

**VIRGINIA PORT AUTHORITY  
RICHMOND, VIRGINIA**

**REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2004**



## **AUDIT SUMMARY**

Our audit of the Virginia Port Authority for the year ended June 30, 2004, found:

- no internal control matters that we consider to be material weaknesses;
- no instances of noncompliance that are required to be reported; and
- adequate corrective action of prior audit findings.

The Virginia Port Authority is issuing its own Annual Financial Report, which it anticipates releasing on or around November 24, 2004. We have audited the financial statements of the governmental activities and each major fund of the Authority as of and for the year ended June 30, 2004. We issued our report, dated November 2, 2004, on the financial statements, and it is included in the Authority's Annual Financial Report.

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# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

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

November 2, 2004

The Honorable Mark R. Warner  
Governor of Virginia

The Honorable Lacey E. Putney  
Chairman, Joint Legislative Audit  
and Review Commission

Board of Commissioners  
Virginia Port Authority

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited the financial statements of the governmental activities and each major fund of the **Virginia Port Authority**, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 2, 2004. Our report on the financial statements is included in the Financial Report issued by the Port Authority. We submit herewith our report on compliance and internal control over financial reporting.

In planning and performing our audit of the financial statements of the Port Authority as of and for the year ended June 30, 2004, we considered internal controls over financial reporting and tested compliance with certain provisions of laws, regulations, contracts, and grant agreements 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. We did not consider internal controls over financial reporting or test compliance with certain provisions of laws, regulations, contracts, and grants for the financial statements of the Virginia International Terminals, Inc., a component unit of the Port Authority, which was audited by other auditors.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Port Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the

internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### Status of Prior Findings

The Port Authority has taken adequate corrective action with respect to audit findings reported in the prior year.

The "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters" is intended solely for the information and use of the Governor and General Assembly of Virginia, the Board of Commissioners, and management, and is not intended to be and should not be used by anyone, other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

#### EXIT CONFERENCE

We discussed this report with management at an exit conference held on November 17, 2004.

AUDITOR OF PUBLIC ACCOUNTS

DBC:whb  
whb:74

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Norfolk, Virginia

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