

## AUDIT SUMMARY

Our audit of the Virginia Economic Development Partnership for the year ended June 30, 1999, found:

- the financial statements are presented fairly, in all material respects;
- no material weaknesses in the internal controls tested; and
- no material instances of noncompliance with laws and regulations that are required to be reported.

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BOARD MEMBERS

October 27, 1999

Members of the Virginia Economic Development Partnership  
901 East Byrd Street  
Richmond, Virginia 23218-0798

We have audited the accounts and records of the **Virginia Economic Development Partnership** as of and for the year ended June 30, 1999, and submit herewith our complete reports on financial statements and compliance and internal controls.

#### INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

We have audited the balance sheet of the Virginia Economic Development Partnership (the Partnership) as of June 30, 1999, and the related statements of revenues, expenses and changes in fund balances for the year then ended. The financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Virginia Economic Development Partnership as of June 30, 1999, and results of its operations for the year then ended, in conformity with generally accepted accounting principles.

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

Compliance

As part of obtaining reasonable assurance about whether the Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Partnership'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 assurance 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 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 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.

The Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting is intended solely for the information and use of the Governor and General Assembly of Virginia, the Virginia Economic Development Partnership's Board of Directors 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.

AUDITOR OF PUBLIC ACCOUNTS

JMS:kva  
kva:37

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
 COMBINED BALANCE SHEET  
 As of June 30, 1999

	Governmental Fund Types		Account Groups		Total
	General	Special Revenue	General Fixed Assets	General Long-Term Debt	(Memorandum Only) June 30, 1999
<b>Assets and Other Debits:</b>					
<b>Assets:</b>					
Cash, cash equivalents, and investments (Note 2)	\$ 1,846,855	\$ -	\$ -	\$ -	\$ 1,846,855
Petty cash	205,194	-	-	-	205,194
Employee travel advances	25,078	-	-	-	25,078
Other Receivables	7,365	-	-	-	7,365
Prepaid expenses	36,725	-	-	-	36,725
Due from other funds	-	24,932	-	-	24,932
Lease deposits (Note 5)	237,576	-	-	-	237,576
Leasehold Improvements, Furniture and Equipment (Note 6)	-	-	2,291,522	-	2,291,522
<b>Other Debits:</b>					
Amount to be provided for compensated absences	-	-	-	805,708	805,708
Amount to be provided for installment purchases	-	-	-	379,473	379,473
Amount to be provided for pension liability	-	-	-	523,725	523,725
<b>Total assets and other debits</b>	<b>\$ 2,358,793</b>	<b>\$ 24,932</b>	<b>\$ 2,291,522</b>	<b>\$ 1,708,906</b>	<b>\$ 6,384,153</b>
<b>Liabilities, Equity, and Other Credits:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,074,806	\$ 2,380	\$ -	\$ -	\$ 1,077,186
Accrued payroll	160,542	18,965	-	-	179,507
Due to the other funds	24,932	-	-	-	24,932
Compensated absences (Note 1-G.)					
Short term	10,540	-	-	-	10,540
Long term	-	-	-	805,708	805,708
Deferred revenue (Note 1-F.)	-	110,204	-	-	110,204
Installment purchases payable (Note 8)	-	-	-	379,473	379,473
Pension liability (Note 9)	-	-	-	523,725	523,725
<b>Total liabilities</b>	<b>1,270,820</b>	<b>131,549</b>	<b>-</b>	<b>1,708,906</b>	<b>3,111,275</b>
<b>Equity and Other Credits:</b>					
Investment in fixed assets	-	-	2,291,522	-	2,291,522
Fund balances - Reserved (Note 10)	215,000	-	-	-	215,000
Fund balance (deficit) - Unreserved (Note 13)	872,973	(106,617)	-	-	766,356
<b>Total liabilities, equity, and other credits</b>	<b>\$ 2,358,793</b>	<b>\$ 24,932</b>	<b>\$ 2,291,522</b>	<b>\$ 1,708,906</b>	<b>\$ 6,384,153</b>

The accompanying notes are an integral part of the financial statements.

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 For the Fiscal Year Ended of June 30, 1999

	Governmental Fund Types		Total (Memorandum Only) June 30, 1999
	General	Special Revenue	
Revenues:			
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 36,678,976	\$ -	\$ 36,678,976
Welcome Center revenues	-	721,321	721,321
Participation fees	520,146	-	520,146
Grants	22,500	661	23,161
Mission reimbursements	52,828	-	52,828
Interest revenue	248,698	-	248,698
Other revenue	17,467	-	17,467
Total revenues	37,540,615	721,982	38,262,597
Expenditures:			
Business development	3,633,760	-	3,633,760
International trade	2,129,721	14,768	2,144,489
Virginia Tourism Corporation	16,299,690	939,809	17,239,499
Research	1,608,803	-	1,608,803
Communications and promotions	4,361,852	-	4,361,852
Business development finance	171,236	-	171,236
Technical services	126,944	-	126,944
Information and presentation systems	2,708,310	-	2,708,310
Administration	3,308,815	-	3,308,815
Pass-through payments	3,428,396	-	3,428,396
Total expenditures	37,777,527	954,577	38,732,104
Revenues over (under) expenditures	(236,912)	(232,595)	(469,507)
Other financing sources (uses):			
Transfers among funds	(142,195)	142,195	-
Financing Proceeds	327,251	-	327,251
Loss on foreign currency (Note 5)	(8,175)	-	(8,175)
Total other financing sources (uses)	176,881	142,195	319,076
Revenues and other sources over (under) expenditures and other uses	(60,031)	(90,400)	(150,431)
Fund balance (deficit), July 1, 1998 (Note 13)	1,148,004	(16,217)	1,131,787
Fund balance (deficit), June 30, 1999	\$ 1,087,973	\$ (106,617)	\$ 981,356

The accompanying notes are an integral part of the financial statements.

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - CASH BASIS  
 GENERAL AND SPECIAL REVENUE FUNDS  
 For the Fiscal Year Ended June 30, 1999

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Revenue provided by the General Fund of the Commonwealth	\$ 36,678,976	\$ 36,678,976	\$ -
Welcome Center revenues	-	-	-
Participation fees	401,547	520,146	118,599
Grants	22,500	22,500	-
Mission reimbursements	131,665	52,828	(78,837)
Interest revenue	230,000	269,619	39,619
Other revenue	18,800	17,466	(1,334)
Total revenues	37,483,488	37,561,535	78,047
Expenditures:			
Business Development	4,049,682	3,614,549	435,133
International trade	2,110,921	2,126,155	(15,234)
Virginia Tourism Corporation	16,743,619	16,377,291	366,328
Research	1,935,592	1,660,349	275,243
Communications and promotions	4,708,646	4,324,682	383,964
Business development finance	253,642	175,181	78,461
Technical services	143,069	125,633	17,436
Information and presentation systems	3,099,454	2,587,473	511,981
Administration	3,486,819	3,302,798	184,021
Pass-through payments	3,405,000	3,428,397	(23,397)
Total expenditures	39,936,444	37,722,508	2,213,936
Revenues over (under) expenditures	(2,452,956)	(160,973)	2,291,983
Other financing sources (uses):			
Transfers among funds	-	(142,195)	(142,195)
Financing Proceeds	327,251	327,251	-
Loss on foreign currency	-	(8,175)	(8,175)
Total other financing sources (uses)	327,251	176,881	(150,370)
Revenues and other sources over (under) expenditures and other uses	(2,125,705)	15,908	2,141,613
Fund balance, July 1, 1998	2,281,228	2,281,228	-
Fund balance, June 30, 1999	\$ 155,523	\$ 2,297,136	\$ 2,141,613

The accompanying notes are an integral part of the financial statements.

# VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

## NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 1999

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The Virginia Economic Development Partnership ( the Partnership) was established on July 1, 1996, by Chapter 638 of the 1995 Acts of Assembly and operates as an authority in accordance with the provisions of Chapter 32 of Title 2.1 of the Code of Virginia. The Partnership's major activities are to encourage, stimulate, and support the development and expansion of the economy of the Commonwealth.

Within its powers granted by the General Assembly, the Partnership chartered the Virginia Tourism Corporation (VTC), a non-stock, non-profit corporation, on July 1, 1996, to assist the Partnership in developing and marketing Virginia's travel and tourism products and services. The VTC is a component unit of the Partnership and is included in the Partnership's general-purpose financial statements. Beginning July 1, 1999, the VTC will no longer be a component unit of the Partnership. It will be part of the Virginia Tourism Authority, which was created by legislation as a separate entity.

The Partnership 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 Partnership is an integral part of the reporting entity of the Commonwealth of Virginia; accordingly, all funds and account groups of the Partnership are included in the financial statements of the Commonwealth as a part of the reporting entity.

#### B. Basis of Accounting

The accompanying financial statements have been prepared in accordance with general accepted accounting principles. All governmental funds are reported using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when the related fund liability is incurred through the receipt of goods or services, although payment may occur at a later date. The cash basis of accounting is used during the year; reports are prepared on the modified accrual basis at the fiscal year end.

#### C. Fund Accounting

The accounts of the Partnership were developed to account for specified financial activities. Resources were allocated to and accounted for in individual funds based upon financing sources. Each fund is an independent fiscal and accounting entity with a set of self-balancing accounts.



- (1) General Fund – Accounts for transactions related to resources received and uses for those services traditionally provided by a state government, which are not accounted for in any other fund.
- (2) Special Revenue Fund– Accounts for transactions related to resources received and used for restricted or specific purposes.

D. Account Groups

Account groups are used to establish accounting control over general fixed assets and long-term liabilities. Fixed assets do not provide current financial resources available for appropriation or expenditure, nor are they assets of a particular fund. Long-term liabilities do not require an appropriation or expenditure during the current accounting period. For these reasons, fixed assets and long-term liabilities are accounted for in self-balancing account groups rather than governmental funds. Fixed assets are recorded in the General Fixed Assets Account Group. Long-term liabilities are recorded in the General Long-Term Debt Account Group.

E. General Fixed Assets

Fixed assets of governmental funds are recorded as expenditures at the time of purchase and are valued at historical cost or estimated historical cost. Donated fixed assets are valued at estimated market value at the date of donation. General fixed assets are comprised of leasehold improvements, furniture, and equipment.

F. Deferred Revenue

Deferred revenue reported in Special Revenue Fund is comprised of Welcome Center rental revenue, which was received at June 30, 1999, but not yet earned.

G. Compensated Absences

Compensated absences represent the amounts of vacation, sick, and compensatory leave earned by the Partnership employees, but not taken at June 30, 1999. Compensated absences were calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences." This statement requires the accrual of the following: Sick leave earned by employees who, while not currently vested for payment, will probably attain the years of service required to vest for payment and Social Security and Medicare taxes to be paid by the Partnership on all accrued compensated absences.

H. Budgets and Budgetary Accounting

The Partnership's budget was established by the Appropriation Act as enacted by the General Assembly of Virginia for the biennium ended June 30, 2000. No payments were made to the Partnership out of the state treasury except in pursuance of appropriations made by law. Payments from the state treasury were deposited into Partnership bank accounts in

accordance with the provisions of Chapter 32 of Title 2.1 of the Code of Virginia and expended for purposes as stated in those provisions.

The budget is prepared principally on the cash basis. Since the budgetary (cash) basis differs from generally accepted accounting principles (GAAP), a reconciliation of actual data reported on the cash basis to actual data reported on the GAAP (modified accrual) basis is presented in Note 3.

Budgeted amounts in the financial statements are amounts originally appropriated to the Partnership as adjusted by subsequent appropriations authorized by the General Assembly.

#### I. Total Columns

Total columns on the financial statements are captioned “Total - Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund elimination has not been made in the aggregation of this data.

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents represent cash in the Local Government Investment Pool (LGIP) at the Treasury of Virginia, deposits, and overnight repurchase agreements. These funds are held in pooled accounts and accordingly, are not categorized as to credit risk as defined by Statement 3 of the Governmental Accounting Standards Board. Cash on deposit is held in demand deposit accounts maintained for operating and payroll costs and is covered by federal depository insurance.

Cash on deposit and investments are categorized below to give an indication of the level of credit risk assumed by the Virginia Economic Development Partnership. Credit risk is the risk that the Partnership may not be able to obtain possession of its investment instruments. Risk category 1 includes investments which are insured or registered or for which the securities are held by the Partnership or its safekeeping agent in the Partnership’s name. Risk category 2 includes uninsured or unregistered investments for which the securities are held by the broker’s or dealer’s trust department or safekeeping agent in the Partnership’s name. Risk category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or safekeeping agent, but not in the Partnership’s name. There are no accounts or investments in categories 2 or 3.

<u>Cash and Cash Equivalents</u>	<u>Category 1</u>	<u>Non- Categorized</u>	<u>Fair Value</u>
Repurchase agreements	\$ 981,790	\$ -	\$ 981,790
Cash on deposit	-	(929,599)	(929,599)
Cash with Local Government Investment Pool at Treasury	-	1,794,664	1,794,664
Total cash, cash equivalents, and investments	<u>\$ 981,790</u>	<u>\$ 865,065</u>	<u>\$ 1,846,855</u>

3. RECONCILIATION OF BUDGETARY BASIS FUND BALANCE TO MODIFIED ACCRUAL BASIS FUND BALANCE

The accompanying Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Cash Basis - General and Special Revenue Fund presents comparisons of the legally adopted budget prepared on the cash basis with actual data prepared on the cash basis. To enhance this comparison, actual data on the cash basis is reconciled to actual data on the modified accrual basis as follows:

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
Fund balance, budgetary basis, June 30, 1999	\$ 2,297,136	\$ 24,932
Add: Prepaid expenses	36,725	-
Deduct: Accrued revenue	-	(110,204)
Accrued expenses	<u>(1,245,888)</u>	<u>( 21,345)</u>
Fund balance, modified accrual basis, June 30, 1999	<u>\$ 1,087,973</u>	<u>\$ (106,617)</u>

4. APPROPRIATIONS

The original appropriation from the General Fund of the Commonwealth has been adjusted as follows:

Original appropriation	\$ 36,694,583
Supplemental appropriation actions:	
Less: Net personal service cost decreases	<u>( 15,607)</u>
Appropriations as adjusted	<u>\$ 36,678,976</u>

5. LEASE DEPOSITS

The Partnership maintains offices in Frankfurt, Germany and Tokyo, Japan. Each landlord required a lease deposit as part of the lease agreements for those locations. The Frankfurt lease deposit is held in U.S. dollars and earns interest, which was reported in the amount of \$861 for the fiscal year, bringing the deposit value to \$31,975. The Tokyo office was moved during the fiscal year resulting in the return of the old lease deposit and the placement of a new lease deposit. Both Tokyo deposits are held in Japanese yen. These transactions resulted in a net currency loss of \$8,175 for the

fiscal year and an increase in the Tokyo deposit to a value in dollars \$205,600. Total lease deposit value at June 30, 1999 was \$237,576.

#### 6. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents the changes in the General Fixed Assets Account Group for the fiscal year ended June 30, 1999:

	Balance July 1, 1998	Acquired	Disposed	Balance June 30, 1999
Leasehold Improvements, Furniture and Equipment	<u>\$1,072,670</u>	<u>\$1,341,255</u>	<u>\$122,403</u>	<u>\$2,291,522</u>

#### 7. OPERATING LEASE COMMITMENTS

The Partnership is committed under various operating leases for office facilities, vehicles, and equipment. Rental expense under operating lease agreements amounted to \$1,545,899 for the year. A summary of minimum future obligations under these lease agreements as of June 30, 1999 follows:

<u>Year Ending June, 30</u>	<u>Operating Lease Obligations</u>
2000	\$ 1,667,785
2001	1,688,858
2002	1,651,188
2003	1,497,865
2004	1,531,362
2005 and later	<u>352,722</u>
Total future minimum rental payments	<u>\$ 8,389,780</u>

#### 8. INSTALLMENT PURCHASES OBLIGATIONS

The Partnership has entered into various installment purchase contracts to finance the acquisition of presentation equipment, copiers, and motor vehicles. The lengths of the contracts are from two to four years and the interest rates charged vary from 3.3 percent to 11.4 percent. Principal and interest payments of these commitments for fiscal years subsequent to June 30, 1999 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$170,860	\$18,068	\$ 188,928
2001	111,072	7,773	118,845
2002	<u>97,541</u>	<u>2,933</u>	<u>100,474</u>

Total	<u>\$379,473</u>	<u>\$28,774</u>	<u>\$ 408,247</u>
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## 9. PENSION PLAN AND OTHER RETIREMENT BENEFITS

The Partnership is a participating employer in a defined benefit plan administered by the Virginia Retirement System. As of June 30, 1999, the Partnership's net pension obligation was \$523,725.

### Plan Description

All full-time and part-time salaried employees of the Partnership participate in the defined benefit retirement plan administered by the Virginia Retirement System (VRS). The VRS is an agent and cost-sharing multiple-employer public employee retirement system that acts as a common investment and administrative agency for the Commonwealth of Virginia and its political subdivisions.

All full-time and part-time salaried employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees who retire with a reduced benefit at age 55 (age 50 for participating law enforcement officers and firefighters) with at least five years of credited service are entitled to an annual retirement benefit payable monthly for life in an amount based on 1.7 percent of their average final compensation (AFC). An optional reduced retirement benefit is available to members of VRS as early as age 50 with 10 years of credited service. In addition, retirees qualify for annual cost-of-living increases beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the State legislature.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by writing to the system at P.O. Box 2500, Richmond, Virginia 23218-2500.

### Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual salary to the VRS. This 5 percent member contribution may be assumed by the employer. The Partnership does pay the member contribution, which amounted to \$397,747 (5 percent of total creditable compensation of \$7,954,934.) In addition, the Partnership is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The Partnership contribution rate for the year ended 1999 was 5.84 percent for the six months beginning July 1, 1998 and ending December 31, 1998, on a covered payroll of \$3,927,681 for that period and 5.10 percent for the six months beginning January 1, 1999 and ending June 30, 1999, on a covered payroll of \$4,027,253. The amounts contributed for those six months periods were \$229,377 and \$205,390, respectively.

10. RESERVED FUND BALANCE

During fiscal year 1999, the financial activity of the Virginia Tourism Corporation was transacted by the Partnership. On July 1, 1999, the Virginia Tourism Corporation was transferred to the Virginia Tourism Authority, which began operations as a separate entity on that date. Because the Virginia Tourism Corporation had revenues in excess of expenditures in the amount of \$215,000 in the fiscal year, the Partnership reserved these funds to be transferred to the Corporation in fiscal year 2000.

11. RESTATEMENT OF BEGINNING FUND BALANCE ON CASH BASIS

The beginning cash basis fund balance for the Special Revenue Fund has been restated to include fiscal year 1998 deferred revenue as follows:

<u>Special Revenue Fund</u>	<u>Cash Basis</u>
Fund balance at July 1, 1998	\$ 3,903
Add: Deferred revenue	<u>112,550</u>
Adjusted beginning fund balance July 1, 1998	<u><u>\$116,453</u></u>

12. COMMITMENTS

The Partnership is obligated under contracts with two Virginia engineering firms for a project to record water and sewer resources that serve commercial activities throughout the Commonwealth. The contracts total \$672,000. The project is scheduled for completion during fiscal year 2000.

13. DEFICIT FUND BALANCE

The deficit fund balance reported in Special Revenue Fund in the amount of \$106,617 is due primarily to actual revenue falling short of budgeted revenue, as well as actual expenditures exceeding budgeted expenditures.

14. SURETY BOND

The Virginia Economic Development Partnership is insured from loss from employee actions by an insurance policy issued by the Chubb Group, the Great Northern Insurance Company. Policy coverage is \$50,000 per occurrence with a \$500 deductible for each loss.

15. YEAR 2000 COMPLIANCE

The Partnership has completed all phases of their plan to ensure critical systems are year 2000 compliant. The phases completed include:

Assessment – Assess the year 2000 impact on the Partnership's operations. Identify priority business activities; inventory and analyze systems supporting these activities, and prioritize their conversion or replacement. Develop contingency plans to handle potential system failures. Identify and secure the necessary resources.

Renovation – Convert, replace, or eliminate selected systems. Modify interfaces.

Testing and Validation – Test, verify, and validate converted or replaced systems. Test the performance, functionality, and integration of these systems and interfaces in an operational environment.

Implementation – Implement converted or replaced systems and interfaces. Implement contingency plans, if necessary.

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
Richmond, Virginia

J. Thomas Fowlkes, Chairman

Frank Armstrong, III	Richard G. Holder
Norman G. Beatty	James L. Keeler
Mary Rae Carter	James J. Leto
Jean E. Clary	L.I. Prillaman
Rosalyn R. Dance	M.G. Robertson
Robert T. Skunda	

Barry E. DuVal, Ex-Officio

Ronald L. Tillett, Ex-Officio

Mark R. Kilduff, Executive Director