Virginia Port Authority

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2006

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

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Virginia Port Authority

Introductory Section

BOARD OF COMMISSIONERS

John G. Milliken, Chairman
E. Massie Valentine, Jr., Vice Chairman
Robert C. Barclay, IV
Joe B. Fleming
Mark B. Goodwin
William M. Grace
Johnny J. Johnson
Virginia M. Murphy
Michael J. Quillen
Ranjit K. Sen
Deborah K. Stearns
Jody M. Wagner, *State Treasurer*

COMMONWEALTH of VIRGINIA

J. Robert Bray
Executive Director

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

October 31, 2006

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

Dear Commissioners:

The Comprehensive Annual Financial Report (CAFR) of the Virginia Port Authority (the Authority) for the fiscal year ended June 30, 2006 is hereby submitted for your review. 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.

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 enclosed CAFR has been prepared in accordance with guidelines recommended by the Governmental Accounting Standards Board and the Government Finance Officers Association. The CAFR is presented in four sections:

1. **Introductory Section** – This section consists of this letter of transmittal, a list of Board of Commissioners and the organization chart as of fiscal year ended June 30, 2006.

2. **Financial Section** – This section includes the Independent Auditor's Report on the Authority financial statements for the fiscal year ended June 30, 2006, management's discussion and analysis, the financial statements for the same period, and the accompanying notes to the financial statements.

3. **Statistical Section** – This section includes selected statistical information and key performance indicator data. Information in this section includes tables that cover periods of up to ten years relating to operational and fiscal activity of the Authority, plus selected cargo-related data, trading partners, commodity data, and comparisons to other U.S. ports.

4. **Compliance Section** – This section includes supplementary information required for compliance with Security Exchange Commission Rule 15c2-12 which requires issuers of municipal securities to provide annual updates of selected financial information to a nationally recognized municipal securities information repository. It is the intent of the Authority to file this CAFR with the repositories to meet this requirement.

Overview 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 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 of three marine terminals: Norfolk International Terminals (NIT), Portsmouth Marine Terminal (PMT), and Newport News Marine Terminal (NNMT), and an inland intermodal facility, the Virginia Inland Port (VIP) located in Front Royal, Virginia. These facilities primarily handle import and export containerized, breakbulk, and bulk cargoes.

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.

In addition to the financial statements of the Authority, 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 was established in 1982 to operate the facilities owned by the Authority. VIT is a non-stock, nonprofit corporation and has been determined by the Internal Revenue Service as fulfilling an essential governmental function and therefore enjoys tax-exempt status. VIT operates the state-owned ports through a Service Agreement with the Authority. VIT has a seven-member board of directors. Six members come from the port area and serve a single six-year term. The Executive Director of the Virginia Port Authority is a permanent member of the VIT Board. The Virginia Port Authority Board

of Commissioners makes appointments to the VIT Board. The VIT budget is prepared annually and approved by the VPA Board of Commissioners prior to July 1 of each fiscal year.

Major Initiatives and Accomplishments

1. **TEU (twenty-foot equivalent container unit) volume and increase from fiscal year (FY) 2006:**

FY2005	1,900,026
FY2006	2,045,065 = 7.6% Increase

2. **Increase in rail volume in 2006:**

FY 2005	406,994 TEU
FY 2006	434,360 TEU = 6.7% Increase

Change in rail container throughput for the Virginia Inland Port:

FY 2005	56,837 TEU
FY 2006	63,394 TEU = 11.4% Increase

3. **Dredging the inbound Hampton Roads Federal Channel:**
Completed dredging of the inbound Hampton Roads federal channel to a depth of 50 ft., the first port on the East Coast with such a depth, providing access to the port for the world's largest container ships.

5. **New shipline services and contracts:**

- K Line, Yang Ming, Hanjin - AWE-5 (Asia)
- Zim, Emirates, SCI, MacAndrews – India North America Express (Mediterranean, Indian Subcontinent)
- Maersk Line, Safmarine – MECL 2/FM4 (Asia, Mediterranean, Indian Subcontinent)
- China Shipping Container Line – Round World – AMAX (Asia, Mediterranean)
- CMA CGM, China Shipping Container Line, ANL Container Line – Liberty Bridge/EAX (North Europe)

In addition, VIT signed over 72% of existing shipline customers to 10-year contracts.

6. **New or expanded distribution centers and warehouses:**

Dana Corporation	FedEx Corporation
Ferguson Enterprises, Inc.	FLEXA Furniture, Inc.
Fortessa, Inc.	RPM Warehousing
Grand Furniture Discount Stores	Direct Holdings
U.S. Food Service	Givens Company, Inc.

7. **Norfolk International Terminal (NIT) Improvements:**
Completed the renovation of 60 acres of container storage yard immediately behind the south wharf, and conversion of that area from a rubber-tired gantry crane operation to a straddle carrier operation at a savings of approximately $18 per container. Initiated a similar renovation of 19 acres of container storage yard immediately behind the north wharf.

Internal Controls

The management of the Virginia Port Authority is responsible for establishing and maintaining internal controls over its operations. The Authority's internal controls are designed to provide management with 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. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be derived therefrom and that the evaluation of the costs and benefits requires certain estimates and judgements by management.

All internal control evaluations occur within the above framework. Authority 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 performed by several governmental agencies, adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

Financial Overview

The Virginia Port Authority has one fund to which all accounts are organized and accounted for as a single reporting entity, known as an Enterprise Fund. Enterprise funds are used to account for proprietary operations that are financed and operated in a manner similar to private business operations where the intent of the governing body is that all operating costs, i.e. expenses exclusive of depreciation, are funded primarily through user charges. The Authority's primary source of funding for its operations is through the net revenues generated from terminal operations and subsequently transferred from VIT, and one lease in which the Authority assesses lease charges against the tenant of that property.

The Management Discussion and Analysis and the Basic Financial Statements, included in the Financial Section of this CAFR, are designed to provide the reader with a thorough understanding of the Authority's financial activities.

Budget

As a political subdivision of the Commonwealth of Virginia, the Virginia Port Authority is included in the Commonwealth's budget. Authority staff prepares and submit budget requests for each upcoming biennium to the Department of Planning and Budget (DPB) and the Governor based on expected revenues and expenditures. The Governor submits the recommended budget for the Commonwealth to the General Assembly.

The General Assembly enacts appropriations for each year of a biennium for operating and capital expenditures. These appropriations provide summary expenditure limitations and are printed in the Appropriation Act. The appropriations are effective on July 1 of each year. The Authority Board of Commissioners gives final approval of the detailed budget prior to July 1.

Risk Management

The Virginia Port Authority, together with its component unit (VIT), maintains a comprehensive risk management program, the purpose of which is the maximum protection of the assets, customers and employees of the Authority, and the reduction of the cost of risk through an innovative and professional risk management program. It is the intent of the Authority that it be protected against accidental loss or losses that would significantly affect Authority personnel, property or the ability of the organization to continue to fulfill its responsibilities.

In accordance with the service agreement between VIT and the Authority, VIT maintains property and liability insurance on all terminal equipment and facilities. The Authority maintains property and liability insurance only on non-terminal assets and facilities. The Authority also maintains general liability, fiduciary liability, worker's compensation insurance and an umbrella policy.

Acknowledgements

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,

J. Robert Bray
Executive Director

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

VIRGINIA PORT AUTHORITY

Norfolk, Virginia

BOARD OF COMMISSIONERS

John G. Milliken, Chairman

E. Massie Valentine, Jr., Vice Chairman

Robert C. Barclay IV
Joe B. Fleming
Mark B. Goodwin
William M. Grace
Virginia M. Murphy
Michael Jack Quillen
Ranjit K. Sen
Deborah K. Sterns

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

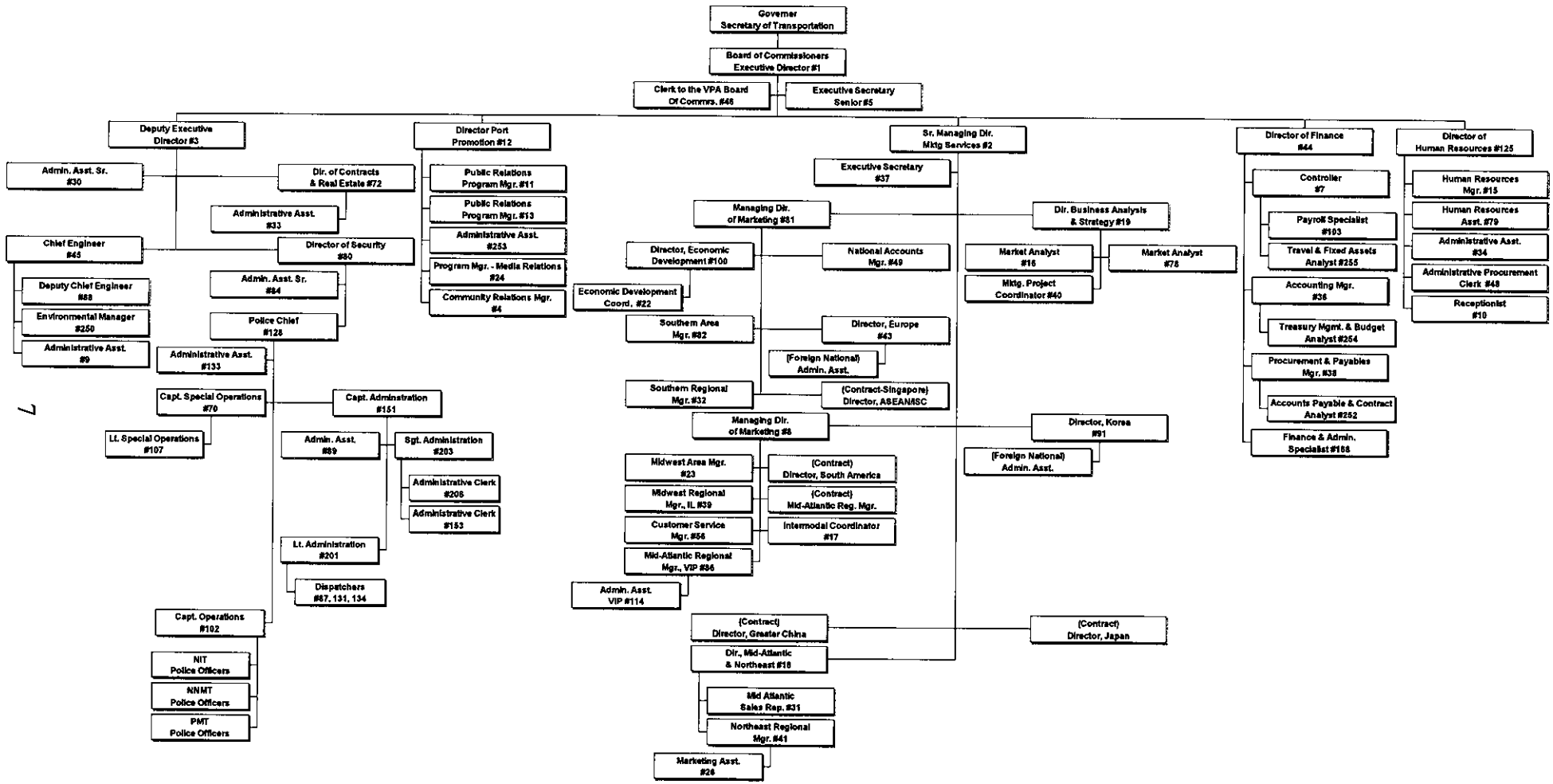
J. Robert Bray, Executive Director

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
Agency Organizational Chart



Virginia Port Authority

Financial Section

Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

October 24, 2006

The Honorable Timothy M. Kaine
Governor of Virginia

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

Board of Commissioners
Virginia Port Authority

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the **Virginia Port Authority** (Authority), a component unit of the Commonwealth of Virginia, and its discretely presented component unit, as of and for the year ended June 30, 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia International Terminals, Inc., a component unit of the Authority, which is discussed in Note 1. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amount included for the component unit of the Authority is based on the reports of other auditors.

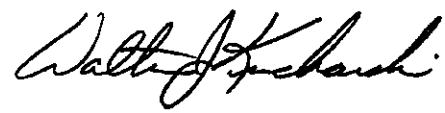
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, 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, 2006, and the respective changes in its net assets and its cash flows, where applicable, 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 10 through 16 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 opinions on the financial statements that collectively comprise the Virginia Port Authority's basic financial statements. The introductory section, the statistical section, and the compliance section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The introductory section, the statistical section, and the compliance section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2006 on our consideration of the Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



AUDITOR OF PUBLIC ACCOUNTS

WHC:jab

VIRGINIA PORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

(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, 2006. 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 of three marine terminals: Norfolk International Terminals (NIT), Portsmouth Marine Terminal (PMT), and Newport News Marine Terminal (NNMT), and an inland intermodal facility, the Virginia Inland Port (VIP) located in Front Royal, Virginia. These facilities primarily handle import and export containerized, breakbulk, and bulk cargoes.

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 $59.3 million. Container volume in the port for the fiscal year ended June 30, 2006 was just over two million TEU's (twenty-foot equivalent container units), an increase of 7.6% from fiscal year 2005.

- The Authority's net assets increased by $11.4 million for the fiscal year ended June 30, 2006.

- The assets of the Authority exceeded its liabilities by $291.8 million at the fiscal year ended June 30, 2006. Of this amount, $26 million was unrestricted and may be used to meet the Authority's ongoing obligations to creditors.

- The Authority's total assets decreased $5.5 million during fiscal year ended June 30, 2006. The major component of this decrease was a decrease in noncurrent assets of $17.9 million, primarily as a result of depreciation on capital assets, less an increase in current assets of $12.4 million.

- The Authority's total liabilities decreased $16.9 million during fiscal year ended June 30, 2006. The major component of this decrease was $18.5 million in principal payments on long-term debt (excluding the $22.9 million in debt that was refunded through a new bond issuance).

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, 2006 and 2005 are as follows:

Authority Net Assets
(in Millions)

	2006	2005
ASSETS:		
Current assets	$ 66.4	$ 54.0
Noncurrent assets	690.3	708.2
Total assets	756.7	762.2
LIABILITIES:		
Current liabilities	47.4	45.1
Noncurrent liabilities	417.5	436.7
Total liabilities	464.9	481.8
NET ASSETS:		
Invested in capital assets, net of debt	224.1	202.3
Restricted for debt service	41.7	65.4
Unrestricted	26.0	12.7
Total net assets	$ 291.8	$ 280.4

Current assets increased $12.4 million from fiscal year 2005 primarily as a result of an increase in unrestricted cash and cash equivalents of $4.3 million and an increase in receivables of $4.5 million due to positive financial performance during fiscal year 2006, and an increase in restricted current assets of $3.6 million required primarily to meet new debt service obligations. Noncurrent assets decreased $17.9 million primarily as a result of depreciation on capital assets. Noncurrent liabilities decreased $19.2 million primarily due to $18.5 million in principal payments on long-term debt (excluding the $22.9 million in debt that was refunded through a new bond issuance).

The largest portion of the Authority's net assets (76.8% at June 30, 2006) 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 (14.3% at June 30, 2006) 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 (8.9% at June 30, 2006) 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, 2006 and 2005 are as follows:

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

	2006	2005
Operating revenues	$ 59.3	$ 43.9
Operating expenses	54.6	45.0
Operating earnings (loss)	4.7	(1.1)
Non-operating revenues and expenses	(14.7)	(24.0)
Loss before capital contributions and transfers	(10.0)	(25.1)
Capital contributions and transfers:		
Commonwealth port fund allocation	37.7	34.2
Contributions to component unit, net	(10.1)	(4.2)
Capital contribution to the City of Norfolk	-	(5.0)
Transfers to federal government – channel dredging	(6.7)	(7.1)
Capital grants from the federal government	.8	1.3
Transfers to Commonwealth of Virginia	(.3)	(.4)
Increase(decrease) in net assets	$ 11.4	$ (6.3)

Total operating revenues increased $15.4 million (or 35%) during fiscal year 2006. Container volume in the port for the fiscal year ended June 30, 2006 was just over two million TEU's, an increase of 7.6% from fiscal year 2005. In addition, several operating improvement initiatives at the component unit level, including the use of on and offsite empty container yards, establishment of a port-wide chassis pool, and conversion from a labor intensive rubber tire gantry crane operation to a straddle carrier operation contributed to the increase in Authority operating revenues. Operating expenses for the fiscal year ended June 30, 2006, were $9.6 million over fiscal year 2005 primarily as a result of a $6.5 million increase in depreciation and amortization expenses as a result of the completion of several large capital projects.

During the fiscal year ended June 30, 2006, net nonoperating revenues and expenses decreased by $9.3 million from fiscal year 2005 primarily due to a loss on capital asset disposals of $10.7 million in fiscal year 2005. The loss on capital asset disposal was primarily due to the demolition (and reconstruction) of the wharf at NIT, which was not fully depreciated at the time of disposal.

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 10% ahead of the previous fiscal year.

Contributions to component unit, net, included transfers to VIT to fully fund bond resolution reserve requirements and to complete certain capital projects, net of leasehold improvements made by VIT and transferred to the Authority. The Authority transferred $7.2 million and $1.5 million to VIT to complete certain capital projects during fiscal year 2006 and 2005, respectively.

During the fiscal year ended June 30, 2005, the Authority made a one-time contribution of $5 million to the City of Norfolk to partially fund the construction of a cruise facility.

During the fiscal years ended June 30, 2006 and 2005, respectively, the Authority incurred $6.7 million and $7.1 million in expenses for dredging the Hampton Roads federal channel to a depth of 50ft. (During the fiscal year ended June 30, 2003 the Authority recorded revenue and received $17.5 million from the Priority Transportation Fund to fund the Commonwealth's portion of this U.S. Army Corps of Engineers project.) To date expenses for the project total $16.3 million.

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)

	2006	2005
Cash flow from operating activities	$ 29.1	$ 7.0
Cash flow from noncapital financing activities	(.3)	(.4)
Cash flow from capital and related financing activities	(86.3)	(19.0)
Cash flow from investing activities	35.4	37.9
Net increase (decrease) in cash and cash equivalents	(22.1)	25.5
Cash and cash equivalents		
Beginning of year	77.5	28.0
Comparative data/reclassification	-	24.0
End of year	55.4	$ 77.5

Cash flow from operating activities increased $22.1 million in fiscal year 2006 primarily as a result of increased transfers from VIT, and lower cash payments for operating activities due to

the timing of payments for accounts payable for large capital projects. Cash flow from capital and related financing activities decreased $67.3 million in fiscal year 2006 primarily as a result of the Authority completing a $60 million bond issue in fiscal year 2005 to fund construction projects. No such bond issue was completed in fiscal year 2006.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Authority's investment in capital assets as of June 30, 2006, amounted to $636.4 million (net of accumulated depreciation). This investment in capital assets primarily includes land, buildings, wharves, roads, drainage and lighting systems, and equipment. Major capital asset events during the current fiscal year included the following:

- Expenditures of $25.2 million on the renovation of NIT South, including completion of progress payments on the acquisition of eight Suez-class container cranes.
- Additional paving and container yard expansion of NIT North at a cost of $7.6 million.
- Completion of progress payments on the acquisition of 36 new straddle carriers totaling $19 million.
- Expenditures of $3.1 million for improvements to the transfer zone at PMT.
- Expenditures of $2.5 million for dredging the access channel and berth at PMT to 45 feet.
- Capitalized interest (net of capitalized income) of $2.7 million was added to the cost of capital assets in fiscal year 2006.

Long-term Debt

Bonds. At June 30, 2006, the Authority had $417.5 million in long-term debt, excluding current maturities. Of this amount, $374.3 million is in the form of revenue bonds issued by the Authority. During 2006, the Authority issued $21.7 million in new bonds to take advantage of lower interest rates and refund certain revenue bonds originally issued in 1996.

Commonwealth Port Fund Revenue bonds issued in 1996, 1998, 2002, 2005, and 2006 are supported by the Authority's 4.2% allocation of the Commonwealth's Transportation Trust Fund. The bonds are also backed by a sum sufficient appropriation from the Commonwealth and carry underlying ratings of AA+ from Fitch Ratings, Inc. and Standard and Poor's, and an Aa1 rating from Moody's Investor Services.

Port Facilities Revenue bonds issued in 1997 and 2003 are supported by terminal revenues and MBIA insurance policies and carry underlying ratings of A+ from Fitch Ratings, Inc., A from Standard and Poor's, and an Aa3 underlying rating from Moody's Investor Services. With insurance from MBIA the ratings on the bonds are AAA from Fitch Ratings, Inc. and Standard and Poor's, and Aaa from Moody's Investor Services. 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 2006 was met and exceeded.

Installment purchases. In fiscal year 2004, the Authority established a master equipment lease program for the installment financing of certain equipment. During the fiscal year ended June

30, 2006, the Authority financed the acquisition of six straddle carriers at a cost of $4.7 million under the master equipment lease program.

ECONOMIC FACTORS

The Authority's capital projects, either directly or indirectly through bond issues, are primarily 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
STATEMENT OF NET ASSETS
As of June 30, 2006

	Primary Government	Component Unit			June 30, 2005
	Authority	Virginia International Terminals, Inc.	Eliminations	Total	Total Memorandum Only
ASSETS					
Current assets:					
Cash and cash equivalents	$ 23,462,203	$ 7,389,436	$ -	$ 30,851,639	$ 23,108,582
Restricted assets:					
Cash and cash equivalents	5,793,829	8,842,430	-	14,636,259	16,542,186
Investments	22,429,766	19,981,814	-	42,411,580	35,367,813
Investments held by Treasurer of VA	1,369,134	-	-	1,369,134	490,579
Accounts receivable, net	824,484	19,585,233	-	20,409,717	21,455,568
Due from transportation trust	6,278,577	-	-	6,278,577	3,955,941
Due from component unit	6,144,694	-	(6,144,694)	-	-
Inventories	-	12,249,952	-	12,249,952	10,022,711
Prepaid expenses and other	174,453	14,156,151	-	14,330,604	11,639,143
Total current assets	66,477,140	82,205,016	(6,144,694)	142,537,462	122,582,523
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	26,167,618	-	-	26,167,618	52,199,687
Investments	23,175,253	10,000	-	23,185,253	58,075,239
Pension plan assets	1,402,080	2,199,929	-	3,602,009	3,367,021
Bond issue costs, net	3,031,442	-	-	3,031,442	2,986,881
Other	99,517	-	-	99,517	189,689
Non-depreciable capital assets	187,832,660	-	-	187,832,660	272,242,154
Depreciable capital assets, net	448,552,469	19,703,165	-	468,255,634	335,228,553
Total noncurrent assets	690,261,039	21,913,094	-	712,174,133	724,289,224
Total assets	756,738,179	104,118,110	(6,144,694)	854,711,595	846,871,747

VIRGINIA PORT AUTHORITY
STATEMENT OF NET ASSETS
As of June 30, 2006

	Primary Government	Component Unit			June 30, 2005
	Authority	Virginia International Terminals, Inc.	Eliminations	Total	Total Memorandum Only
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	9,333,732	10,364,043	-	19,697,775	19,215,360
Interest payable	10,518,099	-	-	10,518,099	9,943,800
Retainage payable	1,499,508	-	-	1,499,508	2,879,551
Long-term debt - current portion	22,774,173	-	-	22,774,173	18,899,577
Compensated absences - current portion	395,361	2,173,487	-	2,568,848	2,490,447
Payroll withholdings	80,270	98,976	-	179,246	118,639
Obligations under securities lending	2,752,636	-	-	2,752,636	2,799,253
Due to Authority	-	6,144,694	(6,144,694)	-	-
Total current liabilities	47,353,779	18,781,200	(6,144,694)	59,990,285	56,346,627
Noncurrent liabilities:					
Long-term debt	416,277,681	-	-	416,277,681	435,160,815
Compensated absences	115,894	1,442,603	-	1,558,497	1,347,493
Workers compensation costs	-	4,646,524	-	4,646,524	5,237,261
Accrued pension obligation	1,144,113	3,800,744	-	4,944,857	3,536,614
Due to subsidiary	-	103,881	-	103,881	103,881
Total noncurrent liabilities	417,537,688	9,993,752	-	427,531,440	445,386,064
Total liabilities	464,891,467	28,774,952	(6,144,694)	487,521,725	501,732,691
NET ASSETS					
Invested in capital assets, net of related debt	224,220,031	19,652,428	-	243,872,459	216,478,006
Restricted net assets	41,764,584	28,500,000	-	70,264,584	91,763,082
Unrestricted net assets	25,862,097	27,190,730	-	53,052,827	36,897,968
Total net assets	$291,846,712	$ 75,343,158	$ -	$367,189,870	$345,139,056

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

VIRGINIA PORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For The Year Ended June 30, 2006

	Primary Government	Component Unit			June 30, 2005
	Authority	Virginia International Terminals, Inc.	Eliminations	Total	Total Memorandum Only
Operating Revenues:					
Terminal operating revenues	$ -	$ 226,009,758	$ -	$226,009,758	$202,674,827
Other revenues	2,997,586	-	-	2,997,586	2,239,387
Operating revenues from component unit	56,330,102	-	(56,330,102)	-	-
Total operating revenues	59,327,688	226,009,758	(56,330,102)	229,007,344	204,914,214
Operating Expenses:					
Terminal operations	2,572,812	107,231,846	-	109,804,658	106,555,699
Terminal maintenance	5,773,381	40,419,169	-	46,192,550	37,506,747
General and administrative	16,997,029	16,853,366	-	33,850,395	31,050,678
Depreciation and amortization	29,269,085	5,078,871	-	34,347,956	27,712,912
Total operating expenses	54,612,307	169,583,252	-	224,195,559	202,826,036
Operating income (loss)	4,715,381	56,426,506	(56,330,102)	4,811,785	2,088,178
Non-operating revenues (expenses)					
Interest income	4,181,708	591,512	-	4,773,220	3,285,911
Interest expense	(18,904,385)	-	-	(18,904,385)	(15,721,684)
Other income (expense)	100,339	-	-	100,339	(56,518)
Gain (loss) on disposals	(120,524)	(132,432)	-	(252,956)	(10,814,457)
Income (loss) before capital contributions and transfers	(10,027,481)	56,885,586	(56,330,102)	(9,471,997)	(21,218,570)
Capital contributions and transfers					
Commonwealth Port Fund allocation	37,769,900	-	-	37,769,900	34,236,656
Operating transfers to Authority	-	(56,330,102)	56,330,102	-	-
Operating transfers to component unit	(5,424,620)	5,424,620	-	-	-
Capital contributions (to) from component unit, ne	(4,640,649)	4,640,649	-	-	-
Capital contribution to City of Norfolk	-	-	-	-	(5,000,000)
Transfers to federal government - channel dredgin	(6,762,000)	-	-	(6,762,000)	(7,100,005)
Proceeds from federal government	840,276	-	-	840,276	1,322,558
Transfers (to) from primary government	(325,365)	-	-	(325,365)	(419,908)
Increase (decrease) in Net Assets	11,430,061	10,620,753	-	22,050,814	1,820,731
Net Assets - Beginning of Year	280,416,651	64,722,405	-	345,139,056	343,318,325
Net Assets - End of Year	$291,846,712	$ 75,343,158	$ -	$367,189,870	$345,139,056

VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2006

		June 30, 2005
	Authority	**Total Memorandum Only**
Cash flows from operating activities:		
Receipts from customers and users	$57,109,402	$44,523,523
Payments for operating expenses	(21,969,318)	(32,011,103)
Payments to employees	(6,028,447)	(5,472,616)
Net cash provided by (used in) operating activities	**29,111,637**	**7,039,804**
Cash flows from noncapital financing activities:		
Transfer (to) from Primary Government	(325,365)	(419,908)
Net cash provided by (used in) investing activities	**(325,365)**	**(419,908)**
Cash flows from capital and related financing activities:		
Proceeds from long-term debt	26,393,170	102,254,555
Commonwealth Port Fund allocation	35,447,264	34,497,933
Acquisition of capital assets	(72,413,584)	(106,641,334)
Loss on capital transactions	(40,372)	(426,114)
Principal paid on long-term debt	(41,401,711)	(18,559,348)
Interest paid on long-term debt	(18,330,086)	(15,105,527)
Proceeds from federal government	840,276	1,322,558
Proceeds from sale of capital assets	92,527	54,500
Transfer to component unit, net	(10,065,269)	(4,295,462)
Transfer to federal government - channel dredging	(6,762,000)	(7,100,005)
Contribution to City of Norfolk	-	(5,000,000)
Net cash provided by (used in) capital and related financing activities	**(86,239,785)**	**(18,998,244)**
Cash flows from investing activities:		
Proceeds from sales and maturities	106,812,555	274,465,568
Payments for investments	(75,618,159)	(239,095,479)
Interest and dividends received	4,181,708	2,513,724
Net cash provided by (used in) investing activities	**35,376,104**	**37,883,813**
Net increase (decrease) in cash and cash equivalents	(22,077,409)	25,505,465
Cash and cash equivalents at beginning of year	$77,501,059	27,959,741
Comparative data/reclassification		24,035,853
Cash and cash equivalents at the end of period	**$55,423,650**	**$77,501,059**

VIRGINIA PORT AUTHORITY
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2006

		June 30, 2005
	Authority	**Total Memorandum Only**
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income/(loss)	$4,715,381	($1,117,714)
Adjustments to reconcile earnings to net cash provided by operating activities:		
Depreciation and amortization	29,269,085	22,805,086
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	58,164	418,613
(Increase) decrease in due from VIT	(2,276,450)	186,962
(Increase) decrease in prepaid expenses	(5,281)	40,761
(Increase) decrease in other noncurrent assets	(205,007)	(756,181)
Increase (decrease) in accounts payable	(2,168,682)	(16,133,603)
Increase (decrease) in accrued expenses	15,450	(688,957)
Increase (decrease) in short-term liabilities	(19,227)	1,369,958
Increase (decrease) in long-term liabilities	(271,796)	914,879
Net cash provided by (used in) operating activities	**$29,111,637**	**$7,039,804**

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 nonstock, 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 Eggleston Smith, PLC. VIT’s audit report can be obtained by contacting VIT’s Chief Financial Officer at 600 World Trade Center, Norfolk, VA 23510.

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

The Authority is a component unit of the Commonwealth of Virginia. A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The Authority is an integral part of the reporting entity of the Commonwealth of Virginia; accordingly, all funds of the Authority are included in the financial statements of the Commonwealth as a part of the reporting entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Accounting

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.

Basis of Accounting

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.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply the provisions of all relevant pronouncements of FASB that do not contradict or conflict with GASB pronouncements, including those issued after November 30, 1989.

Cash and Cash Equivalents

For the purposes of reporting cash flows, 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 profit or loss on such dispositions is reflected in operations.

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.

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, 2006. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Concluded

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, 2006. 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 to 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.

Interest Income

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

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only in the basic financial statements in order to provide an understanding of the changes in financial position and operations. 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, 2006, 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 $10,747,485 in cash and cash equivalents for the Authority.

Certain deposits and investments are held by the Authority or are held by trustees for the Authority. These accounts are collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400, et seq., Code of Virginia or covered by federal depository insurance. Short-term investments represent deposits and securities with maturities of one year or less. Long-term investments represent securities with maturities of greater than one year.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - Continued

Statutes authorize the investment of funds held by the Authority in obligations of the Commonwealth, federal government, other states or political subdivisions thereof, Virginia political subdivisions, the International Bank for Reconstruction and Development, the Asian Development Bank, and the African Development Bank. In addition, the Authority may invest in prime quality commercial paper rated prime 1 by Moody's Investment Service or A-1 by Standard and Poor's Incorporated, overnight term or open repurchase agreements, and money market funds comprised of investments which are note rated but are otherwise legal investments of the Authority.

As of June 30, 2006, the following shows the segmented time distribution of the Authority's investments (not held by the Treasurer):

		Investment Maturities (in Years)	
Investment Type	**Fair Value**	**Less Than 1**	**1-5**
Repurchase Agreements	$28,030,756	$21,149,732	$6,881,024
Corporate Debt	573,000	573,000	-
FHLMC/FNMA	16,292,727	16,292,727	-
Money-Market/Mutual Funds	708,536	-	708,536
	$45,605,019	$38,015,459	$7,589,560

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, 2006 the Authority's FHLMC/FNMA securities were rated AAA or A-1+ by Standard and Poor's Incorporated.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All of the Authority's $28 million investments in repurchase agreements are collateralized with securities that are approved for direct investment.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - Continued

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 FHLMC and FNMA securities. These investments are 3.46% and 33.53%, respectively, of the Authority's total investments.

Investments held by the Treasurer of Virginia

Investments held by the Treasurer of Virginia represent the Authority's allocated share of securities received for securities lending transactions held in the General Account of the Commonwealth. Information related to the credit risk of these investments and securities lending transactions held in the General Account is available on a statewide level in the Commonwealth of Virginian's Comprehensive Annual Financial Report.

Component Unit – VIT

As of June 30, 2006, Virginia International Terminals, Inc. held restricted cash equivalents and short-term restricted investments.

The following shows the segmented time distribution of the VIT's investments:

		Investment Maturities (in Years)			
Investment Type	**Fair Market Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
U.S. Treasuries	3,174,530	1,718,093	756,490	571,652	128,295
U.S. Agencies	9,399,130	1,036,296	6,940,338	485,815	936,681
Corporate Bonds	2,728,909	595,638	1,941,963	191,308	-
Money-Market/Mutual Funds	13,521,675	13,521,675	-	-	-
	$28,824,244	$16,871,702	$9,638,791	$1,248,775	$1,064,976

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS - Concluded

Concentration of Credit Risk

Financial instruments that potentially subject VIT to concentrations of credit risk consist principally of cash balances and temporary cash investments. VIT maintains checking accounts and a money market deposit account in excess of the $100,000 limit of federal insurance with major financial institutions. Deposits in excess of the $100,000 limit totaled approximately $18,746,000 and $19,565,000 at June 30, 2006 and 2005, respectively.

3. CHANGES IN CAPITAL ASSETS

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

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital assets not being depreciated:				
Land and improvements	$96,478,044	$1,147,516	$ -	$97,625,560
Construction in progress	175,764,110	72,378,675	157,935,685	90,207,100
	272,242,154	73,526,191	157,935,685	187,832,660
Depreciable capital assets:				
Infrastructure	291,863,673	52,508,937	22,428	344,350,182
Buildings	64,565,087	10,567,027	-	75,132,114
Improvements other than buildings	27,741,980	216,966	-	27,958,946
Equipment	148,114,952	93,483,721	3,881,994	237,716,679
	532,285,692	156,776,651	3,904,422	685,157,921
Less accumulated depreciation for:				
Infrastructure	86,804,337	11,431,577	6,726	98,229,188
Buildings	34,161,106	4,147,430	-	38,308,536
Improvements other than buildings	13,092,436	1,754,361	-	14,846,797
Equipment	77,216,930	11,809,170	3,805,169	85,220,931
Total accumulated depreciation	211,274,809	29,142,538	3,811,895	236,605,452
Depreciable capital assets, net	321,010,883	127,634,113	92,527	448,552,469
Total capital assets, net	$593,253,037	$201,160,304	$158,028,212	$636,385,129

3. CHANGES IN CAPITAL ASSET- Concluded

Component Unit – VIT

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

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Property & Equipment	$54,260,723	$10,693,378	$2,455,206	$62,498,895
Less: Accumulated Depreciation	40,043,053	5,079,240	2,326,563	42,795,730
Net Property & Equipment	$14,217,670	$5,614,138	$128,643	$19,703,165

4. LONG-TERM DEBT

Changes in Long-Term Indebtedness

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

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within one Year
Revenue Bonds	$402,430,000	$21,730,000	$38,165,000	$385,995,000	$17,715,000
Issuance Premium	5,738,140	1,152,186	178,559	6,711,767	375,568
Less: Deferred Refunding	-	369,981	-	369,981	16,244
Total Revenue Bonds	408,168,140	22,512,205	38,343,559	392,336,786	18,074,324
Installment Purchases	45,173,162	4,663,170	3,820,542	46,015,790	4,678,873
Contracts	719,090	-	19,812	699,278	20,976
Compensated Absences	507,929	446,994	443,668	511,255	395,361
Total	$454,568,321	$27,622,369	$42,627,581	$439,563,109	$23,169,534

4. LONG-TERM DEBT - Continued

Virginia Port Authority	Balance as of June 30, 2006
Details of Long-Term Indebtedness	
Revenue Bonds	
On October 23, 1996, Commonwealth Port Fund Revenue Bonds, dated October 15, 1996, were issued in the principal amount of $38,300,000. On April 4, 2006 $22,925,000 of these bonds were refunded. The remaining serial bonds are payable in annual installments of $1,830,000 and $1,935,000 with interest of 5.35% to 5.75% payable semiannually, with the final installment due in 2007. 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.	$ 3,765,000
On June 26, 1997, Port Facilities Revenue Bonds, dated June 1, 1997, were issued in the principal amount of $98,065,000. Serial bonds issued in the principal amount of $29,490,000 are payable in annual installments varying from $2,095,000 to $2,885,000 with interest of 5.10% to 6.00% payable semiannually, the final installment due in 2012. Term bonds issued in the principal amounts of $17,025,000, $33,090,000, and $18,460,000 with interest of 5.65%, 5.50%, and 5.60% are due in 2017, 2024, and 2027, respectively. The bonds are payable from net revenues of the Authority.	85,935,000
On April 2, 1998, Commonwealth Port Fund Revenue Refunding Bonds, dated April 1, 1998, were issued in the principal amount of $71,015,000. The bonds are payable in annual installments varying from $9,085,000 to $10,085,000 with interest of 5.25% to 5.50% payable semiannually, the final installment due in 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.	28,730,000

4. LONG-TERM DEBT - Continued

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 $2,495,000 to $7,590,000 with interest of 3.00% to 5.50% payable semiannually, the final installment due 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 in 2024 and 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. 132,040,000

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 $965,000 to $2,210,000 with interest of 4.00% to 5.25% payable semiannually, the final installment due 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 in 2013, 2023, 2028, 2028, and 2033, respectively. These bonds are payable from the net revenues of the Authority. 53,795,000

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 $1,245,000 to $3,055,000 with interest of 5.0% to 5.25% payable semiannually, the final installment due 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 in 2019 and 2029, respectively. Non-AMT term bonds issued in the principal amount of $4,905,000 with interest of 5.00% are due in 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. 60,000,000

4. LONG-TERM DEBT - Continued

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 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.	21,730,000
Sub-total revenue bonds	385,995,000
Issuance premium, net	6,711,767
Deferred refunding amount	(369,981)
Total revenue bonds	**392,336,786**

Installment Purchases

A contract dated November 20, 2000, for the lease purchase of terminal equipment totaling $4,963,000 with initial payment of $90,398 and monthly payments of $69,992 for a period of seven years at an interest rate of 4.93% was refinanced beginning September 1, 2004 with monthly payments of $67,837 for a period of forty-one months at an interest rate of 3.10%.	1,191,615
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%.	5,589,898
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%.	493,171
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%.	2,426,041
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%.	10,673,799

4. LONG-TERM DEBT - Continued

A contract dated January 6, 2005 for the lease purchase of terminal equipment totaling $23,170,930 with semi-annual payments of $1,386,681 for a period of ten years at an interest rate of 3.563%.	21,194,133
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%.	447,133
Total installment purchases	**46,015,790**

Contracts

A contract dated May 15, 1986, for the construction of certain harbor projects to increase the depth of shipping channels at Hampton Roads totaling $928,077. The agreement requires annual payments for a period of 30 years including interest at the current Treasury rate, plus 1/8 of 1% for transaction costs beginning May 1997. Every 5 years the interest rate will be recalculated using the Treasury rate in effect at that time. The last recalculation was performed as of May 2003.	699,278

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, 2006 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.	511,255
Total long-term indebtedness	**$439,563,109**

4. LONG-TERM DEBT - Continued

Annual Long-Term Debt Requirements

A summary of future principal and interest obligations under long-term debt as of June 30, 2006 (excluding compensated absences), is as follows:

Revenue Bonds

Year Ending June 30,	Principal	Interest	Total
2007	17,715,000	19,106,418	36,821,418
2008	20,625,000	18,464,380	39,089,380
2009	20,640,000	17,389,644	38,029,644
2010	11,095,000	16,575,231	27,670,231
2011	11,650,000	16,013,881	27,663,881
2012-2016	67,620,000	70,345,950	137,965,950
2017-2021	72,155,000	51,491,627	123,646,627
2022-2026	91,375,000	30,408,070	121,783,070
2027-2031	63,540,000	7,811,313	71,351,313
2032-2036	9,580,000	659,250	10,239,250
Total Bonds	385,995,000	248,265,764	634,260,764
Issuance Premium	6,711,767	-	6,711,767
Deferred Refunding	(369,981)	-	(369,981)
Total	$392,336,786	$248,265,764	$640,602,550

4. LONG-TERM DEBT - Concluded

Installment Purchases

Year Ending June 30,	Principal	Interest	Total
2007	4,678,873	1,710,107	6,388,979
2008	4,657,902	1,545,524	6,203,427
2009	4,345,665	1,382,900	5,728,565
2010	4,423,652	1,219,116	5,642,768
2011	4,504,696	1,052,273	5,556,969
2012-2016	19,975,872	2,621,852	22,597,724
2017-2021	3,429,130	325,425	3,754,555
Total	$46,015,790	$9,857,197	$55,872,987

Contracts Payable

Year Ending June 30,	Principal	Interest	Total
2007	20,976	41,083	62,059
2008	22,209	39,850	62,059
2009	23,513	38,545	62,058
2010	24,895	37,164	62,059
2011	26,357	35,701	62,058
2012-2016	156,916	153,378	310,294
2017-2021	208,754	101,540	310,294
2022-2026	215,658	32,578	248,236
Total	$699,278	$479,839	$1,179,117

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 $3,616,090 at June 30, 2006 to the extent of the benefits that are payable. VIT is also contingently liable for personal and vacation leave of $4,655,763 at June 30, 2006 representing amounts employees could use during their period of employment.

5. DEFEASANCE OF DEBT – PRIOR YEARS

During fiscal year 1997, certain 1993 Port Facilities General Revenue Bonds were defeased by the Authority. A portion of the net proceeds from the sale of the 1997 bonds were placed in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the related liability for the defeased bonds are not reflected in the Authority's financial statements. At June 30, 2006, $6,460,000 of defeased bonds were outstanding.

Current Refundings

On April 6, 2006, the Authority issued $21,730,000 of Commonwealth Port Fund Revenue Bonds to currently refund $22,925,000 of Commonwealth Port Fund Revenue Bonds originally issued in 1996. 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 $369,980. 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 $1,208,625.

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, 2006. Accordingly, the trust account assets and the related liability for the defeased bonds are not reflected in the Authority's financial statements.

6. RENT OF TERMINAL FACILITIES AND EQUIPMENT

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

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

7. COMMITMENTS AND CONTINGENCIES

As of June 30, 2006, the Authority has commitments to construction contracts totaling $82,048,905 of which $48,486.254 has been incurred.

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

The Authority is committed under various operating lease agreements for office facilities and equipment. The commitments range from two months to seven years and generally include renewal options and escalation clauses relating to property tax and cost of living increases. Operating leases to rent office space in Singapore, Brussels, Korea and Hong Kong are subject to the currency exchange rate at the time of each rent payment. Rent expense under operating lease agreements amounted to $659,190 for the year. A summary of future obligations under lease agreements as of June 30, 2006, follows:

Year Ending June 30,	Amount
2007	$ 633,411
2008	585,696
2009	600,906
2010	617,029
2011	609,355
Thereafter	918,201
Total	$ 3,964,598

Bonds-Subsequent Event

In October 2006 the Authority issued $90,000,000 of Terminal Revenue Bonds (Series 2006 Bonds). The Series 2006 Bonds will be payable from the pledged net revenues of the Authority. Proceeds of the Series 2006 Bonds will be used to finance certain facilities to be located at Norfolk International Terminals (NIT), including dredging, wharf expansions, container yard expansions, rail yard improvements, and equipment, and a new office building to be located immediately outside the main entrance of NIT, and also certain facilities to be located at the Virginia Inland Port including an expansion of the rail yard, plus other expenses incurred in connection with the issuance of the bonds.

7. COMMITMENTS AND CONTINGENCIES - Concluded

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, 2006, the escrow account balance was $1,686,644.

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. 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.

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, 2006.

At June 30, 2006, VIT has a letter of credit issued in the amount of $3,000,000 for workers' compensation claims. The letter of credit bears interest at prime and is set to expire at March 31, 2007. At June 30, 2006, there were no borrowings outstanding.

8. PENSION PLANS AND OTHER POST RETIREMENT BENEFITS

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.

8. PENSION PLANS AND OTHER POST RETIREMENT BENEFITS - Continued

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 7.05% of base pay in 2006, 6.87% of base pay in 2005 and 4.00% of base pay in 2004 for employees receiving the basic retirement benefit from the plan. The plan does not specify a minimum funding requirement.

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

	2006	2005	2004
Service cost-benefits earned during the year	$514,545	$329,902	$348,524
Interest on projected benefit obligation	223,047	157,419	138,803
Expected return on assets	(165,669)	(107,220)	(167,011)
Net amortization and deferral	191,195	83,198	183,283
Annual pension cost	763,118	463,299	503,599
Contributions made	(896,505)	(506,915)	(149,822)
Additional minimum liability	(126,285)	945,384	(435,518)
Increase(Decrease) in pension obligation	(259,672)	901,768	(81,741)
Pension obligation, beginning of year	1,403,785	502,017	583,758
Pension obligation, end of year	$1,144,113	$1,403,785	$502,017

8. PENSION PLANS AND OTHER POST RETIREMENT BENEFITS – Continued

The annual pension cost for the current year was determined as part of the August 2006 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. Actual value of assets was determined using market value. The discount rate used in determining the actuarial present value of the projected benefit obligation was 6.25% for 2006, 5.25% for 2005 and 6.25% for 2004. The estimated rate of increase in future compensation levels used was 4.00%. 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, 2006, 2005 and 2004.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	$ 763,118	117%	$ 1,144,113
June 30, 2005	$ 463,299	109%	$ 1,403,785
June 30, 2004	$ 503,599	30%	$ 502,017

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 $135,170 and $112,835 for the years ended June 30, 2006 and 2005, 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).

8. PENSION PLANS AND OTHER POST RETIREMENT BENEFITS – 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's financial report is audited annually and can be obtained through the Human Resource Department at VIT.

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

The annual pension cost for the current year was determined as part of the October 1, 2005 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. The discount rate used in determining the actuarial present value of the projected benefit obligation was 6.75% in 2006 and 2005, and 7.50% in 2004. The estimated rate of increase in future compensation levels used was 5.00% for all three years for all post-1996 hires and 6.00% for all pre-1997 hires for 2006 and 2005 and 5.00% for all pre-1997 hires for 2004. The expected long-term rate of return on assets used in determining net periodic pension cost was 8.00% for all three years. The components of annual pension cost and prepaid pension obligation are as follows:

	2006	2005	2004
Service cost – benefits earned	$1,801,800	$1,642,100	$1,156,600
Interest cost of projected benefit obligation	2,903,200	2,653,000	2,260,700
Expected return on assets	(3,213,200)	(2,972,100)	(2,675,000)
Net amortization and deferral	709,500	643,600	151,300
Annual pension cost	2,201,300	1,966,600	893,600
Contributions made	(4,216,500)	(1,104,900)	(1,299,000)
Decrease(increase) in prepaid pension obligation	(2,015,200)	861,700	(405,400)
Prepaid pension obligation, beginning of year	(7,306,100)	(8,167,800)	(7,762,400)
Prepaid pension obligation, end of year	($9,321,300)	($7,306,100)	($8,167,800)

8. PENSION PLANS AND OTHER POST RETIREMENT BENEFITS – Concluded

The following table sets forth the plan's funded status and the related amounts recorded in the Company's balance sheets at June 30, 2006, 2005, and 2004.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
June 30, 2006	$ 2,201,300	192%	$ (9,321,300)
June 30, 2005	$ 1,966,600	56%	$ (7,306,100)
June 30, 2004	$ 893,600	145%	$ (8,167,800)

VIT also sponsors two noncontributory supplemental plans covering certain key employees. Assets of $2,199,929 and $1,838,656 in 2006 and 2005, respectively, have been allocated for future benefit payments under the provisions of the supplemental plans. The accrued liability was $3,800,744, and $2,132,829 as of June 30, 2006 and 2005, respectively. Contributions to the plans were $427,000 and $0 for the years ended June 30, 2006 and 2005, respectively.

In addition, VIT sponsors a deferred compensation plan and a matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively, that 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 $300,442 and $288,913 for the years ended June 30, 2006 and 2005, respectively.

Virginia Intermodal Management, LLC (VIM) sponsors a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) and 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 contribution to the Plan was $18,460 and $9,534 for the years ended June 30, 2006 and 2005, respectively.

9. ACCRUED WORKERS' COMPENSATION COSTS

Included in accrued workers' compensation costs for VIT are a workers' compensation claims component and an accrued Department of Labor assessment component. The workers' compensation claims component consists of VIT's estimate of its continuing liability for injuries, which occurred during periods of self-insurance. The balances at June 30, 2006 and 2005 are classified as follows:

	2006	2005
Workers' compensation claims	$1,632,402	$1,639,445
Workers' compensation claims, noncurrent portion	446,122	766,816
	$2,078,524	$2,406,261

The accrued Department of Labor (DOL) assessment component is the VIT's estimate of the present value of its future liability to the Department of Labor for participation in the U.S. Department of Labor's Second Injury Fund. The total liability has been discounted using a rate of 6.75% at June 30, 2006 and 2005, respectively. The undiscounted liability totaled approximately $7,531,000 and $8,362,000, at June 30, 2006 and 2005, respectively. VIT expects to pay these assessments annually through 2034. The balances at June 30, 2006 and 2005 are classified as follows:

	2006	2005
Accrued DOL assessment	$867,598	$860,555
Accrued DOL assessment, noncurrent portion	4,200,402	4,470,445
	$5,068,000	$5,331,000

10. 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. In addition, the Authority maintains its own insurance coverage for health, 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.

Virginia Port Authority

Statistical Section

Statistical Section

VIRGINIA PORT AUTHORITY
Net Assets by Component
For the Years 2002 Through 2006[1]

	Fiscal Year				
	2002	2003	2004	2005	2006
Net Assets:					
Invested in capital assets, net of related debt	$ 224,908,267	$ 207,191,158	$ 229,345,578	$ 202,336,198	$ 224,110,781
Restricted net assets	1,437,520	33,181,531	36,386,020	65,355,495	41,734,197
Unrestricted net assets	26,348,479	41,574,603	21,008,849	12,724,958	26,001,734
Total Net Assets	$ 252,694,266	$ 281,947,292	$ 286,740,447	$ 280,416,651	$ 291,846,712

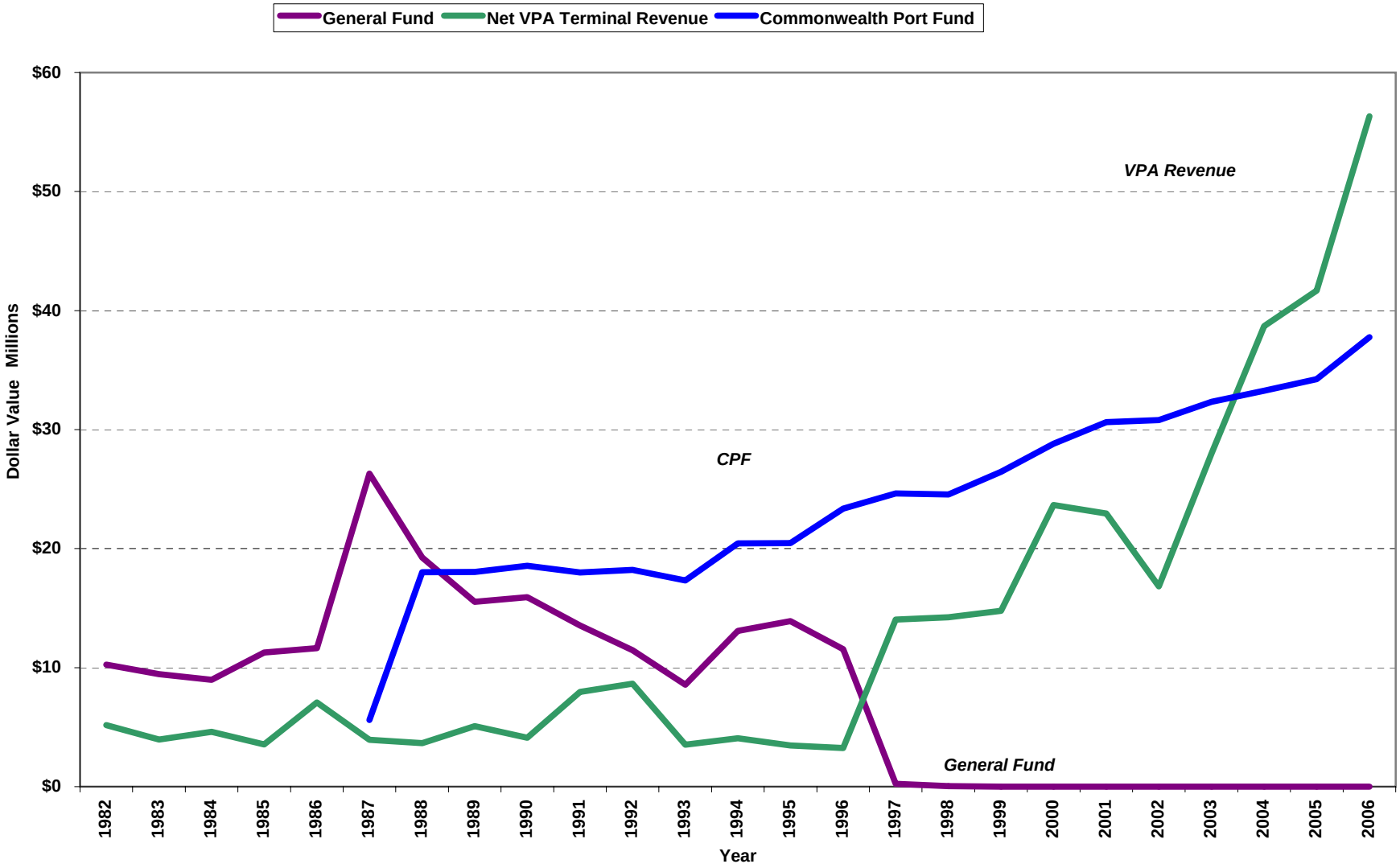
[1] The Authority implemented GASB34 in 2002, therefore no "Net Assets by Component" information is available prior to that date. Results will be added each year until ten years are presented.

VIRGINIA PORT AUTHORITY
Changes in Net Assets
For the Years 2002 Through 2006[1]

	2002	2003	2004	2005	2006
Operating Revenues:					
Operating revenues from component unit	$ 15,896,034	$ 31,299,217	$ 37,935,241	$ 41,678,561	$ 56,330,102
Other revenues	1,313,613	1,756,837	1,458,786	2,239,387	2,997,586
Total operating revenues	17,209,647	33,056,054	39,394,027	43,917,948	59,327,688
Operating Expenses:					
Terminal operations	1,651,621	1,821,989	2,033,564	2,067,755	2,572,812
Terminal maintenance	5,309,458	4,773,651	3,733,194	4,221,083	5,773,381
General and administrative	14,084,993	14,431,437	14,280,061	15,941,738	16,997,029
Depreciation and amortization	16,835,559	18,614,871	22,128,718	22,805,086	29,269,085
Total operating expenses	37,881,631	39,641,948	42,175,537	45,035,662	54,612,307
Operating income (loss)	(20,671,984)	(6,585,894)	(2,781,510)	(1,117,714)	4,715,381
Non-operating revenues (expenses)					
Interest income	1,750,168	3,121,391	2,227,921	2,513,724	4,181,708
Interest expense	(10,442,365)	(16,228,649)	(18,700,271)	(15,721,684)	(18,904,385)
Other income (expense)	-	-	-	(56,518)	100,339
Gain (loss) on disposals	(633,123)	44,015	(614,981)	(10,685,443)	(120,524)
Income (loss) before capital contributions and transfers	(29,997,304)	(19,649,137)	(19,868,841)	(25,067,635)	(10,027,481)
Capital contributions and transfers					
Commonwealth Port Fund allocation	31,837,309	29,877,485	33,128,055	34,236,656	37,769,900
Operating transfers to component unit	-	-	(6,781,000)	(8,367,186)	(5,424,620)
Capital contributions (to) from component unit, net	-	-	(4,982,210)	4,071,724	(4,640,649)
Capital contribution to City of Norfolk	-	-	-	(5,000,000)	-
Transfers (to) from federal government - channel dredging	-	17,675,000	(2,400,726)	(7,100,005)	(6,762,000)
Proceeds from federal government	-	869,940	7,242,502	1,322,558	840,276
Transfers (to) from primary government	(161,168)	(1,445,987)	(1,544,625)	(419,908)	(325,365)
Increase (decrease) in Net Assets	1,678,837	27,327,301	4,793,155	(6,323,796)	11,430,061
Net Assets - Beginning of Year	252,941,154	254,619,991	281,947,292	286,740,447	280,416,651
Net Assets - End of Year	$ 254,619,991	$ 281,947,292	$ 286,740,447	$ 280,416,651	$ 291,846,712

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

VIRGINIA PORT AUTHORITY - Revenue Comparisons



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

Period Ending	Series 1996			Series 1998			Series 2002		
June 30,	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
2007	$ 1,830,000	$ 103,949	$ 1,933,949	$ 9,085,000	$ 1,318,957	$10,403,957	$ 2,495,000	$ 6,634,716	$ 9,129,716
2008	1,935,000	51,762	1,986,762	9,560,000	817,576	10,377,576	3,620,000	6,516,981	10,136,981
2009	-	-	-	10,085,000	277,338	10,362,338	3,755,000	6,354,269	10,109,269
2010	-	-	-	-	-	-	3,945,000	6,163,987	10,108,987
2011	-	-	-	-	-	-	4,140,000	5,964,082	10,104,082
2012	-	-	-	-	-	-	4,345,000	5,751,959	10,096,959
2013	-	-	-	-	-	-	4,560,000	5,532,314	10,092,314
2014	-	-	-	-	-	-	4,785,000	5,305,466	10,090,466
2015	-	-	-	-	-	-	5,015,000	5,051,726	10,066,726
2016	-	-	-	-	-	-	5,290,000	4,768,339	10,058,339
2017	-	-	-	-	-	-	5,580,000	4,469,414	10,049,414
2018	-	-	-	-	-	-	5,890,000	4,153,989	10,043,989
2019	-	-	-	-	-	-	6,215,000	3,821,101	10,036,101
2020	-	-	-	-	-	-	6,555,000	3,486,313	10,041,313
2021	-	-	-	-	-	-	6,885,000	3,150,313	10,035,313
2022	-	-	-	-	-	-	7,225,000	2,797,563	10,022,563
2023	-	-	-	-	-	-	7,590,000	2,422,444	10,012,444
2024	-	-	-	-	-	-	7,975,000	2,023,591	9,998,591
2025	-	-	-	-	-	-	8,385,000	1,604,366	9,989,366
2026	-	-	-	-	-	-	8,815,000	1,169,125	9,984,125
2027	-	-	-	-	-	-	9,255,000	717,375	9,972,375
2028	-	-	-	-	-	-	9,720,000	243,000	9,963,000
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
	$ 3,765,000	$ 155,711	$ 3,920,711	$28,730,000	$ 2,413,871	$31,143,871	$ 132,040,000	$88,102,433	$ 220,142,433

[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.

Series 2005A (AMT)			Series 2005B (Non-AMT)			Series 2006			Total Bonds
Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service
$ 1,245,000	$ 2,758,981	$ 4,003,981	$ -	$ 245,250	$ 245,250	$ -	$ 850,432	$ 850,432	26,567,285
1,275,000	2,695,981	3,970,981	-	245,250	245,250	1,000,000	1,121,650	2,121,650	28,839,200
1,370,000	2,629,856	3,999,856	-	245,250	245,250	2,015,000	1,046,275	3,061,275	27,777,988
1,440,000	2,559,606	3,999,606	-	245,250	245,250	2,120,000	942,900	3,062,900	17,416,743
1,515,000	2,485,731	4,000,731	-	245,250	245,250	2,230,000	834,150	3,064,150	17,414,213
1,590,000	2,408,106	3,998,106	-	245,250	245,250	2,335,000	720,025	3,055,025	17,395,340
1,670,000	2,326,606	3,996,606	-	245,250	245,250	2,455,000	594,138	3,049,138	17,383,308
1,750,000	2,241,106	3,991,106	-	245,250	245,250	2,590,000	455,401	3,045,401	17,372,223
1,840,000	2,151,356	3,991,356	-	245,250	245,250	2,735,000	308,963	3,043,963	17,347,295
1,930,000	2,057,106	3,987,106	-	245,250	245,250	2,885,000	154,413	3,039,413	17,330,108
2,025,000	1,955,700	3,980,700	-	245,250	245,250	1,365,000	37,538	1,402,538	15,677,902
2,135,000	1,846,500	3,981,500	-	245,250	245,250	-	-	-	14,270,739
2,245,000	1,731,525	3,976,525	-	245,250	245,250	-	-	-	14,257,876
2,365,000	1,610,513	3,975,513	-	245,250	245,250	-	-	-	14,262,076
2,485,000	1,483,201	3,968,201	-	245,250	245,250	-	-	-	14,248,764
2,620,000	1,349,195	3,969,195	-	245,250	245,250	-	-	-	14,237,008
2,755,000	1,208,101	3,963,101	-	245,250	245,250	-	-	-	14,220,795
2,900,000	1,059,657	3,959,657	-	245,250	245,250	-	-	-	14,203,498
3,055,000	903,338	3,958,338	-	245,250	245,250	-	-	-	14,192,954
3,215,000	744,779	3,959,779	-	245,250	245,250	-	-	-	14,189,154
3,370,000	584,270	3,954,270	-	245,250	245,250	-	-	-	14,171,895
3,535,000	415,960	3,950,960	-	245,250	245,250	-	-	-	14,159,210
3,705,000	239,485	3,944,485	-	245,250	245,250	-	-	-	4,189,735
3,060,000	74,588	3,134,588	825,000	224,625	1,049,625	-	-	-	4,184,213
-	-	-	4,080,000	102,000	4,182,000	-	-	-	4,182,000
$55,095,000	$39,521,247	$94,616,247	$ 4,905,000	$ 5,967,375	$10,872,375	$21,730,000	$ 7,065,885	$28,795,885	$ 389,491,522

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

Period Ending	Series 1997 Bonds			Series 2003 Bonds			Total Bonds
June 30,	Principal	Interest	Total	Principal	Interest	Total	Debt Service
2007	2,095,000	4,700,108	6,795,108	965,000	2,494,025	3,459,025	10,254,133
2008	2,220,000	4,570,655	6,790,655	1,015,000	2,444,525	3,459,525	10,250,180
2009	2,350,000	4,444,131	6,794,131	1,065,000	2,392,525	3,457,525	10,251,656
2010	2,470,000	4,319,988	6,789,988	1,120,000	2,343,500	3,463,500	10,253,488
2011	2,600,000	4,186,868	6,786,868	1,165,000	2,297,800	3,462,800	10,249,668
2012	2,740,000	4,044,328	6,784,328	1,210,000	2,250,300	3,460,300	10,244,628
2013	2,885,000	3,893,156	6,778,156	1,260,000	2,200,900	3,460,900	10,239,056
2014	3,040,000	3,729,742	6,769,742	1,310,000	2,149,500	3,459,500	10,229,242
2015	3,215,000	3,553,038	6,768,038	1,360,000	2,088,450	3,448,450	10,216,488
2016	3,395,000	3,366,305	6,761,305	1,430,000	2,016,957	3,446,957	10,208,262
2017	3,585,000	3,169,120	6,754,120	1,505,000	1,940,807	3,445,807	10,199,927
2018	3,790,000	2,960,776	6,750,776	1,585,000	1,859,694	3,444,694	10,195,470
2019	4,005,000	2,743,571	6,748,571	1,665,000	1,774,382	3,439,382	10,187,953
2020	4,220,000	2,517,384	6,737,384	1,755,000	1,684,607	3,439,607	10,176,991
2021	4,455,000	2,278,822	6,733,822	1,845,000	1,590,107	3,435,107	10,168,929
2022	4,700,000	2,027,058	6,727,058	1,945,000	1,499,129	3,444,129	10,171,187
2023	4,960,000	1,761,408	6,721,408	2,030,000	1,412,176	3,442,176	10,163,584
2024	5,230,000	1,481,183	6,711,183	2,115,000	1,321,504	3,436,504	10,147,687
2025	5,520,000	1,185,558	6,705,558	2,210,000	1,224,132	3,434,132	10,139,690
2026	5,820,000	870,800	6,690,800	2,310,000	1,116,713	3,426,713	10,117,513
2027	6,150,000	535,638	6,685,638	2,425,000	1,001,307	3,426,307	10,111,945
2028	6,490,000	181,718	6,671,718	2,545,000	880,189	3,425,189	10,096,907
2029	-	-	-	2,665,000	753,220	3,418,220	3,418,220
2030	-	-	-	2,795,000	625,388	3,420,388	3,420,388
2031	-	-	-	2,920,000	496,800	3,416,800	3,416,800
2032	-	-	-	3,055,000	362,361	3,417,361	3,417,361
2033	-	-	-	3,190,000	221,851	3,411,851	3,411,851
2034	-	-	-	3,335,000	75,038	3,410,038	3,410,038
	$ 85,935,000	$62,521,355	$ 148,456,355	$53,795,000	$ 42,517,887	$ 96,312,887	$ 244,769,242

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

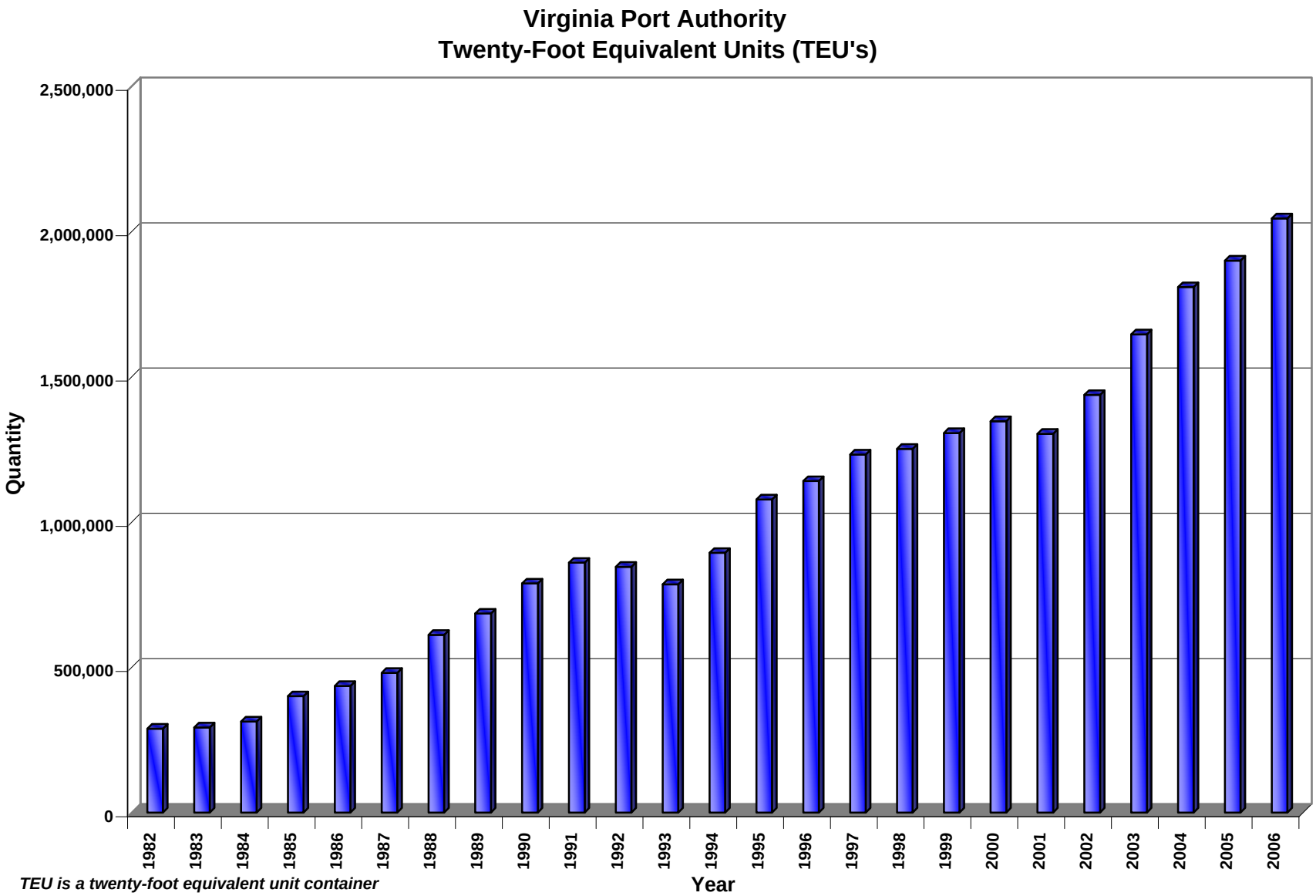
VIRGINIA PORT AUTHORITY
Debt Service Requirements

Period Ending June 30,	Commonwealth Port Fund Bonds Debt Service	Port Facilities Revenue Bonds Debt Service	Total Bonds Debt Service
2007	$ 26,567,285	$ 10,254,133	$ 36,821,418
2008	28,839,200	10,250,180	39,089,380
2009	27,777,988	10,251,656	38,029,644
2010	17,416,743	10,253,488	27,670,231
2011	17,414,213	10,249,668	27,663,881
2012	17,395,340	10,244,628	27,639,968
2013	17,383,308	10,239,056	27,622,364
2014	17,372,223	10,229,242	27,601,465
2015	17,347,295	10,216,488	27,563,783
2016	17,330,108	10,208,262	27,538,370
2017	15,677,902	10,199,927	25,877,829
2018	14,270,739	10,195,470	24,466,209
2019	14,257,876	10,187,953	24,445,829
2020	14,262,076	10,176,991	24,439,067
2021	14,248,764	10,168,929	24,417,693
2022	14,237,008	10,171,187	24,408,195
2023	14,220,795	10,163,584	24,384,379
2024	14,203,498	10,147,687	24,351,185
2025	14,192,954	10,139,690	24,332,644
2026	14,189,154	10,117,513	24,306,667
2027	14,171,895	10,111,945	24,283,840
2028	14,159,210	10,096,907	24,256,117
2029	4,189,735	3,418,220	7,607,955
2030	4,184,213	3,420,388	7,604,601
2031	4,182,000	3,416,800	7,598,800
2032	-	3,417,361	3,417,361
2033	-	3,411,851	3,411,851
2034	-	3,410,038	3,410,038
	$ 389,491,522	$ 244,769,242	$ 634,260,764

VIRGINIA PORT AUTHORITY
Operating Results and Debt Service Coverage[1]
Cash Basis

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

* For 2001, 2002, 2004, 2005 and 2006 the required CE reserve deposit was funded by a transfer from the VPA Reserve, Maintenance and Improvement Fund.


Virginia Port Authority
Twenty-Foot Equivalent Units (TEU's)
Quantity
2,500,000
2,000,000
1,500,000
1,000,000
500,000
0
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
Year
TEU is a twenty-foot equivalent unit container

Virginia Port Authority
2005 Key Performance Indicators - Calendar Year

Economic/Historical Indicators

	Total Trade		Import		Export	
	Short Tons (Thousands)	US Dollars (Millions)	Short Tons (Thousands)	US Dollars (Millions)	Short Tons (Thousands)	US Dollars (Millions)
Total Cargo	36,188.31	44,942.83	13,854.72	27,814.02	22,333.59	17,128.81
General Cargo	15,964.02	42,121.74	8,590.66	26,624.72	7,373.36	15,497.02
Bulk Cargo	20,224.29	2,821.08	5,264.06	1,189.30	14,960.24	1,631.78
Containerized Cargo	15,465.27	38,546.74	8,169.00	25,136.10	7,296.27	13,410.64
Breakbulk Cargo	498.75	3,575.00	421.66	1,488.62	77.09	2,086.38

Twenty Foot Equivalent Units	1,981,955	968,896	1,013,059
Containers	1,152,252	561,746	590,506
Vessel Calls	2,815		

Coal Loadings (International and Domestic) in Thousands of Short Tons	24,450.94

Total Cargo in Thousands of Short Tons

Top 10 Trading Partners

	Exports			Imports	
1	Italy	2,398.77	1	Norway	2,300.57
2	Brazil	2,210.61	2	China	1,511.82
3	Belgium	1,770.64	3	Canada	1,354.65
4	Japan	1,589.60	4	Brazil	1,081.52
5	Netherlands	1,457.08	5	Germany	604.95
6	United Kingdom	1,389.99	6	Italy	477.70
7	Turkey	1,343.64	7	India	465.06
8	France	1,266.92	8	France	396.80
9	Spain	1,120.12	9	Bulgaria	395.29
10	China	969.16	10	Spain	333.95

Top 10 Commodities

	Exports			Imports	
1	Mineral Fuel, Oil, Etc.	14,985.05	1	Mineral Fuel, Oil Etc	4,360.63
2	Misc Grain,Seed,Fruit	964.77	2	Salt;Sulfur;Earth,Stone	1,348.22
3	Woodpulp, Etc.	762.92	3	Machinery	863.63
4	Wood	715.12	4	Wood	598.58
5	Cereals	523.18	5	Vehicles, Not Railway	533.49
6	Paper, Paperboard	489.12	6	Beverages	524.91
7	Machinery	345.00	7	Furniture & Bedding	520.08
8	Plastic	322.91	8	Fertilizers	387.59
9	Iron & Steel	279.31	9	Rubber	361.35
10	Organic Chemicals	247.90	10	Plastic	314.59

Trade Lanes

	Export	Import
Africa	856.11	386.34
Asia, Northeast	3,424.01	1,862.80
Asia, Southeast	404.27	581.05
Carribbean	221.00	139.83
Central America	79.56	69.22
Europe, North	7,542.64	4,817.44
India & Others	863.34	573.65
Mediterranean	5,697.55	1,748.82
Middle East	432.60	216.88
North America	109.95	1,362.11
Oceania	125.73	57.84
South America	2,557.78	2,038.02

Coal Exports by Country

1	Italy	2,133.47
2	Brazil	2,059.10
3	Belgium	1,545.84
4	Japan	1,244.71
5	Netherlands	1,169.66
6	France	1,153.76
7	United Kingdom	1,017.74
8	Spain	939.27
9	Turkey	863.76
10	Sweden	511.78

Top U.S. Ports

1	Houston, TX	149,925.18
2	New York, NY	92,171.30
3	South Louisiana	78,721.62
4	Morgan City, LA	67,443.24
5	New Orleans, LA	67,233.06
6	Los Angeles, CA	62,431.47
7	Corpus Christi, TX	53,419.73
8	Long Beach, CA	50,631.32
9	Philadelphia, PA	49,946.02
10	Beaumont, TX	43,541.24
11	The Port of Virginia	36,188.31

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

Virginia Port Authority
2005 Key Performance Indicators - Calendar Year

Economic/Historical Indicators

	Total Trade		Import		Export	
	Short Tons (Thousands)	US Dollars (Millions)	Short Tons (Thousands)	US Dollars (Millions)	Short Tons (Thousands)	US Dollars (Millions)
Total Cargo	36,188.31	44,942.83	13,854.72	27,814.02	22,333.59	17,128.81
General Cargo	15,964.02	42,121.74	8,590.66	26,624.72	7,373.36	15,497.02
Bulk Cargo	20,224.29	2,821.08	5,264.06	1,189.30	14,960.24	1,631.78
Containerized Cargo	15,465.27	38,546.74	8,169.00	25,136.10	7,296.27	13,410.64
Breakbulk Cargo	498.75	3,575.00	421.66	1,488.62	77.09	2,086.38

Twenty Foot Equivalent Units	1,981,955	968,896	1,013,059
Containers	1,152,252	561,746	590,506
Vessel Calls	2,815		

Coal Loadings (International and Domestic) in Thousands of Short Tons	24,450.94

Total Cargo in Millions of U.S. Dollars

Top 10 Trading Partners

	Exports			Imports	
1	United Kingdom	1,220.60	1	China	4,561.57
2	China	1,073.14	2	Germany	3,223.23
3	Germany	946.93	3	United Kingdom	2,286.23
4	Netherlands	898.32	4	Brazil	1,804.79
5	Belgium	850.34	5	France	1,680.98
6	Japan	764.14	6	Italy	1,629.88
7	Saudi Arabia	710.32	7	Japan	1,551.71
8	Egypt	621.19	8	India	1,222.58
9	Brazil	598.96	9	Spain	601.53
10	France	556.89	10	Netherlands	565.51

Top 10 Commodities

	Exports			Imports	
1	Machinery	3,418.21	1	Machinery	5,584.20
2	Vehicles, Not Railway	1,357.32	2	Vehicles, Not Railway	2,114.66
3	Tobacco	993.57	3	Pharmaceutical Products	1,926.72
4	Plastic	908.65	4	Electrical Machinery	1,718.30
5	Electrical Machinery	839.30	5	Furniture and Bedding	1,358.43
6	Organic Chemicals	597.30	6	Mineral Fuel, Oil, Etc.	1,063.78
7	Pharmaceutical Products	593.48	7	Toys & Sports Equipmt	902.28
8	Wood	562.02	8	Beverages	733.91
9	Misc. Chemical Products	510.44	9	Plastic	721.07
10	Paper,Paperboard	434.02	10	Rubber	653.77

Trade Lanes

	Export	Import
Africa	1144.05	589.24
Asia, Northeast	2419.79	6,619.64
Asia, Southeast	549.33	1,584.15
Carribbean	104.59	47.63
Central America	156.02	198.37
Europe, North	6307.65	10,755.43
India & Others	583.55	1,729.07
Mediterranean	1430.63	3,037.63
Middle East	1515.50	483.87
North America	223.08	400.94
Oceania	346.02	81.14
South America	1056.71	2,286.85

Coal Exports by Country

1	Brazil	178.31
2	Italy	173.79
3	Belgium	125.94
4	Japan	121.47
5	France	103.70
6	Netherlands	93.75
7	Turkey	92.19
8	United Kingdom	84.96
9	Spain	79.98
10	India	55.19

Top U.S. Ports

1	Los Angeles, CA	157,385.07
2	New York, NY	131,924.98
3	Long Beach, CA	105,382.31
4	Houston, TX	86,438.26
5	Charleston, SC	53,068.71
6	The Port of Virginia	44,942.83
7	Seattle, WA	36,657.32
8	Baltimore, MD	35,829.05
9	Tacoma, WA	33,766.45
10	Savannah, GA	33,609.94
11	Oakland, CA	33,336.52

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

Virginia Port Authority
2005 Key Performance Indicators - Calendar Year

Major U.S. East Coast Container Ports	TEUs	Market
1 New York/New Jersey	4,792,922	39%
2 Charleston	1,986,586	16%
3 Virginia	1,981,955	16%
4 Savannah	1,901,520	15%
5 Miami	1,017,941	8%
6 Baltimore	602,486	5%

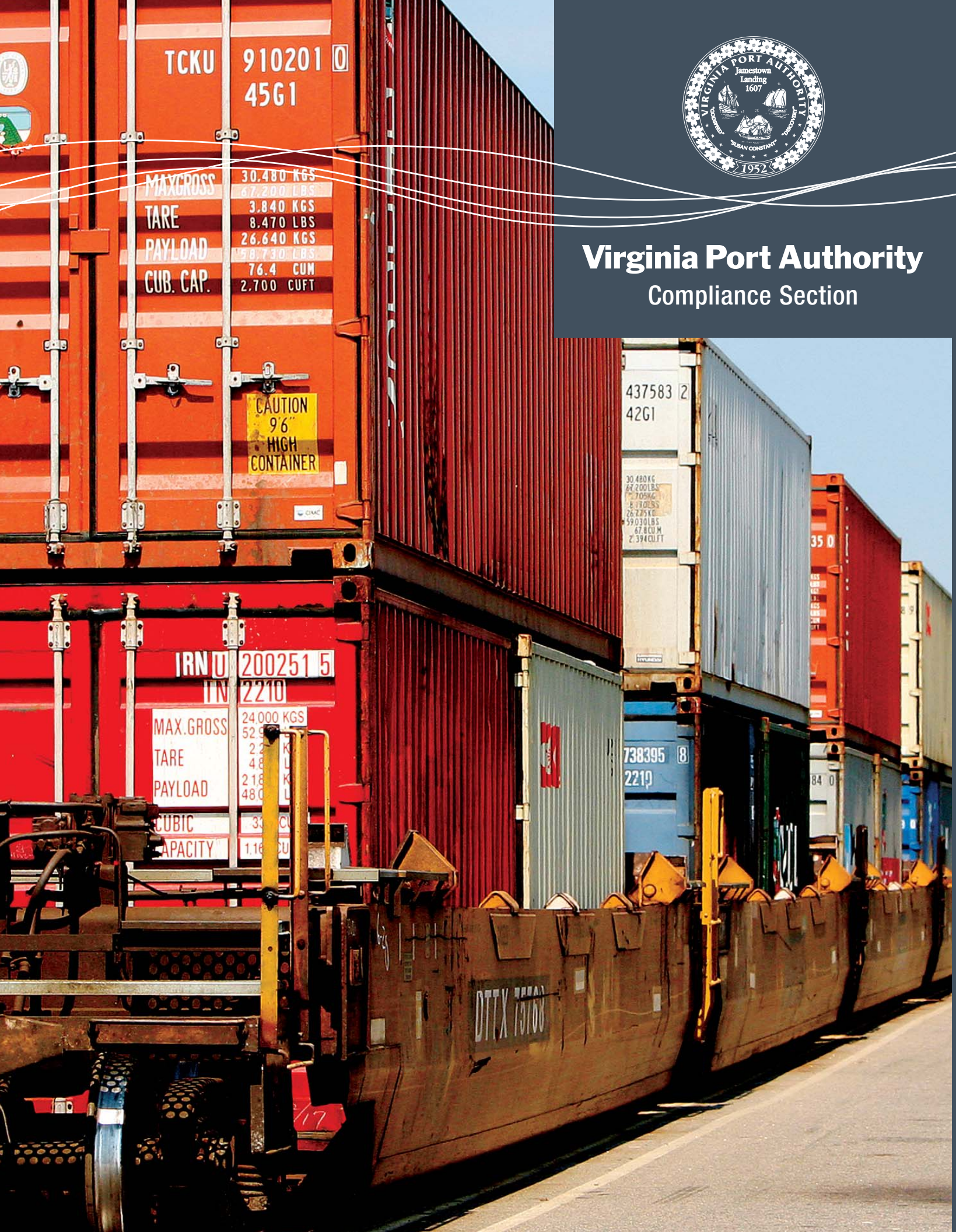
Major U.S. East Coast General Cargo Ports	Short Tons (Thousands)	Market
1 New York / New Jersey*	28,132.50	38%
2 Savannah	16,902.55	21%
3 Virginia	15,964.02	20%
4 Miami	9,116.19	11%
5 Baltimore	8,076.60	10%

* Metric Tons

Source: AAPA and various Port Authorities

Virginia Port Authority

Compliance Section



Compliance Section

VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT

FOR FISCAL YEAR ENDED

JUNE 30, 2006

COMMONWEALTH PORT FUND REVENUE BONDS,
SERIES 1996

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, 2006

Commonwealth Port Fund Revenue Bonds, Series 1996

Commonwealth Port Fund Revenue Refunding Bonds, Series 1998

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

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

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

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

TABLE 1 - TAXES APPROPRIATED TO COMMONWEALTH PORT FUND

For each of the biennia ended June 30, 1992, 1994, 1996, 1998, 2000, 2002, 2004, and 2006 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 2006

Transportation Trust Fund
(in millions)

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

(1) Motor Vehicle Sales and Use Tax and Motor Vehicle Rental Tax.
(2) Motor Fuel Tax, Special Fuel Tax, Aviation Special Fuel Tax and Road Tax.
(3) Does not reflect investment income credited to such Fund.

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

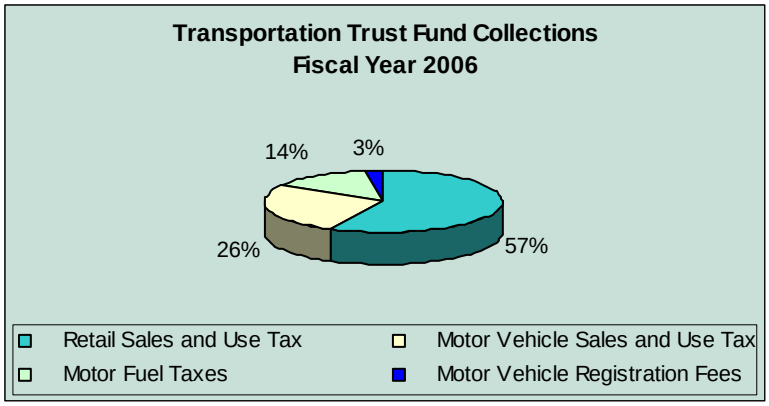


TABLE 2 - NET TRANSFERS TO THE COMMONWEALTH PORT FUND

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 1997 through 2006. 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
1997	23,790,779		858,061		48,800		24,600,040
1998	24,691,902		140,998		40,100		24,792,800
1999	26,495,208		447,823		37,700		26,905,331
2000	28,397,110		723,756		43,600		29,077,266
2001	29,447,966		1,144,001		47,600		30,544,367
2002	29,910,418		868,381		48,765		30,730,034
2003	30,597,359		468,452		49,100		31,016,711
2004	32,165,316		124,575		45,600		32,244,291
2005	33,834,570		200,301		47,600		33,987,271
2006	34,785,494		393,119		46,700		35,131,913

(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.

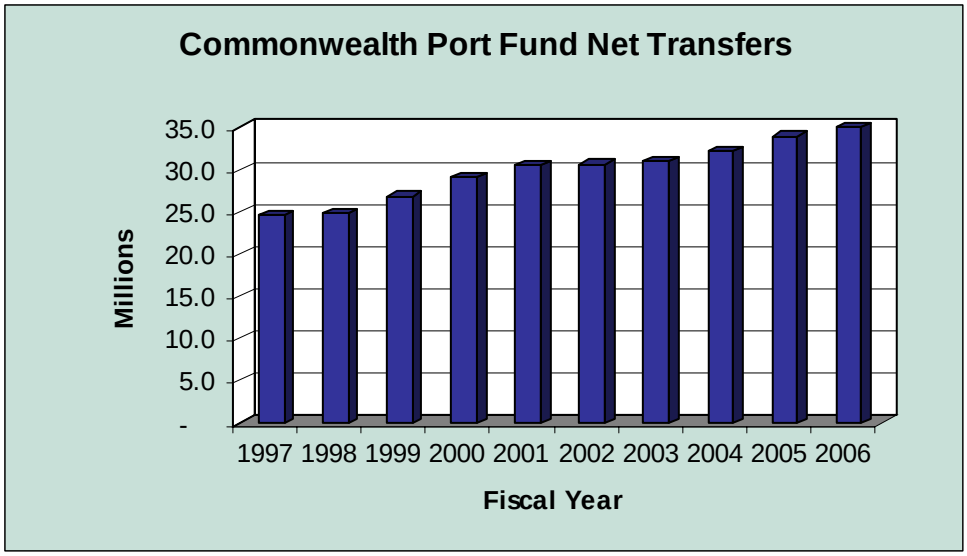


TABLE 3 - DEBT SERVICE REQUIREMENTS AND COVERAGE

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 1996 (the "1996 Bonds"), Series 2002 (the "2002 Bonds"), and Series 2005 (the "2005 Bonds), outstanding Commonwealth Port Fund Revenue Refunding Bonds, Series 1998 (the "1998 Bonds") and Series 2006 (the "2006 Bonds").

Fiscal Year Ending June 30,	**Senior Bonds Debt Service**		Series 2002 Bonds Debt Service	Series 2005 Bonds Debt Service	Series 2006 Bonds Debt Service	**Total Bonds Debt Service**
	Senior 1996 Bonds Debt Service*	Senior 1998 Bonds Debt Service	Total	Total	Total	Total
2007	$ 2,038,523	$ 10,640,475	$ 10,205,818	$ 4,248,106	$ 2,146,650	$ 29,279,572
2008	0	10,639,675	10,203,143	4,279,356	3,111,650	28,233,824
2009	0	0	10,205,393	4,280,856	3,115,900	17,602,149
2010	0	0	10,207,583	4,283,856	3,119,900	17,611,339
2011	0	0	10,205,583	4,283,106	3,113,400	17,602,089
2012	0	0	10,203,333	4,283,606	3,116,650	17,603,589
2013	0	0	10,206,293	4,280,106	3,116,625	17,603,024
2014	0	0	10,204,638	4,282,606	3,119,175	17,606,419
2015	0	0	10,203,813	4,280,606	3,118,750	17,603,169
2016	0	0	10,202,863	4,279,106	1,440,075	15,922,044
2017	0	0	10,205,963	4,282,794	0	14,488,757
2018	0	0	10,207,013	4,280,706	0	14,487,719
2019	0	0	10,205,188	4,282,844	0	14,488,032
2020	0	0	10,207,438	4,278,681	0	14,486,119
2021	0	0	10,203,188	4,283,219	0	14,486,407
2022	0	0	10,206,938	4,280,669	0	14,487,607
2023	0	0	10,202,950	4,281,031	0	14,483,981
2024	0	0	10,204,231	4,283,781	0	14,488,012
2025	0	0	10,204,500	4,283,394	0	14,487,894
2026	0	0	10,203,750	4,281,663	0	14,485,413
2027	0	0	10,206,000	4,282,375	0	14,488,375
2028	0	0	0	4,280,044	0	4,280,044
2029	0	0	0	4,279,425	0	4,279,425
2030	0	0	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 1996, 1998, 2002, 2005, and 2006 Bonds by Commonwealth Port Fund Primary Income for the Fiscal Year ended June 30, 2006 is shown below:

Commonwealth Port Fund Primary Income for the Fiscal Year ended June 30, 2006	$35,131,913
Maximum Annual Debt Service (FY 2007)	$29,279,572
Pro Forma Maximum Annual Debt Service Coverage	1.20

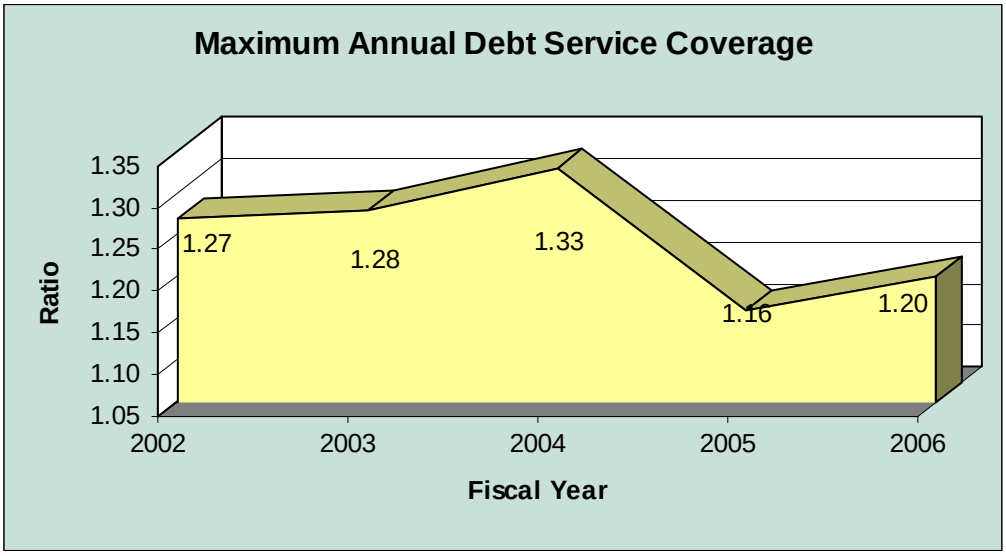


TABLE 4 - AUTHORITY REVENUES AND EXPENSES

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

Fiscal Year	2002	2003	2004	2005	2006
Special Fund	$ 21,406,151	$ 28,010,851	$ 38,687,538	$ 43,874,216	$ 56,984,725
Commonwealth Port Fund	30,693,546	31,452,602	32,405,905	34,886,277	35,755,962
General Fund and Other[1]	-	18,513,795	4,683,600	1,760,034	971,921
Total Revenues	52,099,697	77,977,248	75,777,043	80,520,527	93,712,608
Expenditures					
Commerce & Agriculture Markets Development & Improvements:					
Commerce Advertising	915,299	642,241	669,581	777,249	1,063,243
National & International Trade Services	8,137,038	7,914,149	7,872,919	8,417,048	9,394,817
Port Traffic Rate Management	144,191	174,390	178,537	186,590	158,132
Water Transportation Systems Planning:					
Port Facilities Planning	163,030	516,796	587,527	607,186	632,786
Port & Port Facility Management:					
Maintenance of Ports & Facilities	9,643,773	22,006,756	9,957,308	6,010,164	7,934,733
Port Facility Acquisition (Debt Service)	21,928,784	28,037,610	32,504,738	37,304,994	41,864,119
Security Services	4,018,676	4,268,821	5,009,447	5,474,080	6,041,075
Terminal Administration	1,753,459	1,198,033	1,162,867	1,312,350	1,813,747
Financial Assistance to Local Ports	1,131,242	1,233,494	515,288	776,647	533,966
Total Expenditures	47,835,492	65,992,290	58,458,212	60,866,308	69,436,618
Increase(Decrease) in Funds Available for Capital Projects	$ 4,264,205	$ 11,984,958	$ 17,318,831	$ 19,654,219	$ 24,275,990

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

TABLE 5 - CARGO DATA

The Authority's ports handle a variety of general cargo. Bulk cargo, such as petroleum products, grain and coal, is not handled at the Port Facilities but is handled at facilities owned by railroads and other private operators. Set forth below are the major categories of general cargo handled by the Port Facilities.

LEADING EXPORTED AND IMPORTED GENERAL CARGO COMMODITIES*
CALENDAR YEAR 2001-2005 (Short Tons)

Exports	2001	2002	2003	2004	2005
Woodpulp	563,574	609,240	618,157	622,151	762,916
Wood	1,113,800	706,397	580,433	823,828	715,116
Paper & Paperboard	340,322	405,814	413,284	408,051	489,120
Machinery	255,404	266,738	263,892	308,014	344,996
Plastic	293,413	295,837	309,137	296,339	322,911
Imports					
Machinery	483,020	607,112	675,578	774,534	863,628
Wood	383,922	599,957	555,722	674,324	598,579
Autos and Auto Parts	322,172	439,088	462,817	472,426	533,486
Beverages	357,356	387,771	443,829	478,541	524,914
Furniture and Bedding	211,370	302,322	443,506	506,807	520,085

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

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

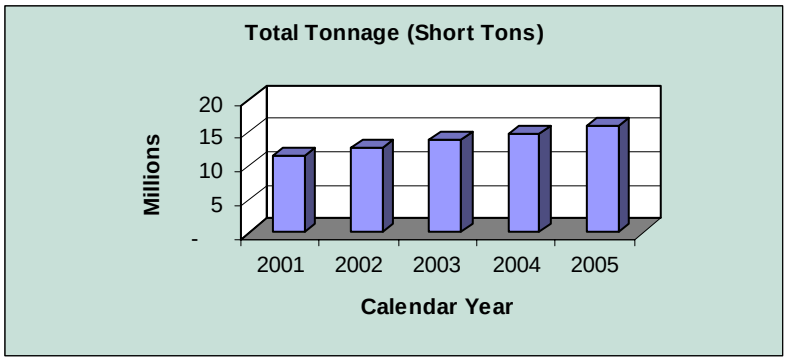
Presented below is information concerning volume of general cargo handled at all facilities that comprise the Port of Virginia.

GENERAL CARGO STATISTICS FOR THE PORT OF VIRGINIA*
CALENDAR YEAR 2001-2005 (Short Tons)

Total for Port Facilities	2001	2002	2003	2004	2005
Breakbulk Tons	460,852	608,128	644,863	584,860	498,745
Container Tons	11,078,554	12,216,302	13,338,754	14,272,820	15,465,273
Total Tons	11,539,406	12,824,430	13,983,617	14,857,680	15,964,018

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

Source: Terminal Operators' Statistics



VIRGINIA PORT AUTHORITY

CONTINUING DISCLOSURE AGREEMENT

ANNUAL REPORT

FOR FISCAL YEAR ENDED

JUNE 30, 2006

PORT FACILITIES REVENUE BONDS,
SERIES 1997

PORT FACILITIES REVENUE BONDS,
SERIES 2003

BASE CUSIP NUMBER: 928077

VIRGINIA PORT AUTHORITY

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Port Facilities Revenue Bonds, Series 1997

Port Facilities Revenue Bonds, Series 2003

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Table 1	Authority Revenues and Expenses
Table 2	VIT Revenue and Expenses
Table 3	Operating Results and Debt Service Coverage
Table 4	Debt Service Requirements
Table 5	Cargo Data

TABLE 1 - AUTHORITY REVENUES AND EXPENSES

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

Fiscal Year	2002	2003	2004	2005	2006
Special Fund	$ 21,406,151	$ 28,010,851	$ 38,687,538	$ 43,874,216	$ 56,984,725
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Expenditures					
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Commerce Advertising	915,299	642,241	669,581	777,249	1,063,243
National & International Trade Services	8,137,038	7,914,149	7,872,919	8,417,048	9,394,817
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Port Facility Acquisition (Debt Service)	21,928,784	28,037,610	32,504,738	37,304,994	41,864,119
Security Services	4,018,676	4,268,821	5,009,447	5,474,080	6,041,075
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Total Expenditures	47,835,492	65,992,290	58,458,212	60,866,308	69,436,618
Increase(Decrease) in Funds Available for Capital Projects	$ 4,264,205	$ 11,984,958	$ 17,318,831	$ 19,654,219	$ 24,275,990

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

TABLE 2 - VIT REVENUES AND EXPENSES

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

Fiscal Year	2002	2003	2004	2005	2006
Revenues:					
Operating	$129,324,835	$150,095,364	$173,104,337	$202,674,827	$226,009,758
Nonoperating	852,313	991,876	136,548	772,187	591,512
Gross Revenues	130,177,148	151,087,240	173,240,885	203,447,014	226,601,270
Expenses:					
Operating & Maintenance Expenses	$90,661,685	$100,522,422	$119,443,256	$140,572,293	$150,427,063
Administrative Expenses	15,651,814	15,664,615	16,144,392	17,347,095	19,288,621
Total Expenses	106,313,499	116,187,037	135,587,648	157,919,388	169,715,684
Income Before Transfers and Contributions[(1)]	$23,863,649	$34,900,203	$37,653,237	$45,527,626	$56,885,586

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 2002	FY 2003	FY 2004	FY 2005	FY 2006
Virginia International Terminals					
VIT Gross Receipts	$ 129,316,922	$ 144,304,559	$ 170,344,524	$ 197,703,653	$ 222,966,322
VIT Current Expenses	(103,845,605)	(113,109,405)	(130,802,285)	(151,068,932)	(164,865,110)
* VIT CE Reserve (Deposit)/Withdrawal	-	1,641,000	-	-	-
VIT Deposits to CEMA	(5,666,237)	(2,099,601)	(2,342,407)	(5,392,809)	(4,412,064)
VIT Net Revenue	19,805,080	30,736,553	37,199,832	41,241,912	53,689,148
Virginia Port Authority					
VPA Gross Revenues					
VIT Net Revenue	19,805,080	30,736,553	37,199,832	41,241,912	53,689,148
Other Income	1,250,475	1,289,158	1,459,007	2,233,236	2,767,678
Interest Income	220,607	122,754	28,700	270,488	450,524
Total VPA Gross Revenues	24,534,054	32,148,465	38,687,539	43,745,636	56,907,350
VPA Current Expenses	(18,674,909)	(18,726,869)	(19,577,245)	(19,718,980)	(23,093,131)
Prior Obligations	(112,280)	(112,280)	(112,280)	(112,280)	(9,356)
VPA Net Revenues	2,488,973	13,309,316	18,998,014	23,914,376	33,804,863
VPA CPF for O & M	6,256,145	4,898,973	5,542,764	4,218,866	5,424,467
Debt Service Coverage					
Port Facilities Revenue Bonds					
Net Debt Service	6,309,393	6,416,000	9,373,336	9,771,261	9,677,370
Pledged Net Revenues	8,155,210	15,408,917	21,340,421	29,307,185	38,216,927
Pledged Adjusted Net Revenues	14,411,355	20,307,890	26,883,185	33,526,051	43,641,394
Pledged Net Revenue Coverage	1.29	2.40	2.28	3.00	3.95
Pledged Adjusted Net Revenue Coverage	2.28	3.17	2.87	3.43	4.51

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

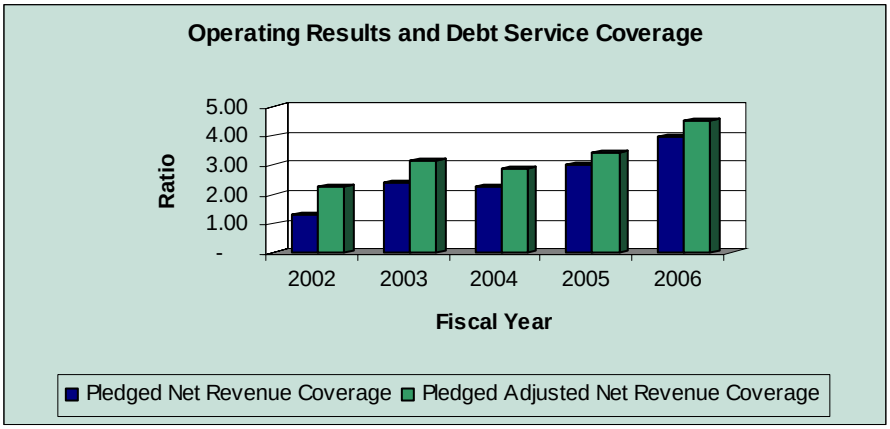


TABLE 4 - DEBT SERVICE REQUIREMENTS

The following table sets forth for the periods ended each June 30 (the end of the Authority's Fiscal Year) the aggregate amounts required to be made available in each annual period for payment on January 1 of the interest on, and on the following July 1 of the principal (whether at maturity or pursuant to mandatory redemption) of and interest on the Authority's outstanding Series 2003 Bonds and Series 1997 Bonds.

Period Ending June 30,	Series 2003 Bonds and Series 1997 Bonds Debt Service								
	Series 1997 Bonds			Series 2003 Bonds			Aggregate Series 1997 Bonds and Series 2003 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2007	2,220,000	4,637,256	6,857,256	1,015,000	2,469,900	3,484,900	3,235,000	7,107,156	10,342,156
2008	2,350,000	4,504,056	6,854,056	1,065,000	2,419,150	3,484,150	3,415,000	6,923,206	10,338,206
2009	2,470,000	4,384,206	6,854,206	1,120,000	2,365,900	3,485,900	3,590,000	6,750,106	10,340,106
2010	2,600,000	4,255,766	6,855,766	1,165,000	2,321,100	3,486,100	3,765,000	6,576,866	10,341,866
2011	2,740,000	4,117,966	6,857,966	1,210,000	2,274,500	3,484,500	3,950,000	6,392,466	10,342,466
2012	2,885,000	3,970,691	6,855,691	1,260,000	2,226,100	3,486,100	4,145,000	6,196,791	10,341,791
2013	3,040,000	3,815,623	6,855,623	1,310,000	2,175,700	3,485,700	4,350,000	5,991,323	10,341,323
2014	3,215,000	3,643,863	6,858,863	1,360,000	2,123,300	3,483,300	4,575,000	5,767,163	10,342,163
2015	3,395,000	3,462,215	6,857,215	1,430,000	2,053,600	3,483,600	4,825,000	5,515,815	10,340,815
2016	3,585,000	3,270,398	6,855,398	1,505,000	1,980,313	3,485,313	5,090,000	5,250,711	10,340,711
2017	3,790,000	3,067,845	6,857,845	1,585,000	1,901,300	3,486,300	5,375,000	4,969,145	10,344,145
2018	4,005,000	2,853,710	6,858,710	1,665,000	1,818,088	3,483,088	5,670,000	4,671,798	10,341,798
2019	4,220,000	2,633,435	6,853,435	1,755,000	1,730,675	3,485,675	5,975,000	4,364,110	10,339,110
2020	4,455,000	2,401,335	6,856,335	1,845,000	1,638,538	3,483,538	6,300,000	4,039,873	10,339,873
2021	4,700,000	2,156,310	6,856,310	1,945,000	1,541,675	3,486,675	6,645,000	3,697,985	10,342,985
2022	4,960,000	1,897,810	6,857,810	2,030,000	1,456,581	3,486,581	6,990,000	3,354,391	10,344,391
2023	5,230,000	1,625,010	6,855,010	2,115,000	1,367,769	3,482,769	7,345,000	2,992,779	10,337,779
2024	5,520,000	1,337,360	6,857,360	2,210,000	1,275,238	3,485,238	7,730,000	2,612,598	10,342,598
2025	5,820,000	1,033,760	6,853,760	2,310,000	1,173,025	3,483,025	8,130,000	2,206,785	10,336,785
2026	6,150,000	707,840	6,857,840	2,425,000	1,060,400	3,485,400	8,575,000	1,768,240	10,343,240
2027	6,490,000	363,440	6,853,440	2,545,000	942,213	3,487,213	9,035,000	1,305,653	10,340,653
2028				2,665,000	818,163	3,483,163	2,665,000	818,163	3,483,163
2029				2,795,000	688,275	3,483,275	2,795,000	688,275	3,483,275
2030				2,920,000	562,500	3,482,500	2,920,000	562,500	3,482,500
2031				3,055,000	431,100	3,486,100	3,055,000	431,100	3,486,100
2032				3,190,000	293,625	3,483,625	3,190,000	293,625	3,483,625
2033				3,335,000	150,075	3,485,075	3,335,000	150,075	3,485,075

TABLE 5 - CARGO DATA

The Authority's ports handle a variety of general cargo. Bulk cargo, such as petroleum products, grain and coal, is not handled at the Port Facilities but is handled at facilities owned by railroads and other private operators. Set forth below are the major categories of general cargo handled by the Port Facilities.

LEADING EXPORTED AND IMPORTED GENERAL CARGO COMMODITIES*
CALENDAR YEAR 2001-2005 (Short Tons)

Exports	2001	2002	2003	2004	2005
Woodpulp	563,574	609,240	618,157	622,151	762,916
Wood	1,113,800	706,397	580,433	823,828	715,116
Paper & Paperboard	340,322	405,814	413,284	408,051	489,120
Machinery	255,404	266,738	263,892	308,014	344,996
Plastic	293,413	295,837	309,137	296,339	322,911
Imports					
Machinery	483,020	607,112	675,578	774,534	863,628
Wood	383,922	599,957	555,722	674,324	598,579
Autos and Auto Parts	322,172	439,088	462,817	472,426	533,486
Beverages	357,356	387,771	443,829	478,541	524,914
Furniture and Bedding	211,370	302,322	443,506	506,807	520,085

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

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

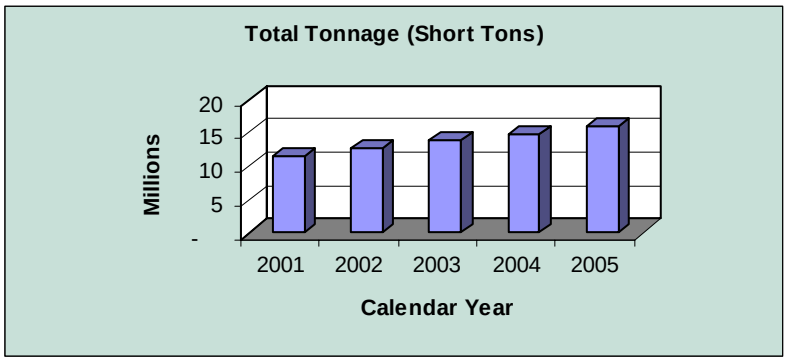
Presented below is information concerning volume of general cargo handled at all facilities that comprise the Port of Virginia.

GENERAL CARGO STATISTICS FOR THE PORT OF VIRGINIA*
CALENDAR YEAR 2001-2005 (Short Tons)

Total for Port Facilities	2001	2002	2003	2004	2005
Breakbulk Tons	460,852	608,128	644,863	584,860	498,745
Container Tons	11,078,554	12,216,302	13,338,754	14,272,820	15,465,273
Total Tons	11,539,406	12,824,430	13,983,617	14,857,680	15,964,018

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

Source: Terminal Operators' Statistics



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