VIRGINIA PORT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2009

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, 2009

Prepared by the Finance Department of the
Virginia Port Authority

- TABLE OF CONTENTS -


SWL UNDER SPREADER 65LT
SWL UNDER CARGO BEAM 80LT
MEDITERRANEAN SHIPPING CO
msc

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia 23510-1679
Telephone (757) 683-8000
Fax (757) 683-8500

Jerry A. Bridges
Executive Director

October 30, 2009

To the Board of Commissioners and Stakeholders:

This past fiscal year was the most challenging period in the history of containerized shipping. The worldwide economic downturn affected virtually every port with container shipping operations. Major West Coast and East Coast port volumes were down 15% and 10%, respectively. The Virginia Port Authority and Virginia International Terminals, Inc. were not immune to the downturn. Yet despite the tough economic conditions there were many positive developments:

Efficiency and Productivity
With volume declining 12.4%, the Authority and VIT engaged in a number of projects to better position the Port of Virginia for the future. Through the excellent work of our employees, we reduced operating, maintenance, and administrative expenses while at the same time increasing our efficiencies. Evidence of those efforts resulted in improved productivity on the wharf and at the gates, successful implementation of the federal TWIC requirement, curtailment of capital projects to match volume requirements, and completion of the most extensive reorganization of both organizations since the unification of the ports in the 1970's.

Making a Difference
While achieving operational and administrative successes, the Authority continues to make significant progress on social and environmental issues important to our stakeholders. As one of the "crown jewels" of the Commonwealth, the Authority has embraced its responsibility as a community leader. Over the past year, the Authority increased our use of small, women, and minority owned businesses by 50%. We expanded our ISO 14001-certified environmental management system to the Portsmouth Marine Terminal. We elected early adoption of ultra-low sulfur fuel standards, purchased a hybrid locomotive to reduce air emissions, and established a "Green Operator" program to retrofit high emission trucks. In addition, countless Authority employees and their families participated in "Clean the Bay Day", contributions to the Southeastern Virginia Food Bank, and the American Heart Association Heart Walk. These are truly remarkable results given the current state of the economy.

Poised for Growth
Despite the market downturn, the Port of Virginia is poised for remarkable growth. Completion later this year of the Heartland Corridor will give the Port unparalleled access to markets in Ohio, Illinois, Michigan, and points west. As the only major port on the East Coast with no air or water depth restrictions, the Port will undoubtedly see an increase in cargo with completion of the expansion of the Panama Canal in 2014. Two recently announced "first in call" services to the Port will enhance the amount of cargo coming off vessels currently in rotation. And the Commonwealth's ranking as the #1 place for business by a number of publications shows the commitment of the state to further business development.

I am optimistic about the future of the Authority and the port industry in Virginia because I know we have great people, great customers and relationships, and the demonstrated ability to achieve.

Sincerely,

Jerry A. Bridges
Executive Director

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia 23510-1679
Telephone (757) 683-8000
Fax (757) 683-8500

Jerry A. Bridges
Executive Director

THE PORT OF VIRGINIA
Building A Brighter, Cleaner, Greener Future.

ISO Certified: 9001
Quality Management System -
14001 Environmental
Management System

October 30, 2009

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

Dear Commissioners:

The Comprehensive Annual Financial Report (CAFR) of the Virginia Port Authority (the Authority) for the fiscal year ended June 30, 2009, 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 Authority's financial statements for the year ended June 30, 2009. 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, break-bulk, and bulk cargoes.

The Authority is managed by a 12 member Board of Commissioners - the State Treasurer and 11citizens 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 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 expenses. 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 expenses. The resulting Appropriation Act provides summary expense limitations. The appropriations are effective on July 1of 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, $41 billion in revenues, $13.5 billion in payroll compensation, 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 near the Inland Port providing a total investment 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, Family Dollar, 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, opened a new 300 acre container terminal in Portsmouth after investing over $500 million. This was the largest investment in a company owned container terminal in the U.S. and a huge investment in the Commonwealth's future. It was the first time that a shipping line 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.

Despite the recent downturn, 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, and ability to further expand, the APM terminal and the proposed development of a new container terminal on the eastward side of Craney Island. The Hampton Roads region is also 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 on non-terminal assets owned by the Authority. The Authority also maintains general liability, fiduciary liability, worker's compensation insurance and an umbrella policy.

Major Initiatives and Accomplishments

Fiscal year 2009 was a difficult year financially for the Authority, the Commonwealth, the nation, and world. Virtually every country in the world experienced negative GDP growth. The short-term collapse in the financial and housing markets led to job losses, lower consumer consumption, and lower household net worth. West Coast and East Coast port container volumes were down 15% and 10%, respectively. The Virginia Port Authority and VIT were not immune to the downturn and experienced a downturn in container volume of 12.4%. Yet despite the tough economic conditions there were many positive developments:

1. <u>Customer Service:</u>

- In conjunction with VIT, worked with APM Terminals to establish a marketing strategy to provide superior customer service to all Port of Virginia customers
- Improved vessel productivity from 32 containers per hour at NIT and 28 containers per hour at PMT to 34 and 29 containers per hour, respectively
- Improved gate turn times from 50.5 minutes at PMT to 48.7 at PMT while maintaining gate turn times of 58.0 minutes at NIT for the month ending June 30, 2009.

2. <u>Marketing:</u>

- Increased breakbulk tonnage at the Newport News Marine Terminal by 7%
- Signed a Memorandum of Understanding with private developers to develop a logistics park in central Virginia
- Signed agreements with two ocean carriers for a first-in call service and one carrier for a last-out service deploying Post-Panamax vessels

3. <u>Security:</u>

- Successfully implemented the Department of Homeland Security's Transportation Workers Identification Credential (TWIC) with minimal disruption to operations
- Completed a benchmarking study to determine optimum cost-savings while maintaining an efficient and well-staffed security program
- Secured $3 million in federal funding to improve security infrastructure

4. <u>Administration:</u>

- Expanded the scope of the Authority's ISO 1400-certified Environmental Management System to include the Portsmouth Marine Terminal
- Completed the most extensive reorganization of both the Authority and VIT since the unification of the ports in the 1970's

5. <u>Community Outreach and Public Affairs:</u>

- Increased the Authority's participation in SWaM contracting activities from 23% to 35%
- Assisted in establishing a Richmond barge service to reduce truck traffic on local streets and highways

6. Capital Programs:

- Completed NIT South Area 8 redevelopment
- Completed the construction of the Baker Street Office Building
- Completed the construction of a new warehouse at NNMT to handle increased breakbulk cargo
- Completed construction of a new rail yard operation at NIT expected to save \$6-\$8 million annually
- Completed construction of a shuttle carrier road between the NIT North and South
- Continued development, ahead of schedule, of the Commonwealth Railway Mainline Safety Relocation project, an extension of the Heartland Corridor project that will reduce rail transit time and costs for carrying rail cargo to the Midwest and beyond
- Completed the first phase of a navy fuel line relocation on Craney Island

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, 2008. This was the third 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 comprehensive annual financial report 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,

Rodney W. Oliver

Rodney W. Oliver
Deputy Executive Director &CFO
Treasurer to the Board

(This page left blank intentionally)

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, 2008

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

(This page left blank intentionally)

VIRGINIA PORT AUTHORITY

Norfolk, Virginia

BOARD OF COMMISSIONERS

John G. Milliken, Chairman

Deborah K. Stearns, Vice Chairwoman

Stephen M. Cumbie
Joe B. Fleming
Barbara J. Fried
Marvin S. Friedberg
Mark B. Goodwin
Allen R. Jones, Jr.
J. Granger Macfarlane, II
Michael J. Quillen
Thomas M. Wolf

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

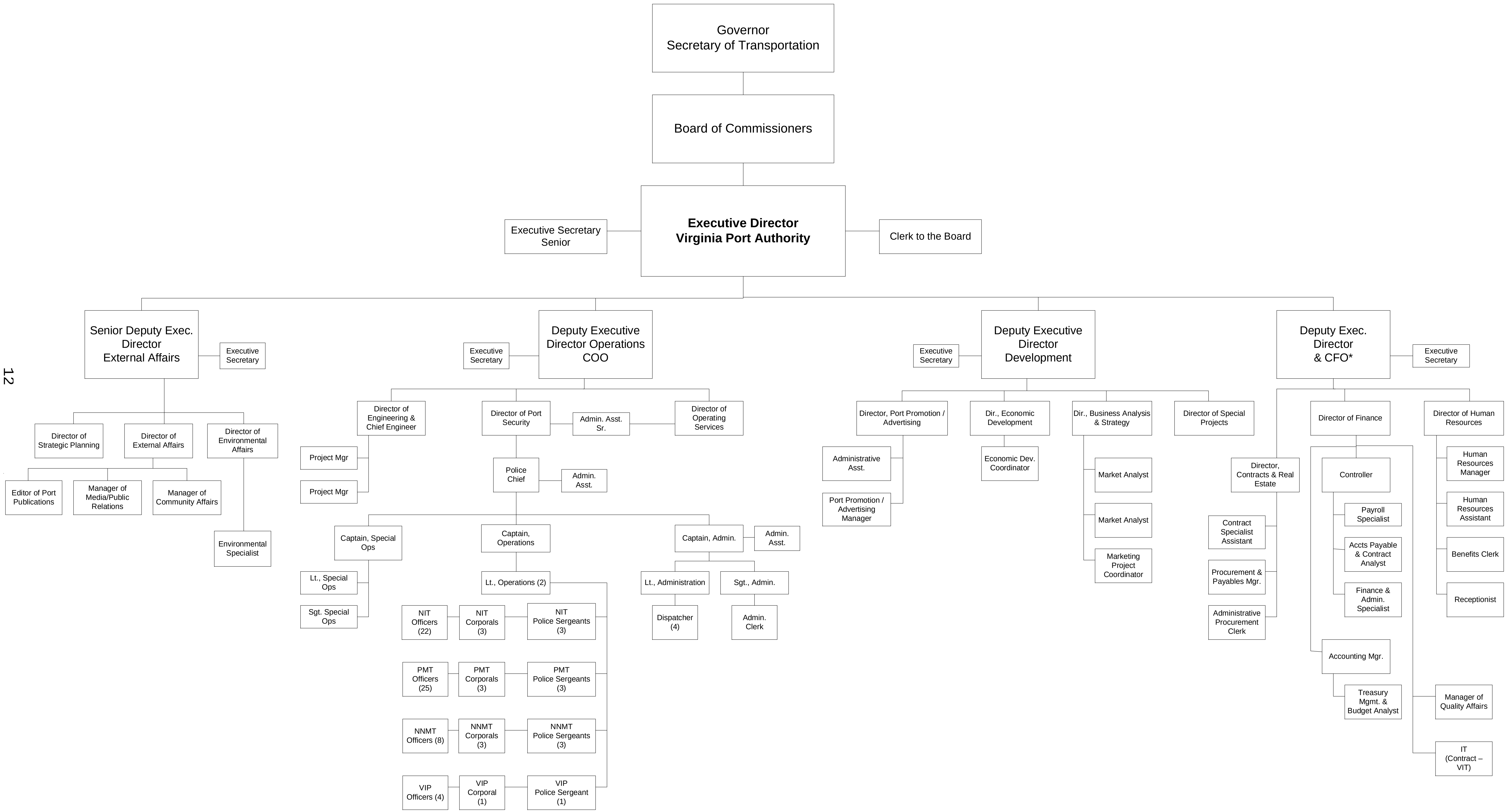
Jerry A. Bridges, Executive Director

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 Organizational Structure
June 30, 2009



* ISO 9001 Management Representative


SWL UNDER SPREADER 65LT
SWL UNDER CARGO BEAM 80LT
PORT OF VIRGINIA
PORT OF VIRGINIA
PRESIDENT POLK

Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

October 30, 2009

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 basic financial statements of the **Virginia Port Authority** (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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, in so far 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 fiscal year 2008 financial statements, and in our report dated October 29, 2008, 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 opinion.

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 discretely presented component unit as of June 30, 2009, 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 15 through 23 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. 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 an opinion on the basic financial statements of the Virginia Port Authority. The introductory section, statistical section, and compliance section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section, statistical section, and 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 30, 2009, 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.

Walter J. Kucharski

AUDITOR OF PUBLIC ACCOUNTS

VIRGINIA PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

(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, 2009. 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 $53.2 million. Container volume in the port for the fiscal year ended June 30, 2009 was 1,879,355 TEU's (twenty-foot equivalent container units), a decrease of 12.4% from fiscal year 2008.

- The Authority's net assets decreased by $7.7 million for the fiscal year ended June 30, 2009.

- The assets of the Authority exceeded its liabilities by $381.5 million at the fiscal year ended June 30, 2009. Of this amount, $39.3 million was unrestricted and may be used to meet the Authority's ongoing obligations to creditors.

- The Authority's total assets increased $10.3 million and total liabilities increased $18.1 million during fiscal year ended June 30, 2009

.

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, 2009 and 2008 are as follows:

Authority Net Assets
(in Millions)

	2009	2008
ASSETS:		
Capital assets	$ 831.9	$ 770.5
Other assets	154.6	205.7
Total assets	986.5	976.2
LIABILITIES:		
Current liabilities	120.7	57.2
Noncurrent liabilities	484.3	529.7
Total liabilities	605.0	586.9
NET ASSETS:		
Invested in capital assets, net of debt	300.4	295.3
Restricted for debt service	41.8	38.7
Unrestricted	39.3	55.3
Total net assets	$ 381.5	$ 389.3

Capital assets increased $61.4 million from year 2008. Construction in Progress was up by $9.5 million primarily due to an increase in expenses on the development of the Craney Island Marine Terminal (Craney) and NIT infrastructure projects. Depreciable capital assets increased by $89.7 million primarily from the completion of the NIT POV parking lot, the shuttle carrier route improvements, as well as the purchase of 3 dockside gantry cranes, 34 straddle carriers and 9 shuttle carriers, and the completion of a warehouse at NNMT. Other assets decreased $51.1 million from fiscal year 2008 primarily as a result of funding the capital assets.

Current liabilities increased $63.5 million primarily as a result of the refinancing of a bond anticipation note (BAN) with a new $65 million BAN due prior to June 30, 2010. Noncurrent liabilities decreased $45.4 million primarily as a result of the refinancing of the $65 million 2008 BAN, net of principal payments on other long-term debt.

The largest portion of the Authority's net assets (78.7% at June 30, 2009) 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 (11.0% at June 30, 2009) 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 (10.3% at June 30, 2009) 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, 2009 and 2008 are as follows:

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

	2009	2008
Operating revenues	$ 53.2	$ 77.4
Operating expenses	66.9	65.2
Operating earnings (loss)	(13.7)	12.2
Non-operating revenues and expenses	(43.2)	(15.5)
Loss before capital contributions and transfers	(56.9)	(3.3)
Capital contributions and transfers:		
Commonwealth port fund allocation	32.7	36.0
Proceeds from other state agencies		7.3
Proceeds from the federal government	16.7	.9
Proceeds (to)/from primary government	(.2)	24.0
Increase(decrease) in net assets	$ (7.7)	$ 64.9

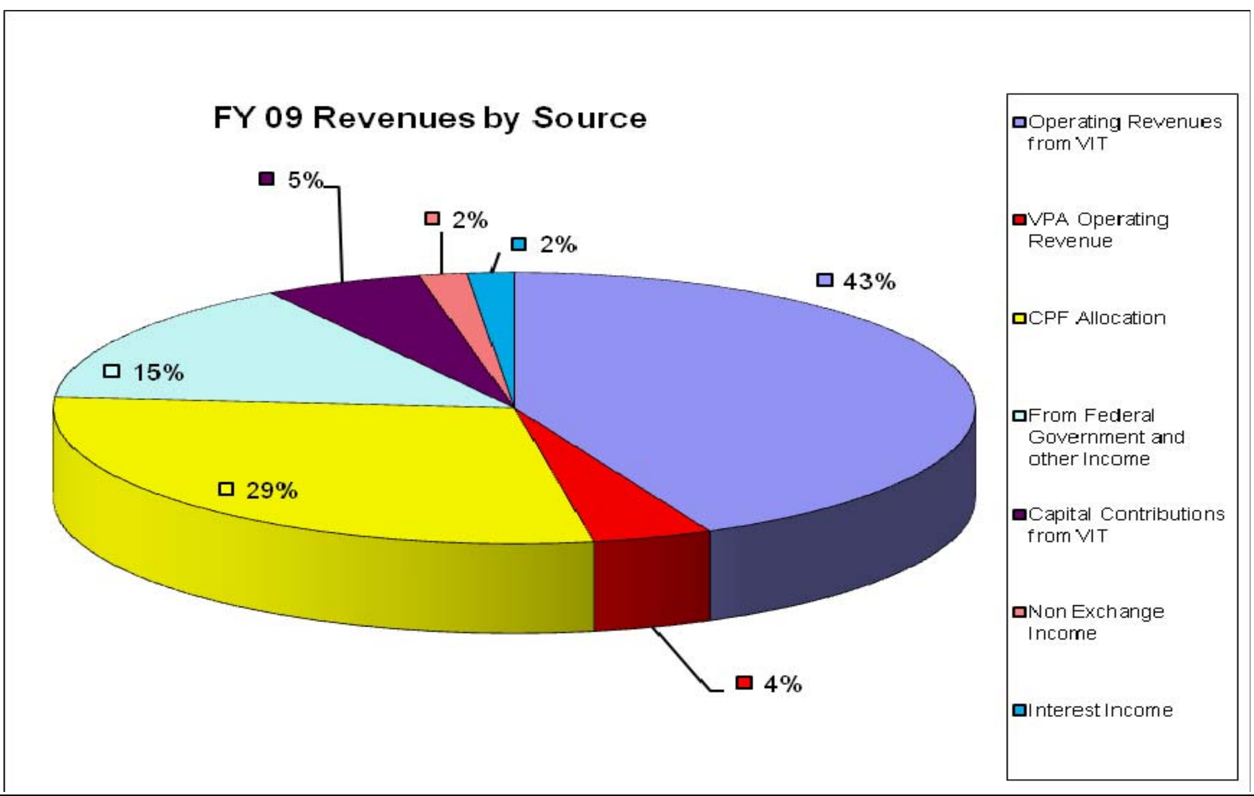
Total operating revenues decreased $24.2 million (or 31.3%) during fiscal year 2009. The change was due primarily to a 19.8% decrease in volume handled by VIT. Operating expenses for the fiscal year ended June 30, 2009, were $1.7 million (or 2.6%) over fiscal year 2008 primarily as a result of a $1.2 million increase in maintenance expenses. In addition, a reduction of general and administrative expenses of $3.1 million, due to cost containment measures and a move of the Authority's marketing staff to VIT, partially offset an increase in depreciation and amortization expense of $3.5 million. The increase in depreciation and amortization was due to the completion of a number of large capital projects at the end of fiscal year 2008 and in 2009.

During the fiscal year ended June 30, 2009, net non-operating revenues and expenses decreased by $27.7 million from fiscal year 2008. The decrease was primarily due to a $4.7 million increase in expenses on the Commonwealth Rail Relocation project with a $20.8 million decrease in like revenues, a decrease in interest income of $2.4 million as a result of lower interest rates and smaller construction fund balances during the year, an increase in interest expenses of $3.3 million and an increase in non-exchange revenue of $1.9 million. See footnote 9 for more details on the non-exchange revenue.

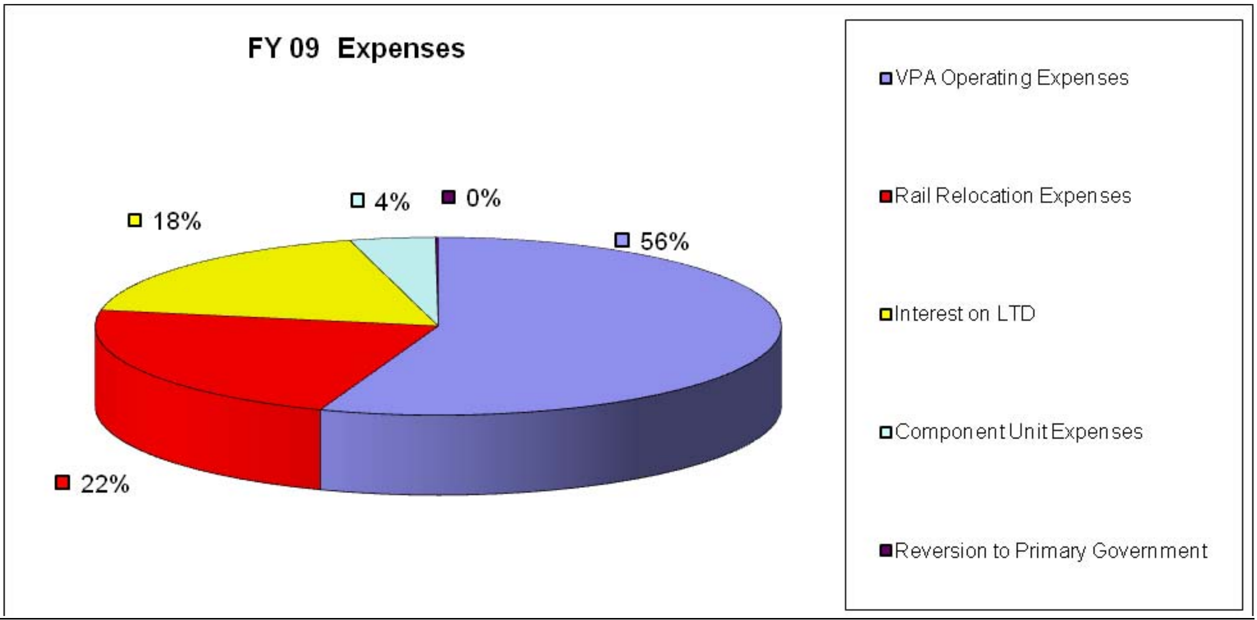
The Commonwealth port fund allocation represents the Authority's 4.2% allocation of revenues from the Commonwealth's Transportation Trust Fund, a combination of a portion of the state sales tax, and motor vehicle fuel and related taxes and fees. Commonwealth port fund collections by the Commonwealth were $3.3 million (9.2%) below the previous fiscal year due to lower fuel consumption due to the rise in fuel costs and the slowing economy.

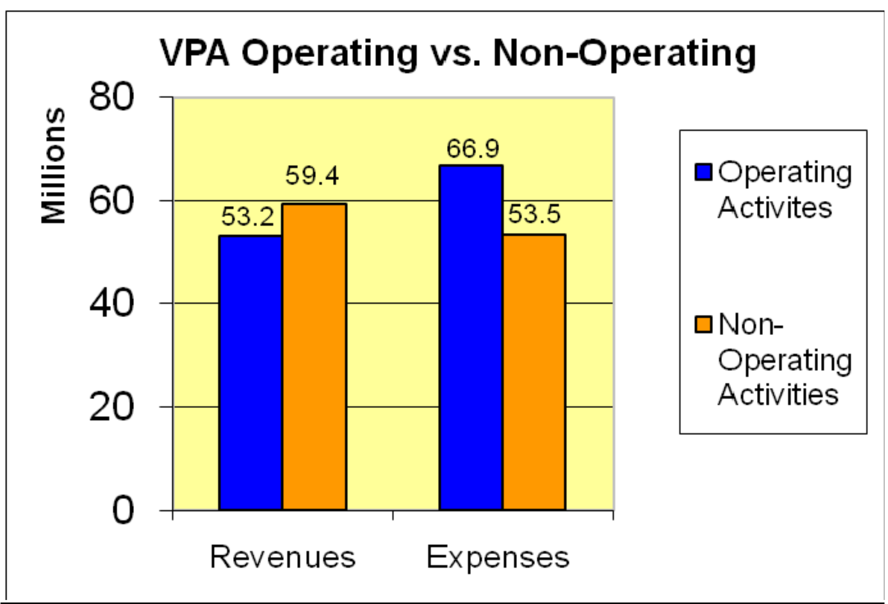
The Authority received an initial General Fund appropriation of $50 million in fiscal year 2008 in support of the rail relocation project and Craney. $12.2 million in funds remain as restricted cash held by the treasurer. Proceeds from other state agencies and primary government in 2008 of $7.3 and $23.9, respectively were the remainder of the General Fund transfer recognized, of which there were no such receipts in fiscal year 2009.

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, 2009 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, 2009.





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, 2009. Net Assets decreased by $7.7 million with $13.7 million of that decrease being from operations.

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)

	2009	2008
Cash flow from operating activities	$ 28.3	$ 40.9
Cash flow from noncapital financing activities	(5.0)	(.1)
Cash flow from capital and related financing activities	(74.8)	(13.7)
Cash flow from investing activities	(12.9)	4.8
Net increase (decrease) in cash and cash equivalents	(64.4)	31.9
Cash and cash equivalents		
Beginning of year	178.3	146.4
End of year	$ 113.9	$ 178.3

Cash flow from operating activities decreased $12.6 million in fiscal year 2009 primarily as a result of the $ 23.0 million decrease in operating revenues from VIT as a result of the 19.8% decrease in container volume, offset by expense reductions. Outflows from noncapital financing activities decreased by $4.9 million as a result of the Authority replenishing VIT's capital and maintenance fund in 2009 but not in 2008. Cash flow from capital and related financing activities decreased $61.1 million in fiscal year 2009 primarily as a result of no new debt issuances for capital projects in 2009. Cash flow from investing activities was down $17.7 million primarily due to the use of funds for purchasing investments and lesser interest earnings throughout the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Authority's investment in capital assets as of June 30, 2009, amounted to $831.9 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:

- The acquisition of 34 new straddle carriers and 9 shuttle carriers totaling $41.8 million
- Expenses of $9.5 million on the expansion of the empty yard
- Expenses of $10.6 million on a wharf extension at NIT North

- Expenses of $26.2 million on the expansion of the central rail yard/new shuttle carrier operation at NIT
- Expenses of $8.4 million for Craney Island terminal expansion
- Expenses of $16.7 million for Port Security improvements
- Capitalized interest (net of capitalized income) of $2.3 million was added to the cost of capital assets in fiscal year 2009

More details on capital asset activities can be found in the footnote disclosures to the financial statements, footnote 4.

Long-term Debt

Bonds. At June 30, 2009, the Authority had $505.3 million in long-term debt, excluding current maturities. Of this amount, $424.4 million is in the form of revenue bonds issued by the Authority. During 2009, the Authority issued $65 million in new BANs to liquidate the 2008 BAN. These notes mature on May 18, 2010 and will be funded through a planned issuance of longer term debt at the end of fiscal year 2010. The "Series 2009 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 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. an AA+ rating from 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. 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 2009 was met and exceeded.

More details on long-term debt can be found in the footnote disclosures to the financial statements, footnote 6.

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, 2009
with Summarized Information for 2008

	Primary Government	Component Unit			
	Authority	**Virginia International Terminals, Inc.**	**Eliminations**	**Total**	**June 30, 2008**
ASSETS					
Current assets:					
Cash and cash equivalents [footnote 2]	$ 30,106,130	$ 4,677,704	$ -	$ 34,783,834	$ 35,011,894
Restricted assets:					
Cash and cash equivalents [footnote 2]	33,328,845	12,957,142	-	46,285,987	56,921,733
Investments	11,907,000	10,194,567	-	22,101,567	19,668,588
Investments held by Treasurer of VA	3,586,935	-	-	3,586,935	663,243
Accounts receivable, net	342,674	18,035,379	-	18,378,053	24,251,410
Due from transportation trust	5,630,160	-	-	5,630,160	5,825,175
Due from component unit	6,710,586	-	(6,710,586)	-	-
Inventories	-	13,255,850	-	13,255,850	14,371,692
Prepaid expenses and other [footnote 3]	733,848	12,406,970	-	13,140,818	14,959,425
Total current assets	92,346,178	71,527,612	(6,710,586)	157,163,204	171,673,160
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents [footnote 2]	50,457,251	-	-	50,457,251	94,930,242
Investments [footnote 2]	4,919,412	10,000	-	4,929,412	3,561,923
Pension plan assets [footnote 10]	1,803,344	2,898,113	-	4,701,457	5,154,931
Bond issue costs, net [footnote 6]	5,036,929	-	-	5,036,929	5,283,989
Other	15,000	-	-	15,000	84,790
Non-depreciable capital assets [footnote 4]	242,796,606	-	-	242,796,606	233,217,918
Depreciable capital assets, net [footnote 4]	589,143,840	18,944,244	-	608,088,084	557,703,621
Total noncurrent assets	894,172,382	21,852,357	-	916,024,739	899,937,414
Total assets	$ 986,518,560	$ 93,379,969	$ (6,710,586)	$ 1,073,187,943	$ 1,071,610,574

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, 2009
with Summarized Information for 2008

	Primary Government	Component Unit			
	Authority	**Virginia International Terminals, Inc.**	**Eliminations**	**Total**	**June 30, 2008**
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	$ 11,079,630	$ 7,277,638	$ -	$ 18,357,268	$ 21,743,223
Interest payable	13,200,078	-	-	13,200,078	11,752,297
Retainage payable	2,737,281	-	-	2,737,281	4,385,214
Short-term debt [footnote 5]	65,941,850	-	-	65,941,850	-
Long-term debt - current portion [footnote 6]	20,636,907	-	-	20,636,907	27,184,305
Compensated absences - current portion [footnote 6]	489,979	2,563,703	-	3,053,682	2,422,263
Payroll withholdings	1,417	-	-	1,417	397,542
Obligations under securities lending	6,576,595	-	-	6,576,595	839,309
Due to Authority	-	6,710,586	(6,710,586)	-	-
Total current liabilities	120,663,737	16,551,927	(6,710,586)	130,505,078	68,724,153
Noncurrent liabilities:					
Long-term debt [footnote 6]	484,165,018	-	-	484,165,018	529,563,775
Compensated absences [footnote 6]	42,114	1,669,600	-	1,711,714	2,240,872
Workers compensation costs [footnote 13]	-	4,311,905	-	4,311,905	4,954,223
Accrued pension and OPEB obligations [footnotes 10 & 11]	85,079	5,852,745	-	5,937,824	4,540,888
Other noncurrent liabilities	24,266	-	-	24,266	-
Total noncurrent liabilities	484,316,477	11,834,250	-	496,150,727	541,299,758
Total liabilities	604,980,214	28,386,177	(6,710,586)	626,655,805	610,023,911
NET ASSETS					
Invested in capital assets, net of related debt	300,421,130	18,944,244	-	319,365,374	315,716,870
Restricted for:					
Debt service	41,845,940	22,700,000	-	64,545,940	58,134,695
Unrestricted	39,271,276	23,349,548	-	62,620,824	87,735,098
Total net assets	$ 381,538,346	$ 64,993,792	$ -	$ 446,532,138	$ 461,586,663

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

(This page left blank intentionally)

VIRGINIA PORT AUTHORITY & VIRGINIA INTERNATIONAL TERMINALS, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For The Twelve Months Ended June 30, 2009
with Summarized Information for 2008

	Primary Government	Component Unit			
	Authority	**Virginia International Terminals, Inc.**	**Eliminations**	**Total**	**June 30, 2008**
Operating Revenues:					
Terminal operating revenues	$ -	$ 203,909,927	$ -	$ 203,909,927	$ 254,132,812
Other revenues	4,707,316	-	-	4,707,316	6,049,718
Operating revenues from component unit	48,448,053	-	(48,448,053)	-	-
Total operating revenues	53,155,369	203,909,927	(48,448,053)	208,617,243	260,182,530
Operating Expenses:					
Terminal operations	1,875,888	97,451,423	-	99,327,311	120,459,517
Terminal maintenance	6,055,480	39,537,628	-	45,593,108	53,257,263
General and administrative	20,191,192	20,018,940	-	40,210,132	41,301,275
Depreciation and amortization	38,728,738	5,247,408	-	43,976,146	40,593,308
Total operating expenses	66,851,298	162,255,399	-	229,106,697	255,611,363
Operating income (loss)	(13,695,929)	41,654,528	(48,448,053)	(20,489,454)	4,571,167
Non-operating revenues (expenses)					
Interest income	1,855,775	828,757	-	2,684,532	6,035,464
Interest expense	(21,625,430)	-	-	(21,625,430)	(18,352,451)
Commonwealth Rail Relocation income	-	-	-	-	20,781,163
Commonwealth Rail Relocation expenses [footnote 9]	(26,817,021)	-	-	(26,817,021)	(22,102,404)
Operating Income/(Expense) - component unit	(4,852,551)	4,852,551	-	-	-
Non exchange income [footnote 9]	1,900,000	-	-	1,900,000	-
Capital contributions (to) from component unit	6,229,410	(6,229,410)	-	-	-
Other income (expense)	38,825	-	-	38,825	35,590
Gain (loss) on disposals	3,793	31,061	-	34,854	(1,017,897)
Income (loss) before capital contributions and transfers	(56,963,128)	41,137,487	(48,448,053)	(64,273,694)	(10,049,368)
Capital contributions and transfers					
Commonwealth Port Fund allocation	32,663,448	-	-	32,663,448	36,036,914
Operating transfers to Authority	-	(48,448,053)	48,448,053	-	-
Proceeds from federal government	16,711,588	-	-	16,711,588	876,048
Proceeds (to) from other state agencies	-	-	-	-	7,388,750
Proceeds (to) from primary government	(155,867)	-	-	(155,867)	23,948,420
Increase (decrease) in Net Assets	(7,743,959)	(7,310,566)	-	(15,054,525)	58,200,764
Net Assets - Beginning of Year	389,282,305	72,304,358	-	461,586,663	403,385,899
Net Assets - End of Year	$ 381,538,346	$ 64,993,792	$ -	$ 446,532,138	$ 461,586,663

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, 2009
with Summarized Information for 2008

	Authority	June 30, 2008
Cash flows from operating activities:		
Receipts from customers and users	$ 54,224,493	$ 75,636,477
Payments for operating expenses	(19,123,287)	(28,100,713)
Payments to employees	(6,739,921)	(6,616,150)
Net cash provided by (used in) operating activities	**28,361,285**	**40,919,614**
Cash flows from noncapital financing activities:		
Reversion to Primary Government	(155,867)	(121,667)
Noncapital payments to component unit	(4,852,551)	-
Net cash provided by (used in) noncapital financing activities	**(5,008,418)**	**(121,667)**
Cash flows from capital and related financing activities:		
Proceeds from short-term debt	65,941,850	-
Proceeds from long-term debt	-	65,551,850
CPF Contribution	32,858,463	36,216,899
Acquisition of capital assets	(57,252,541)	(114,190,742)
Principal paid on long-term debt	(94,227,634)	(15,115,827)
Interest paid on long-term debt	(20,177,649)	(17,005,638)
Proceeds for Commonwealth Rail relocation	-	20,781,163
Expenses for Commonwealth Rail relocation	(26,817,021)	(22,102,404)
Transfer from primary government	-	24,070,087
Capital payments to component unit	(121,669)	(823,961)
Capital payments from component unit	6,351,079	1,486,463
Proceeds from other state agencies	-	7,388,750
Proceeds from federal government	16,711,588	876,048
Proceeds from sale of capital assets	3,793	499,607
Expenses for capital asset disposals	-	(1,352,134)
Non-exchange proceeds	1,900,000	-
Net cash provided by (used in) capital and related financing activities	**(74,829,741)**	**(13,719,839)**
Cash flows from investing activities:		
Proceeds from sales and maturities	16,188,766	7,912,082
Payments for investments	(30,976,707)	(7,452,935)
Interest and dividends received	1,855,775	4,320,858
Net cash provided by (used in) investing activities	**(12,932,166)**	**4,780,005**
Net increase (decrease) in cash and cash equivalents	(64,409,040)	31,858,113
Cash and cash equivalents at beginning of year	178,301,266	146,443,153
Cash and cash equivalents at the end of period	**$ 113,892,226**	**$ 178,301,266**

Supplemental Schedule of Non-Cash Investing and Financing Activities

Capital expenses funded by capital lease borrowings (MELP)	$ 41,492,035	$ 8,490,887

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, 2009
with Summarized Information for 2008

	Authority	June 30, 2008
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income/(loss)	$ (13,695,929)	$ 12,219,936
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	38,728,738	35,215,703
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	7,819	237,712
(Increase) decrease in due from VIT	1,061,305	(2,021,002)
(Increase) decrease in prepaid expenses	8,326	(359,707)
(Increase) decrease in other noncurrent assets	(329,194)	(49,450)
Increase (decrease) in accounts payable	(3,096,688)	(2,463,069)
Increase (decrease) in accrued expenses	(52,782)	71,080
Increase (decrease) in short-term liabilities	5,738,482	(1,958,829)
Increase (decrease) in long-term liabilities	(8,792)	27,240
Net cash provided by (used in) operating activities	**$ 28,361,285**	**$ 40,919,614**

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 meeting the component unit definition. The Authority is an integral part of the reporting entity of the Commonwealth of Virginia; accordingly, all funds of the Authority are included in the financial statements of the Commonwealth as a part of the reporting entity.

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, 2009 was $2,303,706.

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, 2009. 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, 2009. 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 non-operating revenues and expenses.

Interest Income

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

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. This statement has been implemented .

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. This statement has been implemented.

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. Its implementation did not have a material impact on the Authority's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - concluded

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. 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.

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, 2008, 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, 2009, 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 $29,960,424 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.

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.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS – continued

As of June 30, 2009, the following shows the segmented time distribution of the Authority's investments (not held by the Treasurer) and its credit risk category:

Long-Term Restricted Investment Maturities (in Years)

Investment Type	Fair Value	Less Than 1	1-5	Category
FHLB	$ 3,630,413	$ -	$ 3,630,413	1
	$ 3,630,413	$ -	$ 3,630,413	

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

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, 2009 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 securities. These investments are 94% , of the Authority's total investments.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS – continued

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, 2009, 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.

VIT - Cash and Cash Equivalents, Restricted

	Category			Reported	Fair
June 30, 2009	**1**	**2**	**3**	**Amount**	**Value**
Money Market Instruments			$ 12,957,142	$ 12,957,142	$ 12,957,142
Total	$ -	$ -	$ 12,957,142	$ 12,957,142	$ 12,957,142

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - concluded

VIT - Short – Term Investments, Restricted

	Category			Reported	Fair
June 30, 2009	**1**	**2**	**3**	**Amount**	**Value**
Mutual Funds Corporate Bonds	$ 1,487,371			$ 1,487,371	$ 1,487,371
US Treasury & Agency		8,707,196		8,707,196	8,707,196
Total	$ 1,487,371	$8,707,196	$ -	$ 10,194,567	$ 10,194,567

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 $250,000 limit of federal insurance with major financial institutions.

3. PREPAID EXPENSES AND OTHER ASSETS

Authority Prepaid expenses and other assets as of June 30, 2009 include:

	2009
Prepaid Expenses	$ 115,014
Reimbursable Expenses	40,438
Current Portion -MELP Issue Costs	9,250
Current Portion -Bond Issue Costs	569,146
	$ 733,848

3. PREPAID EXPENSES AND OTHER ASSETS - continued

Component Unit – VIT

VIT Prepaid expenses and other assets as of June 30, 2009 include:

	2009
Prepaid expenses	$ 12,022,701
Deposits	368,000
Other receivables	16,269
	$ 12,406,970

4. CHANGES IN CAPITAL ASSETS

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

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets not being depreciated:				
Land and improvements	$ 97,625,560	$ -	$ -	$ 97,625,560
Construction in progress	135,592,358	99,497,616	89,918,928	145,171,046
	233,217,918	99,497,616	89,918,928	242,796,606
Depreciable capital assets:				
Infrastructure	462,761,460	13,082,274	-	475,843,734
Buildings	82,123,395	11,225,420	-	93,348,815
Improvements other than buildings	29,258,002	264,309	-	29,522,311
Equipment	254,434,040	65,419,371	299,233	319,554,178
	828,576,897	89,991,374	299,233	918,269,038
Less accumulated depreciation for:				
Infrastructure	123,834,253	18,209,805	-	142,044,058
Buildings	43,926,044	3,022,898	-	46,948,942
Improvements other than buildings	18,057,082	1,620,435	-	19,677,517
Equipment	105,488,316	15,229,554	263,189	120,454,681
Total accumulated depreciation	291,305,695	38,082,692	263,189	329,125,198
Depreciable capital assets, net	537,271,202	51,908,682	36,044	589,143,840
Total capital assets, net	$ 770,489,120	$151,406,298	$ 89,954,972	$ 831,940,446

4. CHANGES IN CAPITAL ASSETS - concluded

Impairments and Insurance Proceeds

During the fiscal year ended June 30, 2009, the Authority had no new capital asset impairments. In fiscal year 2009, proceeds from insurance of $4,658 were applied to the cost of repairs.

Component Unit – VIT

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

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Property & Equipment	$ 67,663,949	$ 3,765,901	$ 2,436,763	$ 68,993,087
Less: Accumulated Depreciation	47,231,530	5,253,100	2,435,787	50,048,843
Net Property & Equipment	$ 20,432,419			$ 18,944,244

5. SHORT-TERM DEBT

On June 3, 2009, the Virginia Port Authority closed on a $65,000,000 Subordinate Port Facilities Revenue Bond Anticipation Note Series 2009 (the "Series 2009 BAN") with a premium of $941,850, of which the proceeds were placed in escrow to liquidate the Subordinate Port Facilities Revenue Bond Anticipation Notes Series 2008 (the "Series 2008 BAN"). This note was 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 2009 BAN and for port facility improvements and other such expenses as authorized. Short-term debt activity for the year ended June 30, 2009 is summarized as follows: $ 65,941,850

Short Term Debt	Beginning Balance	Proceeds	Repayment	Ending Balance
Bond anticipation notes (ST)	$0	$65,941,850	$0	$65,941,850

6. 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, 2008	Additions	Deletions	Balance June 30, 2009	Amounts Due Within one Year
Revenue Bonds	$ 500,110,000	$ -	$ 85,750,000	$ 414,360,000	$ 11,205,000
Issuance Premium	12,626,181	-	1,527,755	11,098,426	730,756
Less: Deferred Refunding	1,158,004	-	126,146	1,031,858	117,810
Total Revenue Bonds	511,578,177	-	87,151,609	424,426,568	11,817,946
Installment Purchases	45,169,903	41,492,035	6,286,581	80,375,357	8,818,960
Compensated Absences	659,498	468,397	595,802	532,093	489,979
Total	$ 557,407,578	$ 41,960,432	$ 94,033,992	$ 505,334,018	$ 21,126,885

Details of Long-Term Indebtedness

Revenue Bonds	Balance as of June 30, 2009
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 of $2,470,000 with interest of 5.20% payable semiannually, the final installment due July 1, 2009. The bonds are payable from net revenues of the Authority.	$ 2,470,000

6. LONG-TERM DEBT – continued

Details of Long-Term Indebtedness - continued	Balance as of <u>June 30, 2009</u>
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 varying from $9,560,000 to $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. This bond has been paid in full.	0
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 $3,945,000 to $7,590,000 with interest of 3.8% 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. 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.	122,170,000
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.	50,750,000

6. LONG-TERM DEBT – continued

Details of Long-Term Indebtedness - continued	Balance as of June 30, 2009
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.	56,110,000
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.	18,715,000
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.	89,925,000
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.	74,220,000

6. LONG-TERM DEBT – continued

Details of Long-Term Indebtedness - continued

	Balance as of June 30, 2009
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 $65,000,000. The notes, and interest at 3%, are due and payable in full on July 1, 2009. Sufficient funds from the Series 2009 BAN issued on June 3, 2009 were placed in escrow to retire this debt.	0
Sub-total revenue bonds	414,360,000
Issuance premium, net	11,098,426
Deferred refunding amount	(1,031,858)
Total revenue bonds	**$ 424,426,568**

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%.	3,682,650
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%.	84,748
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%.	1,659,506
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%.	8,837,349
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%.	14,863,348

6. LONG-TERM DEBT – continued

Installment Purchases - continued	Balance as of June 30, 2009
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%.	3,205,749
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%.	1,373,010
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%.	6,357,985
A contract dated July 29, 2008 for the lease purchase of terminal equipment totaling $26,492,035 with semi-annual payments of $1,572,258 for a period of ten years at an interest rate of 3.43%.	25,311,013
A contract dated January 5, 2009 for the lease purchase of terminal equipment totaling $345,560 with payments beginning September 2009 at $26,354 and continuing with semi-annual payments each March and September of $26,010 for a period of seven years at an interest rate of 1.38%.	345,560
A contract dated January 9, 2009 for the lease purchase of terminal equipment totaling $8,156,830 with payments beginning September 2009 at $471,204 and continuing with semi-annual payments of $459,739 each March and September for a period of ten years at an interest rate of 2.30%.	8,156,830
A contract dated January 21, 2009 for the lease purchase of terminal equipment totaling $6,497,610 with payments beginning September 2009 at $370,373 and continuing with semi-annual payments of $366,222 each March and September for a period of ten years at an interest rate of 2.30%.	6,497,610
Total installment purchases	**$ 80,375,358**

6. LONG-TERM DEBT – continued

	Balance as of June 30, 2009
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, 2009 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 $5,000 per employee for employees hired prior to July 1, 1997. The compensated absence liability also includes related payroll taxes.	532,093
Total long-term indebtedness	**$ 505,334,018**

Annual Long-Term Debt Requirements

A summary of future principal and interest obligations under long-term debt as of June 30, 2009 (excluding compensated absences), is as follows:

Revenue Bonds

Year Ending June 30,	Principal	Interest	Total
2010	$11,205,000	$22,694,675	$33,899,675
2011	11,760,000	21,426,491	33,186,491
2012	12,330,000	19,870,508	32,200,508
2013	12,935,000	19,280,908	32,215,908
2014	13,575,000	18,659,301	32,234,301
2015-2019	70,905,000	82,594,712	153,499,712
2020-2024	82,260,000	63,717,259	145,977,259
2025-2029	95,310,000	41,469,492	136,779,492
2030-2034	63,715,000	20,504,485	84,219,485
2035-2040	40,365,000	5,055,163	45,420,163
Total Bonds	$414,360,000	$315,272,993	$729,632,993
Issuance Premium	$11,098,426		$11,098,426
Deferred Refunding	(1,031,858)		(1,031,858)
Total	$424,426,568	$315,272,993	$739,699,561

6. LONG-TERM DEBT – concluded

Installment Purchases

Year Ending June 30,	Principal	Interest	Total
2010	$ 8,818,960	$ 2,677,446	$ 11,496,406
2011	9,062,209	2,332,438	11,394,647
2012	9,372,626	2,022,021	11,394,647
2013	9,694,011	1,700,637	11,394,648
2014	10,026,762	1,367,885	11,394,647
2015-2019	32,876,583	2,739,278	35,615,861
2020-2024	524,207	12,158	536,365
Total	$ 80,375,358	$ 12,851,863	$ 93,227,221

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 $4,233,303 at June 30, 2009 to the extent of the benefits that are payable. VIT is also contingently liable for personal and vacation leave of $5,673,787 at June 30, 2009 representing amounts employees could use during their period of employment.

7. 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, 2009, $1,540,000 of defeased bonds were outstanding.

7. DEFEASANCE OF DEBT – continued

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, 2009, $2,470,000 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.

8. 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.

9. COMMITMENTS AND CONTINGENCIES

As of June 30, 2009 the Authority has commitments to construction contracts totaling $216,462,227 of which $187,277,946 has been incurred.

On July 31, 2008 the Authority entered into an agreement to purchase 3 "green" yard switching locomotives in three years with a total due, subject to appropriations, of $2,064,500.

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.

9. COMMITMENTS AND CONTINGENCIES - continued

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 four years and generally include renewal options and escalation clauses relating to property tax and cost of living increases. Rent expense under operating lease agreements amounted to $644,321 for the year.

A summary of future obligations by the Authority under lease agreements as of June 30, 2009 follows:

Year Ending June 30,	Amount
2010	$ 509,192
2011	524,348
2012	540,102
2013	274,066
Thereafter	0
Total	$ 1,847,707

Component Unit – VIT Leases

VIT leases administrative office space, equipment, and land. Each of the leases has different rates and renewal dates.

Lease commitments for the ensuing four years and in the aggregate are as follows:

Year Ending June 30,	Amount
2010	$ 1,050,192
2011	1,065,148
2012	920,702
2013	166,667
Thereafter	0
Total	$ 3,202,709

Rental expense incurred under all operating leases was $774,020 for the year ended June 30, 2009. Rental expense incurred is net of rents paid on behalf of VPA which were recorded as a transfer to VPA totaling $585,428 in 2009.

VIT has various rental and sub-lease agreements ranging from one to three years. Total rental and sub-lease income received under these agreements totaled $3,328,194 during the year ended June 30, 2009. Future payments to be received under these agreements are expected to be $1,480,092 in 2010 and $700,772 in 2011.

9. 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, 2009, the escrow account balance was $918,339.

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 expenses incurred are classified as non-operating for this flow-through project. As of June 30, 2009, $12,236,291 remained of the General Fund appropriation received for this project.

9. COMMITMENTS AND CONTINGENCIES- continued

Imposed Non Exchange Transaction

The Authority, through a Joint Memorandum of Agreement, received $1.9 million as a mitigation payment from Virginia Natural Gas to fund enhancements to Anchorage K or future dredging and navigation activities associated with the provision of a deeper anchorage area in the waters that are contiguous to the area known as Hampton Roads.

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.

Conference on World Trade

The Authority entered an agreement with the Virginia Economic Development Partnership to co-sponsor the annual "Virginia Conferences on World Trade". Under this agreement, the entities are to share equally in any profits and losses resulting from each year's conference activities. If either party terminates their participation, or the event was to be cancelled, funds would be divided in accordance with the terms of the agreement. The results of transactions related to the conference are not reflected in the Authority's financial statements.

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, 2009.

At June 30, 2009, 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, 2010. At June 30, 2009, there were no borrowings outstanding.

10. 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.

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 7.01% of base pay in 2009, 6.19% of base pay in 2008 and 7.80% of base pay in 2007 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.

10. PENSION PLANS- continued

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

	2009	2008	2007
Service cost-benefits earned during the year	$ 655,361	$ 642,254	$ 532,378
Interest on projected benefit obligation	435,006	356,456	299,507
Expected return on assets	1,096,215	260,403	(434,736)
Net amortization and deferral	(1,310,223)	(458,630)	387,386
Annual pension cost	876,359	800,483	784,535
Contributions made	(1,185,944)	(1,166,439)	(1,654,371)
Additional minimum liability	-	-	(1,402,080)
Increase(Decrease) in pension obligation	(309,585)	(365,956)	(2,271,916)
Pension obligation, beginning of year	(1,493,759)	(1,127,803)	1,144,113
Pension obligation(prepayment), end of year	($1,803,344)	($1,493,759)	($1,127,803)

The annual pension cost for the current year was determined as part of the July 2009 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities and because of this, information about funded status and funding progress is presented using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. 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 6.82% for 2009, 6.92% for 2008 and 6.25% for 2007. 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%.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2009, 2008 and 2007.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	$876,359	135%	($3,324,254)
June 30, 2008	$800,483	146%	($1,205,418)
June 30, 2007	$784,535	211%	($1,236,790)

10. PENSION PLANS- continued

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:

Acturarial Valuation Date	Actuarial Assets	Accrued Actuarial Liability	Unfunded Actuarial Accrued Liability	Fund Ratio	Annual Covered Payroll	Unfunded Actuarial Liability to Annual Covered Payroll
6/30/09	$4,206,867	$7,531,121	($3,324,254)	55.86%	$7,056,137	47.11%
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%

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).

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 $158,322 and $167,685 for the years ended June 30, 2009 and 2008, 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).

10. PENSION PLANS - continued

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, 2008 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.

VIT's components of annual pension cost and prepaid pension obligation are as follows:

	2009	2008	2007
Net Prepaid pension obligation, beginning of year	($8,740,800)	($ 9,390,200)	($ 9,321,300)
Annual pension cost	3,630,000	2,289,500	2,565,700
Contributions made	(2,482,000)	(1,640,100)	(2,634,600)
Net Prepaid pension obligation, end of year	($ 7,592,800)	($ 8,740,800)	($ 9,390,200)

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.

10. PENSION PLANS - continued

Component Unit – VIT – continued

Asset Valuation Method

Effective October 1, 2004, the asset valuation method was changed to smooth 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.

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, 2008 and 2007, respectively, and is determined by 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.

10. PENSION PLANS - continued

Component Unit – VIT – continued

The significant actuarial assumptions used in the valuations as of September 30, 2008 and 2007 were (a) life expectancy of participants, (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.

VIT'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, VIT 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 VIT's balance sheets at June 30, 2009, 2008 and 2007.

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
June 30, 2009	$ 3,630,000	68%	($ 7,592,800)
June 30, 2008	$ 2,289,500	72%	($ 8,740,800)
June 30, 2007	$ 2,565,700	103%	($ 9,390,200)

10. PENSION PLANS - continued

Component Unit – VIT – continued

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
9/30/2008	$50,620,000	$51,816,000	($1,196,000)	97.69%	$29,194,000	4.10%
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%

Information generally required to be disclosed as supplementary information in accordance with GASB 50, Pension Disclosures, has been included as part of the basic consolidated financial statements.

VIT also sponsors noncontributory supplemental plans covering certain key employees. Assets of $2,898,113 and $3,661,172 in 2009 and 2008, respectively, have been allocated for future benefit payments under the provisions of the supplemental plans. The accrued liability was $5,852,745 and $4,497,374 as of June 30, 2009 and 2008, respectively. Contributions to the plans were $0 and $987,731 for the years ended June 30, 2009 and 2008, 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 $349,123 and $334,396 for the years ended June 30, 2009 and 2008, respectively.

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 $19,652 and $23,510 for the years ended June 30, 2009 and 2008, respectively.

11. 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 to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and the plan members in the future.

11. OTHER POST RETIREMENT EMPLOYEE BENEFITS - continued

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.

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 10.50% for fiscal year ended June 30, 2009, grading to 5.50% for fiscal year ending June 30, 2014. Dental cost trend rate is 7.50% for fiscal year ended June 30, 2009 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, 2009, retirees and eligible dependents received postemployment health care benefits. The Port Authority paid $13,594 comprised of benefit payments on behalf of retirees for claims expenses and retention costs. After netting out retiree contributions totaling $20,992 the contribution towards the annual OPEB costs was a surplus of $7,398. Required contributions are based on projected pay-as-you-go financing.

11. 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 Ending June 30, 2009	FY Ending June 30, 2008
Normal Cost	$ 22,712	$ 21,838
Amoritzation of Unfunded Accrued Liability	9,961	9,063
Interest	1,307	1,236
Annual Required Contribution	33,980	32,137
Interest on Net OPEB Obligation (NOO)	1,741	-
Amoritzation of NOO	(1,554)	-
Total Expense or Annual OPEB Cost (AOC)	34,167	32,137
Actual Contribution toward OPEB Cost	7,398	11,377
Increase in NOO	41,565	43,514
NOO Beginning of Year	43,514	-
NOO End of Year	$ 85,079	$ 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, 2009 was as follows:

Fiscal Year	AOC	Contribution	Percent of AOC Contributed	NOO
6/30/2008	$ 32,137	$ 11,377	35.4%	$ 43,514
6/30/2009	$ 34,167	$ 7,398	21.7%	$ 85,079

11. OTHER POST RETIREMENT EMPLOYEE BENEFITS - concluded

Funded Status and Funding Progress

The following table illustrates the funding progress for the Authority.

	Fiscal Year Ending June 30, 2009	Fiscal Year Ending June 30, 2008
Interest Rate	4.0%	4.0%
Covered Payroll	$ 8,424,884	$ 8,642,275
Assets	-	-
Accrued Liability as of the Fiscal Year End Based on prior years valuation data		
Active	145,932	135,894
Inactive	144,808	134,847
Total	290,740	270,741
Unfunded Actuarial Accrued Liability	$ 290,740	$ 270,741
Funded Ratio	0.0%	0.0%
Unfunded as a Percent of Covered Payroll	3.5%	3.1%

The funding progress history is illustrated in the table below:

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)	-	$ 8,642,275	3.1%
June 30, 2009	$ 0	$ 290,740	$ (290,740)	-	$ 8,424,884	3.5%

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.

12. TERMINATION BENEFITS

In August of 2008, an immediate retirement incentive program was announced as a means to reduce costs through voluntary terminations. The program awarded service and health benefits for 3 years or up to normal retirement age. Eight employees selected the immediate retirement incentive option. The net present value of the immediate retirement incentive offer plus health care costs amounted to $823,236. Total annual savings from the immediate retirement incentive are estimated to be $1.05 million. This program was in conjunction with a reorganization plan for the Authority which also included the move of 18 employees to VIT as of December 31, 2008. Those employees were afforded continued health care for 3 months after termination and received a one-time pension supplement in the amount of $253,776 which represented the net present value of the difference in benefits given up as a result of the move.

13. ACCRUED WORKERS' COMPENSATION COSTS

Component Unit – VIT

Included in accrued workers' compensation costs are a workers' compensation claims component and an accrued Department of Labor assessment component. The workers' compensation claims component consists of the Company's estimate of its continuing liability for injuries which occurred during periods of self-insurance. The balances at June 30, 2009 and 2008, are classified as follows:

	2009	2008
Workers' compensation claims	$ 469,596	$ 170,596
Workers' compensation claims, noncurrent portion	1,037,053	1,369,031
	$ 1,506,649	$ 1,539,627

The accrued Department of Labor (DOL) assessment component is the Company'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 6.15% and 6.75% at June 30, 2009 and 2008. The undiscounted liability totaled approximately $5,802,000 and $6,538,000 at June 30, 2009 and 2008, respectively. Virginia International Terminals expects to pay these assessments annually through 2025.

13. ACCRUED WORKERS' COMPENSATION COSTS- continued

Component Unit – VIT- continued

The balances at June 30, 2009 and 2008, are classified as follows:

	2009	2008
Accrued DOL assessment	$ 879,870	$ 924,278
Accrued DOL assessment, noncurrent portion	3,274,852	3,585,192
	$ 4,154,722	$ 4,509,470

14. 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.

15. SUBSEQUENT EVENTS

Component Unit-VIT

In August 2009, due to the current state of the economy and the impact on operating revenues, Virginia International Terminals terminated approximately 90 of its employees. The total cost associated with severance and related benefits is estimated to be $1,874,000. Additionally, VIT offered a voluntary early retirement package for employees 62 and older. Total future annual compensation savings from the terminations and early retirements are expected to approximate $7,500,000.

STATISTICAL SECTION

STATISTICAL SECTION
(unaudited)

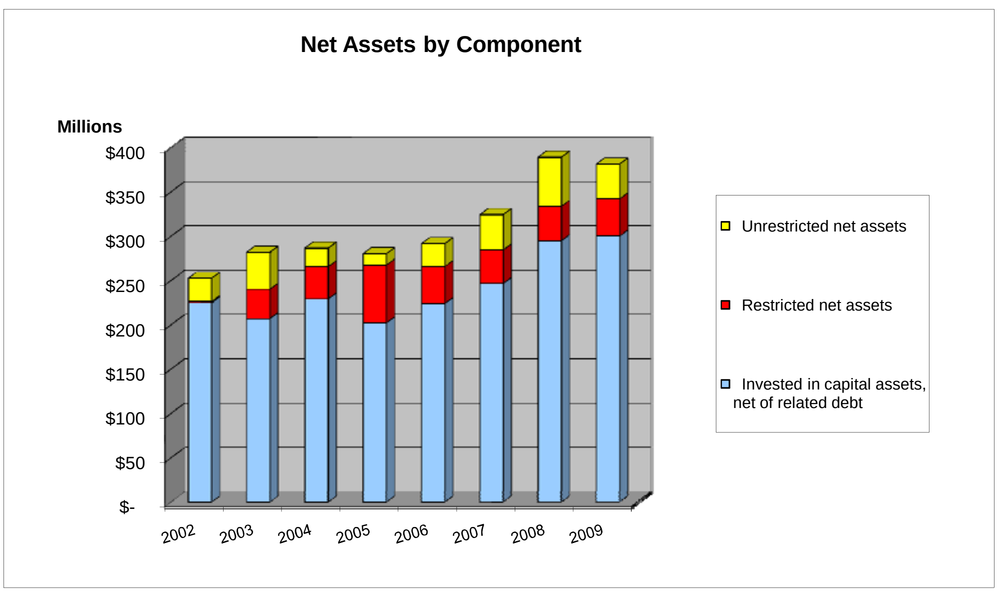
The objective of the statistical section is to provide information about the economic condition within which the Virginia Port Authority operates, to enable the user to more fully understand what the information in the financial statements, notes and supplementary information says about the Authority's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

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

VIRGINIA PORT AUTHORITY
Net Assets by Component
For the Years 2002 Through 2009[1]

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
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	$ 300,421,130
Restricted net assets	1,437,520	33,181,531	36,386,020	65,355,495	41,764,584	37,919,827	38,688,565	41,845,940
Unrestricted net assets	26,348,479	41,574,603	21,008,849	12,724,958	25,862,097	39,588,492	55,309,289	39,271,276
Total Net Assets	$ 252,694,266	$ 281,947,292	$ 286,740,447	$ 280,416,651	$ 291,846,712	$ 324,349,506	$ 389,282,305	$ 381,538,346

[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.



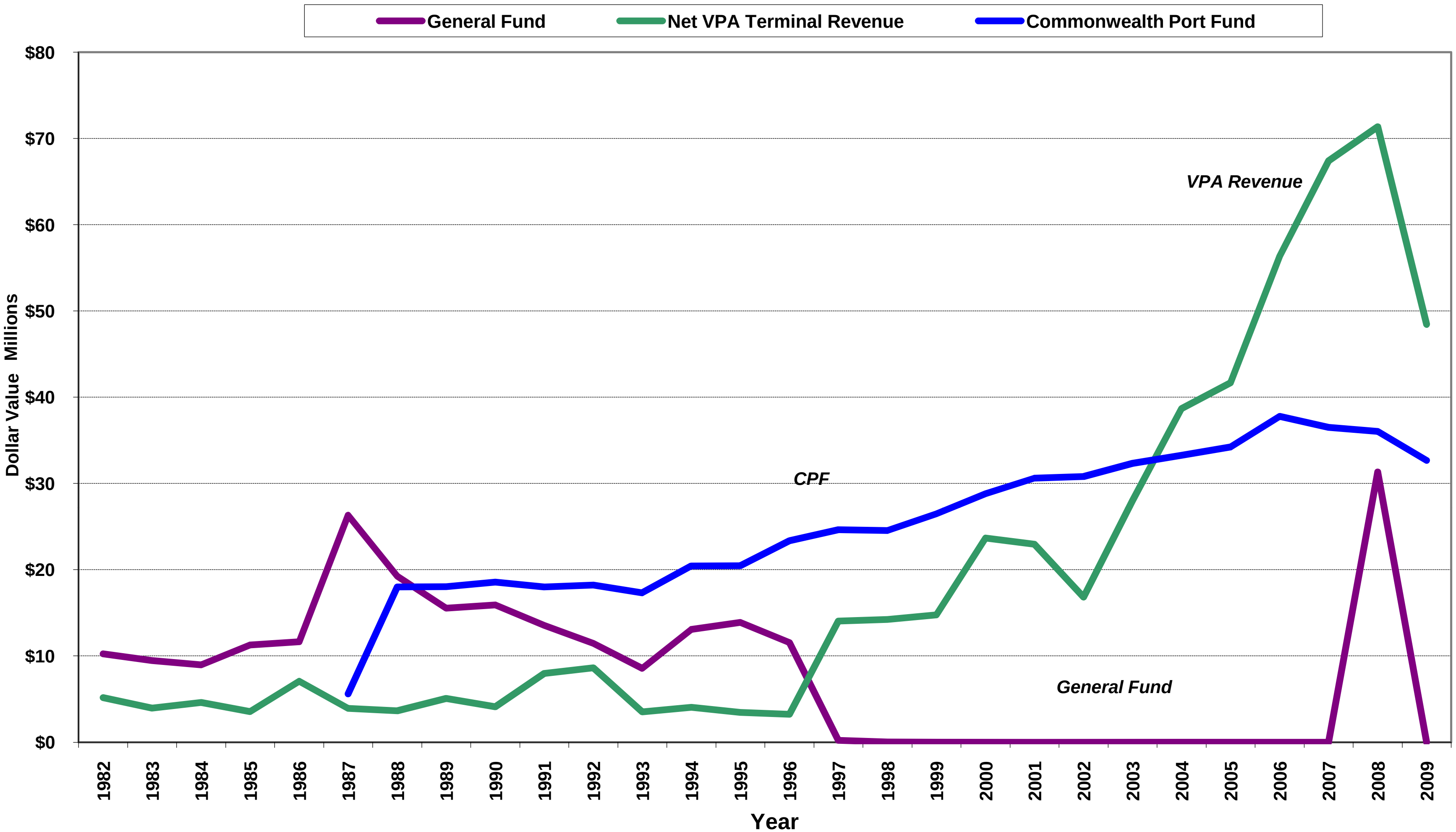
VIRGINIA PORT AUTHORITY
Changes in Net Assets
For the Years 2002 Through 2009 [1]

	2002	2003	2004	2005	2006	2007	2008	2009
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	$ 48,448,053
Other revenues	1,313,613	1,756,837	1,458,786	2,239,387	2,997,586	4,946,483	6,049,718	4,707,316
Total operating revenues	17,209,647	33,056,054	39,394,027	43,917,948	59,327,688	72,346,296	77,419,767	53,155,369
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	1,875,888
Terminal maintenance	5,309,458	4,773,651	3,733,194	4,221,083	5,773,381	4,586,595	4,878,215	6,055,480
General and administrative	14,084,993	14,431,437	14,280,061	15,941,738	16,997,029	21,153,082	23,263,380	20,191,192
Depreciation and amortization	16,835,559	18,614,871	22,128,718	22,805,086	29,269,085	33,501,778	35,215,703	38,728,738
Total operating expenses	37,881,631	39,641,948	42,175,537	45,035,662	54,612,307	61,084,135	65,199,831	66,851,298
Operating income (loss)	(20,671,984)	(6,585,894)	(2,781,510)	(1,117,714)	4,715,381	11,262,161	12,219,936	(13,695,929)
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	1,855,775
Interest expense	(10,442,365)	(16,228,649)	(18,700,271)	(15,721,684)	(18,904,385)	(19,249,296)	(18,352,451)	(21,625,430)
Commonwealth Rail Relocation Income	-	-	-	-	-	1,120,000	20,781,163	-
Commonwealth Rail Relocation Expense	-	-	-	-	-	(1,447,474)	(22,102,404)	(26,817,021)
Operating expenses to component unit	-	-	(6,781,000)	(8,367,186)	(5,424,620)	(4,498,144)	-	(4,852,551)
Capital contributions (to) from component unit, net	-	-	(4,982,210)	4,071,724	(4,640,649)	1,968,604	662,502	6,229,410
Channel dredging Income/Expenses - Fed Govt	-	17,675,000	(2,400,726)	(7,100,005)	(6,762,000)	-	-	-
Capital contribution to City of Norfolk	-	-	-	(5,000,000)	-	-	-	-
Voluntary Non-Exchange Income	-	-	-	-	-	-	-	1,900,000
Other income (expense)	-	-	-	(56,518)	100,339	166,303	35,590	38,825
Gain (loss) on disposals	(633,123)	44,015	(614,981)	(10,685,443)	(120,524)	(430,311)	(852,527)	3,793
Income (loss) before capital contributions and transfers	(29,997,304)	(1,974,137)	(34,032,777)	(41,463,102)	(10,027,481)	(1,267,234)	(3,317,333)	(56,963,128)
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	32,663,448
Proceeds from federal government	-	869,940	7,242,502	1,322,558	840,276	300,787	876,048	16,711,588
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	(155,867)
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	(7,743,959)
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	389,282,305
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	$ 381,538,346

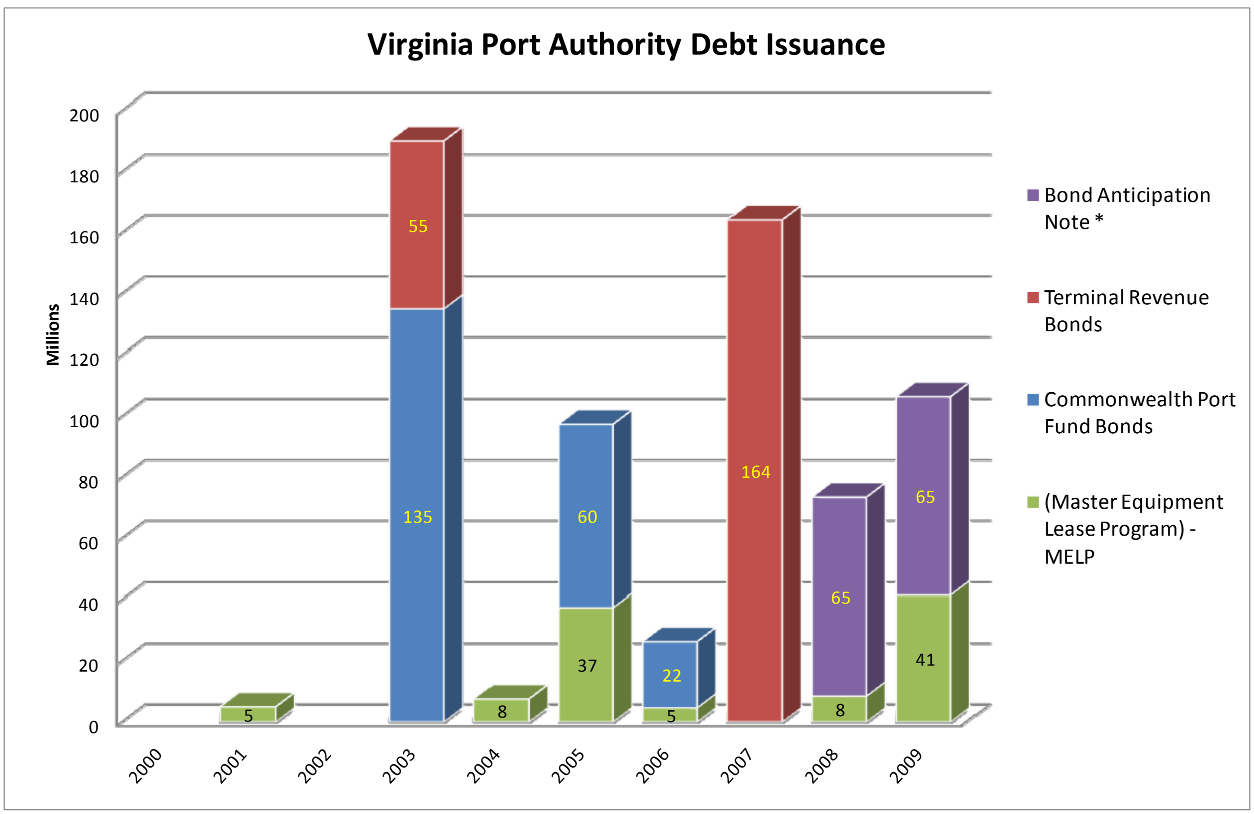
[1] The Authority implemented GASB34 in 2002, therefore no "Net Assets by Component" information is available prior to that date. Results will be added each year until ten years are presented.
Note this has been reorganized to reflect non operating incomes and expenses as they are currently depicted in the financial statements presented herein

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

VIRGINIA PORT AUTHORITY - Revenue Comparisons



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



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

Period Ending June 30,	Series 2002 Principal	Series 2002 Interest	Series 2002 Debt Service	Series 2005A (AMT) Principal	Series 2005A (AMT) Interest	Series 2005A (AMT) Debt Service	Series 2005B (Non-AMT) Principal	Series 2005B (Non-AMT) Interest	Series 2005B (Non-AMT) Debt Service	Series 2006 Principal	Series 2006 Interest	Series 2006 Debt Service	Total Bonds Debt Service
2010	4,140,000	6,067,582	10,207,582	1,515,000	2,523,606	4,038,606	-	245,250	245,250	2,230,000	889,900	3,119,900	17,611,338
2011	4,345,000	5,860,582	10,205,582	1,590,000	2,447,856	4,037,856	-	245,250	245,250	2,335,000	778,400	3,113,400	17,602,088
2012	4,560,000	5,643,334	10,203,334	1,670,000	2,368,356	4,038,356	-	245,250	245,250	2,455,000	661,650	3,116,650	17,603,590
2013	4,785,000	5,421,294	10,206,294	1,750,000	2,284,856	4,034,856	-	245,250	245,250	2,590,000	526,625	3,116,625	17,603,025
2014	5,015,000	5,189,638	10,204,638	1,840,000	2,197,356	4,037,356	-	245,250	245,250	2,735,000	384,175	3,119,175	17,606,419
2015	5,290,000	4,913,814	10,203,814	1,930,000	2,105,356	4,035,356	-	245,250	245,250	2,885,000	233,750	3,118,750	17,603,170
2016	5,580,000	4,622,864	10,202,864	2,025,000	2,008,856	4,033,856	-	245,250	245,250	1,365,000	75,076	1,440,076	15,922,046
2017	5,890,000	4,315,964	10,205,964	2,135,000	1,902,544	4,037,544	-	245,250	245,250			-	14,488,758
2018	6,215,000	3,992,014	10,207,014	2,245,000	1,790,456	4,035,456	-	245,250	245,250	-	-	-	14,487,720
2019	6,555,000	3,650,188	10,205,188	2,365,000	1,672,594	4,037,594	-	245,250	245,250	-	-	-	14,488,032
2020	6,885,000	3,322,438	10,207,438	2,485,000	1,548,432	4,033,432	-	245,250	245,250	-	-	-	14,486,120
2021	7,225,000	2,978,188	10,203,188	2,620,000	1,417,970	4,037,970	-	245,250	245,250	-	-	-	14,486,408
2022	7,590,000	2,616,938	10,206,938	2,755,000	1,280,420	4,035,420	-	245,250	245,250	-	-	-	14,487,608
2023	7,975,000	2,227,950	10,202,950	2,900,000	1,135,782	4,035,782	-	245,250	245,250	-	-	-	14,483,982
2024	8,385,000	1,819,232	10,204,232	3,055,000	983,532	4,038,532	-	245,250	245,250	-	-	-	14,488,014
2025	8,815,000	1,389,500	10,204,500	3,215,000	823,144	4,038,144	-	245,250	245,250	-	-	-	14,487,894
2026	9,255,000	948,750	10,203,750	3,370,000	666,414	4,036,414	-	245,250	245,250	-	-	-	14,485,414
2027	9,720,000	486,000	10,206,000	3,535,000	502,126	4,037,126	-	245,250	245,250	-	-	-	14,488,376
2028			-	3,705,000	329,794	4,034,794	-	245,250	245,250	-	-	-	4,280,044
2029	-	-	-	3,060,000	149,176	3,209,176	825,000	245,250	1,070,250	-	-	-	4,279,426
2030	-	-	-			-	4,080,000	204,000	4,284,000	-	-	-	4,284,000
2031	-	-	-	-	-	-			-	-	-	-	-
	$ 118,225,000	$ 65,466,270	$ 183,691,270	$ 49,765,000	$ 30,138,626	$ 79,903,626	$ 4,905,000	$ 5,109,000	$ 10,014,000	$ 16,595,000	$ 3,549,576	$ 20,144,576	$ 293,753,472
			7/1/2027			7/1/2029			7/1/2030			7/1/2016	

[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 vehicle registration fees.

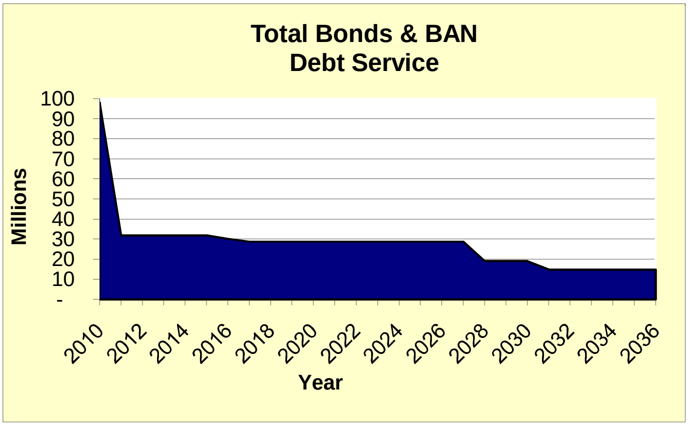
VIRGINIA PORT AUTHORITY
Port Facilities Revenue Bonds[1]
Debt Service Requirements

Period Ending June 30,	Series 2003 Bonds Principal	Series 2003 Bonds Interest	Series 2003 Bonds Total	Series 2006 Bonds Principal	Series 2006 Bonds Interest	Series 2006 Bonds Total	Series 2007 Bonds Principal	Series 2007 Bonds Interest	Series 2007 Bonds Total	Series 2009 Bond Anticipation Note Principal	Series 2009 Bond Anticipation Note Interest	Series 2009 Bond Anticipation Note Debt Service	Total Bonds Debt Service
2010	1,165,000	2,321,100	3,486,100	75,000	4,401,619	4,476,619	2,635,000	3,709,250	6,344,250	65,000,000	1,245,833	66,245,833	80,552,802
2011	1,210,000	2,274,500	3,484,500	80,000	4,398,619	4,478,619	2,770,000	3,577,500	6,347,500				14,310,619
2012	1,260,000	2,226,100	3,486,100	85,000	4,395,419	4,480,419	2,905,000	3,439,000	6,344,000				14,310,519
2013	1,310,000	2,175,700	3,485,700	90,000	4,392,019	4,482,019	3,050,000	3,293,750	6,343,750				14,311,469
2014	1,360,000	2,123,300	3,483,300	90,000	4,388,419	4,478,419	3,210,000	3,141,250	6,351,250				14,312,969
2015	1,430,000	2,053,600	3,483,600	95,000	4,384,819	4,479,819	3,365,000	2,980,750	6,345,750				14,309,169
2016	1,505,000	1,980,313	3,485,313	100,000	4,381,019	4,481,019	3,535,000	2,812,500	6,347,500				14,313,832
2017	1,585,000	1,901,300	3,486,300	100,000	4,377,019	4,477,019	3,710,000	2,635,750	6,345,750				14,309,069
2018	1,665,000	1,818,088	3,483,088	105,000	4,373,019	4,478,019	3,900,000	2,450,250	6,350,250				14,311,357
2019	1,755,000	1,730,675	3,485,675	115,000	4,368,688	4,483,688	4,090,000	2,255,250	6,345,250				14,314,613
2020	1,845,000	1,638,538	3,483,538	115,000	4,363,800	4,478,800	4,295,000	2,050,750	6,345,750				14,308,088
2021	1,945,000	1,541,675	3,486,675	120,000	4,358,913	4,478,913	4,510,000	1,836,000	6,346,000				14,311,588
2022	2,030,000	1,456,581	3,486,581	125,000	4,353,813	4,478,813	4,740,000	1,610,500	6,350,500				14,315,894
2023	2,115,000	1,367,769	3,482,769	135,000	4,348,500	4,483,500	4,970,000	1,373,500	6,343,500				14,309,769
2024	2,210,000	1,275,238	3,485,238	135,000	4,342,594	4,477,594	5,220,000	1,125,000	6,345,000				14,307,832
2025	2,310,000	1,173,025	3,483,025	145,000	4,336,688	4,481,688	5,480,000	864,000	6,344,000				14,308,713
2026	2,425,000	1,060,400	3,485,400	145,000	4,330,344	4,475,344	5,760,000	590,000	6,350,000				14,310,744
2027	2,545,000	942,213	3,487,213	155,000	4,324,000	4,479,000	6,040,000	302,000	6,342,000				14,308,213
2028	2,665,000	818,163	3,483,163	7,020,000	4,316,638	11,336,638							14,819,801
2029	2,795,000	688,275	3,483,275	7,355,000	3,983,188	11,338,188							14,821,463
2030	2,920,000	562,500	3,482,500	7,705,000	3,633,825	11,338,825							14,821,325
2031	3,055,000	431,100	3,486,100	8,065,000	3,267,838	11,332,838							14,818,938
2032	3,190,000	293,625	3,483,625	8,455,000	2,884,750	11,339,750							14,823,375
2033	3,335,000	150,075	3,485,075	8,875,000	2,462,000	11,337,000							14,822,075
2034				12,805,000	2,018,250	14,823,250							14,823,250
2035				13,445,000	1,378,000	14,823,000							14,823,000
2036				14,115,000	705,750	14,820,750							14,820,750
	$ 49,630,000	$ 34,003,853	$ 83,633,853	$ 89,850,000	$103,269,544	$ 193,119,544	$ 74,185,000	$ 40,047,000	$ 114,232,000	$ 65,000,000	$ 1,245,833	$ 66,245,833	$ 457,231,230
Final Payment due			7/1/2033			7/1/2036			7/1/2027			5/18/2010	

[1] The bonds are payable from the net revenues of the Authority.
The 2009 BAN will be replaced through the issuance of an already authorized $93,000,000 Terminal Revenue Bond Issue

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
2010	17,611,338	80,552,802	98,164,140
2011	17,602,088	14,310,619	31,912,707
2012	17,603,590	14,310,519	31,914,109
2013	17,603,025	14,311,469	31,914,494
2014	17,606,419	14,312,969	31,919,388
2015	17,603,170	14,309,169	31,912,339
2016	15,922,046	14,313,832	30,235,878
2017	14,488,758	14,309,069	28,797,827
2018	14,487,720	14,311,357	28,799,077
2019	14,488,032	14,314,613	28,802,645
2020	14,486,120	14,308,088	28,794,208
2021	14,486,408	14,311,588	28,797,996
2022	14,487,608	14,315,894	28,803,502
2023	14,483,982	14,309,769	28,793,751
2024	14,488,014	14,307,832	28,795,846
2025	14,487,894	14,308,713	28,796,607
2026	14,485,414	14,310,744	28,796,158
2027	14,488,376	14,308,213	28,796,589
2028	4,280,044	14,819,801	19,099,845
2029	4,279,426	14,821,463	19,100,889
2030	4,284,000	14,821,325	19,105,325
2031	-	14,818,938	14,818,938
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
	$ 293,753,472	$ 457,231,230	$ 750,984,702



(This page left blank intentionally)

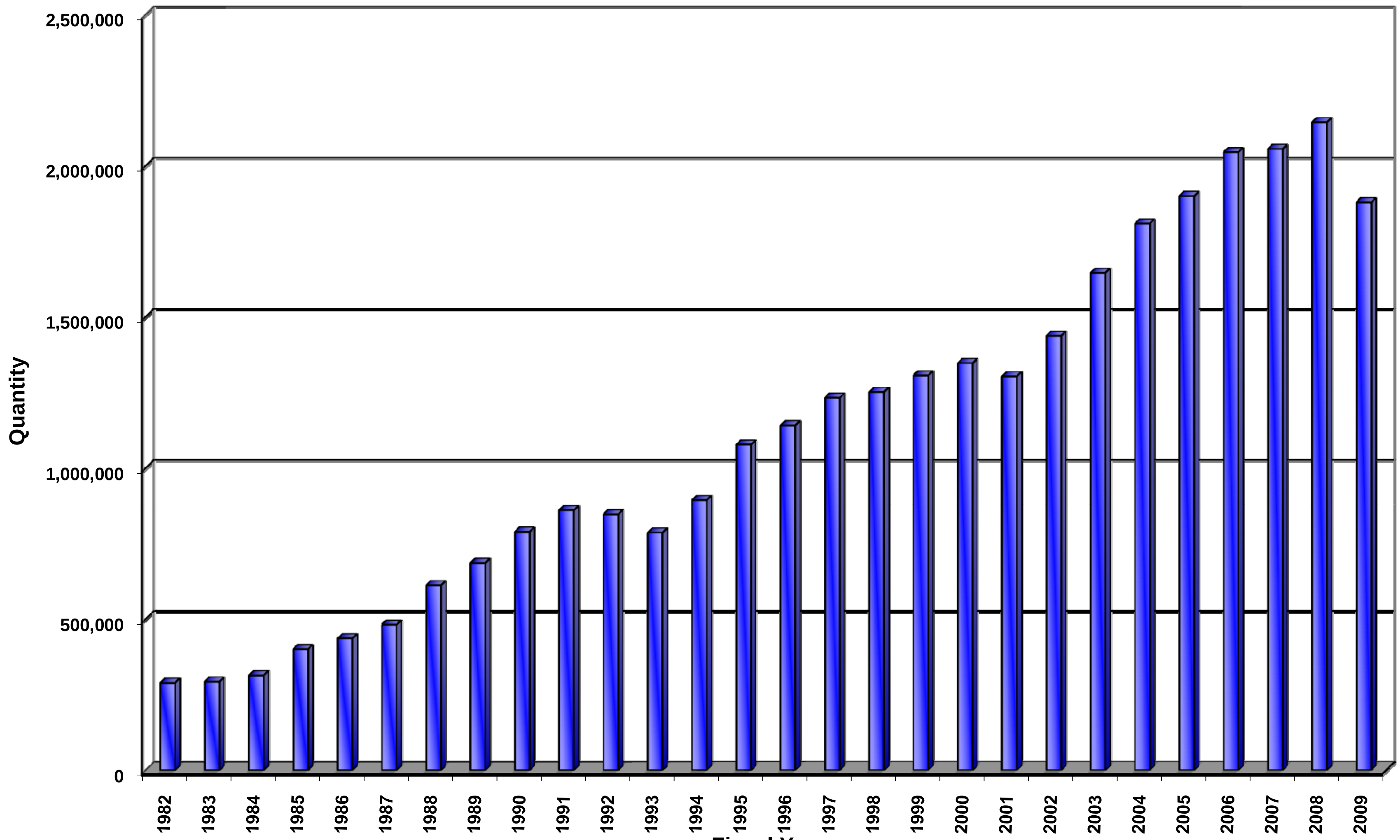
OPERATING RESULTS AND DEBT SERVICE COVERAGE
CASH BASIS

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY2009
V										
irginia International Terminals										
VIT Gross Receipts	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	213,953,605
VIT Current Expenses	(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)	(157,368,268)
* VIT Current Expense (CE) Reserve (Deposit)/Withdrawal	441,800	0	0	1,641,000	0	0	0	5,800,000	0	0
VIT Deposits to CEMA	(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)	(7,781,079)
VPA Expensese										0
V VIT Net Revenue	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	48,804,258
irginia Port Authority										
VPA Gross Revenues										
VIT Net Revenue	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	48,804,258
Other Income	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	4,825,652
Interest Income	129,116	363,575	220,607	122,754	28,700	270,488	450,524	928,880	796,621	134,182
Total VPA Gross Revenues	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	53,764,092
VPA Current Expenses	(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)	(25,071,082)
Prior Obligations	(112,280)	(112,280)	(112,280)	(112,280)	(112,280)	(112,280)	(9,356)	0	0	0
VPA Net Revenues	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	28,693,010
VPA CPF for O & M	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	3,453,823
Debt Service Coverage										
Series 1997, 2003, 2006 & 2007 Bonds Net Debt Service	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	13,906,715
Pledged Net Revenues	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	36,474,089
Pledged Adjusted Net Revenues	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	39,927,912
Pledged Net Revenue Coverage	1.28	1.33	1.29	2.40	2.28	3.00	3.95	3.75	3.67	2.62
Pledged Adjusted Net Revenue Coverage	2.31	2.35	2.28	3.17	2.87	3.43	4.51	4.13	3.96	2.87

* - For 2002, 2004, 2005, 2006, 2008 and 2009 the required CE reserve deposit was funded by a transfer from the VPA Reserve, Maintenance and Improvement Fund.

Demographic and Economic Information *These schedules give economic information regarding the environment in which the Authority operates*

Virginia Port Authority
Twenty-Foot Equivalent Units (TEU's)



TEU is a twenty-foot equivalent unit container

(This page left blank intentionally)

The Port of Virginia
2008 Key Performance Indicators

TOTAL	Short Tons (Thousands)	Metric Tons (Thousands)	EXPORT	Short Tons (Thousands)	Metric Tons (Thousands)	IMPORT	Short Tons (Thousands)	Metric Tons (Thousands)
Total Cargo	56,557.65	51,308.76	Total Cargo	42,023.17	38,123.17	Total Cargo	14,534.47	13,185.59
General Cargo	17,833.15	16,178.12	General Cargo	9,829.14	8,916.94	General Cargo	8,004.01	7,261.19
Container Cargo	17,490.26	15,867.06	Container Cargo	9,739.77	8,835.86	Container Cargo	7,750.49	7,031.20
Breakbulk Cargo	342.88	311.06	Breakbulk Cargo	89.37	81.08	Breakbulk Cargo	253.52	229.99
Container Units	1,200,859		Container Units	643,134		Container Units	557,725	
TEUs	2,083,278		TEUs	1,120,520		TEUs	962,758	
Total Cargo Dollar Value (Millions)	58,150.28		Total Cargo Dollar Value (Millions)	24,684.34		Total Cargo Dollar Value (Millions)	33,465.95	

Vessel Calls	2,926
Coal Loadings* Short Tons (Thousands)	42,299.49

*Coal loadings include international and domestic shipments

Major U.S. East Coast Container Ports

Market Share

	TEUs	Market Share
New York/New Jersey	5,265,053	38%
Savannah	2,616,185	19%
Virginia	2,083,278	15%
Charleston	1,635,537	12%
Miami	847,809	6%
Jacksonville	718,467	5%
Baltimore	612,877	4%

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

Compiled by VPA, Business Analysis and Strategy

The Port of Virginia

2008 Total Cargo in Thousands of Short Tons

Top 10 Trading Partners

Exports		Imports	
1 Brazil	4,389.71	1 Brazil	3,585.92
2 Netherlands	3,349.00	2 China	1,672.33
3 France	3,273.44	3 Canada	1,564.96
4 Italy	3,053.89	4 Colombia	1,447.12
5 Belgium	2,717.70	5 Germany	562.32
6 United Kingdom	2,652.52	6 India	541.31
7 Egypt	1,930.81	7 France	439.19
8 India	1,782.82	8 Italy	409.75
9 Spain	1,616.63	9 Indonesia	240.16
10 Turkey	1,467.83	10 Turkey	234.85

Top 10 Commodities

Exports		Imports	
1 Mineral Fuel, Oil Etc	29,969.07	1 Mineral Fuel, Oil Etc	5,767.25
2 Cereals	1,414.94	2 Machinery	791.24
3 Fertilizers	1,115.63	3 Salt;Sulfur;Earth,Stone	755.67
4 Food Waste; Animal Feed	1,080.25	4 Fertilizers	497.92
5 Woodpulp, Etc.	871.60	5 Furniture And Bedding	496.83
6 Paper,Paperboard	748.26	6 Beverages	482.90
7 Wood	747.86	7 Wood	465.37
8 Misc Grain,Seed,Fruit	729.73	8 Vehicles, Not Railway	441.75
9 Iron And Steel	641.70	9 Rubber	407.68
10 Plastic	536.23	10 Plastic	335.00

Trade Lanes

	Export	Import
Africa	3,734.75	306.73
Asia, Northeast	2,588.30	2,001.21
Asia, Southeast	1,171.99	622.81
Carribbean	538.09	182.18
Central America	236.18	89.10
Europe, North	16,336.18	2,428.04
India & Others	1,960.76	660.17
Mediterranean	9,036.02	994.17
Middle East	712.42	96.53
North America	425.90	1,590.91
Oceania	101.37	41.59
South America	5,181.20	5,521.04

Top U.S. Ports

1 Houston, TX	150,276.23
2 New Orleans, LA	97,574.21
3 Los Angeles, CA	75,285.28
4 Newark, NJ	64,837.85
5 Gramercy, LA	60,722.27
6 Morgan City, LA	59,921.22
7 The Port of Virginia	56,557.65
8 Philadelphia, PA	54,651.38
9 Corpus Christi, TX	54,107.57
10 Long Beach, CA	47,761.61

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

Compiled by VPA, Business Analysis and Strategy

The Port of Virginia

2008 Total Cargo in Thousands of Metric Tons

Top 10 Trading Partners

Exports		Imports	
1 Brazil	3,982.31	1 Brazil	3,253.13
2 Netherlands	3,038.19	2 China	1,517.13
3 France	2,969.64	3 Canada	1,419.72
4 Italy	2,770.47	4 Colombia	1,312.82
5 Belgium	2,465.48	5 Germany	510.13
6 United Kingdom	2,406.35	6 India	491.07
7 Egypt	1,751.62	7 France	398.43
8 India	1,617.36	8 Italy	371.72
9 Spain	1,466.60	9 Indonesia	217.87
10 Turkey	1,331.61	10 Turkey	213.05

Top 10 Commodities

Exports		Imports	
1 Mineral Fuel, Oil Etc	27,187.76	1 Mineral Fuel, Oil Etc	5,232.01
2 Cereals	1,283.63	2 Machinery	717.81
3 Fertilizers	1,012.09	3 Salt;Sulfur;Earth,Stone	685.54
4 Food Waste; Animal Feed	979.99	4 Fertilizers	451.71
5 Woodpulp, Etc.	790.71	5 Furniture And Bedding	450.72
6 Paper,Paperboard	678.81	6 Beverages	438.09
7 Wood	678.45	7 Wood	422.18
8 Misc Grain,Seed,Fruit	662.00	8 Vehicles, Not Railway	400.75
9 Iron And Steel	582.15	9 Rubber	369.85
10 Plastic	486.46	10 Plastic	303.91

Trade Lanes

	Export	Import
Africa	3,388.14	278.61
Asia, Northeast	2,348.09	1,815.48
Asia, Southeast	1,063.22	565.01
Carribbean	488.16	165.28
Central America	214.26	80.83
Europe, North	14,820.09	2,202.70
India & Others	1,778.79	598.91
Mediterranean	8,197.43	901.90
Middle East	646.30	87.57
North America	386.38	1,443.26
Oceania	91.96	37.38
South America	4,700.35	5,008.66

Top U.S. Ports

1 Houston, TX	136,329.71
2 New Orleans, LA	88,518.75
3 Los Angeles, CA	68,298.36
4 Newark, NJ	58,820.51
5 Gramercy, LA	55,086.88
6 Morgan City, LA	54,360.18
7 The Port of Virginia	51,308.76
8 Philadelphia, PA	49,579.41
9 Corpus Christi, TX	49,086.07
10 Long Beach, CA	43,329.04

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

Compiled by VPA, Business Analysis and Strategy

The Port of Virginia

2008 Total Cargo in Millions of U.S. Dollars

Top 10 Trading Partners

	Exports			Imports	
1	Belgium	1,978.10	1	China	5,734.54
2	Germany	1,760.94	2	Brazil	3,485.29
3	China	1,701.16	3	Germany	3,464.15
4	United Kingdom	1,562.55	4	Italy	1,907.15
5	Netherlands	1,357.67	5	India	1,850.39
6	Brazil	1,252.40	6	Japan	1,637.81
7	Saudi Arabia	1,112.73	7	United Kingdom	1,505.92
8	Japan	894.36	8	France	1,480.29
9	Egypt	687.61	9	Netherlands	1,015.88
10	Russia	637.79	10	Canada	780.54

Top 10 Commodities

	Exports			Imports	
1	Machinery	5,121.23	1	Machinery	6,167.81
2	Vehicles, Not Railway	1,810.38	2	Mineral Fuel, Oil Etc	2,641.74
3	Plastic	1,593.06	3	Vehicles, Not Railway	2,230.58
4	Tobacco	1,260.37	4	Electrical Machinery	1,624.87
5	Electrical Machinery	1,173.65	5	Furniture And Bedding	1,426.44
6	Organic Chemicals	880.86	6	Inorg Chem;Rare Erth Mt	1,328.22
7	Pharmaceutical Products	878.52	7	Rubber	1,014.67
8	Misc. Chemical Products	794.95	8	Plastic	964.47
9	Iron And Steel	688.23	9	Toys And Sports Equipmt	950.87
10	Paper,Paperboard	645.25	10	Beverages	937.98

Trade Lanes

	Export	Import
Africa	1,708.33	706.47
Asia, Northeast	3,521.55	7,892.12
Asia, Southeast	1,294.56	2,131.28
Carribbean	291.32	81.78
Central America	337.37	290.13
Europe, North	10,058.53	11,106.42
India & Others	767.12	2,408.56
Mediterranean	1,802.42	3,410.06
Middle East	2,399.23	382.03
North America	60.72	817.86
Oceania	285.50	70.08
South America	2,157.62	4,169.15

Top U.S. Ports

1	Los Angeles, CA	243,909.86
2	Houston, TX	147,694.80
3	Newark, NJ	127,653.88
4	Long Beach, CA	91,537.01
5	Charleston, SC	62,331.85
6	Savannah, GA	58,987.26
7	The Port of Virginia	58,150.28
8	New York, NY	57,731.48
9	New Orleans, LA	49,765.09
10	Baltimore, MD	45,312.43

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

Compiled by VPA, Business Analysis and Strategy

Other Operational Information

These schedules present information about the Authority's services.

2 Year	**VPA Employee Base by Classification**		
Type		**June 30, 2008**	**June 30, 2009**
Sworn Officers/ Security Personnel		93	97
Marketing/Economic Development Personnel		26	6
Port Promotions Personnel		6	6
Engineering & Acquisition Personnel		7	9
Administrative Personnel		20	28
Agency Totals		**152**	**146**

Source and Use Data

For the Fiscal Year Ended June 30, 2009

Operating Revenues	$53,155,369	47%	Operating Expenses	$66,851,298	56%
Non-operating Revenues	59,402,839	53%	Non-operating Expenses	53,450,869	44%
Total Revenues	$112,558,208		Total Expenses	$120,302,167	

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, $48.4 million or 91.1% 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 80% 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.

Biggest. Deepest. Newest. Best.

At The Port of Virginia, we're determined to set ourselves apart. Our Suez-class cranes can handle ships loaded 26 containers across—in fact, they can handle ships larger than any currently built. Our obstruction-free channels are 50 feet deep, making them the deepest channels available on the East Coast. Our renovation of Norfolk International Terminals has included new cranes, new straddle carriers, and a new wharf almost a mile long. Our commitment to the environment has led to new methods for operating our facilities, with the hope that one day we'll be the greenest port in the country.

Come discover more reasons why The Port of Virginia is the superior choice. Visit our website at http://www.portofvirginia.com/

(This page left blank intentionally)


RYAN
45

VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT

FOR FISCAL YEAR ENDED

JUNE 30, 2009

**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, 2009

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

Table of Contents

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 2009

Transportation Trust Fund
(in millions)

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009
Retail Sales and Use Tax	$388.1	$375.7	$415.0	$449.9	$476.3	$517.3	$524.9	$499.4
Motor Vehicle Sales and Use Tax(1)	190.2	194.8	215.4	219.3	215.9	215.4	194.3	150.8
Motor Fuel Taxes(2)	117.8	120.1	118.1	119.1	118.5	118.0	122.4	116.8
Motor Vehicle Registration Fees	19.3	19.7	20.5	20.6	21.1	21.3	21.4	21.6
Total Transportation Trust Fund Revenues(3)	$715.4	$710.3	$769.0	$808.9	$831.8	$872.0	$863.0	$788.6

(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.

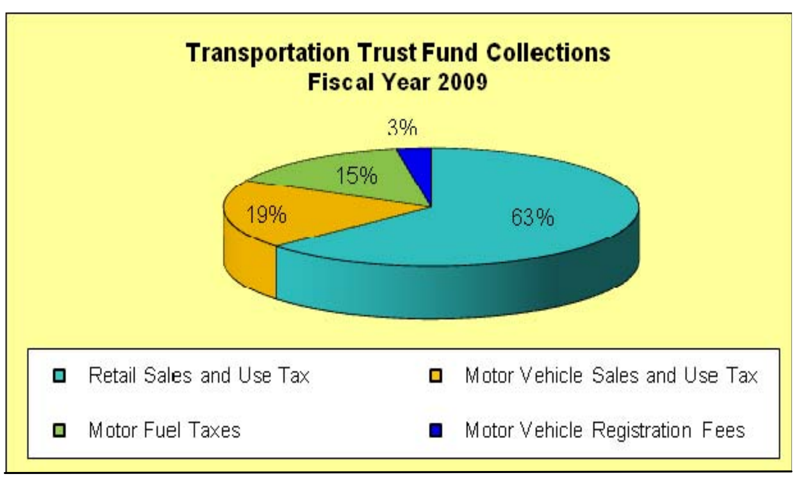


TABLE 2 - NET TRANSFERS TO THE COMMONWEALTH PORT FUND

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 2009. 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
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
2009	32,966,292		257,621		-		33,223,913

(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.

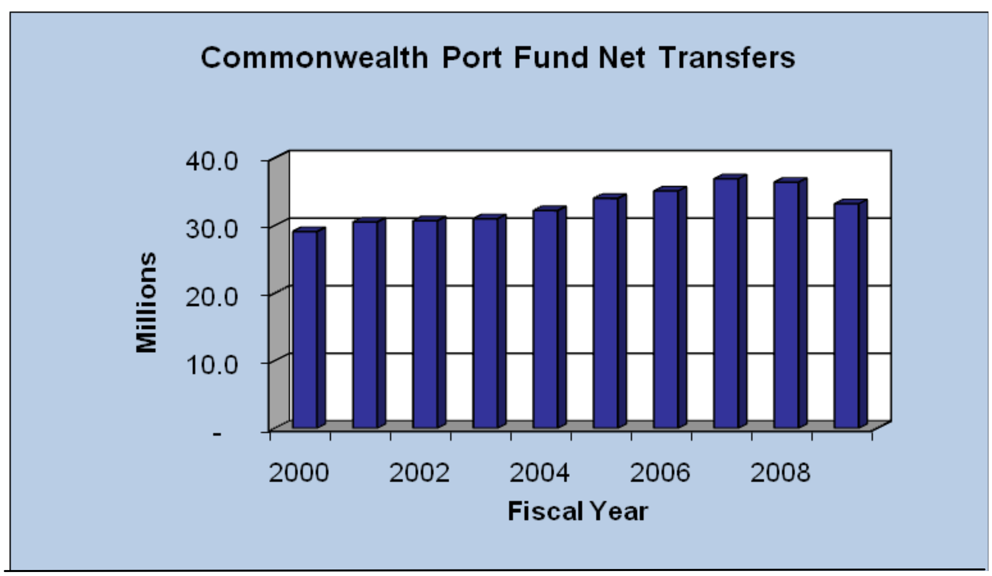


TABLE 3 - DEBT SERVICE REQUIREMENTS AND COVERAGE

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
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, 2009 is shown below:

Commonwealth Port Fund Primary Income for the Fiscal Year ended June 30, 2009	$33,223,913
Maximum Annual Debt Service (FY 2010)	$17,611,339
Pro Forma Maximum Annual Debt Service Coverage..	1.89

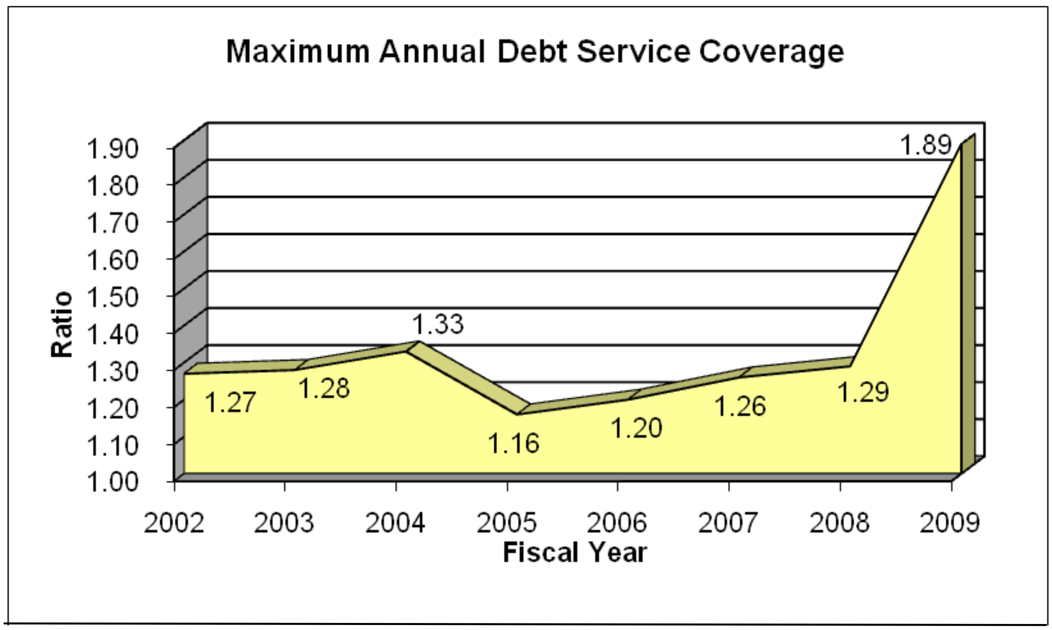


TABLE 4 - AUTHORITY REVENUES AND EXPENSES

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

Fiscal Year	2005	2006	2007	2008	2009
Special Fund	$43,874,216	$56,984,725	$73,466,314	$75,497,032	$53,792,050
Commonwealth Port Fund	34,886,277	35,755,962	38,227,476	64,775,650	44,877,434
General Fund and Other[1]	1,760,034	971,921	809,294	24,960,471	4,075,859
Total Revenues	80,520,527	93,712,608	112,503,084	165,233,153	102,745,343
Expenses[2]					
Economic Development Services:					
National & International Trade Services	5,063,016	6,262,186	7,659,014	8,559,891	5,364,013
Port Traffic Rate Management	186,590	158,132	193,116	187,868	108,176
Commerce Advertising	777,249	1,063,243	952,512	734,010	793,841
Port Facilities Planning, Maintenance, Acquisition & Construction:					
Maintenance and Operation of Port Facilities	6,010,164	7,934,733	4,988,176	26,983,711	27,241,311
Port Facilities Planning	607,186	632,786	593,025	815,052	832,369
Debt Service for Port Facilities	37,304,994	41,864,119	50,031,174	48,429,514	44,825,317
Financial Assistance for Port Activities:					
Aide to Local Ports	776,647	533,966	689,768	1,254,918	478,883
Payment in Lieu of Taxes	848,315	1,049,019	1,099,478	901,650	1,002,587
Administration & Support Services:					
General Management & Direction	3,818,067	3,897,359	4,300,001	5,194,953	5,720,365
Security Services	5,474,080	6,041,075	7,714,357	9,503,407	9,804,301
Total Operating Expenditures	60,866,308	69,436,618	78,220,621	102,564,974	96,171,163
Funds Available for Capital Projects	$19,654,219	$24,275,990	$34,282,463	$62,668,179	$6,574,180

(1) General Fund and Other appropriations were made for specific projects and studies. The net effect 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 based on the top 5 leading import and export commodities for the most recent calendar year.

LEADING EXPORTED AND IMPORTED GENERAL CARGO COMMODITIES*
CALENDAR YEAR 2004-2008 (Short Tons)

Exports	2004	2005	2006	2007	2008
Paper & Paperboard, incl. Waste	655,471	704,429	784,368	987,785	904,077
Logs & Lumber	583,688	594,633	618,349	653,703	569,079
Grains & Flour Products	14,736	71,757	465,898	875,228	438,991
Wood Pulp	343,042	370,812	413,633	407,605	386,023
Grocery Prods, Misc.	54,329	95,470	105,995	196,324	348,518
Imports					
Furniture	454,666	449,954	453,456	440,868	425,262
Auto Parts	254,622	274,521	244,407	219,790	267,339
General Cargo, Misc	216,134	308,103	370,621	298,923	264,922
Non Alcoholic Beverages	90,187	98,084	86,584	174,154	207,023
Tobacco	186,176	196,531	181,976	215,327	183,503

* 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.

2007 Leading General Cargo Commodity Classes++

Exports	Imports
Woodpulp	Machinery
Wood	Wood
Paper & Paperboard	Autos and Auto Parts
Machinery	Beverages
Plastic	Furniture and Bedding

++Shown only to emphasize the effects of the changing economy on shipping

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

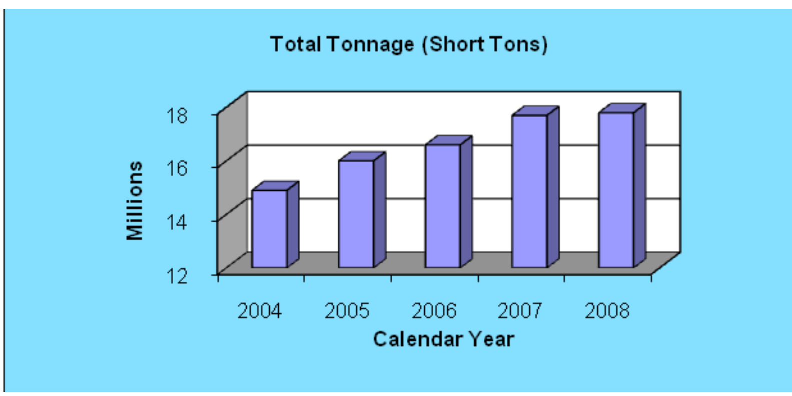
Presented below is information concerning volume of general cargo handled at all facilities that comprise the Port of Virginia.

GENERAL CARGO STATISTICS FOR THE PORT OF VIRGINIA*
CALENDAR YEAR 2001-2008 (Short Tons)

Total for Port Facilities	2004	2005	2006	2007	2008
Breakbulk Tons	584,860	498,745	477,252	369,739	342,884
Container Tons	14,272,820	15,465,273	16,105,838	17,356,512	17,490,262
Total Tons	14,857,680	15,964,018	16,583,090	17,726,251	17,833,146

* 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



(This page left blank intentionally)

VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT

FOR FISCAL YEAR ENDED

JUNE 30, 2009

**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**

**SUBORDINATE PORT FACILITIES REVENUE
BOND ANTICIPATION NOTE
SERIES 2009**

BASE CUSIP NUMBER: 928077

VIRGINIA PORT AUTHORITY

Continuing Disclosure Agreement
Annual Report

For Fiscal Year Ended
June 30, 2009

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
Subordinate Port Facilities Revenue Bond Anticipation Note, Series 2009

Table of Contents

TABLE 1 - AUTHORITY REVENUES AND EXPENSES

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

Fiscal Year	2005	2006	2007	2008	2009
Special Fund	$43,874,216	$56,984,725	$73,466,314	$75,497,032	$53,792,050
Commonwealth Port Fund	34,886,277	35,755,962	38,227,476	64,775,650	44,877,434
General Fund and Other[1]	1,760,034	971,921	809,294	24,960,471	4,075,859
Total Revenues	80,520,527	93,712,608	112,503,084	165,233,153	102,745,343
Expenses[2]					
Economic Development Services:					
National & International Trade Services	5,063,016	6,262,186	7,659,014	8,559,891	5,364,013
Port Traffic Rate Management	186,590	158,132	193,116	187,868	108,176
Commerce Advertising	777,249	1,063,243	952,512	734,010	793,841
Port Facilities Planning, Maintenance, Acquisition & Construction:					
Maintenance and Operation of Port Facilities	6,010,164	7,934,733	4,988,176	26,983,711	27,241,311
Port Facilities Planning	607,186	632,786	593,025	815,052	832,369
Debt Service for Port Facilities	37,304,994	41,864,119	50,031,174	48,429,514	44,825,317
Financial Assistance for Port Activities:					
Aide to Local Ports	776,647	533,966	689,768	1,254,918	478,883
Payment in Lieu of Taxes	848,315	1,049,019	1,099,478	901,650	1,002,587
Administration & Support Services:					
General Management & Direction	3,818,067	3,897,359	4,300,001	5,194,953	5,720,365
Security Services	5,474,080	6,041,075	7,714,357	9,503,407	9,804,301
Total Operating Expenses	60,866,308	69,436,618	78,220,621	102,564,974	96,171,163
Funds Available for Capital Projects	$19,654,219	$24,275,990	$34,282,463	$62,668,179	$6,574,180

(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) Expenses 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	2005	2006	2007	2008	2009
Revenues:					
Operating	$202,674,827	$226,009,758	$244,205,984	$254,132,812	$203,940,988
Nonoperating	772,187	591,512	1,748,982	1,744,606	828,757
Gross Revenues	203,447,014	226,601,270	245,954,966	255,877,418	204,769,745
Expenses:					
Operating & Maintenance Expenses	$140,572,293	$150,427,063	$157,916,984	$170,033,696	$140,063,681
Administrative Expenses	17,347,095	19,288,621	19,474,474	20,543,207	22,191,718
Total Expenses	157,919,388	169,715,684	177,391,458	190,576,903	162,255,399
Income Before Transfers and Contributions[(1)]	$45,527,626	$56,885,586	$68,563,508	$65,300,515	$42,514,346

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 2005	FY 2006	FY 2007	FY 2008	FY2009
Virginia International Terminals					
VIT Gross Receipts	$ 197,703,653	$ 222,966,322	$ 238,319,892	$255,622,375	$213,953,605
VIT Current Expenses	(151,068,932)	(164,865,110)	(173,427,457)	(185,366,708)	(157,368,268)
* VIT CE Reserve (Deposit)/Withdrawal	-	-	5,800,000	-	-
VIT Deposits to CEMA	(5,392,809)	(4,412,064)	(2,862,031)	(2,079,126)	(7,781,079)
VIT Net Revenue	41,241,912	53,689,148	67,830,404	68,176,541	48,804,258
Virginia Port Authority					
VPA Gross Revenues					
VIT Net Revenue	41,241,912	53,689,148	67,830,404	68,176,541	48,804,258
Other Income	2,233,236	2,767,678	4,227,669	6,520,593	4,825,652
Interest Income	270,488	450,524	928,880	796,621	134,182
Total VPA Gross Revenues	43,745,636	56,907,350	72,986,953	75,493,754	53,764,92
VPA Current Expenses	(19,718,980)	(23,093,131)	(26,502,895)	(27,754,385)	(25,071,082)
Prior Obligations	(112,280)	(9,356)	-	-	-
VPA Net Revenues	23,914,376	33,804,863	46,484,058	47,739,369	28,693,010
VPA CPF for O & M	4,218,866	5,424,467	5,096,647	3,967,632	3,453,823
Debt Service Coverage					
Port Facilities Revenue Bonds Net Debt Service	9,771,261	9,677,370	13,166,322	13,568,697	13,906,715
Pledged Net Revenues	29,307,185	38,216,927	49,346,089	49,818,495	36,474,089
Pledged Adjusted Net Revenues	33,526,051	43,641,394	54,442,736	53,786,127	39,927,912
Pledged Net Revenue Coverage	3.00	3.95	3.75	3.67	2.62
Pledged Adjusted Net Revenue Coverage	3.43	4.51	4.13	3.96	2.87

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

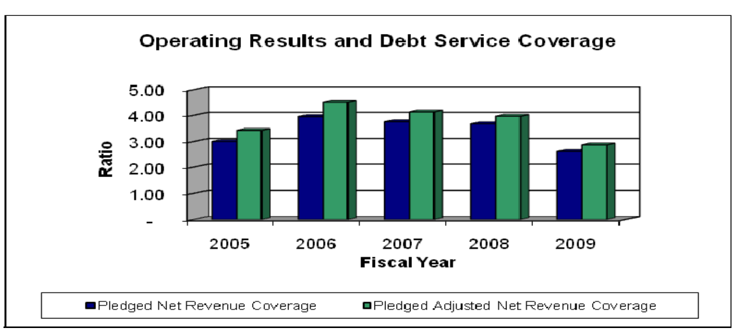


TABLE 4 - DEBT SERVICE REQUIREMENTS

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 2009 Series Bond Anticipation Note

Period Ending June 30,	Series 2003 Debt Service	Series 2006 Debt Service	Series 2007 Debt Service	Series 2009 BAN Debt Service	Total Debt Service
2010	3,486,100	4,476,619	6,344,250	66,245,833	80,552,802
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 based on the top 5 leading import and export commodities for the most recent calendar year.

LEADING EXPORTED AND IMPORTED GENERAL CARGO COMMODITIES*
CALENDAR YEAR 2004-2008 (Short Tons)

Exports	2004	2005	2006	2007	2008
Paper & Paperboard, incl. Waste	655,471	704,429	784,368	987,785	904,077
Logs & Lumber	583,688	594,633	618,349	653,703	569,079
Grains & Flour Products	14,736	71,757	465,898	875,228	438,991
Wood Pulp	343,042	370,812	413,633	407,605	386,023
Grocery Prods, Misc.	54,329	95,470	105,995	196,324	348,518
Imports					
Furniture	454,666	449,954	453,456	440,868	425,262
Auto Parts	254,622	274,521	244,407	219,790	267,339
General Cargo, Misc	216,134	308,103	370,621	298,923	264,922
Non Alcoholic Beverages	90,187	98,084	86,584	174,154	207,023
Tobacco	186,176	196,531	181,976	215,327	183,503

* 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.

2007 Leading General Cargo Commodity Classes++

Exports	Imports
Woodpulp	Machinery
Wood	Wood
Paper & Paperboard	Autos and Auto Parts
Machinery	Beverages
Plastic	Furniture and Bedding

++Shown only to emphasize the effects of the changing economy on shipping

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

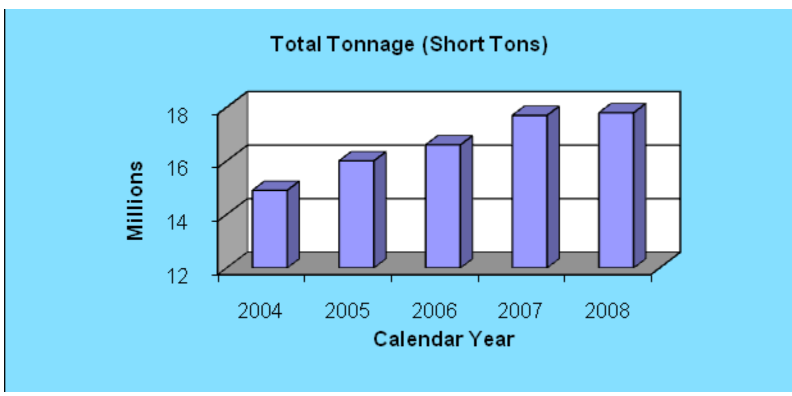
Presented below is information concerning volume of general cargo handled at all facilities that comprise the Port of Virginia.

GENERAL CARGO STATISTICS FOR THE PORT OF VIRGINIA*
CALENDAR YEAR 2001-2008 (Short Tons)

Total for Port Facilities	2004	2005	2006	2007	2008
Breakbulk Tons	584,860	498,745	477,252	369,739	342,884
Container Tons	14,272,820	15,465,273	16,105,838	17,356,512	17,490,262
Total Tons	14,857,680	15,964,018	16,583,090	17,726,251	17,833,146

* 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

600 World Trade Center . Norfolk, VA 23510 USA

757.683.8000 . 800.446.8098 . www.portofvirginia.com