numerous other audit functions, adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

The Auditor of Public Accounts has issued an unqualified opinion on the Virginia Port Authority's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the beginning of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Virginia Port Authority

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

The Authority is managed by a 12 member Board of Commissioners - the State Treasurer and 11 citizens appointed by the Governor. The Board of Commissioners, the VPA Executive Director and his staff, and the management of our component unit Virginia International Terminals, Inc. (VIT), work to promote, develop, and increase commerce at the Ports of Virginia, and other port related industries in the Commonwealth.

VIT was established in 1982 to operate the facilities owned by the Authority. VIT operates the state-owned ports through a Service Agreement with the Authority. The Virginia Port Authority Board of Commissioners makes appointments to the VIT Board. The Executive Director of the Virginia Port Authority is a permanent member of the VIT Board along with 6 appointed citizens from the localities. VIT's financial information is presented in the Authority's financial statements as a discrete component unit to emphasize that it is legally separate from the Authority, and that it serves or benefits those outside of the Authority. The financial statements of VIT were audited by other auditors. The VIT budget is prepared annually and approved by the VPA Board of Commissioners prior to July 1 of each fiscal year. More detailed information can be found in the footnotes to the financial statements.

The Authority is included in the Commonwealth of Virginia’s budget. Authority staff prepares and submits 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.

Virginia Port Authority and the Economy

The Port’s success has generated huge economic spin-off benefits to the Commonwealth. Annually, port-related business provides over 343,000 jobs, $13.5 billion in payroll revenues, and $1.2 billion in local tax revenues. Since 1996, port-related warehousing and distribution investment has increased by over $416 million and employed over 12,000 people in the Hampton Roads area alone. The Virginia Inland Port, located in Front Royal Virginia, has stimulated the attraction of some 24 warehousing and distribution centers providing a total income of $599 million with over 6 million square feet of space together with employee levels of over 7,000 workers. Household names like Wal-Mart, Target, Home

Depot, Dollar Tree, Lillian Vernon, and Cost Plus have all set up distribution facilities in the Commonwealth in large measure due to the presence of a world class port facility and structure.

In September 2007, APM Terminals, a sister company of Maersk-Sealand shipping line – the largest shipping line in the world, invested over $500 million in Virginia to construct a new 300 acre container terminal in Portsmouth. This is the largest investment in a company owned container terminal in the U.S. and a huge investment in the Commonwealth's future. This is the first time that a shipping line has invested its own money to construct a marine terminal from the ground up. The terminal is expected to generate $6.4 billion in economic impact to the Commonwealth over its first 15 years of operation.

Over the next twenty years, containerized cargo volume is expected to triple, far exceeding the current capacity of the port network in the U.S. The Port of Virginia has two unique opportunities to meet this demand with the opening of the APM terminal and the proposed development of a new container terminal on the eastward side of Craney Island. The Hampton Roads region is beginning to mobilize around the opportunity to develop 20-60 million square feet of supporting distribution center space. Combined with port facilities, this will position Virginia to become the international gateway for the East Coast.

The VPA/VIT organization is unique in the industry and has a proven track record for success. For nearly 25 years, this structure has resulted in phenomenal growth, benefiting not only Virginians but also the entire U.S. We expect to continue to build on past successes and develop the port into the primary gateway for international cargo transported through the Mid-Atlantic and Mid-West regions of the United States.

Finance and Risk Management

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

Certain statistical information included in the CAFR were not obtained from the financial records of the Authority but are presented for the CAFR user's information and understanding of the Authority and the environment in which the Authority operates.

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

Major Initiatives and Accomplishments

1. **<u>TEU (twenty-foot equivalent container unit) volume and increase from fiscal year (FY) 2007:</u>**

FY2007	2,055,864
FY2008	2,144,361 = 4.3% Increase

2. **<u>Increase in rail volume in 2008:</u>**

FY 2007	253,590 containers
FY 2008	276,634 containers = 9.1% Increase

3. **<u>Marketing and Economic Development:</u>**

- VIT signed its largest customer to a 10-year contract valued at more than $500 million. The shipping consortium known as the CKYHU includes the international carriers Costco, "K" Line, Yang Ming, Hanjin Shipping, Inc., and United Arab Shipping Co. With the signing, VIT concluded long-term contract negotiations with all of its customers solidifying the relationships well into the next decade.

- Established a marketing presence in India in order to further develop trade on the Indian subcontinent. Announced an international trade summit focusing on trade with India.

- Announced the development of over 2.7 million square feet of new distribution warehouse facilities supported by the port facilities.

- Completed a customer satisfaction survey with 63% of respondents indicating that they were either "very satisfied" or "extremely satisfied" with the services provided.

4. **<u>Capital Improvements:</u>**

- Completed the extension of the north wharf at Norfolk International Terminals (NIT) including the acquisition of 3 new post-Panamax container cranes.

- Completed construction of approximately 20 acres of container yard immediately behind the south wharf at NIT.

- Initiated the movement of mainline railroad tracks from city streets into the median of a state and federal highway. Project is part of the multi-state Heartland Corridor project to speed cargo to the Midwest.

- Substantially completed the first phase of expansion of the NIT central rail yard to add approximately 12,000 feet of new track and increase the rail capacity by 50%.

- Completed construction of a new 21,000 square foot office building for VIT administrative staff, moving them off of the terminal.

5. **Craney Island:**

- Obtained congressional authorization for up to \$356.1 million in federal funding to expand Craney Island in order to develop a 580 acre marine terminal.

6. **Administration:**

- Achieved both ISO 9001 and 14001 certifications as promulgated by the International Organization on Standardization (ISO). The focus of ISO 9001 is to ensure the Authority's management system is documented, customer focused, and driven to continuous improvement. The focus of ISO 14001 is to establish an environmental management system to ensure the Authority's business practices minimize their impact on the environment.

- Increased contracting activities with Small, Woman, and Minority-owned (SWaM) businesses from 11.7% to 28%.

- Awarded over \$3.2 million in federal security grants to improve port security infrastructure and emergency response and preparedness.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Virginia Port Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the second consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of the Comprehensive Annual Financial Report (CAFR), as always, represents the combined effort of the entire Finance Department of the Virginia Port Authority and the Auditor of Public Accounts. Finally, we express our deepest appreciation to the members of the Virginia Port Authority Board of Commissioners for their continued guidance and leadership towards ensuring the fiscal integrity of the Virginia Port Authority.

Respectfully Submitted,

Jerry A. Bridges
Executive Director

Rodney W. Oliver
Rodney W. Oliver
Director of Finance and
Treasurer to the Board

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Virginia Port Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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VIRGINIA PORT AUTHORITY

Norfolk, Virginia

BOARD OF COMMISSIONERS

John G. Milliken, Chairman

Robert C. Barclay, IV, Vice Chairman

Martin J. Barrington
Stephen M. Cumbie
Joe B. Fleming
Mark B. Goodwin
Allen R. Jones, Jr.
Michael J. Quillen
Ranjit K. Sen
Deborah K. Stearns
Thomas M. Wolf

J. Braxton Powell, State Treasurer
(ex-officio member of the Board)

Jerry A. Bridges, Executive Director

Rodney W. Oliver, Treasurer to the Board

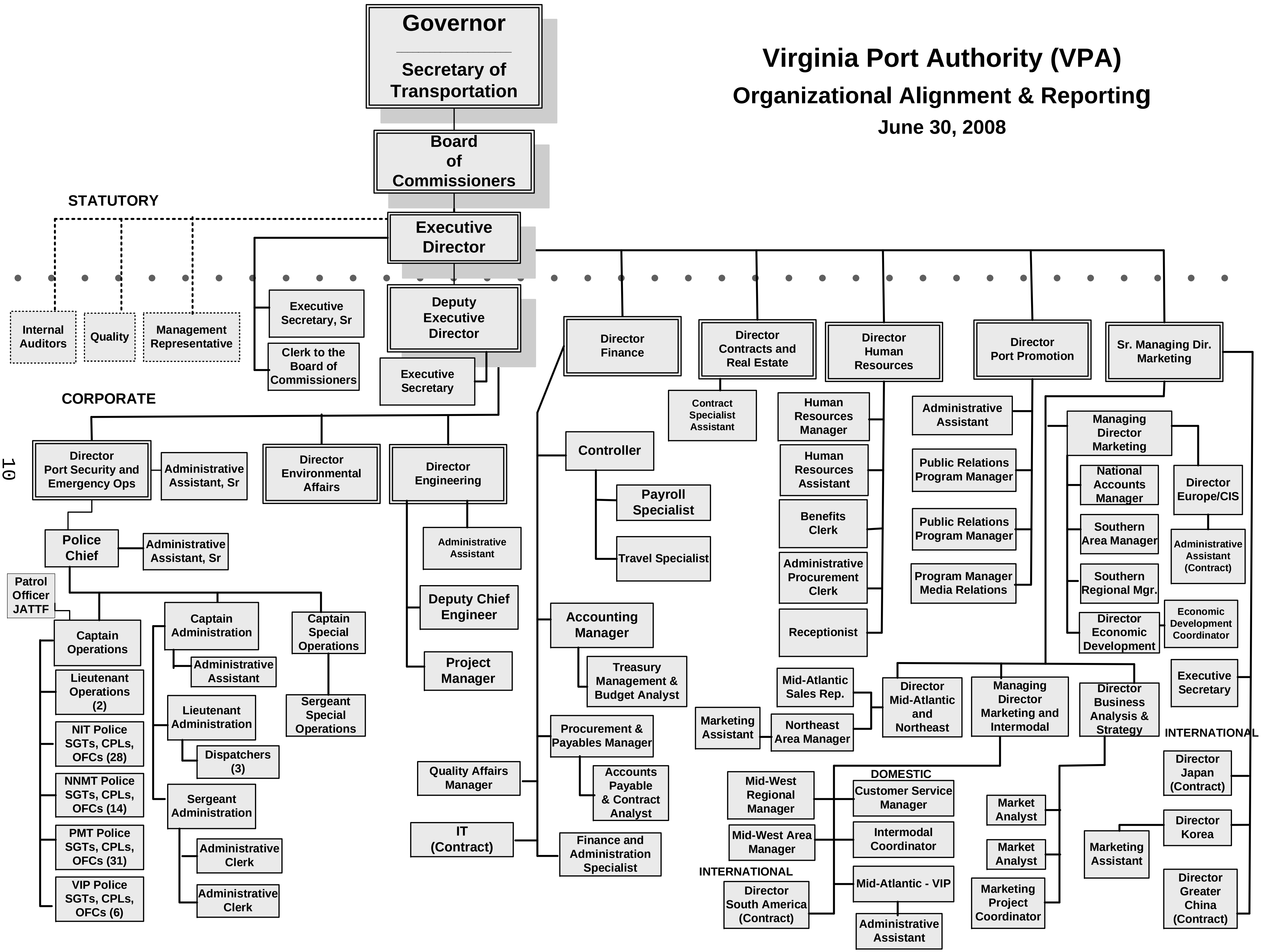
Debra J. McNulty, Clerk to the Board

Jodie L. Asbell, Deputy Clerk to the Board

Virginia Port Authority (VPA)

Organizational Alignment & Reporting

June 30, 2008



Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

October 29, 2008

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable M. Kirkland Cox
Chairman, Joint Legislative Audit
And Review Commission

Board of Commissioners
Virginia Port Authority

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of the Virginia Port Authority (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia International Terminals, Inc., a component unit of the Authority, which is discussed in Note 1. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit of the authority is based on the reports of other auditors. The prior year summarized comparative information has been derived from the Authority's 2007 financial statements, which included the financial statements of the Virginia International Terminals, Inc., and in our report dated October 31, 2007, we expressed unqualified opinions on the business-type activities and discretely presented component unit, based in part on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Honorable Timothy M. Kaine
The Honorable M. Kirkland Cox
Board of Commissioners
October 29, 2008
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In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Virginia Port Authority and its discreetly presented component unit as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 13 through 21 are not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Virginia Port Authority's basic financial statements. The introductory section, the statistical section, and the compliance section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section, the statistical section, and the compliance section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2008 on our consideration of the Virginia Port 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

AUDITOR OF PUBLIC ACCOUNTS

AWP/clj

VIRGINIA PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

(Unaudited)

Our discussion and analysis of the Virginia Port Authority's (the Authority's) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Authority's financial statements and notes to financial statements. Virginia International Terminals, Inc. (VIT) is presented in the Authority's financial statements as a discrete component unit to emphasize that it is legally separate from the Authority, and that it serves or benefits those outside of the Authority. The financial statements of VIT were audited by other auditors. VIT's Management Discussion and Analysis is included in those audited financial statements.

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 of the ports of the Commonwealth, promoting the shipment of goods and cargoes through the ports, improving the navigable tidal waters within the Commonwealth, and in general to perform any act or function which may be useful in developing, improving, or increasing the commerce of the ports of the Commonwealth. The Authority owns and is responsible for the operations and security of three marine terminals: Norfolk International Terminals (NIT), Portsmouth Marine Terminal (PMT), and Newport News Marine Terminal (NNMT), and an inland intermodal facility, the Virginia Inland Port (VIP) located in Front Royal, Virginia. These facilities primarily handle import and export containerized and break-bulk cargoes.

A Board of Commissioners composed of 12 members manages the Authority. The Commissioners consist of 11 citizens appointed by the Governor in addition to the State Treasurer who is an ex-officio member of the Board. While the Commissioners remain on the Board at the continuing pleasure of the Governor, they serve staggered five-year terms. Commissioners may serve a maximum of two consecutive terms.

FINANCIAL HIGHLIGHTS

- Operating revenues for the Authority were $77.4 million. Container volume in the port for the fiscal year ended June 30, 2008 was 2,144,361 TEU's (twenty-foot equivalent container units), an increase of 4.3% from fiscal year 2007.

- The Authority's net assets increased by $64.9 million for the fiscal year ended June 30, 2008.

- The assets of the Authority exceeded its liabilities by $389.3 million at the fiscal year ended June 30, 2008. Of this amount, $55.3 million was unrestricted and may be used to meet the Authority's ongoing obligations to creditors.

- The Authority's total assets increased $112.4 million and total liabilities increased $47.5 million during fiscal year ended June 30, 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

As stated above, the Authority operates as a single Enterprise Fund with one component unit, Virginia International Terminals, Inc. (VIT). The financial statements are prepared on the accrual basis of accounting, therefore revenues are recognized when earned and expenses are recognized when incurred. Capital assets, except land, are capitalized and depreciated over their useful life. Please refer to Note 1 in the accompanying notes to the financial statements for a summary of the Authority's significant accounting policies. Following this MD&A are the basic financial statements and supplementary information of the Authority. These statements and the statistical information, along with the MD&A are designed to provide readers with a complete understanding of the Authority's finances.

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

Statement of Net Assets

The Statement of Net Assets presents the financial position of the Authority at the end of the fiscal year. The statement includes all assets and liabilities of the Authority. Net assets, the difference between total assets and total liabilities, is an 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, liabilities, and net assets at June 30, 2008 and 2007 are as follows:

Authority Net Assets
(in Millions)

	2008	2007
ASSETS:		
Capital assets	$ 770.5	$ 691.3
Other assets	205.7	172.5
Total assets	976.2	863.8
LIABILITIES:		
Current liabilities	57.2	56.8
Noncurrent liabilities	529.7	482.7
Total liabilities	586.9	539.5
NET ASSETS:		
Invested in capital assets, net of debt	295.3	246.9
Restricted for debt service	38.7	37.9
Unrestricted	55.3	39.5
Total net assets	$ 389.3	$ 324.3

Capital assets increased $79.2 million from year 2007. Construction in Progress was up by $21.1 million primarily due to an increase in expenditures on the development of the Craney Island Marine Terminal (Craney) and NIT infrastructure projects. Depreciable capital assets increased by $58.1 million primarily from the completion of major projects at NIT including the expansion of container yard, rail yard modifications, and wharf deepening as well as the purchase of 9 straddle carriers and completion of redesign of the transfer zone at PMT. Other assets increased $33.2 million from fiscal year 2007 primarily as a result of an increase in restricted cash assets of $38.5 due to an increase of general fund cash ($24.1 million) in support of the median rail relocation and Craney projects during fiscal year 2008 and proceeds from a $65 million in Bond Anticipation Note (BAN) issuance.

Noncurrent liabilities increased $47.0 million primarily as a result of the issuance of a $65 million BAN for capital projects, net of principal payments on other long-term debt.

The largest portion of the Authority's net assets (75.9% at June 30, 2008) represents its investment in capital assets (e.g. land, buildings, infrastructure, improvements, and equipment), less the related debt outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to major steamship lines and their agents for movement of maritime cargo; consequently these assets are not available for future spending. Although the Authority's investment in capital assets reported is shown net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations and appropriation, since the capital assets themselves generally are not sold to liquidate liabilities.

An additional portion of the Authority's net assets (9.9% at June 30, 2008) represents resources that are subject to external restrictions on how they can be used under bond resolutions and federal regulations. The remaining unrestricted net assets (14.2% at June 30, 2008) may be used to meet any of the Authority's ongoing obligations.

Consolidated Statement of Revenues, Expenses, and Changes in Net Assets

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Authority's operations and can be used to determine whether the Authority's fiscal condition has improved or worsened during the year. A summary of the Authority's revenues, expenses, and changes in net assets for the years ended June 30, 2008 and 2007 are as follows:

Authority Revenues, Expenses, and Changes in Net Assets
(in Millions)

	2008	2007
Operating revenues	$ 77.4	$ 72.3
Operating expenses	65.2	61.0
Operating earnings (loss)	12.2	11.3
Non-operating revenues and expenses	(14.9)	(12.6)
Loss before capital contributions and transfers	(2.7)	(1.3)
Capital contributions and transfers:		
Commonwealth port fund allocation	36.0	36.5
Contributions (to)/from component unit	.7	(2.5)
Commonwealth rail relocation income/(expense), net	(1.3)	(.3)
Proceeds from other state agencies	7.3	-
Capital grants from the federal government	.9	.3
Proceeds (to)/from primary government	24.0	(.2)
Increase(decrease) in net assets	$ 64.9	$ 32.5

Total operating revenues increased $5.1 million (or 7%) during fiscal year 2008. The increase was due primarily to a 4.3% increase in volume, an increase of $1 per container for security surcharges, and revenues from hosting an international port convention. In addition, several operating improvement initiatives at the component unit level contributed to the increase in Authority operating revenues. Operating expenses for the fiscal year ended June 30, 2008, were $4.1 million (or 7%) over fiscal year 2007 primarily as a result of an increase in salary and benefit costs, hosting an international port convention, and an increase in aid to local ports.

During the fiscal year ended June 30, 2008, net non-operating revenues and expenses decreased by $2.3 million from fiscal year 2007. The decrease was primarily due to a decrease in interest income of $2.7 million as a result of lower interest rates and smaller construction fund balances during the year.

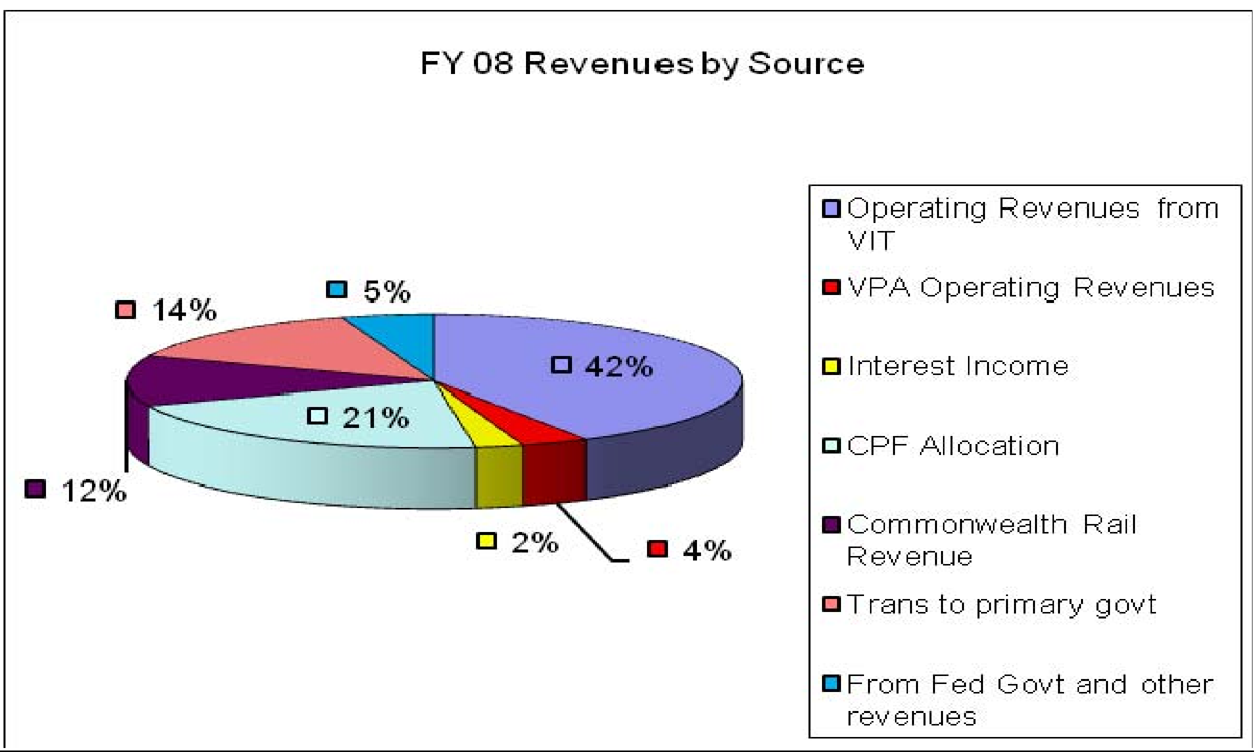
The Commonwealth port fund allocation represents the Authority's 4.2% allocation of revenues from the Commonwealth's Transportation Trust Fund, a combination of a portion of the state sales tax, and motor vehicle fuel and related taxes and fees. Commonwealth port fund collections by the Commonwealth were 1.3% below the previous fiscal year due to lower fuel consumption due to the rise in fuel costs and the slowing economy.

Contributions to component unit, net, included transfers to VIT to complete certain capital projects, net of leasehold improvements made by VIT and transferred to the Authority. The Authority transferred $.8 million and $1.6 million to VIT to complete certain capital projects during fiscal year 2008 and 2007, respectively.

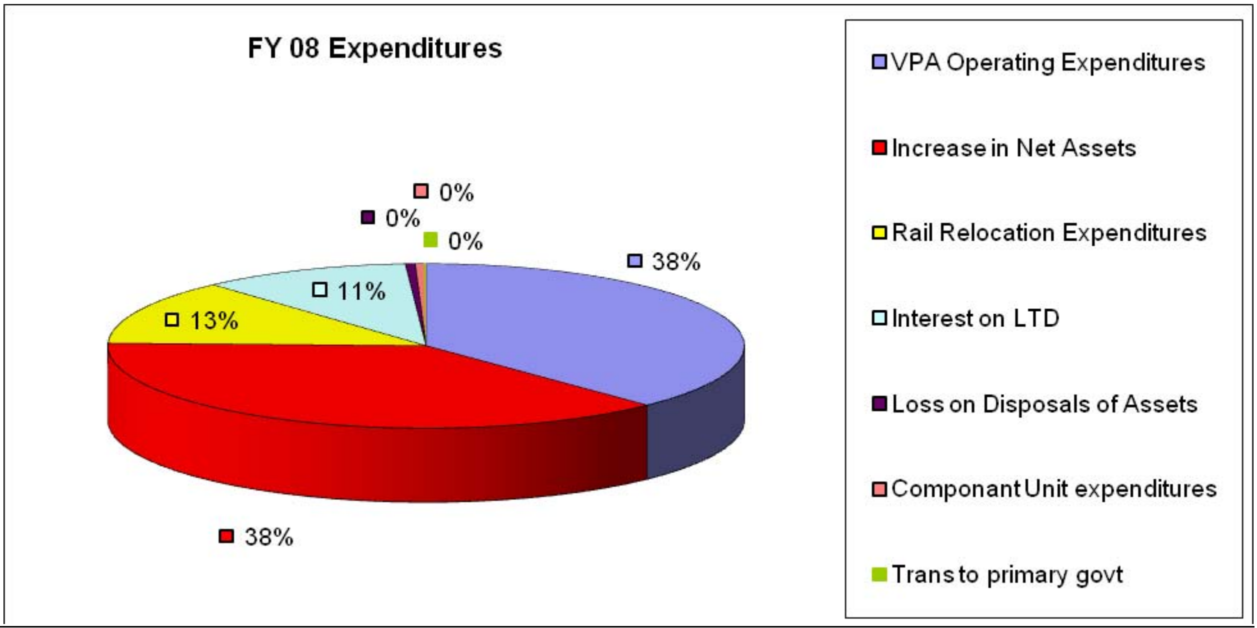
During the fiscal year ended June 30, 2007, the Authority agreed to serve as the project administrator for managing the design and construction of a rail relocation project on behalf of the Commonwealth. Expenses incurred, net of revenues received, on this project totaled $1.3 million during fiscal year 2008.

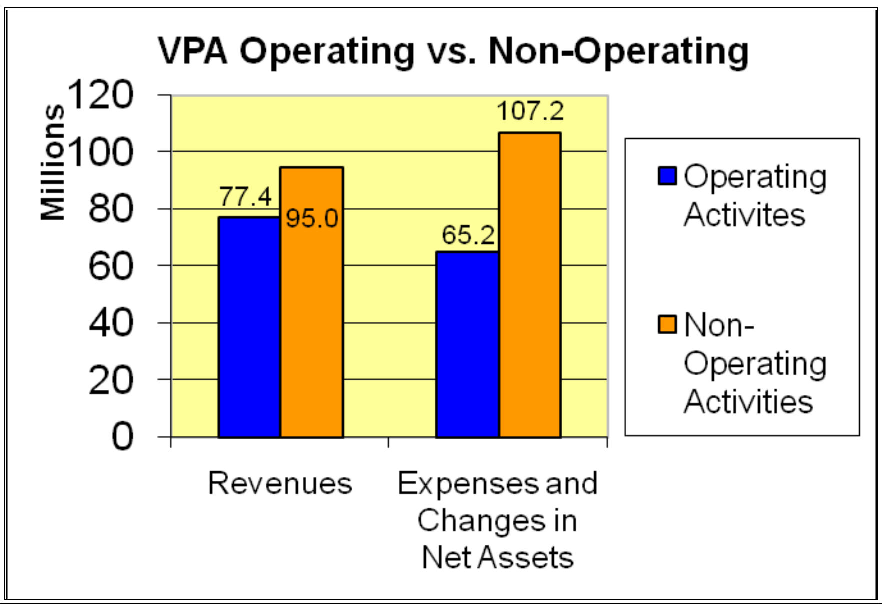
Proceeds, from other state agencies, of $7.3 million were received by the Authority during fiscal year 2008 in support of the Commonwealth's rail relocation project. In addition, the Authority received an initial General Fund appropriation of $50 million in fiscal year 2008 in support of the rail relocation project and Craney. $24.1 million in funds remain as restricted cash held by the treasurer.

A graphical view of the Authority's revenues by source includes operating and non-operating revenues, transfers and contributions for the fiscal year ended June 30, 2008 by percentage.



A similar graph shows, by percentage, the Authority's operating and non-operating expenses, and changes in net assets for the fiscal year ended June 30, 2008.





The bar graph shows operating vs. non-operating activities (interest, capital improvements and acquisitions as well as their funding sources) for fiscal year ended June 30, 2008. Net Assets increased by $64.9 million.

Consolidated Statement of Cash Flows

The Statement of Cash Flows provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as where did cash come from, what was it used for, and what was the change in cash balance during the reporting period.

Statement of Cash Flows
(in Millions)

	2008	2007
Cash flow from operating activities	$ 40.9	$ 50.0
Cash flow from noncapital financing activities	(.1)	(4.7)
Cash flow from capital and related financing activities	(13.7)	(2.1)
Cash flow from investing activities	4.8	47.8
Net increase (decrease) in cash and cash equivalents	31.9	91.0
Cash and cash equivalents		
Beginning of year	146.4	55.4
End of year	$ 178.3	$ 146.4

Cash flow from operating activities decreased $9.1 million in fiscal year 2008 primarily as a result of the timing of payments for accounts payable for large capital projects and maintenance items. Outflows from noncapital financing activities decreased by $4.6 as a result of the Authority replenishing VIT's capital and maintenance fund in 2007 but not in 2008. Cash flow from capital and related financing activities decreased $11.6 million in fiscal year 2008 primarily as a result of an increase in capital asset acquisitions and lower long-term debt issuances, net of funding received for the median rail relocation project. Cash flow from investing activities was down $43.0 million primarily due to the timing of investing of long-term debt proceeds and capital financing and spending.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Authority's investment in capital assets as of June 30, 2008, amounted to $770.5 million (net of accumulated depreciation). This investment in capital assets primarily includes land, buildings, wharves, roads, drainage and lighting systems, and equipment. Major capital asset events during the current fiscal year included the following:

- Expenditures of $18.3 million on the renovation of NIT South.
- Expenditures of $23.1 million on a wharf extension at NIT North.
- Expenditures of $13.1 million on the expansion of the central rail yard at NIT.
- The acquisition nine new straddle carriers totaling $7.9 million.

- Expenditures of $14.7 million for NIT North Cranes.
- Expenditures of $2.7 million for the VIT administrative building/Maritime Center.
- Expenditures of $6.9 million for a dedicated shuttle carrier route at NIT.
- Modifications to Kone Cranes at PMT totaling $1.5 million.
- Expenditures for construction of a warehouse at NNMT in the amount of $8.6 million.
- Expenditures for the Craney Island eastward expansion of $8.7 million.
- Capitalized interest (net of capitalized income) of $4.4 million was added to the cost of capital assets in fiscal year 2008.

More details on capital asset activities can be found in the footnote disclosures to the financial statements, footnote 3.

Long-term Debt

Bonds. At June 30, 2008, the Authority had $529.7 million in long-term debt, excluding current maturities. Of this amount, $511.6 million is in the form of revenue bonds issued by the Authority. During 2008, the Authority issued $65 million in new BANs for capital projects as noted above. These notes mature on July 1, 2009 and will be funded through a planned issuance of longer term debt at the end of fiscal year 2009. The "Series 2008 Subordinate Port Facilities Revenue Bond Anticipation Notes" were rated as MIG 1 and SP-1+ by Moody's Investors Service and Standard & Poor's Ratings Services, respectively.

Commonwealth Port Fund Revenue bonds issued in 1998, 2002, 2005, and 2006 are supported by the Authority's 4.2% allocation of the Commonwealth's Transportation Trust Fund. The bonds are also backed by a sum sufficient appropriation from the Commonwealth and carry underlying ratings of AA+ from Fitch Ratings, Inc. and Standard and Poor's, and an Aa1 rating from Moody's Investor Services. The bonds issued in 2006 are insured by FSA and carry the ratings of the insurer or the Authority's underlying rating as previously listed, whichever is higher.

Port Facilities Revenue bonds issued in 1997, 2003, 2006 and 2007 are supported by terminal revenues and insurance policies and carry underlying ratings of A+ from Fitch Ratings, Inc., A+ from Standard and Poor's, and an Aa3 underlying rating from Moody's Investor Services. With insurance the ratings on the bonds are AAA from Fitch Ratings, Inc., AAA from Standard and Poor's, and Aaa from Moody's Investor Services. The bonds issued in 1997 and 2003 are insured by MBIA, the bonds issued in 2006 are insured by FGIC and the bonds issued in 2007 are insured by FSA. These bonds carry the ratings of the insurer or the Authority's ratings listed previously, whichever is higher. The Authority's bond covenants require that revenues available to pay debt service, as defined in the bond resolution, exceed 110% and 135% of the annual debt service amount. The debt service coverage test for fiscal year 2008 was met and exceeded.

More details on long-term debt can be found in the footnote disclosures to the financial statements, footnote 4.

ECONOMIC FACTORS

Many of the Authority's capital projects, either directly or indirectly through bond issues, are funded from an operating grant from the Commonwealth of Virginia's Transportation Trust Fund. The Authority receives 4.2% of Transportation Trust Fund collections, which are revenues generated primarily by state motor vehicle fuel and sales taxes. Trust Fund collections are subject to the economic conditions existing throughout the Commonwealth, and are not controlled by the Authority.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, and 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 Director of Finance at 600 World Trade Center, Norfolk, VA 23510.

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, INC.
STATEMENT OF NET ASSETS
As of June 30, 2008
with Summarized Information for 2007

	Primary Government	Component Unit			
	Authority	**Virginia International Terminals, Inc.**	**Eliminations**	**Total**	**June 30, 2007**
ASSETS					
Current assets:					
Cash and cash equivalents	$ 28,206,429	$ 6,805,465	$ -	$ 35,011,894	$ 40,632,439
Restricted assets:					
Cash and cash equivalents	55,164,595	1,757,138	-	56,921,733	36,838,451
Investments	1,681,000	17,987,588	-	19,668,588	17,404,207
Investments held by Treasurer of VA	663,243	-	-	663,243	2,160,370
Accounts receivable, net	350,493	23,900,917	-	24,251,410	27,950,348
Due from transportation trust	5,825,175	-	-	5,825,175	6,035,160
Due from component unit	7,771,891	-	(7,771,891)	-	-
Inventories	-	14,371,692	-	14,371,692	13,347,385
Prepaid expenses and other	742,174	14,217,251	-	14,959,425	14,550,389
Total current assets	100,405,000	79,040,051	(7,771,891)	171,673,160	158,918,749
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	94,930,242	-	-	94,930,242	80,804,712
Investments	3,551,923	10,000	-	3,561,923	3,404,309
Pension plan assets	1,493,759	3,661,172	-	5,154,931	3,580,931
Bond issue costs, net	5,283,989			5,283,989	5,480,113
Other	84,790	-	-	84,790	83,636
Non-depreciable capital assets	233,217,918	-	-	233,217,918	212,131,122
Depreciable capital assets, net	537,271,202	20,432,419	-	557,703,621	500,537,146
Total noncurrent assets	875,833,823	24,103,591	-	899,937,414	806,021,969
Total assets	$ 976,238,823	$ 103,143,642	$ (7,771,891)	$ 1,071,610,574	$ 964,940,718

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

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, INC.
STATEMENT OF NET ASSETS
As of June 30, 2008
with Summarized Information for 2007

	Primary Government	Component Unit			
	Authority	Virginia International Terminals, Inc.	Eliminations	Total	June 30, 2007
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	$ 12,528,385	$ 9,214,838	$ -	$ 21,743,223	$ 25,014,623
Interest payable	11,752,297	-	-	11,752,297	10,405,484
Retainage payable	4,385,214	-	-	4,385,214	2,699,025
Long-term debt - current portion	27,184,305	-	-	27,184,305	23,723,889
Compensated absences- current portion	542,761	1,879,502		2,422,263	2,785,615
Payroll withholdings	221	397,321	-	397,542	339,602
Obligations under securities lending	839,309	-	-	839,309	2,708,747
Due to Authority	-	7,771,891	(7,771,891)	-	-
Total current liabilities	57,232,492	19,263,552	(7,771,891)	68,724,153	67,676,985
Noncurrent liabilities:					
Long-term debt	529,563,775	-	-	529,563,775	482,588,168
Compensated absences	116,737	2,124,135	-	2,240,872	1,664,017
Workers compensation costs	-	4,954,223	-	4,954,223	5,205,534
Accrued pension and OPEB obligations	43,514	4,497,374	-	4,540,888	4,420,115
Total noncurrent liabilities	529,724,026	11,575,732	-	541,299,758	493,877,834
Total liabilities	586,956,518	30,839,284	(7,771,891)	610,023,911	561,554,819
NET ASSETS					
Invested in capital assets, net of related debt	295,284,451	20,432,419	-	315,716,870	268,222,604
Restricted for:					
Debt service	38,688,565	19,446,130	-	58,134,695	60,619,827
Unrestricted	55,309,289	32,425,809	-	87,735,098	74,543,468
Total net assets	$ 389,282,305	$ 72,304,358	$ -	$ 461,586,663	$ 403,385,899

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

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VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For The Twelve Months Ended June 30, 2008
with Summarized Information for 2007

	Primary Government	Component Unit			
	Authority	Virginia International Terminals, Inc.	Eliminations	Total	June 30, 2007
Operating Revenues:					
Terminal operating revenues	$ -	$ 254,132,812	$ -	$ 254,132,812	$ 244,205,984
Other revenues	6,049,718	-	-	6,049,718	4,946,483
Operating revenues from component unit	71,370,049	-	(71,370,049)	-	-
Total operating revenues	77,419,767	254,132,812	(71,370,049)	260,182,530	249,152,467
Operating Expenses:					
Terminal operations	1,842,533	118,616,984	-	120,459,517	115,428,213
Terminal maintenance	4,878,215	48,379,048	-	53,257,263	46,495,513
General and administrative	23,263,380	18,037,895	-	41,301,275	38,398,898
Depreciation and amortization	35,215,703	5,377,605	-	40,593,308	38,136,978
Total operating expenses	65,199,831	190,411,532	-	255,611,363	238,459,602
Operating income (loss)	12,219,936	63,721,280	(71,370,049)	4,571,167	10,692,865
Non-operating revenues (expenses)					
Interest income	4,290,858	1,744,606	-	6,035,464	8,732,891
Interest expense	(18,352,451)	-	-	(18,352,451)	(19,249,296)
Other income (expense)	35,590	-	-	35,590	166,303
Gain (loss) on disposals	(852,527)	(165,370)	-	(1,017,897)	(446,302)
Income (loss) before capital contributions and transfers	(2,658,594)	65,300,516	(71,370,049)	(8,728,127)	(103,539)
Capital contributions and transfers					
Commonwealth Port Fund allocation	36,036,914	-	-	36,036,914	36,500,057
Commonwealth Rail Relocation income	20,781,163			20,781,163	1,120,000
Operating revenues to Authority	-	(71,370,049)	71,370,049	-	-
Commonwealth Rail Relocation expenses	(22,102,404)			(22,102,404)	(1,447,474)
Operating transfers to component unit	-	-	-	-	
Capital contributions (to) from component unit	662,502	(662,502)	-	-	-
Proceeds from federal government	876,048	-	-	876,048	300,787
Proceeds from other state agencies	7,388,750	-	-	7,388,750	-
Proceeds from primary government	23,948,420	-	-	23,948,420	(173,802)
Increase (decrease) in Net Assets	64,932,799	(6,732,035)	-	58,200,764	36,196,029
Net Assets - Beginning of Year	324,349,506	79,036,393	-	403,385,899	367,189,870
Net Assets - End of Year	$ 389,282,305	$ 72,304,358	$ -	$ 461,586,663	$ 403,385,899

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

VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS
For The Twelve Months Ended June 30, 2008
with Summarized Information for 2007

	Authority	June 30, 2007
Cash flows from operating activities:		
Receipts from customers and users	$75,636,477	$72,976,380
Payments for operating expenses	(28,100,713)	(17,105,123)
Payments to employees	(6,616,150)	(5,835,712)
Net cash provided by (used in) operating activities	**40,919,614**	**50,035,545**
Cash flows from noncapital financing activities:		
Transfer to primary government	(121,667)	(173,802)
Noncapital transfers to component unit	-	(4,498,144)
Net cash provided by (used in) investing activities	**(121,667)**	**(4,671,946)**
Cash flows from capital and related financing activities:		
Proceeds from long-term debt	65,551,850	170,567,196
CPF contribution	36,216,899	36,702,749
Acquisition of capital assets	(114,190,742)	(88,674,949)
Principal paid on long-term debt	(15,115,827)	(103,306,993)
Interest paid on long-term debt	(17,005,638)	(19,361,911)
Proceeds for Commonwealth Rail relocation	20,781,163	1,120,000
Expenditures for Commonwealth Rail relocation	(22,102,404)	(1,447,474)
Transfer from primary government	24,070,087	-
Capital transfer to component unit	(823,961)	(1,587,920)
Capital transfer from component unit	1,486,463	3,556,524
Proceeds from other state agencies	7,388,750	-
Proceeds from federal government	876,048	300,787
Proceeds from sale of capital assets	499,607	464,518
Gain (loss) on disposals	(1,352,134)	(430,311)
Net cash provided by (used in) capital and related financing activities	**(13,719,839)**	**(2,097,784)**
Cash flows from investing activities:		
Proceeds from sales and maturities	7,912,082	100,316,938
Payments for investments	(7,452,935)	(59,587,884)
Interest and dividends received	4,320,858	7,024,634
Net cash provided by (used in) investing activities	**4,780,005**	**47,753,688**
Net increase (decrease) in cash and cash equivalents	31,858,113	91,019,503
Cash and cash equivalents at beginning of year	146,443,153	55,423,650
Cash and cash equivalents at the end of period	**$178,301,266**	**$146,443,153**

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

VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS
For The Twelve Months Ended June 30, 2008
with Summarized Information for 2007

	Authority	June 30, 2007
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income/(loss)	$ 12,219,936	$ 11,262,161
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	35,215,703	33,501,778
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	237,712	236,279
(Increase) decrease in due from VIT	(2,021,002)	393,805
(Increase) decrease in prepaid expenses	(359,707)	(208,014)
(Increase) decrease in other noncurrent assets	(49,450)	(2,608,669)
Increase (decrease) in accounts payable	(2,463,069)	8,543,428
Increase (decrease) in accrued expenses	71,080	76,319
Increase (decrease) in short-term liabilities	(1,958,829)	(34,547)
Increase (decrease) in long-term liabilities	27,240	(1,126,995)
Net cash provided by (used in) operating activities	**$ 40,919,614**	**$ 50,035,545**

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Virginia Port Authority became a separate agency in 1952 and assumed responsibility for supervising port operations. A Board of Commissioners composed of 12 members manages the Authority. 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, with offices in the United States and several foreign countries, developing Virginia's ports through cargo solicitation and promotion throughout the world.

Virginia International Terminals, Inc., (VIT) was incorporated as a non-stock, nonprofit corporation on June 30, 1981, for the purpose of operating all the marine terminals owned by the Authority. In accordance with GASB Statement 39, *Determining Whether Certain Organizations Are Component Units*, for financial reporting purposes, the Authority's reporting entity includes VIT as a component unit organization for which the Authority is financially accountable. The following criteria for financial accountability, as described by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, are present in the relationship between the Authority and VIT: (1) the Authority appoints a voting majority of VIT's governing body; (2) the Authority has the ability to impose its will on VIT; and (3) VIT provides a specific financial benefit to the Authority. VIT is presented in the Authority's financial statements as a discrete component unit to emphasize that it is legally separate from the Authority, and that it serves or benefits those outside of the Authority. VIT is audited by the independent accounting firm Witt Mares, PLC. VIT’s audit report can be obtained by contacting VIT’s Treasurer and Director of Financial Services at 600 World Trade Center, Norfolk, VA 23510.

Virginia Port Properties, Inc., (VPP) was incorporated as a nonprofit corporation on March 23, 1988, for the purpose of managing all foreign and domestic leases on behalf of the Authority. Because the operations of VPP are an integral part of the Authority, VPP has been included in the Authority's financial statements.

The Authority is a 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 over which the Commonwealth exercises or has the ability to exercise oversight authority. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting

In accordance with GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* the activities of the Authority are accounted for in 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 follows all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless those conflict with or contradict GASB pronouncements.

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

Use of Estimates

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

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 into overnight deposits daily.

Investments

All investments of the Authority are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets

Capital assets are generally assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Capital assets are comprised of land, buildings, infrastructure, other improvements, equipment, and construction in progress. Infrastructure assets are considered capital assets that can be preserved for a significantly greater number of years than most capital assets. Examples include roads, wharves, dredging, and lighting and drainage systems. Depreciation on capital assets is computed on 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 - 36 years

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

Interest costs associated with the construction of the Authority's capital assets are capitalized and reflected as part of the cost of the asset. Interest capitalized for the fiscal year ended June 30, 2008 was $4,439,190.

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.

Long-Term Obligations

Long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In accordance with paragraph 146 of GASB Statement No. 34, the Authority elected to apply this policy prospectively beginning July 1, 2001.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences

Compensated absences represent the amounts of vacation, sick, and compensatory leave earned by employees of the Authority, but not taken at June 30, 2008. The amount reflects all earned vacation, sick, and compensatory leave and related payroll taxes, expected to be paid under the Authority's leave pay-out policy upon employment termination.

Budgets and Budgetary Accounting

The Appropriation Act as enacted by the General Assembly of Virginia established the Authority's budget for the year ended June 30, 2008. No payments can be made out of the state treasury except in pursuance of appropriations made by law.

Restricted Assets

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

Operating vs. Nonoperating

Operating revenues and expenses generally result from providing services in connection with ongoing operations. The principal revenue for the Authority are funds collected from VIT in accordance with a service agreement. The Authority also recognizes other operating revenue in the form of rents, license agreements, and charges for services. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interest Income

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

Recently Issued Accounting Pronouncements

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* establishes standards for reporting of plan assets and liabilities, note disclosures, and required supplementary information in OPEB trust and agency funds included in plan sponsors, employers, and stand alone financial reports. The statement has been implemented and did not have a material impact on the Authority's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This statement addresses financial statement and disclosure requirements for reporting by employers that include other postemployment benefit plan assets as trust or agency funds in their financial reports. It requires employers to report a liability when they do not entirely fund the future OPEB costs they have incurred. GASB 45 allows options for reporting the employer OPEB activity when an OPEB *plan* is separately issued, reported in the employer report, or when a *pay as you go* employer has not established an irrevocable trust. Because GASB 45 presents the option for reporting OPEB activity when a formal trust fund is **not** reported it duplicates many of the disclosure and RSI requirements in GASB 43. This statement is effective for the current fiscal year.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation: an amendment of GASB Statement No. 34*, clarifies the meaning of legally enforceable as applied to restrictions on net asset use imposed by enabling legislation. This statement is effective for periods beginning after June 15, 2006. The statement was implemented and did not have a material impact on the Authority's financial statements.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* establishes criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2006. Its implementation did not have a material impact on the Authority's financial statements.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* addresses accounting and financial reporting standards for obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. Requirements of this Statement are effective for financial statements for periods beginning after December 15, 2007. Its implementation is not expected to have a material impact on the Authority's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - concluded

GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27,* requires enhancements to information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This Statement is effective for periods beginning after June 15, 2007. Its implementation is not expected to have a material impact on the Authority's financial statements.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This Statement is effective for periods beginning after June 15, 2009. Its implementation is not expected to have a material impact on the Authority's financial statements.

GASB Statement No. 52, *Land and Other Real estate Held as Investments by Endowments,* establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. This statement is effective for periods beginning after June 15, 2008, with earlier implementation being encouraged. Its implementation is not expected to have a material impact on the Authority's financial statements.

Summarized Comparative Data/Reclassifications

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2007, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2008, 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 $29,324,382 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 or covered by federal depository insurance. Short-term investments represent deposits and securities with maturities of one year or less. Long-term investments represent securities with maturities of greater than one year.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - continued

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 note rated but are otherwise legal investments of the Authority.

As of June 30, 2008, the following shows the segmented time distribution of the Authority's investments (not held by the Treasurer) and its credit risk category:

Short-Term Restricted Investment Maturities (in Years)

Investment Type	Fair Value	Less Than 1	1-5	Category
FNMA	$ 1,171,000	$ 1,171,000	$ -	3
FHLB	$ 510,000	$ 510,000	-	3
	$ 1,681,000	$ 1,681,000	$ -	

Long-Term Restricted Investment Maturities (in Years)

Investment Type	Fair Value	Less Than 1	1-5	Category
FHLB	$ 3,551,923	$ -	$ 3,551,923	3
				3
	$ 3,551,923	$ -	$ 3,551,923	

Category 3 - Uninsured and unregistered, with securities held by the counterpart, or by its trust department or agent but not in VPA's name.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - continued

Interest Rate Risk

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

Credit Risk

As of June 30, 2008 the Authority's FHLB/FNMA securities were rated AAA by Standard and Poor's Incorporated.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. More than 5 percent of the Authority's investments are in FHLB and FNMA securities. These investments are 77.6% and 22.4%, respectively, of the Authority's total investments.

Investments held by the Treasurer of Virginia

Investments 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. 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. 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 Virginian's Comprehensive Annual Financial Report.

Component Unit – VIT

Virginia International Terminals, Inc.'s, cash and cash equivalents, restricted and investments at June 30, 2008, are categorized below by credit risk. The three types of credit risks are:

Category 1 - Insured or registered securities or securities held by VIT or its agent in VIT's name.

Category 2 - Uninsured and unregistered, with securities held by the counterpart's trust department or agent in VIT's name.

Category 3 - Uninsured and unregistered, with securities held by the counterpart, or by its trust department or agent but not in VIT's name.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - concluded

VIT - Cash and Cash Equivalents, Restricted

	Category			Reported	Fair
June 30, 2008	**1**	**2**	**3**	**Amount**	**Value**
Money Market Instruments			$ 1,757,138	$ 1,757,138	$ 1,757,138
Total	$ -	$ -	$ 1,757,138	$ 1,757,138	$ 1,757,138

VIT - Short – Term Investments, Restricted

	Category			Reported	Fair
June 30, 2008	**1**	**2**	**3**	**Amount**	**Value**
Mutual Funds	$ 4,306,250			$ 4,306,250	$ 4,306,250
Corporate bonds	1,528,954			1,528,954	1,528,954
US Treasury & Agency Securities		$ 12,152,384		12,152,384	12,152,384
Total	$ 5,835,204	$ 12,152,384	$ -	$ 17,987,588	$ 17,987,588

Under the terms of the Service Agreement between the VPA and VIT, the Trustee of the Money Market Instruments has a security interest in these investments, for the benefit of the holders of bonds issued by the VPA.

Concentration of Credit Risk - VIT

Financial instruments that potentially subject VIT to concentrations of credit risk consist principally of cash balances and temporary cash investments. VIT maintains checking accounts and a money market deposit account in excess of the $100,000 limit of federal insurance with major financial institutions.

3. CHANGES IN CAPITAL ASSETS

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

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets not being depreciated:				
Land and improvements	$ 97,625,560	$ -	$ -	$ 97,625,560
Construction in progress	114,505,562	115,266,083	94,179,287	135,592,358
	212,131,122	115,266,083	94,179,287	233,217,918
Depreciable capital assets:				
Infrastructure	400,612,019	65,514,721	3,365,280	462,761,460
Buildings	76,132,949	8,572,417	2,581,971	82,123,395
Improvements other than buildings	28,411,123	1,045,537	198,659	29,258,001
Equipment	242,797,466	19,325,630	7,689,056	254,434,040
	747,953,557	94,458,305	13,834,965	828,576,897
Less accumulated depreciation for:				
Infrastructure	110,874,264	15,142,353	2,182,364	123,834,253
Buildings	42,805,244	3,641,211	2,520,411	43,926,044
Improvements other than buildings	16,523,922	1,646,883	113,723	18,057,082
Equipment	98,611,588	14,540,845	7,664,117	105,488,316
Total accumulated depreciation	268,815,018	34,971,292	12,480,615	291,305,695
Depreciable capital assets, net	479,138,539	59,487,013	1,354,350	537,271,202
Total capital assets, net	$ 691,269,661	$174,753,095	$ 95,533,637	$ 770,489,120

Impairments and Insurance Proceeds

During the fiscal year ended June 30, 2008, the Authority had no new capital asset impairments. In fiscal year 2007, an asset impairment led to a $323,233 write-down of the asset, bringing the carrying value to zero at June 30, 2007. In fiscal year 2008, insurance proceeds were received for the loss to the previously impaired asset in the amount of $369,675. In two other insurance claims, proceeds from insurance of $129,932 were applied to the cost of repairs.

3. CHANGES IN CAPITAL ASSETS - concluded

Component Unit – VIT

A summary of the changes in capital assets of Virginia International Terminals, Inc. follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Property & Equipment	$ 65,173,790	$ 4,605,008	$ 2,114,849	$ 67,663,949
Less: Accumulated Depreciation	43,775,183	5,374,647	1,946,621	47,231,530
Net Property & Equipment	$ 21,398,607			$ 20,432,419

4. LONG-TERM DEBT

Changes in Long-Term Indebtedness

A summary of changes in long-term indebtedness (including current portion) for the Authority follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Amounts Due Within one Year
Revenue Bonds	$ 455,735,000	$ 65,000,000	$ 20,625,000	$ 500,110,000	$ 20,750,000
Issuance Premium	12,643,146	681,850	698,816	12,626,181	1,454,892
Less: Deferred Refunding	1,261,264	-	103,259	1,158,004	126,146
Total Revenue Bonds	467,116,882	65,681,850	21,220,557	511,578,177	22,078,746
Installment Purchases	39,195,175	8,490,887	2,516,157	45,169,903	5,105,559
Compensated Absences	604,692	539,483	484,677	659,498	542,761
Total	$ 506,916,749	$ 74,712,220	$ 24,221,391	$ 557,407,578	$ 27,727,066

4. LONG-TERM DEBT - continued

Details of Long-Term Indebtedness

Revenue Bonds	Balance as of June 30, 2008
On June 26, 1997, Port Facilities Revenue Bonds, dated June 1, 1997, were issued in the principal amount of $98,065,000. On April 11, 2007, funds were placed in escrow, with irrevocable instructions to refund, on July 1, 2007, $76,800,000 of bonds maturing in 2010 and beyond. The remaining serial bonds are payable in annual installments varying from $2,350,000 to $2,470,000 with interest of 5.10% to 5.20% payable semiannually, the final installment due July 1, 2009. The bonds are payable from net revenues of the Authority.	$ 4,820,000
On April 2, 1998, Commonwealth Port Fund Revenue Refunding Bonds, dated April 1, 1998, were issued in the principal amount of $71,015,000. The bonds are payable in annual installments in the amount of $10,085,000 with interest of 5.50% payable semiannually, the final installment due July 1, 2008. These bonds were issued to refund the outstanding principal amount of the Series 1988 Bonds of the Authority. The bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the additional revenues derived from certain increases in motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees.	10,085,000
On July 23, 2002, Commonwealth Port Fund Revenue Bonds, dated July 11, 2002, were issued in the principal amount of $135,000,000. Serial bonds issued in the principal amount of $90,850,000 are payable in annual installments varying from $3,620,000 to $7,590,000 with interest of 3.25% to 5.50% payable semiannually, the final installment due July 1, 2022. Term bonds issued in the principal amounts of $16,360,000 and $27,790,000 with interest of 5.125% and 5.00% are due July 1, 2024 and July 1, 2027, respectively. These bonds are payable primarily from the Commonwealth Port Fund.	125,925,000
On June 26, 2003, Port Facilities Fund Revenue Bonds, dated June 18, 2003, were issued in the principal amount of $55,155,000. Serial bonds issued in the principal amount of $18,880,000 are payable in annual installments varying from $1,015,000 to $2,210,000 with interest of 4.00% to 5.25% payable semiannually, the final installment due July 1, 2024. Term bonds issued in the principal amounts of $4,945,000, $6,090,000, $4,945,000, $5,000,000, $15,295,000 with interest of 4.00%, 4.375%, 5.00%, 4.75% and 4.50% are due July 1, 2013, 2023, 2028, 2028, and 2033, respectively. These bonds are payable from the net revenues of the Authority.	51,815,000

4. LONG-TERM DEBT - continued

Details of Long-Term Indebtedness – continued

	Balance as of June 30, 2008
On April 14, 2005, Commonwealth Port Fund Revenue Bonds, dated April 6, 2005, were issued in the principal amounts of $55,095,000 (AMT bonds) and $4,905,000 (non-AMT bonds). AMT serial bonds issued in the principal amount of $31,465,000 are payable in annual installments varying from $1,275,000 to $3,055,000 with interest of 5.0% to 5.25% payable semiannually, the final installment due July 1, 2024. AMT term bonds issued in the principal amount of $6,745,000 and $16,885,000 with interest of 5.25% and 4.875% are due July 1, 2019 and 2029, respectively. Non-AMT term bonds issued in the principal amount of $4,905,000 with interest of 5.00% are due July 1, 2030. These bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the additional revenues derived from certain increases in motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees.	57,480,000
On April 6, 2006, Commonwealth Port Fund Refunding Bonds, dated the same, were issued in the principal amount of $21,730,000. The bonds are payable in annual installments varying from $1,000,000 to $2,885,000 with interest of 5.00% to 5.50% payable semiannually, the final installment due July 1, 2016. These bonds are payable primarily from the Commonwealth Port Fund. Such revenues currently consist of a portion of the additional revenues derived from certain increases in motor vehicle fuel taxes, sales and use taxes, and annual motor vehicle registration fees.	20,730,000
On October 17, 2006, Port Facilities Fund Revenue Bonds, dated the same, were issued in the principal amount of $90,000,000. Serial bonds issued in the principal amount of $20,005,000 are payable in annual installments varying from $75,000 to $145,000 with interest of 4.00% to 4.375% payable semiannually, the final installment due July 1, 2026. Term bonds issued in the principal amounts of $30,300,000 and $57,695,000 with interest of 4.75% and 5.00%, respectively, are due July 1, 2031 and July 1, 2036. These bonds are payable from the net revenues of the Authority.	90,000,000
On April 11, 2007, Port Facilities Fund Revenue Bonds, dated the same, were issued in the principal amount of $74,255,000. The bonds are payable in annual installments varying from $35,000 to $6,040,000 with interest of 4.00% to 5.00% payable semiannually, the final installment due July 1, 2027. The bonds are payable from the net revenues of the Authority.	74,255,000

4. LONG-TERM DEBT – continued

Details of Long-Term Indebtedness - continued

	Balance as of June 30, 2008
On June 24, 2008, Subordinate Port Facilities Revenue Bond Anticipation Notes Series 2008 (the "Series 2008 BAN"), dated July 1, 2008, were issued in the principal amount of $65,000,000. The notes, and interest at 3%, are due and payable in full on July 1, 2009. These notes were issued in anticipation of the issuance by the Authority of a series of Bonds under the Bond Resolution, the proceeds of which are to be used to retire the Series 2008 BAN and for port facility improvements and other such expenditures as authorized. Subordinated Pledged Net Revenues alone are not expected to be sufficient to pay principal, interest and premium, of the Series 2008 BAN at maturity.	65,000,000
Sub-total revenue bonds	500,110,000
Issuance premium, net	12,626,181
Deferred refunding amount	(1,158,004)
Total revenue bonds	**511,578,177**

Installment Purchases

A contract dated December 11, 2003, for the lease purchase of terminal equipment totaling $6,750,000 with initial payment of $13,838 and semi-annual payments of $406,659 for a period of ten years at an interest rate of 3.69%.	4,341,781
A contract dated April 15, 2004 for the lease purchase of terminal equipment totaling $802,269 with initial payment of $4,199 and semi-annual payments of $85,798 for a period of five years at an interest rate of 2.4795%.	251,142
A contract dated July 9, 2004 for the lease purchase of terminal equipment totaling $2,776,800 with initial payment of $166,433 and semi-annual payments of $169,172 for a period of ten years at an interest rate of 3.9185%.	1,924,995
A contract dated July 9, 2004 for the lease purchase of terminal equipment totaling $11,500,000 with initial payment of $522,958 and semi-annual payments of $536,365 for a period of fifteen years at an interest rate of 4.6387%.	9,477,775

4. LONG-TERM DEBT – continued

Installment Purchases - continued

A contract dated January 6, 2005 for the lease purchase of terminal equipment totaling $23,170,930 with semi-annual payments of $1,386,681 for a period of ten years at an interest rate of 3.563%.	17,048,560
A contract dated August 18, 2005 for the lease purchase of terminal equipment totaling $4,663,170 with semi-annual payments of $279,607 for a period of ten years at an interest rate of 3.69%.	3,634,763
A contract dated February 6, 2008 for the lease purchase of terminal equipment totaling $1,507,965 with semi-annual payments of $87,842 for a period of ten years at an interest rate of 3.06%.	1,507,965
A contract dated February 6, 2008 for the lease purchase of terminal equipment totaling $6,982,922 with semi-annual payments of $406,768 for a period of ten years at an interest rate of 3.06%.	6,982,922
Total installment purchases	**45,169,903**

Compensated Absences

VPA's salaried 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 Assets. At June 30, 2008 the amounts reflect all earned vacation and compensatory leave not taken, and the amount payable under the Authority's sick leave pay-out policy upon termination, which is the lesser of 25 percent of sick leave not taken or $5,000 per employee for employees hired prior to July 1, 1997. The compensated absence liability also includes related payroll taxes.	659,498
Total long-term indebtedness	**$ 557,407,578**

4. LONG-TERM DEBT – continued

Annual Long-Term Debt Requirements

A summary of future principal and interest obligations under long-term debt as of June 30, 2008 (excluding compensated absences), is as follows:

Revenue Bonds

Year Ending June 30,	Principal	Interest	Total
2009	$ 20,750,000	$ 20,974,008	$ 41,724,008
2010	76,205,000	22,420,450	98,625,450
2011	11,895,000	19,870,508	31,765,508
2012	12,465,000	19,280,908	31,745,908
2013	12,665,000	18,659,301	31,324,301
2014-2018	70,350,000	82,594,713	152,944,713
2019-2023	78,295,000	63,717,258	142,012,258
2024-2028	100,015,000	41,469,492	141,484,492
2029-2033	64,895,000	20,504,485	85,399,485
2034-2038	52,575,000	5,408,038	57,983,038
Total Bonds	500,110,000	314,899,159	815,009,159
Issuance Premium	12,626,181	-	12,626,181
Deferred Refunding	(1,158,004)	-	(1,158,004)
Total	$ 511,578,177	$ 314,899,159	$ 826,477,336

Installment Purchases

Year Ending June 30,	Principal	Interest	Total
2009	$ 5,105,559	$ 1,612,227	$ 6,717,786
2010	5,182,061	1,449,926	6,631,987
2011	5,286,490	1,259,699	6,546,189
2012	5,482,787	1,063,402	6,546,189
2013	5,686,476	859,713	6,546,189
2014-2018	16,889,288	1,686,056	18,575,344
2019-2023	1,537,242	71,853	1,609,095
Total	$ 45,169,903	$ 8,002,876	$ 53,172,779

4. LONG-TERM DEBT – concluded

Component Unit – VIT

VIT permits employees to accumulate unused personal leave and up to 25 days of vacation leave benefits that can be utilized in future periods or partially paid upon separation from employment. VIT has recorded a liability of $4,003,637 at June 30, 2008 to the extent of the benefits that are payable. VIT is also contingently liable for personal and vacation leave of $5,399,679 at June 30, 2008 representing amounts employees could use during their period of employment.

5. DEFEASANCE OF DEBT

Prior Years

During fiscal year 1997, certain 1993 Port Facilities General Revenue Bonds were defeased by the Authority. A portion of the net proceeds from the sale of the 1997 bonds were placed in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the related liability for the defeased bonds are not reflected in the Authority's financial statements. At June 30, 2008, $3,275,000 of defeased bonds were outstanding.

On April 11, 2007, the Authority issued $74,255,000 of Port Facility Revenue Bonds to refund all but $7,040,000 in principal amount of the Authority's Port Facilities Revenue Bonds, Series 1997 issued in the original par amount of $98,065,000. At June 30, 2008, $4,820,000 of the unrefunded bonds still remained outstanding. The refunding was undertaken to take advantage of the lower interest rates available to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by $939,014. This amount is netted against the old debt and amortized over the life of the new debt which is same as the refunded debt. The transaction also resulted in a net present value savings of $7,000,743. Proceeds from the sale, along with other funds available from the Authority, were placed in an irrevocable trust with an escrow agent to repay the bonds in full on or about July 1, 2007. Accordingly, the trust account assets and the related liability for the defeased bonds are not reflected in the Authority's financial statements.

6. RENT OF TERMINAL FACILITIES AND EQUIPMENT

Virginia International Terminals, Inc., (VIT) was incorporated as a nonprofit corporation on June 30, 1981, for the purpose of operating all marine terminals owned by the Authority. Lease agreements with Port Authority Terminals, Inc., and Portsmouth Terminals, Inc., to operate Newport News Marine Terminal, Norfolk International Terminals, and Portsmouth Marine Terminal, respectively, were assigned to VIT.

Effective June 1997, the service agreement with VIT was amended to comply with the 1997 Series Bond Resolution that restructured the payments. The payments are now based on the overall monthly cash flow of VIT operating results.

7. COMMITMENTS AND CONTINGENCIES

As of June 30, 2008, the Authority has commitments to construction contracts totaling $311,014,832 of which $196,296,938 has been incurred.

The Authority established a Master Equipment Lease Program on October 15, 2003. All equipment financed subsequent to that date and prior to May 25, 2007 serves as collateral for all debt outstanding under the original Master Lease.

The Authority established a second Master Equipment Lease Program on May 25, 2007. All equipment financed subsequent to that date serves as collateral for all debt outstanding under the second Master Lease.

The Authority is committed under various operating lease agreements for office facilities and equipment. The commitments range from two months to seven years and generally include renewal options and escalation clauses relating to property tax and cost of living increases. Operating leases to rent office space in Singapore, Brussels, Korea and Hong Kong are subject to the currency exchange rate at the time of each rent payment. Rent expense under operating lease agreements amounted to $713,503 for the year.

A summary of future obligations under lease agreements as of June 30, 2008, follows:

Year Ending June 30,	Amount
2009	$ 682,228
2010	624,142
2011	616,468
2012	608,445
2013	323,713
Thereafter	0
Total	$ 2,854,996

7. COMMITMENTS AND CONTINGENCIES – continued

Escrow funds

On April 23, 2003 the Authority, acting as agent for the Commonwealth, signed a Project Cooperation Agreement (PCA) with the Department of the Army for dredging the inbound channel of the Norfolk Harbor, and related channels, to a depth of 50 feet. In connection with the PCA, the Authority received $17.475 million from the Priority Transportation Fund of the Commonwealth as matching funds required under the PCA. The matching funds were invested in a short-term government security and a money market account in the name of the Authority. However, the Department of the Army has the sole and unrestricted right to draw upon all or any part of the principal funds deposited in the escrow account. As of June 30, 2008, the escrow account balance was $904,462.

Federal Grants

The Authority receives federal grant funding from the United States Department of Transportation, Maritime Administration to improve security around the ports of Virginia in the wake of the terrorist attack on September 11, 2001. In addition, the Authority has also been awarded a grant from the Environmental Protection Agency. The grants are subject to review and audit under the "Office of Management and Budget Circular A-133." 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.

Median Rail Project

During fiscal year 2007, the Authority entered into an agreement with the Virginia Department of Rail and Public Transportation for the assignment of responsibility for project administration of the Commonwealth Rail Relocation Project (also known as the 164/I-664 Median Rail Relocation project) and for the pass-through of rail enhancement funds allocated by the Commonwealth Transportation Board to Commonwealth Rail, Inc. The Authority is facilitating the design and construction of the project on behalf of the Commonwealth. The Virginia Port Authority resolution 06-6, dated May 23, 2006 prohibits entering into any contracts creating a liability greater than the funds being transferred. All funds received and expenditures incurred are classified as non-operating for this flow-through project. As of June 30, 2008, $24,070,087 remained of the General Fund appropriation received for this project.

7. COMMITMENTS AND CONTINGENCIES- concluded

Lawsuits and Claims

The Authority is a defendant in a lawsuit generally incident to its business. The amount of potential loss as a direct result of the suit cannot presently be determined. As such, no provision has been recorded in the accompanying financial statements for this contingency. The Authority intends to vigorously defend itself against all legal actions.

Component Unit – VIT

VIT is a defendant in various lawsuits generally incidental to its business. It is management's opinion that the financial position of the Company will not be materially affected by the ultimate resolution of litigation pending or threatened at June 30, 2008.

At June 30, 2008, VIT had a letter of credit issued in the amount of $2,000,000 for workers' compensation claims. The letter of credit bears interest at prime and is set to expire at March 31, 2009. At June 30, 2008, there were no borrowings outstanding.

8. PENSION PLANS

Pensions

The Authority maintains two defined benefit plans for its employees. Employees of record on July 1, 1997, had the option of continuing to maintain their status as a State employee, and their benefits maintained under the Virginia Retirement System (VRS), or elect to be covered under a newly created pension plan (the VPA Defined Benefit Plan). The VPA Defined Benefit Plan covers all employees hired after July 1, 1997.

Employees of the Authority who elected to remain employees of the Commonwealth participate in a defined benefit pension plan administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health related plans for retired employees. Information relating to these plans is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). The Commonwealth, not the Authority, has overall responsibility for contributions to these plans.

8. PENSION PLANS- continued

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

As the plan sponsor for the VPA Defined Benefit Plan, the Authority sets a contribution rate annually based on recommendations provided by the plan's Actuary. The Authority elected to contribute 6.19% of base pay in 2008, 7.80% of base pay in 2007 and 7.05% of base pay in 2006 for employees receiving the basic retirement benefit from the plan. The plan does not specify a minimum funding requirement.

In November 2001, the Board of Commissioners voted to amend the VPA Defined Benefit Plan to provide benefits to sworn police officers that more closely resemble the new retirement benefits provided to members of the Virginia Law Enforcement Officers Retirement System program. The effect of those changes is included in the accompanying pension data.

The components of annual pension cost and net pension obligation are as follows:

	2008	2007	2006
Service cost-benefits earned during the year	$ 642,254	$ 532,378	$ 514,545
Interest on projected benefit obligation	356,456	299,507	223,047
Expected return on assets	260,403	(434,736)	(165,669)
Net amortization and deferral	(458,630)	387,386	191,195
Annual pension cost	800,483	784,535	763,118
Contributions made	(1,166,439)	(1,654,371)	(896,505)
Additional minimum liability	-	(1,402,080)	(126,285)
Increase(Decrease) in pension obligation	(365,956)	(2,271,916)	(259,672)
Pension obligation, beginning of year	(1,127,803)	1,144,113	1,403,785
Pension obligation(prepayment), end of year	($1,493,759)	($1,127,803)	$1,144,113

The annual pension cost for the current year was determined as part of the August 2008 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. Actual value of assets was determined using market value. The discount rate used in determining the actuarial present value of the projected benefit obligation was 6.92% for 2008, 6.25% for 2007 and 6.25% for 2006. The estimated rate of increase in future compensation levels used was 4.00% for all years reported. The expected long-term rate of return on assets used in determining net periodic pension cost was 8.00%.

8. PENSION PLANS- continued

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2008, 2007 and 2006.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Prepaid)
June 30, 2008	$ 800,483	146%	($ 1,493,749)
June 30, 2007	$ 784,535	211%	($ 1,127,803)
June 30, 2006	$ 763,118	117%	$ 1,144,113

The funded status of the plan as of the most recent actuarial valuation date and the two preceding valuations is set forth in the following table:

Actuarial Valuation Date	Actuarial Assets	Accrued Actuarial Liability	Unfunded Actuarial Accrued Liability	Fund Ratio	Annual Covered Payroll	Unfunded Actuarial Liability to Annual Covered Payroll
6/30/08	5,227,855	6,433,273	(1,205,418)	81.26%	7,359,043	16.38%
6/30/07	4,596,802	5,833,592	(1,236,790)	78.80%	6,098,584	20.28%
6/30/06	2,766,542	4,920,243	(2,153,701)	56.23%	5,438,409	39.60%

Information generally required to be disclosed as supplementary information in accordance with GASB 50, *Pension Disclosures-an amendment of GASB Statements No. 25 and No.27*, has been included as part of the basic consolidated financial statements.

In addition, 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 Comprehensive Annual Financial Report (CAFR).

8. PENSION PLANS - continued

The VPA Deferred Compensation Plan covers all employees hired after July 1, 1997, and those employees electing coverage under the Authority's deferred compensation plan. The Matching Savings Plan covers substantially all employees. The Matching Savings Plan requires VPA to match contributions in an amount equal to 50% of the first 6% of the participant's base pay contributed to the plan. VPA's total contribution to the Matching Savings Plan was $167,685 and $145,962 for the years ended June 30, 2008 and 2007, respectively.

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. Effective January 1, 2002, the plans were amended in order to comply with provisions in the Economic Growth & Tax Reconciliation Act (EGTRRA).

Component Unit – VIT

The Virginia International Terminals, Inc. Pension Plan is a single employer, noncontributory defined benefit pension plan administered by Virginia International Terminals, Inc. 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 Directors of Virginia International Terminals, Inc. The plan issues a stand-alone financial report. The most recent report is as of September 30, 2007 and is available upon request from Management.

On October 1, 2001, the Plan was amended and restated in order to comply with the GUST II requirements, brought about by the Uniformed Service Employment and Reemployment Rights Act of 1994, the Uruguay Round Agreements Act, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, and the Internal Revenue Service Restructuring and Reform Act of 1998.

The components of annual pension cost and prepaid pension obligation are as follows:

	2008	2007	2006
Service cost - benefits earned during the year	$ 2,136,300	$ 2,036,800	$ 1,801,800
Interest cost of projected benefit obligation	3,660,500	3,316,900	2,903,200
Expected return on assets	(4,286,500)	(3,729,500)	(3,213,200)
Net amortization and deferral	779,200	941,500	709,500
Annual pension cost	2,289,500	2,565,700	2,201,300
Contributions made	(1,640,100)	(2,634,600)	(4,216,500)
Decrease (Increase) in pension obligation	649,400	(68,900)	(2,015,200)
Prepaid pension obligation, beginning of year	(9,390,200)	(9,321,300)	(7,306,100)
Prepaid pension obligation, end of year	($ 8,740,800)	($ 9,390,200)	($ 9,321,300)

8. PENSION PLANS - continued

Component Unit – VIT - continued

Actuarial Cost Method

Costs have been computed in accordance with the aggregate cost method. The normal cost is computed in the aggregate equal to the present value of future benefits less assets, divided by a temporary annuity. The temporary annuity equals the present value of future compensation divided by the current compensation for those active participants who have not reached their assumed retirement age.

Changes in plan provisions and actuarial assumptions, and actuarial gains and losses are not separately amortized under this method. Rather the impact is spread through the nominal cost component over the future working lifetime of participants.

Asset Valuation Method

Effective October 1, 2004, the asset valuation method was changed to smoothed market value with phase-in as described in Approval 3.16 of IRS Revenue Procedures 2000-40. In the determination of market values, securities traded on national securities exchanges are valued at the last reported sales price on the last trading day on or before the statement date, or at the last reported bid quotation if not traded on that last trading date. Purchases and sales of investment assets are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Accumulated Plan benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on the employees' highest average of total earnings, as defined in the Plan documents, in a consecutive 60-month period. The accumulated plan benefits for active employees are based on their average compensation during the five years ending on the valuation date. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated Plan benefits.

8. PENSION PLANS - continued

Component Unit – VIT - continued

The actuarial present value of accumulated plan benefits is determined by an actuary from New York Life Benefit Services, LLC using end of year benefit information as of September 30, 2007 and 2006, respectively, and 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 valuations as of September 30, 2007 and 2006 were (a) life expectancy of participants (the 1983 Group Annuity Mortality Table for healthy lives and the Revenue Ruling 96-7 mortality tables for disabled lives), (b) retirement age (age 65), (c) investment return (average rate of return of 8.0%), (d) taxable wage base (4%), (e) salary scale for post-1996 hires (5.5%) and (f) salary scale assumption of 6.5%, applied to valuation pay, was added for pre-1997 hires. 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.

The Company's funding policy is to make annual contributions to the Plan in amounts that are necessary to comply with the applicable law and regulations, such that all employees' benefits will be fully provided for by the time they retire. Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

The following tables set forth the plan's funded status and the related amounts recorded in the Company's balance sheets at June 30, 2008, 2007 and 2006.

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
June 30, 2008	$ 2,289,500	72%	($ 8,740,800)
June 30, 2007	$ 2,565,700	103%	($ 9,390,200)
June 30, 2006	$ 2,201,300	192%	($ 9,321,300)

8. PENSION PLANS - concluded

Component Unit – VIT - concluded

The funded status of the plan as of the most recent actuarial valuation date and the two preceding valuations is set forth in the following table:

Actuarial Valuation Date	Actuarial Assets	Accrued Actuarial Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability to Annual Covered Payroll
9/30/2007	$51,698,000	$55,020,000	$(3,322,000)	93.96%	$28,306,000	11.74%
9/30/2006	$46,788,000	$49,928,000	$(3,140,000)	93.71%	$24,200,000	12.98%
9/30/2005	$40,293,000	$43,757,000	$(3,464,000)	92.08%	$23,513,000	14.73%

Information generally required to be disclosed as supplementary information in accordance with GASB 50, *Pension Disclosures-an amendment of GASB Statements No. 25 and No. 27,* has been included as part of the basic consolidated financial statements.

VIT also sponsors noncontributory supplemental plans covering certain key employees. Assets of $3,661,172 and $2,453,128 in 2008 and 2007, respectively, have been allocated for future benefit payments under the provisions of the supplemental plans. The accrued liability was $4,497,374 and $4,420,115 as of June 30, 2008 and 2007, respectively. Contributions to the plans were $1,688,142 and $132,358 for the years ended June 30, 2008 and 2007, respectively.

In addition, VIT sponsors a deferred compensation plan and a matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively, which cover substantially all nonunion employees with 90 days or more of service. The matching savings plan requires VIT to match employee contributions in an amount equal to 50% of the first 3% of the participant's base pay contributed to the deferred compensation plan. VIT's total contribution to the matching savings plan was $334,396 and $319,336 for the years ended June 30, 2008 and 2007, respectively.

Virginia Intermodal Management, LLC (VIM) sponsors a deferred compensation plan under Internal Revenue Code Sections 457 and a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE). VIM also provides a matching savings plan under Internal Revenue Code Section 408(p). All employees with annual earnings greater than $5,000 are eligible to participate in the plan. The Plan requires VIM to match 3% of each eligible employee's salary. VIM's total contributions to the Plans were $23,510 and $18,705 for the years ended June 30, 2008 and 2007, respectively.

9. OTHER POST RETIREMENT EMPLOYEE BENEFITS

The Virginia Port Authority offers post retirement medical and dental benefits to VPA employees who retire under either VRS or the VPA pension plan. Employees who maintain status under VRS are covered under the state health care plan administered by VRS. Information relating to this plan is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR). For employees and their spouses, who are participants in the VPA medical plan (not participants under the state health care plan under VRS), benefit provisions and obligations are established and may be amended by the Board of Commissioners of the Authority. Under the VPA medical plan, eligible retirees, spouses and surviving spouses ("Retirees") are permitted to participate with active employees in the VPA group health care plan. Retirees, must pay all premiums (100%) assigned to them as determined by the group rate designations as supplied to the Authority by the health care insurance provider. Medicare-eligible employees have post-retirement health care coverage provided through a separate plan known as "Advantage 65" which is priced to be fully supported by retiree contributions.

Retirees under the age of 65 ("Early Retirees") make a contribution for coverage that represents a blended rate of active and retired employee experience. Since claims will normally be higher for Early Retirees than claims for the active workforce, the blended rate is insufficient to cover the true cost for Early Retirees and thus an implicit subsidy exists.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members in the future.

Actuarial calculations reflect a long-term prospective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

9. OTHER POST RETIREMENT EMPLOYEE BENEFITS - continued

Actuarial Methods and Assumptions- continued

The actuarial methods and significant assumptions are:

Entry age **actuarial cost method**

Actuarial value of assets are **fair value**

Discount rate is 4.0%

Salary Scale is 4.0%

Medical and drug cost trend rate is 11.50% for fiscal year ended June 30, 2008, grading to 5.50% for fiscal year ending June 30, 2014. Dental cost trend rate is 8.50% for fiscal year ended June 30, 2008 grading to 4.50% for fiscal year ending June 30, 2012.

Past service liability is amortized over a closed 30-year period as a level percentage of projected payroll assumed to grow 3.5% per year.

Funding Policy

The Port Authority has not advanced-funded or established a funding methodology of the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the fiscal year ended June 30, 2008, retirees and eligible dependents received postemployment health care benefits. The Port Authority paid $5,761 comprised of benefit payments on behalf of retirees for claims expenses and retention costs. After netting out retiree contributions totaling $17,138 the contribution towards the annual OPEB costs was a surplus of ($11,377). Required contributions are based on projected pay-as-you-go financing.

9. OTHER POST RETIREMENT EMPLOYEE BENEFITS - continued

Annual OPEB Cost and Net OPEB Obligation

The following table shows the Authority's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation:

	FY Ended June 30, 2008
Normal Cost	$ 21,838
Amortization of Unfunded Accrued Liability	9,063
Interest	1,236
Annual Required Contribution	32,137
Interest on Net OPEB Obligation (NOO)	-
Amortization of NOO	-
Total Expense or Annual OPEB Cost (AOC)	32,137
Actual Contribution toward OPEB Cost	11,377
Increase in NOO	43,514
NOO Beginning of Year	-
NOO End of Year	$ 43,514

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2008 was as follows:

Fiscal Year	AOC	Contribution	Percent of AOC Contributed	NOO
June 30, 2008	$ 32,137	$ (11,377)	(35.4%)	$ 43,514

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Assets	Accrued Actuarial Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability to Annual Covered Payroll
June 30, 2008	$ 0	$ 270,741	$ 270,741	-	$ 4,800,000	5.6%

9. OTHER POST RETIREMENT EMPLOYEE BENEFITS - concluded

Information regarding the funding status and funding progress will be updated annually until there is a 3 year trend for the plan. The latest actuarial report on the VPA Postemployment Health Care Plan may be obtained by contacting the Finance Department of the Authority.

10. ACCRUED WORKERS' COMPENSATION COSTS

Included in accrued workers' compensation costs for VIT are a workers' compensation claims component and an accrued 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 balances at June 30, 2008 and 2007 are classified as follows:

	2008	2007
Workers' compensation claims	$ 170,596	$ 350,503
Workers' compensation claims, noncurrent portion	1,369,031	1,325,808
	$ 1,539,628	$ 1,676,311

The accrued Department of Labor (DOL) assessment component is the VIT's estimate of the present value of its future liability to the 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 6.75% for June 30, 2008 and 2007. The undiscounted liability totaled approximately $6,538,100 and $7,150,100, at June 30, 2008 and 2007, respectively.

VIT expects to pay these assessments annually through 2034. The balances at June 30, 2008 and 2007 are classified as follows:

	2008	2007
Accrued DOL assessment	$ 924,278	$ 894,274
Accrued DOL assessment, noncurrent portion	3,585,192	3,879,726
	$ 4,509,469	$ 4,774,000

11. RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

The Authority is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Authority participates in a General/Law Enforcement Liability plan called "VARisk 2" maintained by the Commonwealth of Virginia. Health care related benefits for employees hired prior to July 1, 1997 are covered by the state employee health care plan administered by the Department of Human Resource Management. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report (CAFR).

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

The Authority maintains its own insurance coverage for health (for employees hired on or after July 1, 1997), property, auto, workers compensation, and international liabilities, as well as an umbrella policy providing excess liability coverage over and above losses not covered in primary policies.

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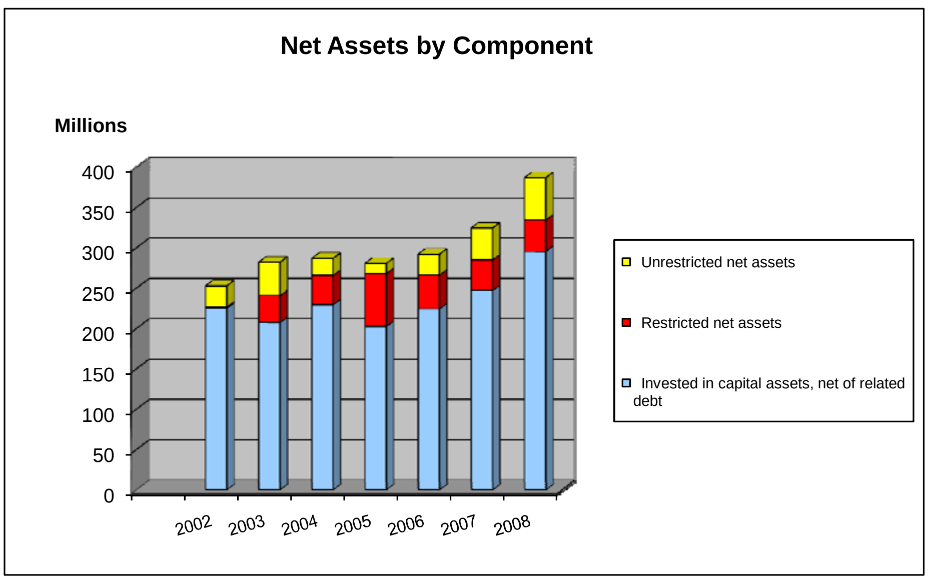
STATISTICAL SECTION
(unaudited)

The objective of the statistical section is to provide information about the economic condition 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.

VIRGINIA PORT AUTHORITY
Net Assets by Component
For the Years 2002 Through 2008[1]

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Net Assets:							
Invested in capital assets, net of related debt	$ 224,908,267	$ 207,191,158	$ 229,345,578	$ 202,336,198	$ 224,220,031	$ 246,841,187	$ 295,284,451
Restricted net assets	1,437,520	33,181,531	36,386,020	65,355,495	41,764,584	37,919,827	38,688,565
Unrestricted net assets	26,348,479	41,574,603	21,008,849	12,724,958	25,862,097	39,588,492	52,523,427
Total Net Assets	$ 252,694,266	$ 281,947,292	$ 286,740,447	$ 280,416,651	$ 291,846,712	$ 324,349,506	$ 386,496,443

[1] The Authority implemented GASB34 in 2002, therefore no "Net Assets by Component" information is available prior to that date. Results will be added each year until ten years are presented.

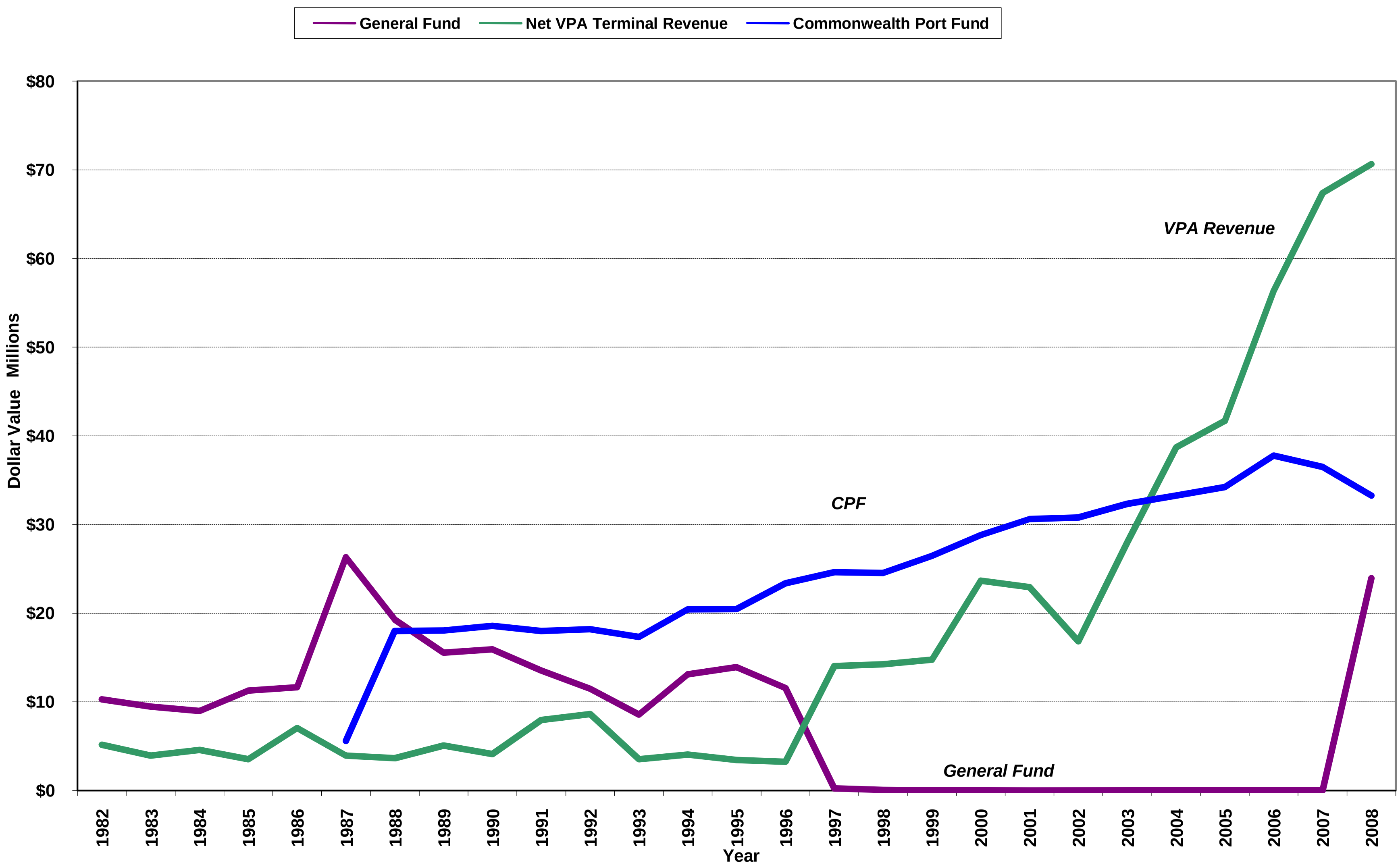


VIRGINIA PORT AUTHORITY
Changes in Net Assets
For the Years 2002 Through 2008[1]

	2002	2003	2004	2005	2006	2007	2008
Operating Revenues:							
Operating revenues from component unit	$ 15,896,034	$ 31,299,217	$ 37,935,241	$ 41,678,561	$ 56,330,102	$ 67,399,813	$ 71,370,049
Other revenues	1,313,613	1,756,837	1,458,786	2,239,387	2,997,586	4,946,483	6,049,718
Total operating revenues	17,209,647	33,056,054	39,394,027	43,917,948	59,327,688	72,346,296	77,419,767
Operating Expenses:							
Terminal operations	1,651,621	1,821,989	2,033,564	2,067,755	2,572,812	1,842,680	1,842,533
Terminal maintenance	5,309,458	4,773,651	3,733,194	4,221,083	5,773,381	4,586,595	4,878,215
General and administrative	14,084,993	14,431,437	14,280,061	15,941,738	16,997,029	21,153,082	23,263,380
Depreciation and amortization	16,835,559	18,614,871	22,128,718	22,805,086	29,269,085	33,501,778	35,215,703
Total operating expenses	37,881,631	39,641,948	42,175,537	45,035,662	54,612,307	61,084,135	65,199,831
Operating income (loss)	(20,671,984)	(6,585,894)	(2,781,510)	(1,117,714)	4,715,381	11,262,161	12,219,936
Non-operating revenues (expenses)							
Interest income	1,750,168	3,121,391	2,227,921	2,513,724	4,181,708	6,983,909	4,290,858
Interest expense	(10,442,365)	(16,228,649)	(18,700,271)	(15,721,684)	(18,904,385)	(19,249,296)	(18,352,451)
Other income (expense)	-	-	-	(56,518)	100,339	166,303	35,590
Gain (loss) on disposals	(633,123)	44,015	(614,981)	(10,685,443)	(120,524)	(430,311)	(852,527)
Income (loss) before capital contributions and transfers	(29,997,304)	(19,649,137)	(19,868,841)	(25,067,635)	(10,027,481)	(1,267,234)	(2,658,594)
Capital contributions and transfers							
Commonwealth Port Fund allocation	31,837,309	29,877,485	33,128,055	34,236,656	37,769,900	36,500,057	36,036,914
Commonwealth Rail Relocation Income						1,120,000	20,781,163
Commonwealth Rail Relocation Expense						(1,447,474)	(22,102,404)
Operating expenses to component unit	-	-	(6,781,000)	(8,367,186)	(5,424,620)	(4,498,144)	-
Capital contributions (to) from component unit, net	-	-	(4,982,210)	4,071,724	(4,640,649)	1,968,604	662,502
Capital contribution to City of Norfolk	-	-	-	(5,000,000)	-	-	-
Channel dredging Income/Expenses - Fed Govt	-	17,675,000	(2,400,726)	(7,100,005)	(6,762,000)	-	-
Proceeds from federal government	-	869,940	7,242,502	1,322,558	840,276	300,787	876,048
Proceeds from other state agencies							7,388,750
Transfers (to) from primary government	(161,168)	(1,445,987)	(1,544,625)	(419,908)	(325,365)	(173,802)	23,948,420
Increase (decrease) in Net Assets	1,678,837	27,327,301	4,793,155	(6,323,796)	11,430,061	32,502,794	64,932,799
Net Assets - Beginning of Year	252,941,154	254,619,991	281,947,292	286,740,447	280,416,651	291,846,712	324,349,506
Net Assets - End of Year	$ 254,619,991	$ 281,947,292	$ 286,740,447	$ 280,416,651	$ 291,846,712	$ 324,349,506	$ 389,282,305

[1] The Authority implemented GASB34 in 2002, therefore no "Net Assets by Component" information is available prior to that date. Results will be added each year until ten years are presented.

VIRGINIA PORT AUTHORITY - Revenue Comparisons



VIRGINIA PORT AUTHORITY
Commonwealth Port Fund (CPF) Revenue Bonds[1]
Debt Service Requirements

Period Ending June 30,	Series 1998			Series 2002			Series 2005A (AMT)		
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
2009	10,085,000	277,338	10,362,338	3,755,000	6,354,269	10,109,269	1,370,000	2,629,856	3,999,856
2010	-	-	-	3,945,000	6,163,987	10,108,987	1,440,000	2,559,606	3,999,606
2011	-	-	-	4,140,000	5,964,082	10,104,082	1,515,000	2,485,731	4,000,731
2012	-	-	-	4,345,000	5,751,959	10,096,959	1,590,000	2,408,106	3,998,106
2013	-	-	-	4,560,000	5,532,314	10,092,314	1,670,000	2,326,606	3,996,606
2014	-	-	-	4,785,000	5,305,466	10,090,466	1,750,000	2,241,106	3,991,106
2015	-	-	-	5,015,000	5,051,726	10,066,726	1,840,000	2,151,356	3,991,356
2016	-	-	-	5,290,000	4,768,339	10,058,339	1,930,000	2,057,106	3,987,106
2017	-	-	-	5,580,000	4,469,414	10,049,414	2,025,000	1,955,700	3,980,700
2018	-	-	-	5,890,000	4,153,989	10,043,989	2,135,000	1,846,500	3,981,500
2019	-	-	-	6,215,000	3,821,101	10,036,101	2,245,000	1,731,525	3,976,525
2020	-	-	-	6,555,000	3,486,313	10,041,313	2,365,000	1,610,513	3,975,513
2021	-	-	-	6,885,000	3,150,313	10,035,313	2,485,000	1,483,201	3,968,201
2022	-	-	-	7,225,000	2,797,563	10,022,563	2,620,000	1,349,195	3,969,195
2023	-	-	-	7,590,000	2,422,444	10,012,444	2,755,000	1,208,101	3,963,101
2024	-	-	-	7,975,000	2,023,591	9,998,591	2,900,000	1,059,657	3,959,657
2025	-	-	-	8,385,000	1,604,366	9,989,366	3,055,000	903,338	3,958,338
2026	-	-	-	8,815,000	1,169,125	9,984,125	3,215,000	744,779	3,959,779
2027	-	-	-	9,255,000	717,375	9,972,375	3,370,000	584,270	3,954,270
2028	-	-	-	9,720,000	243,000	9,963,000	3,535,000	415,960	3,950,960
2029	-	-	-	-	-	-	3,705,000	239,485	3,944,485
2030	-	-	-	-	-	-	3,060,000	74,588	3,134,588
2031	-	-	-	-	-	-	-	-	-
	$ 19,645,000	$ 1,094,914	$ 20,739,914	$ 129,545,000	$ 81,467,717	$ 211,012,717	$ 53,850,000	$ 34,066,285	$ 86,641,285

[1] The bonds are payable primarily from the Commonwealth Port fund. Such revenues currently consist of a portion of the additional revenues derived from certain increases in motor vehicle fuel taxes, sales and use taxes, and annual motor

Series 2005B (Non-AMT)			Series 2006			Total Bonds
Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service
-	245,250	245,250	2,015,000	1,046,275	3,061,275	27,777,988
-	245,250	245,250	2,120,000	942,900	3,062,900	17,416,743
-	245,250	245,250	2,230,000	834,150	3,064,150	17,414,213
-	245,250	245,250	2,335,000	720,025	3,055,025	17,395,340
-	245,250	245,250	2,455,000	594,138	3,049,138	17,383,308
-	245,250	245,250	2,590,000	455,401	3,045,401	17,372,223
-	245,250	245,250	2,735,000	308,963	3,043,963	17,347,295
-	245,250	245,250	2,885,000	154,413	3,039,413	17,330,108
-	245,250	245,250	1,365,000	37,538	1,402,538	15,677,902
-	245,250	245,250	-	-	-	14,270,739
-	245,250	245,250	-	-	-	14,257,876
-	245,250	245,250	-	-	-	14,262,076
-	245,250	245,250	-	-	-	14,248,764
-	245,250	245,250	-	-	-	14,237,008
-	245,250	245,250	-	-	-	14,220,795
-	245,250	245,250	-	-	-	14,203,498
-	245,250	245,250	-	-	-	14,192,954
-	245,250	245,250	-	-	-	14,189,154
-	245,250	245,250	-	-	-	14,171,895
-	245,250	245,250	-	-	-	14,159,210
-	245,250	245,250	-	-	-	4,189,735
825,000	224,625	1,049,625	-	-	-	4,184,213
4,080,000	102,000	4,182,000	-	-	-	4,182,000
$ 4,905,000	$ 5,476,875	$ 10,381,875	$ 20,730,000	$ 5,093,803	$ 25,823,803	$ 334,085,037

VIRGINIA PORT AUTHORITY
Port Facilities Revenue Bonds and BANS[1]
Debt Service Requirements

Period Ending June 30,	Series 1997 Bonds Principal	Interest	Total	Series 2003 Bonds Principal	Interest	Total	Series 2006 Bonds Principal	Interest	Total
2009	2,470,000	128,440	2,598,440	1,120,000	2,365,900	3,485,900	75,000	4,404,619	4,479,619
2010				1,165,000	2,321,100	3,486,100	75,000	4,401,619	4,476,619
2011				1,210,000	2,274,500	3,484,500	80,000	4,398,619	4,478,619
2012				1,260,000	2,226,100	3,486,100	85,000	4,395,419	4,480,419
2013				1,310,000	2,175,700	3,485,700	90,000	4,392,019	4,482,019
2014				1,360,000	2,123,300	3,483,300	90,000	4,388,419	4,478,419
2015				1,430,000	2,053,600	3,483,600	95,000	4,384,819	4,479,819
2016				1,505,000	1,980,313	3,485,313	100,000	4,381,019	4,481,019
2017				1,585,000	1,901,300	3,486,300	100,000	4,377,019	4,477,019
2018				1,665,000	1,818,088	3,483,088	105,000	4,373,019	4,478,019
2019				1,755,000	1,730,675	3,485,675	115,000	4,368,688	4,483,688
2020				1,845,000	1,638,538	3,483,538	115,000	4,363,800	4,478,800
2021				1,945,000	1,541,675	3,486,675	120,000	4,358,913	4,478,913
2022				2,030,000	1,456,581	3,486,581	125,000	4,353,813	4,478,813
2023				2,115,000	1,367,769	3,482,769	135,000	4,348,500	4,483,500
2024				2,210,000	1,275,238	3,485,238	135,000	4,342,594	4,477,594
2025				2,310,000	1,173,025	3,483,025	145,000	4,336,688	4,481,688
2026				2,425,000	1,060,400	3,485,400	145,000	4,330,344	4,475,344
2027				2,545,000	942,213	3,487,213	155,000	4,324,000	4,479,000
2028				2,665,000	818,163	3,483,163	7,020,000	4,316,638	11,336,638
2029				2,795,000	688,275	3,483,275	7,355,000	3,983,188	11,338,188
2030				2,920,000	562,500	3,482,500	7,705,000	3,633,825	11,338,825
2031				3,055,000	431,100	3,486,100	8,065,000	3,267,838	11,332,838
2032				3,190,000	293,625	3,483,625	8,455,000	2,884,750	11,339,750
2033				3,335,000	150,075	3,485,075	8,875,000	2,462,000	11,337,000
2034							12,805,000	2,018,250	14,823,250
2035							13,445,000	1,378,000	14,823,000
2036							14,115,000	705,750	14,820,750
2037									
	$ 2,470,000	$ 128,440	$ 2,598,440	$ 50,750,000	$ 36,369,753	$ 87,119,753	$ 89,925,000	$ 107,674,163	$ 197,599,163
Final payment due			7/1/2009			7/1/2033			7/1/2036

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

Series 2007 Bonds			Series 2008 BAN			Total Bonds		
Principal	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Debt Service**
35,000	3,710,650	3,745,650	65,000,000	1,987,917	66,987,917	68,700,000	12,597,526	81,297,526
2,635,000	3,709,250	6,344,250			-	3,875,000	10,431,969	14,306,969
2,770,000	3,577,500	6,347,500			-	4,060,000	10,250,619	14,310,619
2,905,000	3,439,000	6,344,000			-	4,250,000	10,060,519	14,310,519
3,050,000	3,293,750	6,343,750			-	4,450,000	9,861,469	14,311,469
3,210,000	3,141,250	6,351,250			-	4,660,000	9,652,969	14,312,969
3,365,000	2,980,750	6,345,750			-	4,890,000	9,419,169	14,309,169
3,535,000	2,812,500	6,347,500			-	5,140,000	9,173,832	14,313,832
3,710,000	2,635,750	6,345,750			-	5,395,000	8,914,069	14,309,069
3,900,000	2,450,250	6,350,250			-	5,670,000	8,641,357	14,311,357
4,090,000	2,255,250	6,345,250			-	5,960,000	8,354,613	14,314,613
4,295,000	2,050,750	6,345,750			-	6,255,000	8,053,088	14,308,088
4,510,000	1,836,000	6,346,000			-	6,575,000	7,736,588	14,311,588
4,740,000	1,610,500	6,350,500			-	6,895,000	7,420,894	14,315,894
4,970,000	1,373,500	6,343,500			-	7,220,000	7,089,769	14,309,769
5,220,000	1,125,000	6,345,000			-	7,565,000	6,742,832	14,307,832
5,480,000	864,000	6,344,000			-	7,935,000	6,373,713	14,308,713
5,760,000	590,000	6,350,000			-	8,330,000	5,980,744	14,310,744
6,040,000	302,000	6,342,000			-	8,740,000	5,568,213	14,308,213
						9,685,000	5,134,801	14,819,801
						10,150,000	4,671,463	14,821,463
						10,625,000	4,196,325	14,821,325
						11,120,000	3,698,938	14,818,938
						11,645,000	3,178,375	14,823,375
						12,210,000	2,612,075	14,822,075
						12,805,000	2,018,250	14,823,250
						13,445,000	1,378,000	14,823,000
						14,115,000	705,750	14,820,750
						-	-	
$ 74,220,000	$ 43,757,650	$ 117,977,650	$ 65,000,000	$ 1,987,917	$ 66,987,917	$ 282,365,000	$ 189,917,923	$ 472,282,923
		7/1/2027			7/1/2009			

VIRGINIA PORT AUTHORITY
Debt Service Requirements

Period Ending June 30,	Commonwealth Port Fund Bonds Debt Service	Port Facilities Revenue Bonds Debt Service	Total Bonds Debt Service
2009	27,777,988	81,297,526	109,075,514
2010	17,416,743	14,306,969	31,723,712
2011	17,414,213	14,310,619	31,724,832
2012	17,395,340	14,310,519	31,705,859
2013	17,383,308	14,311,469	31,694,777
2014	17,372,223	14,312,969	31,685,192
2015	17,347,295	14,309,169	31,656,464
2016	17,330,108	14,313,832	31,643,940
2017	15,677,902	14,309,069	29,986,971
2018	14,270,739	14,311,357	28,582,096
2019	14,257,876	14,314,613	28,572,489
2020	14,262,076	14,308,088	28,570,164
2021	14,248,764	14,311,588	28,560,352
2022	14,237,008	14,315,894	28,552,902
2023	14,220,795	14,309,769	28,530,564
2024	14,203,498	14,307,832	28,511,330
2025	14,192,954	14,308,713	28,501,667
2026	14,189,154	14,310,744	28,499,898
2027	14,171,895	14,308,213	28,480,108
2028	14,159,210	14,819,801	28,979,011
2029	4,189,735	14,821,463	19,011,198
2030	4,184,213	14,821,325	19,005,538
2031	4,182,000	14,818,938	19,000,938
2032		14,823,375	14,823,375
2033		14,822,075	14,822,075
2034		14,823,250	14,823,250
2035		14,823,000	14,823,000
2036		14,820,750	14,820,750
	$ 334,085,037	$ 472,282,923	$ 806,367,960

OPERATING RESULTS AND DEBT SERVICE COVERAGE
CASH BASIS

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Virginia International Terminals										
VIT Gross Receipts	129,021,565	130,715,250	138,139,565	129,316,922	144,304,559	170,344,524	197,703,653	222,966,322	238,319,892	255,622,375
VIT Current Expenses	(106,934,640)	(105,729,213)	(112,152,594)	(103,845,605)	(113,109,405)	(130,802,285)	(151,068,932)	(164,865,110)	(173,427,457)	(185,366,708)
* VIT Current Expense (CE) Reserve (Deposit)/Withdrawal	(3,120,733)	441,800	0	0	1,641,000	0	0	0	5,800,000	0
VIT Deposits to CEMA	(559,870)	(2,938,221)	(3,005,698)	(5,666,237)	(2,099,601)	(2,342,407)	(5,392,809)	(4,412,064)	(2,862,031)	(2,079,126)
VIT Net Revenue	18,406,322	22,489,616	22,981,273	19,805,080	30,736,553	37,199,832	41,241,912	53,689,148	67,830,404	68,176,541
Virginia Port Authority										
VPA Gross Revenues										
VIT Net Revenue	18,406,322	22,489,616	22,981,273	19,805,080	30,736,553	37,199,832	41,241,912	53,689,148	67,830,404	68,176,541
Other Income	1,081,845	1,035,573	1,189,206	1,250,475	1,289,158	1,459,007	2,233,236	2,767,678	4,227,669	6,520,593
Interest Income	67,586	129,116	363,575	220,607	122,754	28,700	270,488	450,524	928,880	796,621
Total VPA Gross Revenues	19,555,753	23,654,305	24,534,054	21,276,162	32,148,465	38,687,539	43,745,636	56,907,350	72,986,953	75,493,754
VPA Current Expenses	(16,385,083)	(18,356,967)	(19,022,785)	(18,674,909)	(18,726,869)	(19,577,245)	(19,718,980)	(23,093,131)	(26,502,895)	(27,754,385)
Prior Obligations	(112,280)	(112,280)	(112,280)	(112,280)	(112,280)	(112,280)	(112,280)	(9,356)	0	0
VPA Net Revenues	3,058,390	5,185,058	5,398,989	2,488,973	13,309,316	18,998,014	23,914,376	33,804,863	46,484,058	47,739,369
VPA CPF for O & M	4,577,017	6,548,359	6,463,088	6,256,145	4,898,973	5,542,764	4,218,866	5,424,467	5,096,647	3,967,632
Debt Service Coverage										
Series 1997, 2003, 2006 & 2007 Bonds Net Debt Service	1,454,894	6,342,535	6,316,635	6,309,393	6,416,000	9,373,336	9,771,261	9,677,370	13,166,322	13,568,697
Pledged Net Revenues	3,618,260	8,123,279	8,404,687	8,155,210	15,408,917	21,340,421	29,307,185	38,216,927	49,346,089	49,818,495
Pledged Adjusted Net Revenues	8,195,277	14,671,638	14,867,775	14,411,355	20,307,890	26,883,185	33,526,051	43,641,394	54,442,736	53,786,127
Pledged Net Revenue Coverage	2.49	1.28	1.33	1.29	2.40	2.28	3.00	3.95	3.75	3.67
Pledged Adjusted Net Revenue Coverage	5.63	2.31	2.35	2.28	3.17	2.87	3.43	4.51	4.13	3.96

* - For 2004 and 2005 the required CE reserve deposit was funded by a transfer from the VPA Reserve, Maintenance and Improvement Fund.

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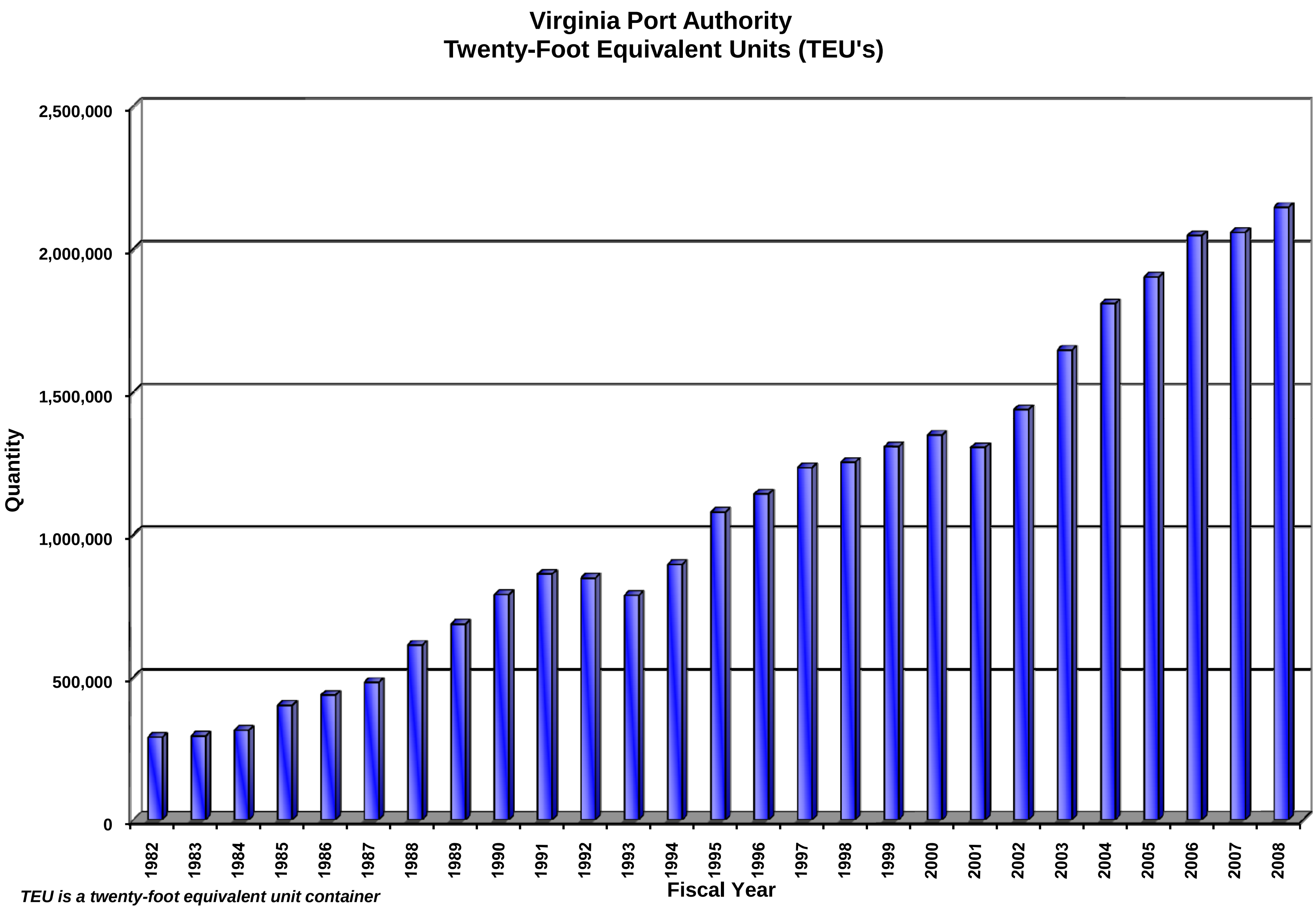

TEU is a twenty-foot equivalent unit container

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The Port of Virginia
2007 Key Performance Indicators

Economic/Historical Indicators

	Total Trade	Import	Export
	Short Tons (Thousands)	Short Tons (Thousands)	Short Tons (Thousands)
Total Cargo	46,582.72	14,708.03	31,874.70
General Cargo	17,726.25	8,610.40	9,115.86
Bulk Cargo	28,856.47	6,097.63	22,758.84
Containerized Cargo	17,356.51	8,313.14	9,043.38
Breakbulk Cargo	369.74	297.26	72.48

Containerized Cargo Detail

Twenty Foot Equivalent Units	2,128,366	1,000,023	1,128,343
Containers	1,221,591	574,733	646,858

Other

Vessel Calls	3,033
Coal (International and Domestic) in Thousands of Short Tons	28,340.28

Total Cargo in Thousands of Short Tons

Top 10 Trading Partners

	Exports			Imports	
1	Italy	3,759.43	1	China	1,811.67
2	Brazil	3,406.01	2	Norway	1,726.22
3	Egypt	2,373.23	3	Canada	1,699.70
4	France	2,367.70	4	Brazil	1,533.91
5	Netherlands	2,042.60	5	Colombia	1,516.59
6	Belgium	1,843.90	6	Germany	569.73
7	United Kingdom	1,637.75	7	India	491.30
8	Spain	1,175.85	8	France	429.55
9	India	1,154.54	9	Italy	420.92
10	Morocco	1,139.17	10	Netherlands	279.88

Top 10 Commodities

	Exports			Imports	
1	Mineral Fuel, Oil Etc.	21,631.01	1	Mineral Fuel, Oil Etc.	5,443.20
2	Cereals	1,744.01	2	Machinery	863.35
3	Woodpulp, Etc.	909.69	3	Salt;Sulfur;Earth,Stone	819.23
4	Wood	892.37	4	Fertilizers	616.56
5	Paper,Paperboard	701.71	5	Beverages	571.65
6	Misc Grain,Seed,Fruit	696.44	6	Furniture And Bedding	559.00
7	Food Waste; Animal Feed	658.73	7	Wood	549.61
8	Plastic	543.62	8	Vehicles, Not Railway	488.55
9	Iron And Steel	463.54	9	Rubber	359.91
10	Machinery	413.12	10	Plastic	341.44

Trade Lanes

	Export	Import
Africa	4,160.65	349.13
Asia, Northeast	2,345.49	2,123.35
Asia, Southeast	700.39	614.16
Carribbean	423.15	113.28
Central America	195.54	79.78
Europe, North	10,723.84	4,287.98
India & Others	1,313.45	635.09
Mediterranean	7,071.17	1,147.10
Middle East	517.94	135.60
North America	359.75	1,705.28
Oceania	106.26	57.77
South America	3,956.81	3,459.49

Coal Exports by Country

1	Italy	3,467.39
2	Brazil	3,132.75
3	France	2,217.21
4	Netherlands	1,684.31
5	Belgium	1,572.58
6	Egypt	1,450.08
7	United Kingdom	1,318.80
8	Spain	935.41
9	India	820.41
10	Turkey	699.98

Top U.S. Ports

1	Houston, TX	146,662.76
2	New Orleans, LA	106,585.36
3	Los Angeles, CA	85,443.32
4	Newark, NJ	63,866.85
5	Morgan City, LA	62,162.78
6	Philadelphia, PA	57,401.59
7	Corpus Christi, TX	56,320.03
8	Gramercy, LA	55,736.99
9	The Port of Virginia	46,582.72
10	Long Beach, CA	42,466.67

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, and the Virginia Port Authority

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The Port of Virginia
2007 Key Performance Indicators

Economic/Historical Indicators

	Total Trade	Import	Export
	Metric Tons (Thousands)	Metric Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	42,259.57	13,343.04	28,916.53
General Cargo	16,080.98	7,811.22	8,269.77
Bulk Cargo	26,178.58	5,531.81	20,646.76
Containerized Cargo	15,745.56	7,541.55	8,204.02
Breakbulk Cargo	335.42	269.67	65.75

Containerized Cargo Detail

Twenty Foot Equivalent Units	2,128,366	1,000,023	1,128,343
Containers	1,221,591	574,733	646,858

Other

Vessel Calls	3,033
Coal (International & Domestic) in Thousands of Metric Tons	25,709.87

Total Cargo in Thousands of Metric Tons

Top 10 Trading Partners

	Exports			Imports	
1	Italy	3,410.54	1	China	1,643.53
2	Brazil	3,089.91	2	Norway	1,566.01
3	Egypt	2,152.98	3	Canada	1,541.95
4	France	2,147.96	4	Brazil	1,391.55
5	Netherlands	1,853.04	5	Colombia	1,375.84
6	Belgium	1,672.77	6	Germany	516.86
7	United Kingdom	1,485.76	7	India	445.70
8	Spain	1,066.73	8	France	389.68
9	India	1,047.39	9	Italy	381.85
10	Morocco	1,033.45	10	Netherlands	253.91

Top 10 Commodities

	Exports			Imports	
1	Mineral Fuel, Oil Etc.	19,623.52	1	Mineral Fuel, Oil Etc.	4,938.04
2	Cereals	1,582.16	2	Machinery	783.23
3	Woodpulp, Etc.	825.27	3	Salt;Sulfur;Earth,Stone	743.20
4	Wood	809.55	4	Fertilizers	559.34
5	Paper,Paperboard	636.59	5	Beverages	518.60
6	Misc Grain,Seed,Fruit	631.81	6	Furniture And Bedding	507.12
7	Food Waste; Animal Feed	597.60	7	Wood	498.61
8	Plastic	493.17	8	Vehicles, Not Railway	443.21
9	Iron And Steel	420.52	9	Rubber	326.51
10	Machinery	374.78	10	Plastic	309.75

Trade Lanes

	Export	Import
Africa	3,774.52	316.73
Asia, Northeast	2,127.81	1,926.29
Asia, Southeast	635.39	557.16
Carribbean	383.88	102.76
Central America	177.39	72.37
Europe, North	9,728.60	3,890.03
India & Others	1,191.55	576.15
Mediterranean	6,414.92	1,040.64
Middle East	469.88	123.02
North America	326.36	1,547.02
Oceania	96.40	52.40
South America	3,589.60	3,138.43

Coal Exports by Country

Italy	3,145.60
Brazil	2,842.01
France	2,011.44
Netherlands	1,528.00
Belgium	1,426.64
Egypt	1,315.51
United Kingdom	1,196.41
Spain	848.60
India	744.27
Turkey	635.02

Top U.S. Ports

1	Houston, TX	133,051.58
2	New Orleans, LA	96,693.60
3	Los Angeles, CA	77,513.68
4	Newark, NJ	57,939.63
5	Morgan City, LA	56,393.70
6	Philadelphia, PA	52,074.38
7	Corpus Christi, TX	51,093.20
8	Gramercy, LA	50,564.27
9	The Port of Virginia	42,259.57
10	Long Beach, CA	38,525.51

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, and the Virginia Port Authority

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The Port of Virginia
2007 Key Performance Indicators

Economic/Historical Indicators

	Total Trade	Import	Export
	US Dollars (Millions)	US Dollars (Millions)	US Dollars (Millions)
Total Cargo	52,538.12	31,466.20	21,071.92
General Cargo	49,424.81	29,481.44	19,943.37
Bulk Cargo	3,113.31	1,984.76	1,128.55
Containerized Cargo	42,245.33	28,232.88	14,012.46
Breakbulk Cargo	7,179.48	1,248.56	5,930.91

Containerized Cargo Detail

Twenty Foot Equivalent Units	2,128,366	1,000,023	1,128,343
Containers	1,221,591	574,733	646,858

Other

Vessel Calls	3,033

Total Cargo in Millions of U.S. Dollars

Top 10 Trading Partners

	Exports			Imports	
1	Germany	1,603.18	1	China	5,418.84
2	China	1,488.95	2	Germany	3,254.16
3	United Kingdom	1,322.30	3	Brazil	2,258.19
4	Belgium	1,288.49	4	Italy	1,711.80
5	Netherlands	1,255.55	5	United Kingdom	1,573.55
6	Brazil	980.61	6	India	1,491.98
7	Saudi Arabia	979.48	7	France	1,453.50
8	Japan	887.17	8	Japan	1,447.80
9	Egypt	683.43	9	Netherlands	1,423.68
10	Italy	596.46	10	Norway	789.488

Top 10 Commodities

	Exports			Imports	
1	Machinery	4,166.15	1	Machinery	5,727.87
2	Plastic	1,519.86	2	Inorg Chem;Rare Earth Metals	2,242.63
3	Vehicles, Not Railway	1,503.60	3	Vehicles, Not Railway	2,241.71
4	Tobacco	1,355.40	4	Mineral Fuel, Oil Etc.	1,766.11
5	Electrical Machinery	1,010.02	5	Electrical Machinery	1,576.46
6	Pharmaceutical Products	886.58	6	Furniture And Bedding	1,535.96
7	Organic Chemicals	727.16	7	Beverages	988.11
8	Wood	672.06	8	Toys And Sports Equipment	899.68
9	Paper,Paperboard	619.04	9	Plastic	895.90
10	Misc. Chemical Products	565.16	10	Rubber	772.09

Trade Lanes

	Export	Import
Africa	1,508.99	574.27
Asia, Northeast	3,194.42	7,318.06
Asia, Southeast	858.77	1,742.61
Carribbean	202.67	53.58
Central America	306.06	243.08
Europe, North	8,283.75	11,781.46
India & Others	656.95	2,280.50
Mediterranean	1,858.79	3,288.40
Middle East	2,076.39	378.32
North America	41.84	772.91
Oceania	310.89	170.03
South America	1,772.34	2,862.93

Top U.S. Ports

1	Los Angeles, CA	240,385.98
2	Newark, NJ	116,384.02
3	Houston, TX	114,811.54
4	Long Beach, CA	87,078.42
5	Charleston, SC	60,910.77
6	The Port of Virginia	52,538.12
7	Savannah, GA	49,491.82
8	New York, NY	45,442.08
9	Baltimore, MD	41,885.31
10	New Orleans, LA	39,533.24

Source: U.S. Dept. of Commerce, Bureau of Census, Virginia Maritime Association, and the Virginia Port Authority

Compiled by VPA, Marketing

June 2008

The Port of Virginia
2007 Key Performance Indicators

Major U.S. East Coast Container Ports	TEUs	Market Share %
1 New York/New Jersey	5,299,105	40%
2 Savannah	2,604,312	20%
3 Virginia	2,128,366	16%
4 Charleston	1,754,376	13%
5 Miami (fy)	884,945	7%
6 Baltimore	610,464	5%

Major U.S. East Coast General Cargo Ports	Short Tons (Thousands)	Metric Tons (Thousands)	Market Share %
1 New York / New Jersey	36,174.55	32,817.00	39%
2 Savannah	21,655.20	19,645.27	24%
3 Virginia	17,726.25	16,080.98	19%
4 Miami (fy)	7,835.13	7,107.91	9%
5 Baltimore	8,714.97	7,906.09	9%

(fy)-Fiscal Year
Source: AAPA and various Port Authorities

Other Operational Information

VPA Employee Base by Classification	
Type	**Count**
Sworn Officers/ Security Personnel	93
Marketing Personnel	26
Port Promotions Personnel	6
Engineering & Acquisition Personnel	7
Administrative Personnel	20
Agency Total at June 30, 2008	**152**

Source and Use Data

For the Fiscal Year Ended June 30, 2008

Operating Revenues	$77,419,767	45%	Operating Expenses	$65,199,831	38%
Non-operating Revenues	94,965,873	55%	Non-operating Expenses	107,185,809	62%
Total Revenues	$172,385,640		(Includes increase in Net Assets)	$172,385,640	

The Virginia Port Authority has several revenue sources to include *operating revenues from component unit* and *other revenues* as operational sources. Capital transfers or non-operating revenues include Commonwealth Port Fund allocations, Grants, Primary Government Transfers and Other State Agency transfers.

Of the operating revenues, $71.4 million are operating transfers from the net cash flows of Virginia International Terminals. Their tariff rates are published at http://www.vit.org/Rates.aspx. Currently 79% of all revenues are based on unit rate contracts which are proprietary, but lock shiplines and alliances into long term contracts with our ports. The remaining revenues are billed at tariff rates.

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VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT

FOR FISCAL YEAR ENDED

JUNE 30, 2008

**COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS,
SERIES 1998**

**COMMONWEALTH PORT FUND REVENUE BONDS (2002 RESOLUTION),
SERIES 2002**

**COMMONWEALTH PORT FUND REVENUE BONDS (2002 RESOLUTION),
SERIES 2005A and B**

**COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS
(2002 RESOLUTION), SERIES 2006**

BASE CUSIP NUMBER: 928075

VIRGINIA PORT AUTHORITY

Continuing Disclosure Agreement
Annual Report

For Fiscal Year Ended
June 30, 2008

Commonwealth Port Fund Revenue Refunding Bonds, Series 1998

Commonwealth Port Fund Revenue Bonds (2002 Resolution), Series 2002

Commonwealth Port Fund Revenue Bonds (2002 Resolution), Series 2005A and B

Commonwealth Port Fund Revenue Refunding Bonds (2002 Resolution), Series 2006

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TABLE 1 - TAXES APPROPRIATED TO COMMONWEALTH PORT FUND

For each of the biennia ended June 30, 1992, 1994, 1996, 1998, 2000, 2002, 2004, 2006 and 2008 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, to the Commonwealth's Transportation Trust Fund (the "Transportation Fund") and directed the Commonwealth's Transportation Board to allocate 4.2% thereof to the Commonwealth Port Fund (the "Port Fund").

The following table sets forth the annual collections of the taxes that have been allocated to the Transportation Trust Fund beginning with the fiscal year ended June 30, 2002.

TRANSPORTATION TRUST FUND
STATEMENT OF REVENUE COLLECTIONS
FISCAL YEARS 2002 THROUGH 2008

Transportation Trust Fund
(in millions)

Fiscal Year	2002	2003	2004	2005	2006	2007	2008
Retail Sales and Use Tax	$388.1	$375.7	$415.0	$449.9	$476.3	$517.3	$524.9
Motor Vehicle Sales and Use Tax[(1)]	190.2	194.8	215.4	219.3	215.9	215.4	194.3
Motor Fuel Taxes[(2)]	117.8	120.1	118.1	119.1	118.5	118.0	122.4
Motor Vehicle Registration Fees	19.3	19.7	20.5	20.6	21.1	21.3	21.4
Total Transportation Trust Fund Revenues[(3)]	$715.4	$710.3	$769.0	$808.9	$831.8	$872.0	$863.0

(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) Does not reflect investment income credited to such Fund.

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

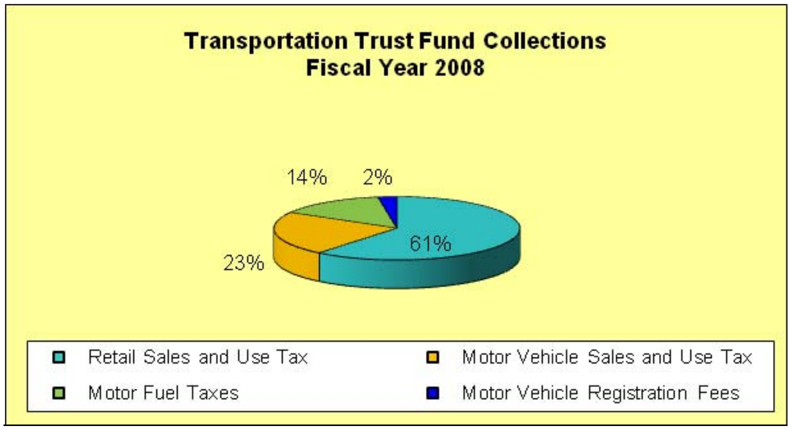


TABLE 2 - NET TRANSFERS TO THE COMMONWEALTH PORT FUND

The following table shows the allocation of Transportation Trust Fund revenue to the Port Fund, the interest credited to the Port Fund prior to its transfer to the Income Account under the Authority's Commonwealth Port Fund Revenue Bond Resolution (the "Bond Resolution") and the expenses charged thereto for the fiscal years 1998 through 2008. 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)	(—)	Indirect Expenses(2)	(=)	Net Transfers
1998	24,691,902		140,998		40,100		24,792,800
1999	26,495,208		447,823		37,700		26,905,331
2000	28,397,110		723,756		43,600		29,077,266
2001	29,447,966		1,144,001		47,600		30,544,367
2002	29,910,418		868,381		48,765		30,730,034
2003	30,597,359		468,452		49,100		31,016,711
2004	32,165,316		124,575		45,600		32,244,291
2005	33,834,570		200,301		47,600		33,987,271
2006	34,785,494		393,119		46,700		35,131,913
2007	36,480,142		421,590		48,300		36,853,432
2008	36,086,327		410,267		48,700		36,447,894

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

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

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

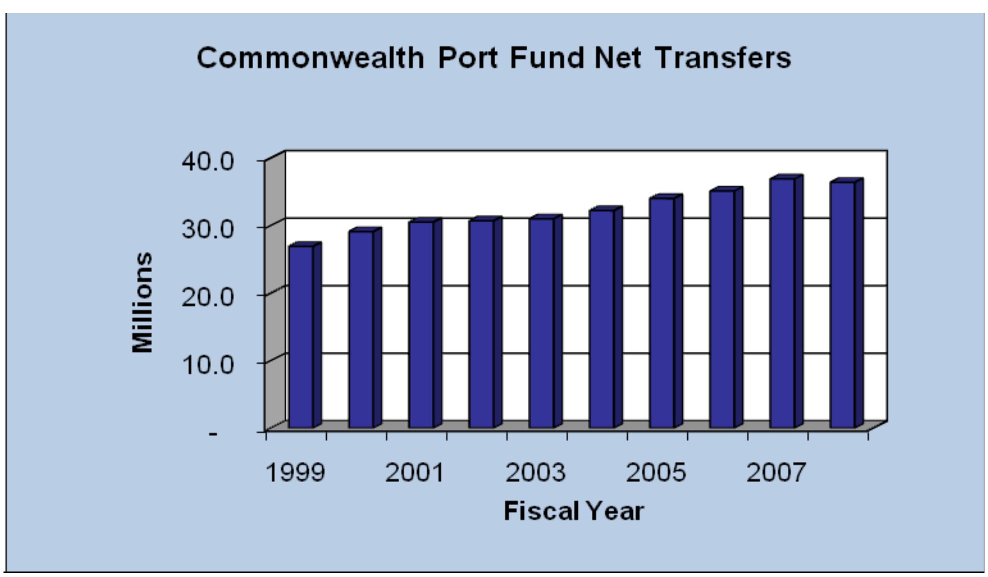


TABLE 3 - DEBT SERVICE REQUIREMENTS AND COVERAGE

Debt Service Requirements

The following table sets forth for the periods ended each June 30, the amounts required to be made available 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 Bonds, Series 2002 (the "2002 Bonds"), and Series 2005 (the "2005 Bonds), outstanding Commonwealth Port Fund Revenue Refunding Bonds, Series 2006 (the "2006 Bonds").

Fiscal Year Ending June 30,	Series 2002 Bonds Debt Service	Series 2005 Bonds Debt Service	Series 2006 Bonds Debt Service	**Total Bonds Debt Service**
	Total	Total	Total	Total
2009	10,205,393	4,280,856	3,115,900	17,602,149
2010	10,207,583	4,283,856	3,119,900	17,611,339
2011	10,205,583	4,283,106	3,113,400	17,602,089
2012	10,203,333	4,283,606	3,116,650	17,603,589
2013	10,206,293	4,280,106	3,116,625	17,603,024
2014	10,204,638	4,282,606	3,119,175	17,606,419
2015	10,203,813	4,280,606	3,118,750	17,603,169
2016	10,202,863	4,279,106	1,440,075	15,922,044
2017	10,205,963	4,282,794	0	14,488,757
2018	10,207,013	4,280,706	0	14,487,719
2019	10,205,188	4,282,844	0	14,488,032
2020	10,207,438	4,278,681	0	14,486,119
2021	10,203,188	4,283,219	0	14,486,407
2022	10,206,938	4,280,669	0	14,487,607
2023	10,202,950	4,281,031	0	14,483,981
2024	10,204,231	4,283,781	0	14,488,012
2025	10,204,500	4,283,394	0	14,487,894
2026	10,203,750	4,281,663	0	14,485,413
2027	10,206,000	4,282,375	0	14,488,375
2028	0	4,280,044	0	4,280,044
2029	0	4,279,425	0	4,279,425
2030	0	4,284,000	0	4,284,000

*Does not include the Refunded Bonds

Debt Service Coverage

Coverage of maximum annual debt service on the 2002, 2005, and 2006 Bonds by Commonwealth Port Fund Primary Income for the Fiscal Year ended June 30, 2008 is shown below:

Commonwealth Port Fund Primary Income for the Fiscal Year ended June 30, 2008	$36,447,894
Maximum Annual Debt Service (FY 2008)	$28,233,824
Pro Forma Maximum Annual Debt Service Coverage	1.29

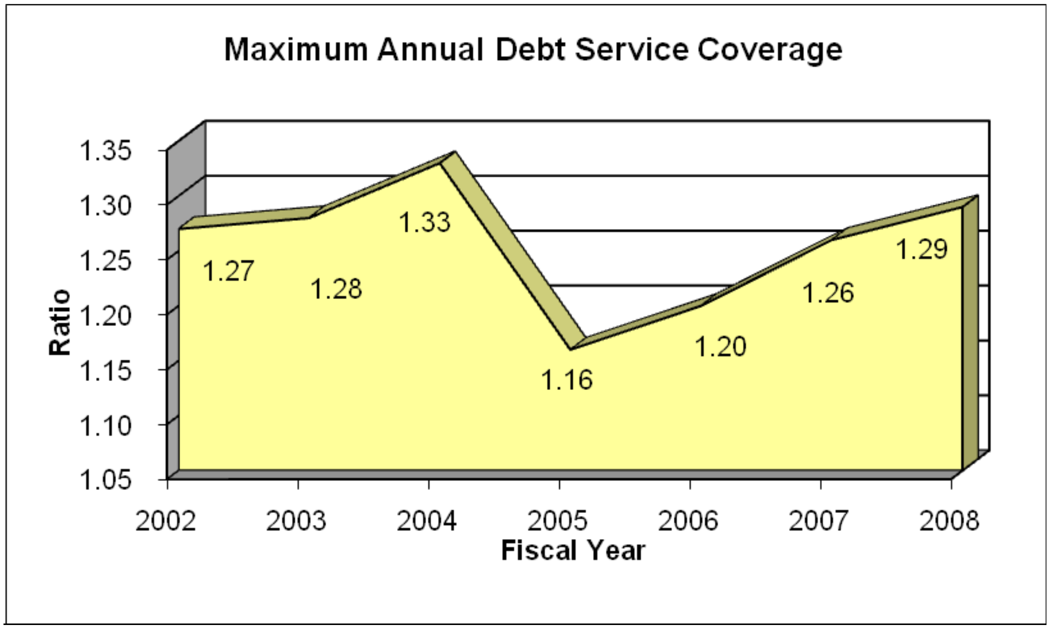


TABLE 4 - AUTHORITY REVENUES AND EXPENSES

VIRGINIA PORT AUTHORITY
FIVE-YEAR SCHEDULE OF REVENUES AND EXPENDITURES
(Cash Basis)

Fiscal Year	2004	2005	2006	2007	2008
Special Fund	$38,687,538	$43,874,216	$56,984,725	$73,466,314	$75,497,032
Commonwealth Port Fund	32,405,905	34,886,277	35,755,962	38,227,476	64,775,650
General Fund and Other[1]	4,683,600	1,760,034	971,921	809,294	24,960,471
Total Revenues	75,777,043	80,520,527	93,712,608	112,503,084	165,233,153
Expenditures[2]					
Economic Development Services:					
National & International Trade Services	4,694,687	5,063,016	6,262,186	7,659,014	8,559,891
Port Traffic Rate Management	178,537	186,590	158,132	193,116	187,868
Commerce Advertising	669,581	777,249	1,063,243	952,512	734,010
Port Facilities Planning, Maintenance, Acquisition & Construction:					
Maintenance and Operation of Port Facilities	9,957,308	6,010,164	7,934,733	4,988,176	26,983,711
Port Facilities Planning	587,527	607,186	632,786	593,025	815,052
Debt Service for Port Facilities	32,504,738	37,304,994	41,864,119	50,031,174	48,429,514
Financial Assistance for Port Activities:					
Aide to Local Ports	515,288	776,647	533,966	689,768	1,254,918
Payment in Lieu of Taxes	864,145	848,315	1,049,019	1,099,478	901,650
Administration & Support Services:					
General Management & Direction	3,476,954	3,818,067	3,897,359	4,300,001	5,194,953
Security Services	5,009,447	5,474,080	6,041,075	7,714,357	9,503,407
Total Operating Expenditures	58,458,212	60,866,308	69,436,618	78,220,621	102,564,974
Funds Available for Capital Projects	$17,318,831	$19,654,219	$24,275,990	$34,282,463	$62,668,179

(1) General Fund and Other appropriations were made for specific projects and studies. The net affect on Funds Available for Capital Projects is zero.

(2) Expenditures by Program were reorganized for FY2007. Prior years have been restated to reflect the same classifications.

TABLE 5 - 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.

LEADING EXPORTED AND IMPORTED GENERAL CARGO COMMODITIES*
CALENDAR YEAR 2001-2007 (Short Tons)

Exports	2001	2002	2003	2004	2005	2006	2007
Woodpulp	563,574	609,240	618,157	622,151	762,916	832,534	909,689
Wood	1,113,800	706,397	580,433	823,828	715,116	838,449	892,368
Paper & Paperboard	340,322	405,814	413,284	408,051	489,120	494,322	701,711
Machinery	255,404	266,738	263,892	308,014	344,996	341,899	413,115
Plastic	293,413	295,837	309,137	296,339	322,911	393,818	543,616
Imports							
Machinery	483,020	607,112	675,578	774,534	863,628	912,860	863,351
Wood	383,922	599,957	555,722	674,324	598,579	649,231	549,614
Autos and Auto Parts	322,172	439,088	462,817	472,426	533,486	552,297	488,545
Beverages	357,356	387,771	443,829	478,541	524,914	1,012,307	571,647
Furniture and Bedding	211,370	302,322	443,506	506,807	520,085	547,675	559,001

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

Sources: U.S. Maritime Administration and U.S. Department of Commerce, Bureau of Census

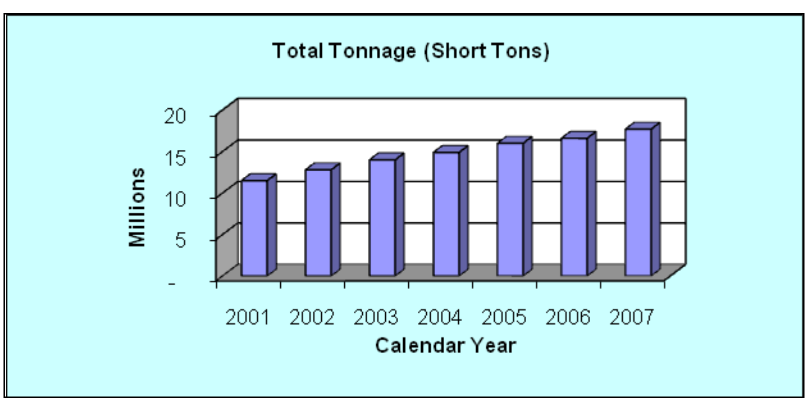
Presented below is information concerning volume of general cargo handled at all facilities that comprise the Port of Virginia.

GENERAL CARGO STATISTICS FOR THE PORT OF VIRGINIA*
CALENDAR YEAR 2001-2007 (Short Tons)

Total for Port Facilities	2001	2002	2003	2004	2005	2006	2007
Breakbulk Tons	460,852	608,128	644,863	584,860	498,745	477,252	369,739
Container Tons	11,078,554	12,216,302	13,338,754	14,272,820	15,465,273	16,105,838	17,356,512
Total Tons	11,539,406	12,824,430	13,983,617	14,857,680	15,964,018	16,583,090	17,726,251

* This table includes data for all facilities that comprise the Port of Virginia, some of which are not owned by the Authority. The Authority believes 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

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FOR FISCAL YEAR ENDED

JUNE 30, 2008

**PORT FACILITIES REVENUE BONDS,
SERIES 1997**

**PORT FACILITIES REVENUE BONDS,
SERIES 2003**

**PORT FACILITIES REVENUE BONDS,
SERIES 2006**

**PORT FACILITIES REVENUE REFUNDING BONDS,
SERIES 2007**

**SUBORDINATE PORT FACILITIES REVENUE
BOND ANTICIPATION NOTE
SERIES 2008**

BASE CUSIP NUMBER: 928077

VIRGINIA PORT AUTHORITY

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Port Facilities Revenue Bonds, Series 1997
Port Facilities Revenue Bonds, Series 2003
Port Facilities Revenue Bonds, Series 2006
Port Facilities Revenue Refunding Bonds, Series 2007
Subordinate Port Facilities Revenue Bond Anticipation Note, Series 2008

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TABLE 1 - AUTHORITY REVENUES AND EXPENSES

VIRGINIA PORT AUTHORITY
FIVE-YEAR SCHEDULE OF REVENUES AND EXPENDITURES
(Cash Basis)

Fiscal Year	2004	2005	2006	2007	2008
Special Fund	$38,687,538	$43,874,216	$56,984,725	$73,466,314	$75,497,032
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General Fund and Other[1]	4,683,600	1,760,034	971,921	809,294	24,960,471
Total Revenues	75,777,043	80,520,527	93,712,608	112,503,084	165,233,153
Expenditures[2]					
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Commerce Advertising	669,581	777,249	1,063,243	952,512	734,010
Port Facilities Planning, Maintenance, Acquisition & Construction:					
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Debt Service for Port Facilities	32,504,738	37,304,994	41,864,119	50,031,174	48,429,514
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General Management & Direction	3,476,954	3,818,067	3,897,359	4,300,001	5,194,953
Security Services	5,009,447	5,474,080	6,041,075	7,714,357	9,503,407
Total Operating Expenditures	58,458,212	60,866,308	69,436,618	78,220,621	102,564,974
Funds Available for Capital Projects	$17,318,831	$19,654,219	$24,275,990	$34,282,463	$62,668,179

(1) General Fund and Other appropriations were made for specific projects and studies. The net affect on Funds Available for Capital Projects is zero.

(2) Expenditures by Program were reorganized for FY2007. Prior years have been restated to reflect the same classifications.

TABLE 2 - VIT REVENUES AND EXPENSES

VIRGINIA INTERNATIONAL TERMINALS, INC. ("VIT")
FIVE YEAR SCHEDULE OF REVENUES AND EXPENSES

Fiscal Year	2004	2005	2006	2007	2008
Revenues:					
Operating	$173,104,337	$202,674,827	$226,009,758	$244,205,984	$254,132,812
Nonoperating	136,548	772,187	591,512	1,748,982	1,744,606
Gross Revenues	173,240,885	203,447,014	226,601,270	245,954,966	255,877,418
Expenses:					
Operating & Maintenance Expenses	$119,443,256	$140,572,293	$150,427,063	$157,916,984	$170,033,696
Administrative Expenses	16,144,392	17,347,095	19,288,621	19,474,474	20,543,207
Total Expenses	135,587,648	157,919,388	169,715,684	177,391,458	190,576,903
Income Before Transfers and Contributions[(1)]	$37,653,237	$45,527,626	$56,885,586	$68,563,508	$65,300,515

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

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

TABLE 3 - OPERATING RESULTS AND DEBT SERVICE COVERAGE

		FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
	Virginia International Terminals					
	VIT Gross Receipts	$ 170,344,524	$ 197,703,653	$ 222,966,322	$ 238,319,892	$255,622,375
	VIT Current Expenses	(130,802,285)	(151,068,932)	(164,865,110)	(173,427,457)	(185,366,708)
*	VIT CE Reserve (Deposit)/Withdrawal	-	-	-	5,800,000	-
	VIT Deposits to CEMA	(2,342,407)	(5,392,809)	(4,412,064)	(2,862,031)	(2,079,126)
	VIT Net Revenue	37,199,832	41,241,912	53,689,148	67,830,404	68,176,541
	Virginia Port Authority					
	VPA Gross Revenues					
	VIT Net Revenue	37,199,832	41,241,912	53,689,148	67,830,404	68,176,541
	Other Income	1,459,007	2,233,236	2,767,678	4,227,669	6,520,593
	Interest Income	28,700	270,488	450,524	928,880	796,621
	Total VPA Gross Revenues	38,687,539	43,745,636	56,907,350	72,986,953	75,493,754
	VPA Current Expenses	(19,577,245)	(19,718,980)	(23,093,131)	(26,502,895)	(27,754,385)
	Prior Obligations	(112,280)	(112,280)	(9,356)	-	-
	VPA Net Revenues	18,998,014	23,914,376	33,804,863	46,484,058	47,739,369
	VPA CPF for O & M	5,542,764	4,218,866	5,424,467	5,096,647	3,967,632
	Debt Service Coverage					
	Port Facilities Revenue Bonds Net Debt Service	9,373,336	9,771,261	9,677,370	13,166,322	13,568,697
	Pledged Net Revenues	21,340,421	29,307,185	38,216,927	49,346,089	49,818,495
	Pledged Adjusted Net Revenues	26,883,185	33,526,051	43,641,394	54,442,736	53,786,127
	Pledged Net Revenue Coverage	2.28	3.00	3.95	3.75	3.67
	Pledged Adjusted Net Revenue Coverage	2.87	3.43	4.51	4.13	3.96

* For 2002, 2004, 2005 and 2006 the required CE reserve deposit was funded by a transfer from the VPA Reserve, Maintenance and Improvement Fund.

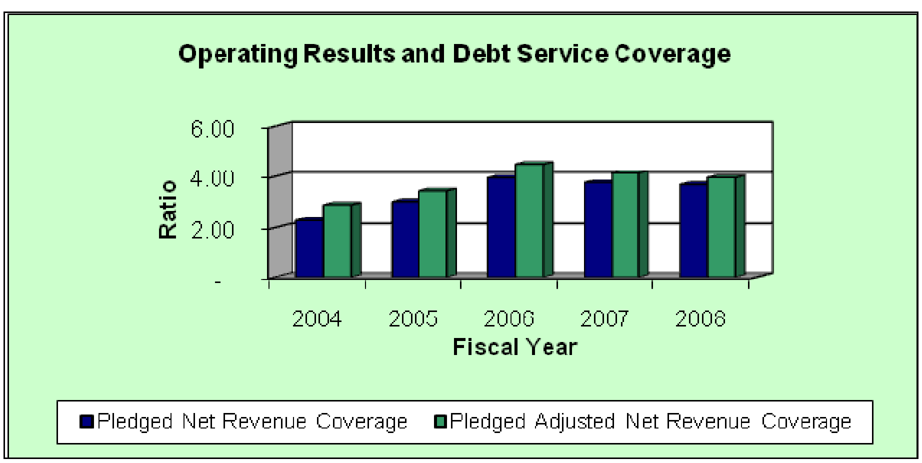


TABLE 4 - DEBT SERVICE REQUIREMENTS

The following table sets forth for the periods ended each June 30 (the end of the Authority's Fiscal Year) the aggregate amounts required to be made available 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 Bonds, Series 1997, Series 2003, Series 2006 and Port Facilities Revenue Refunding Bonds, Series 2007.

Outstanding Series 1997 Bonds ,Series 2003, Series 2006, Series 2007 Bonds and the 2008 Series Bond Anticipation Note

Period Ending June 30,	Series 1997 Debt Service	Series 2003 Debt Service	Series 2006 Debt Service	Series 2007 Debt Service	Series 2008 BAN Debt Service	Aggregate Series 1997, Series 2003,Series 2006, Series 2007 Bonds and Series 2008 Bond Anticipation Note Total Debt Service
2009	2,598,440	3,485,900	4,479,619	3,745,650	66,987,917	81,297,526
2010		3,486,100	4,476,619	6,344,250		14,306,969
2011		3,484,500	4,478,619	6,347,500		14,310,619
2012		3,486,100	4,480,419	6,344,000		14,310,519
2013		3,485,700	4,482,019	6,343,750		14,311,469
2014		3,483,300	4,478,419	6,351,250		14,312,969
2015		3,483,600	4,479,819	6,345,750		14,309,169
2016		3,485,313	4,481,019	6,347,500		14,313,832
2017		3,486,300	4,477,019	6,345,750		14,309,069
2018		3,483,088	4,478,019	6,350,250		14,311,357
2019		3,485,675	4,483,688	6,345,250		14,314,613
2020		3,483,538	4,478,800	6,345,750		14,308,088
2021		3,486,675	4,478,913	6,346,000		14,311,588
2022		3,486,581	4,478,813	6,350,500		14,315,894
2023		3,482,769	4,483,500	6,343,500		14,309,769
2024		3,485,238	4,477,594	6,345,000		14,307,832
2025		3,483,025	4,481,688	6,344,000		14,308,713
2026		3,485,400	4,475,344	6,350,000		14,310,744
2027		3,487,213	4,479,000	6,342,000		14,308,213
2028		3,483,163	11,336,638			14,819,801
2029		3,483,275	11,338,188			14,821,463
2030		3,482,500	11,338,825			14,821,325
2031		3,486,100	11,332,838			14,818,938
2032		3,483,625	11,339,750			14,823,375
2033		3,485,075	11,337,000			14,822,075
2034			14,823,250			14,823,250
2035			14,823,000			14,823,000
2036			14,820,750			14,820,750

TABLE 5 - 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.

LEADING EXPORTED AND IMPORTED GENERAL CARGO COMMODITIES*
CALENDAR YEAR 2001-2007 (Short Tons)

Exports	2001	2002	2003	2004	2005	2006	2007
Woodpulp	563,574	609,240	618,157	622,151	762,916	832,534	909,689
Wood	1,113,800	706,397	580,433	823,828	715,116	838,449	892,368
Paper & Paperboard	340,322	405,814	413,284	408,051	489,120	494,322	701,711
Machinery	255,404	266,738	263,892	308,014	344,996	341,899	413,115
Plastic	293,413	295,837	309,137	296,339	322,911	393,818	543,616
Imports							
Machinery	483,020	607,112	675,578	774,534	863,628	912,860	863,351
Wood	383,922	599,957	555,722	674,324	598,579	649,231	549,614
Autos and Auto Parts	322,172	439,088	462,817	472,426	533,486	552,297	488,545
Beverages	357,356	387,771	443,829	478,541	524,914	1,012,307	571,647
Furniture and Bedding	211,370	302,322	443,506	506,807	520,085	547,675	559,001

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

Sources: U.S. Maritime Administration and U.S. Department of Commerce, Bureau of Census

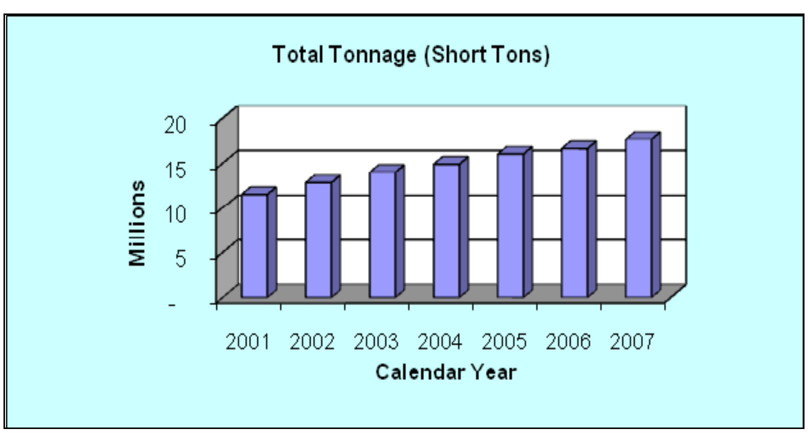
Presented below is information concerning volume of general cargo handled at all facilities that comprise the Port of Virginia.

GENERAL CARGO STATISTICS FOR THE PORT OF VIRGINIA*
CALENDAR YEAR 2001-2007 (Short Tons)

Total for Port Facilities	2001	2002	2003	2004	2005	2006	2007
Breakbulk Tons	460,852	608,128	644,863	584,860	498,745	477,252	369,739
Container Tons	11,078,554	12,216,302	13,338,754	14,272,820	15,465,273	16,105,838	17,356,512
Total Tons	11,539,406	12,824,430	13,983,617	14,857,680	15,964,018	16,583,090	17,726,251

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

Source: Terminal Operators' Statistics



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