



**Audited General Purpose Financial Statements
For the Fiscal Year Ended
June 30, 2000**

Virginia Economic Development Partnership
Audited General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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October 31, 2000

The Honorable James S. Gilmore, III
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

We have audited the general-purpose financial statements of the **Virginia Economic Development Partnership** for the year ended June 30, 2000. These general-purpose financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these general-purpose 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Virginia Economic Development Partnership as of June 30, 2000, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a separate report dated October 31, 2000 on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Honorable James S. Gilmore, III
The Honorable Vincent F. Callahan, Jr.
October 31, 2000
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Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements presented in this Appendix. The other information contained in the annual report is not a required part of the financial statements of the Partnership and has not been subjected to the auditing procedures applied in the audit of the financial statements. We express no opinion on the information provided on the other pages of the report.

AUDITOR OF PUBLIC ACCOUNTS

October 31, 2000

The Honorable James S. Gilmore, III
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State Capitol
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Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

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

We have audited the general purpose financial statements of the **Virginia Economic Development Partnership** as of and for the year ended June 30, 2000 and issued our report dated October 31, 2000. Our auditor's report on the financial statements is contained in the Partnership's *Annual Report* for fiscal year 2000. 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.

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, and contracts, 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

The Honorable James S. Gilmore, III
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October 31, 2000
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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, Board of Trustees 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, 2000.

AUDITOR OF PUBLIC ACCOUNTS

FINANCIAL STATEMENTS

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 COMBINED BALANCE SHEET
 As of June 30, 2000

	Governmental Fund Types		Account Groups		Total
	General	Special Revenue	General Fixed Assets	General Long-Term Debt	(Memorandum Only) June 30, 2000
Assets and Other Debits:					
Assets:					
Cash, cash equivalents, and investments (Note 2)	\$ 1,995,064	\$ -	\$ -	\$ -	\$ 1,995,064
Petty cash	201,030	-	-	-	201,030
Employee travel advances	13,948	-	-	-	13,948
Other Receivables	1,319	-	-	-	1,319
Prepaid expenses	42,583	-	-	-	42,583
Due from federal funds	-	52,276	-	-	52,276
Due from other funds	45,059	-	-	-	45,059
Lease deposits (Note 5)	237,575	-	-	-	237,575
Leasehold Improvements, Furniture and Equipment (Note 6)	-	-	2,110,896	-	2,110,896
Other Debits:					
Amount to be provided for compensated absences	-	-	-	597,430	597,430
Amount to be provided for installment purchases	-	-	-	32,320	32,320
Amount to be provided for pension liability	-	-	-	621,210	621,210
Total assets and other debits	\$ 2,536,578	\$ 52,276	\$ 2,110,896	\$ 1,250,960	\$ 5,950,710
Liabilities, Equity, and Other Credits:					
Liabilities:					
Accounts payable	\$ 239,189	\$ 7,217	\$ -	\$ -	\$ 246,406
Accrued payroll	130,873	-	-	-	130,873
Employee withholdings	2,950	-	-	-	2,950
Due to the other funds	-	45,059	-	-	45,059
Compensated absences (Note 1-F)					
Short term	7,403	-	-	-	7,403
Long term	-	-	-	597,430	597,430
Installment purchases payable (Note 8)	-	-	-	32,320	32,320
Pension liability (Note 9)	-	-	-	621,210	621,210
Total liabilities	380,415	52,276	-	1,250,960	1,683,651
Equity and Other Credits:					
Investment in fixed assets	-	-	2,110,896	-	2,110,896
Fund balances (deficit)-Unreserved	2,156,163	-	-	-	2,156,163
Total liabilities, equity, and other credits	\$ 2,536,578	\$ 52,276	\$ 2,110,896	\$ 1,250,960	\$ 5,950,710

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 June 30, 2000

	Governmental Fund Types		Total
	General	Special Revenue	(Memorandum Only) June 30, 2000
Revenues:			
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 23,568,465	\$ -	\$ 23,568,465
Participation fees	298,170	56,627	354,797
Federal Grants	-	113,398	113,398
Mission reimbursements	70,564	-	70,564
Interest revenue	245,601	-	245,601
Other revenue	5,788	-	5,788
Total revenues	24,188,588	170,025	24,358,613
Expenditures:			
Business development	4,081,248	-	4,081,248
International trade	2,174,506	240,937	2,415,443
Research	1,560,124	-	1,560,124
Communications and promotions	4,624,405	-	4,624,405
Community Relations, Policy and Legislation	402,362	-	402,362
Technical services	148,552	-	148,552
Information and presentation systems	2,457,972	-	2,457,972
Administration	2,450,392	-	2,450,392
Pass-through payments	5,600,000	-	5,600,000
Total expenditures	23,499,561	240,937	23,740,498
Revenues over (under) expenditures	689,027	(70,912)	618,115
Other financing sources (uses):			
Transfer to the Virginia Tourism Authority (Note 11)	465,047	91,850	556,897
Transfers among funds	(92,880)	92,880	-
Loss on foreign currency	(205)	-	(205)
Total other financing sources (uses)	371,962	184,730	556,692
Revenues and other sources over (under) expenditures and other uses	1,060,989	113,818	1,174,807
Fund balance (deficit), July 1, 1999 (Note 10)	1,095,174	(113,818)	981,356
Fund balance (deficit), June 30, 2000	\$ 2,156,163	\$ -	\$ 2,156,163

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CASH BASIS
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2000

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Revenue provided by the General Fund of the Commonwealth	\$ 23,568,465	\$ 23,568,465	\$ -
Participation fees	212,090	298,170	86,080
Federal Grants	-	-	-
Mission reimbursements	150,000	70,564	(79,436)
Interest revenue	160,000	245,601	85,601
Other revenue	-	5,788	5,788
Total revenues	24,090,555	24,188,588	98,033
Expenditures:			
Business Development	4,248,163	4,089,648	158,515
International trade	2,409,865	2,206,819	203,046
Research	1,859,272	1,572,419	286,853
Communications and promotions	4,810,356	4,643,816	166,540
Community Relations, Policy and Legislation	520,934	392,325	128,609
Technical services	184,276	148,217	36,059
Information and presentation systems	2,564,799	2,600,473	(35,674)
Administration	3,524,118	2,479,150	1,044,968
Pass-through payments	5,600,000	5,600,000	-
Total expenditures	25,721,783	23,732,867	1,988,916
Revenues over (under) expenditures	(1,631,228)	455,721	2,086,949
Other financing sources (uses):			
Transfer to Virginia Tourism Authority (Note 11)	-	(175,927)	(175,927)
Transfers among funds	-	(92,880)	(92,880)
Loss on foreign currency	-	(205)	(205)
Total other financing sources (uses)	-	(269,012)	(269,012)
Revenues and other sources over (under) expenditures and other uses	(1,631,228)	186,709	1,817,937
Fund balance, July 1, 1999	1,631,228	2,304,337	673,109
Fund balance, June 30, 2000	\$ -	\$ 2,491,046	\$ 2,491,046

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

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CASH BASIS
 SPECIAL REVENUE FUND
 For the Fiscal Year Ended June 30, 2000

	Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Revenue provided by the General Fund of the Commonwealth	\$ -	\$ -	\$ -
Participation fees	-	56,627	56,627
Federal Grants	-	61,122	61,122
Mission reimbursements	-	-	-
Interest revenue	-	-	-
Other revenue	-	-	-
Total revenues	-	117,749	117,749
Expenditures:			
Business Development	-	-	-
International trade	-	233,719	(233,719)
Research	-	-	-
Communications and promotions	-	-	-
Community Relations, Policy and Legislation	-	-	-
Technical services	-	-	-
Information and presentation systems	-	-	-
Administration	-	-	-
Pass-through payments	-	-	-
Total expenditures	-	233,719	(233,719)
Revenues over (under) expenditures	-	(115,970)	(115,970)
Other financing sources (uses):			
Transfer to Virginia Tourism Authority (Note 11)	-	(39,700)	(39,700)
Transfers among funds	-	92,880	92,880
Loss on foreign currency	-	-	-
Total other financing sources (uses)	-	53,180	53,180
Revenues and other sources over (under) expenditures and other uses	-	(62,790)	(62,790)
Fund balance, July 1, 1999	-	17,732	17,732
Fund balance, June 30, 2000	\$ -	\$ (45,058)	\$ (45,058)

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

Notes to Financial Statements

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2000

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. Prior to this fiscal year, the Partnership included the Tourism Division, which was responsible for promoting tourism and film production in the Commonwealth. On July 1, 1999, the Virginia Tourism Authority was created as a separate authority and, as such, has been excluded from the accounts of the Partnership.

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. Compensated Absences

Compensated absences represent the amounts of vacation, sick, and compensatory leave earned by the Partnership employees, but not taken at June 30, 2000. 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.

G. 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.

H. 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. The LGIP 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 and also not categorized as to credit risk.

Repurchase agreements 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 1 or 2.

Cash and Cash Equivalents	Category 3	Non- Categorized	Fair Value
Repurchase agreements	\$ 1,480,067	\$ -	\$ 1,480,067
Cash on deposit	-	(1,419,141)	(1,419,141)
Cash with Local Government Investment Pool at Treasury	-	1,934,138	1,934,138
Total cash, cash equivalents, and investments	\$ 1,480,067	\$ 514,997	\$ 1,995,064

3. RECONCILIATION OF BUDGETARY FUND BALANCE TO GAAP 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 GAAP basis as follows:

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Fund balance, budgetary basis, June 30, 2000	\$ 2,491,046	\$ (45,059)
Add: Prepaid expenses	42,583	-
Accrued Revenue		52,276
Deduct: Accrued expenses	<u>(377,466)</u>	<u>(7,217)</u>
Fund balance, GAAP basis, June 30, 2000	<u>\$ 2,156,163</u>	<u>\$ -</u>

4. REVENUE PROVIDED BY THE GENERAL FUND OF THE COMMONWEALTH

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

Original appropriation	\$ 21,262,235
Other appropriation actions:	
Add: Net personal service cost and telecommunications increases	106,230
Pass through payments increases	<u>2,200,000</u>
Revenue provided by the General Fund of the Commonwealth	<u>\$ 23,568,465</u>

5. LEASE DEPOSITS

The Partnership maintains offices in Frankfurt, Germany and Tokyo, Japan. Each landlord requires a lease deposit as part of the lease agreements for those locations. The Frankfurt lease deposit is held in U.S. dollars in an interest bearing account and is valued at \$31,975. The interest earned on the deposit is used to offset monthly bank charges. The Tokyo lease deposit is held in Japanese yen and does not accrue interest. The yen deposit increased in value during the fiscal year ended June 30, 2000, due to a favorable currency exchange rate creating an unrealized gain of \$34,696. The Tokyo lease deposit will remain valued at \$205,600, and the total value of lease deposits for the Partnership for the fiscal year ended June 30, 2000, is \$237,575.

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, 2000:

	Balance July 1, 1999	Acquired	Disposed	Balance June 30, 2000
Leasehold Improvements, Furniture and Equipment	<u>\$2,291,522</u>	<u>\$262,902</u>	<u>\$443,528</u>	<u>\$2,110,896</u>

A significant portion of the disposed assets consisted of \$416,018 transferred to the Virginia Tourism Authority on July 1, 1999.

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 \$1,559,961 for the year. A summary of minimum future obligations under these lease agreements as of June 30, 2000, follows:

Year Ending June, 30	Operating Lease Obligations
2001	\$ 1,590,213
2002	1,545,831
2003	1,384,697
2004	1,415,857
2005 and later	<u>409,676</u>
Total future minimum rental payments	<u>\$ 6,346,274</u>

8. INSTALLMENT PURCHASES OBLIGATIONS

The Partnership has entered an installment purchase contract to finance the acquisition of a motor vehicle. The length of the contract is four years and the interest rate is 7.74 percent. Principal and interest payments of this commitment for fiscal years subsequent to June 30, 2000 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	9,761	2,084	11,845
2002	<u>22,559</u>	<u>1,301</u>	<u>23,860</u>
Total	<u>\$32,320</u>	<u>\$3,385</u>	<u>\$ 35,705</u>

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, 2000, the Partnership's net pension obligation was \$621,210.

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 \$288,551 (5 percent of total creditable compensation of \$5,771,028.) 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 fiscal year ended June 30, 2000, was 6.86 percent on the same covered payroll of \$5,771,028. The amount contributed for that period was \$395,893.

10. RESTATEMENT OF BEGINNING FUND BALANCE

The beginning fund balances for the Partnership have been restated as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Original fund balance, GAAP basis, June 30, 1999	\$ 1,087,974	\$ (106,618)
Reclassify federal expenditures	<u>7,200</u>	<u>(7,200)</u>
Restated fund balance, GAAP basis, June 30, 1999	<u>\$ 1,095,174</u>	<u>\$ (113,818)</u>

11. TRANSFER TO THE VIRGINIA TOURISM AUTHORITY

The following balances of the Virginia Economic Development Partnership were transferred to the Virginia Tourism Authority on July 1, 1999:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Cash and employee advances	\$ (175,927)	\$ (39,700)
Deferred revenue		110,205
Compensated absences – current	10,540	
Accrued expenses	<u>630,434</u>	<u>21,345</u>
Transfer to Virginia Tourism Authority	<u>\$ 465,047</u>	<u>\$ 91,850</u>

12. 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.

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
Richmond, Virginia

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Ronald L. Tillett, Ex-Officio

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