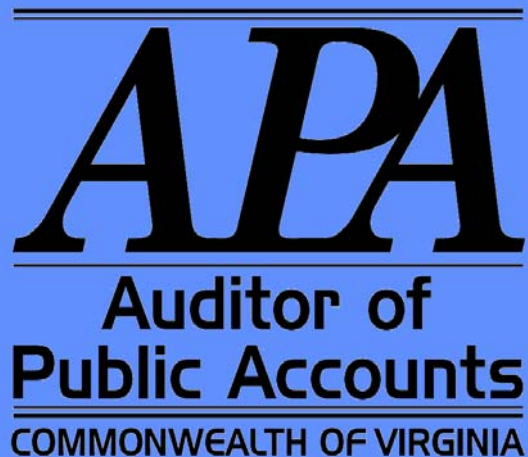


**VIRGINIA PORT AUTHORITY**

**REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2007**



## **AUDIT SUMMARY**

Our audit of the Virginia Port Authority for the year ending June 30,2007, found:

- The financial statements are presented fairly, in all material respects;
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

The Virginia Port Authority (Authority) is issuing its own Comprehensive Annual Financial Report, which it anticipates releasing on or about October 31, 2007. We have audited the basic financial statements of the Authority as of and for the year ended June 30, 2007. We issued our report, dated October 30, 2007, on the financial statements and it is included in the Authority' Comprehensive 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**

October 31, 2007

The Honorable Timothy M. Kaine  
Governor of Virginia  
State Capital  
Richmond, Virginia

The Honorable Thomas K. Norment, Jr.  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

Board of Commissioners  
Virginia Port Authority

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

We have audited the basic financial statements of the **Virginia Port Authority** (Authority) as of and for the year ended June 30, 2007, and have issued our report thereon dated October 31, 2007. Our report on the financial statements is included in the Comprehensive Annual Financial Statements issued by the Authority. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable with financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We did not consider internal controls over financial reporting or test compliance with certain provisions of laws, regulations, contracts, and grant agreements for the financial statements of the Virginia International Terminals, Inc., a component unit of the Authority, which was audited by other auditors.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood

that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 October 31, 2007.

AUDITOR OF PUBLIC ACCOUNTS

WJK:clj

Virginia Port Authority

Norfolk, Virginia

BOARD OF COMMISSIONERS

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Robert C. Barclay, IV Vice Chairman

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Deborah K. Stearns

Thomas M. Wolf

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(ex-officio member of the Board)

Jerry A. Bridges, Executive Director

Rodney W. Oliver, Treasurer to the Board

Debra McNulty, Clerk to the Board

Jodie Asbell, Deputy Clerk to the Board

