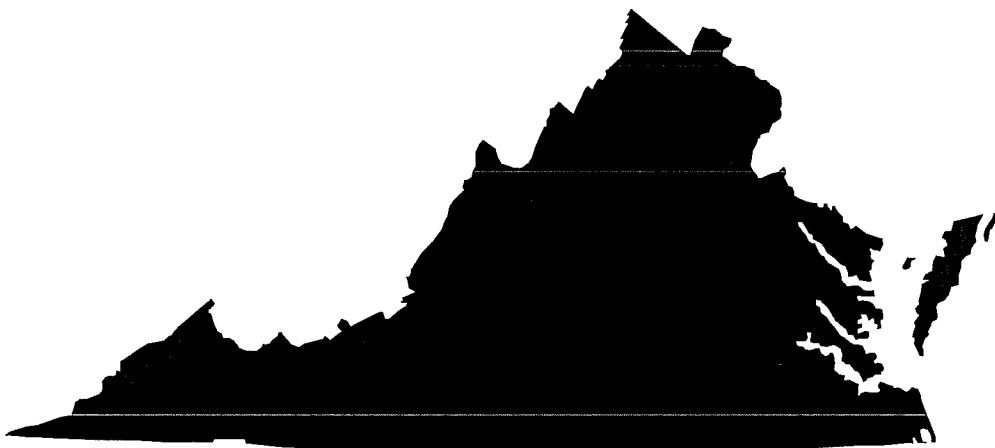


VIRGINIA **Is For Business**

FISCAL YEAR 2005

ANNUAL REPORT



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

Table of Contents

Chairman's Letter.....	1
Partnership Profile	2
Board of Directors.....	3
Executive Summary.....	4
Business Recruitment.....	5
Trade Development	7
Promoting Virginia	9
Policy and Legislative Support.....	12
Performance Management	13
<i>One Virginia One Future</i> , Governor Warner's Economic Strategic Plan Update	14
Appendix 1: High Unemployment Areas Report and Strategy	30
Appendix 2: Prospect Visit Data for FY 2005.....	33
Appendix 3: Site and Building Data for FY 2005.....	35
Appendix 4: Announcement Data for FY 2005.....	39
Appendix 5: Audited Financial Report.....	63

Audited Basic Financial Statements of the Virginia
Economic Development Partnership for the Year ended
June 30, 2005

Independent Auditor's Report on Compliance and on Internal
Control Over Financial Reporting

Chairman's Letter

It is with great pleasure that I present to you the Annual Report of the Virginia Economic Development Partnership (VEDP) for the fiscal year ending June 30, 2005. This report is required by §§ 2.2-2238(B), 2.2-2239(2) and 2.2-2242 of the *Code of Virginia* and by Chapter 4 of the 2005 Appropriations Act.

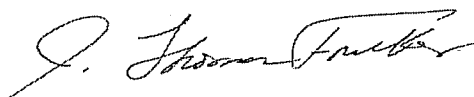
We are extremely proud of our accomplishments over the past year, and we look forward to continuing the work of creating new jobs and investment in the Commonwealth and increasing the sale of Virginia products and services overseas. Our results represent the work of many people from across Virginia. The interest, participation, and support received from Governor Warner, the General Assembly, and local and regional economic development organizations were essential to our success. I am especially proud of the entire organization's focus on marketing those rural areas and urban cores that have not enjoyed the accelerated growth achieved in many other parts of the Commonwealth.

We must continue our efforts in every part of the state, in our rural communities and inner cities, across all fields of commerce, embracing all technologies and helping to implement the potential of international trade. We can achieve this through the development and marketing of quality business location products and constant attention to workforce development.

Our 2005 Financial Statements Report for the year ended June 30, 2005, includes an unqualified audit opinion from the Auditor of Public Accounts. The Auditor also issued a separate report on the Partnership's internal controls and compliance dated October 14, 2005, with no findings identified in this report.

Thank you for your continued support of our mission to create a higher standard of living for all Virginians by attracting new jobs and investment to Virginia's localities.

Sincerely,



J. Thomas Fowlkes
Chairman

Partnership Profile

The Virginia Economic Development Partnership

In 1995, the General Assembly created the Virginia Economic Development Partnership to foster increased expansion of the Commonwealth's economy. As a state authority, the Partnership is governed by a 15-member Board comprised of businesspersons from around Virginia, each of whom is appointed by the Governor. The Executive Director is employed by the Board to oversee the fulfillment of VEDP's mission.

Mission

To enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby building the tax base and creating higher income employment opportunities.

Functions

As a business development and marketing organization, VEDP encompasses the following aspects of economic development: business development, international trade, research, and promotion.

Central Office

Richmond Office – Headquarters

Virginia Economic Development Partnership
P.O. Box 798 • 901 East Byrd Street
Richmond, Virginia 23218-0798
Tel: (804) 545-5600
Fax: (804) 545-5611

Norfolk Office

Virginia Economic Development Partnership
500 East Main Street, Suite 1220
Norfolk, Virginia 23510
Tel: (757) 314-2358
Fax: (757) 314-2360

Mexico City Office

State of Virginia
GERMAN CENTER
Ave Santa Fe #170, Suite 645
Col. Lomas de Santa Fe
01210 Mexico, D.F.
Tel: 011-52-55-5140-2674
Fax: 011-52-55-5535-2545

Regional Trade Offices

Abingdon Office

Virginia Economic Development Partnership
16325 Taylor Place, Suite 300
Abingdon, Virginia 24211
Tel: (276) 623-1536
Fax: (276) 623-1542

Northern Virginia Office

Virginia Economic Development Partnership
8300 Boone Boulevard, Suite 450
Vienna, Virginia 22182
Tel: (703) 506-1030
Fax: (703) 506-1033

Sao Paulo Office

State of Virginia
R. Dr. Gabriel dos Santos, 168/121 A
01231-902 Sao Paulo, Brazil
Tel: 011-5511-3666-2762
Fax: 011-5511-3825-1818

Harrisonburg Office

Virginia Economic Development Partnership
800 Country Club Road
Harrisonburg, Virginia 22802
Tel: (540) 438-1525
Fax: (540) 438-0926

International Offices

Frankfurt Office

State of Virginia
Untermainanlage 5
D-60329 Frankfurt am Main, Germany
Tel: 011-49-69-273-99015
Fax: 011-49-69-273-99020

Seoul Office

State of Virginia
1512 Kyobo Building, 1
Jongro-1 ga, Jongro-gu
Seoul, 110-714, South Korea
Tel: 011-82-2-739-6251
Fax: 011-82-2-739-6538

Lynchburg Office

Virginia Economic Development Partnership
20353-B Timberlake Road
Lynchburg, Virginia 24502
Tel: (434) 582-5182
Fax: (434) 582-5184

Hong Kong Office

State of Virginia
Room 2209, 22/F
3 Lockhart Road
Hong Kong, PRC
Tel: 011-852-2862-8078
Fax: 011-852-2862-8034

Tokyo Office

State of Virginia
Suite B3, 8th fl., Imperial Tower
1-1-1, Uchisaiwai-cho, Chiyoda-ku
Tokyo 100-0011, Japan
Tel: 011-03-3539-3664
Fax: 011-03-3539-3669

Board of Directors

(As of June 30, 2005)

J. Thomas Fowlkes, Chair
Bristol, Virginia
Term Expires 12/31/09

Ike Prillaman
Norfolk, Virginia
Term Expires 12/31/09

Steve DelBianco, Vice Chair
Fairfax, Virginia
Term Expires 12/31/05

James E. Rich, Jr.
Middleburg, Virginia
Term Expires 12/31/07

Mary Rae Carter
Stanleytown, Virginia
Term Expires 12/31/07

John W. Roberts
Richmond, Virginia
Term Expires 12/31/05

George B. Cartledge, III
Roanoke, Virginia
Term Expires 12/31/07

James E. Ukrop
Richmond, Virginia
Term Expires 12/31/09

Lawrence A. Davies
Fredericksburg, Virginia
Term Expires 12/31/05

John A. Mahone
Richmond, Virginia
Term Expires 12/31/07

Charles Henry Majors
Danville, Virginia
Term Expires 12/31/09

John F. Malbon
Virginia Beach, Virginia
Term Expires 12/31/07

Ex-Officio:

The Honorable Michael J. Schewel
Secretary of Commerce and Trade
Richmond, Virginia

Richard F. Neel, Jr., Esquire
Alexandria, Virginia
Term Expires 12/31/05

The Honorable John M. Bennett
Secretary of Finance
Richmond, Virginia

Executive Summary

This annual report of the Virginia Economic Development Partnership (VEDP) is submitted pursuant to the requirements of §§ 2.2-2242 and 2.2-2239 of the *Code of Virginia* and Chapter 4, Item 128 D.1 of the 2005 Appropriations Act. The Code requires VEDP to report on the status of the Commonwealth's comprehensive economic development strategy, and specifically on the number of site visits per region of the Commonwealth. In addition, § 2.2-2238 B requires VEDP to prepare and report on the plan to market to high unemployment areas of the state, and Chapter 4, Item 128 D.2 of the 2005 Appropriations Act requires target industries be identified for southwest and southside Virginia. This report responds to all those requirements. In addition, the Authority's audited financial statement by the Auditor of Public Accounts for fiscal year 2005 (FY 2005) is attached to this report.

This Annual Report documents the efforts of VEDP in fulfilling its mission during FY 2005. The body of the report is organized by the major components of the Partnership's mission statement. For each element of the mission statement, a summary of VEDP activities and division responsibilities is included as well as a listing of FY 2005 accomplishments.

**For the fifth consecutive year,
Virginia has been named to the
"honor roll" for the 2004
Development Report Card for the
States**

VEDP's report and plan to market to high unemployment regions of the state are included in Appendix 1. This satisfies the requirement for VEDP to prepare and report on the plan to market to high unemployment areas of Virginia.

The data on site visits per planning district is contained in the tables and maps of Appendix 2. Appendix 3 shows the number of sites and buildings recommended to prospects and provides the number of companies assisted with site and building recommendations.

VEDP monitors economic development activity in Virginia through its economic development announcements database. The database tracks direct investments and new jobs created in Virginia as a result of the announced plans of new and expanding companies. This information has been maintained, with modifications, since 1960. The figures used throughout this report and summarized in Appendix 4 cover announcements made between July 1, 2004, and June 30, 2005. VEDP participated in the announcement of 75 new and 405 expanding facilities during the year. Appendix 4 sets out the number of announcements by Planning District Commission (PDC), both in terms of new facilities and expansions. Appendix 4 also sets out the number of new jobs and amount of new investment by PDC. It is anticipated that from those announcements, a total of 49,485 new jobs will be created. In addition, these facilities will result in investments totaling \$3.2 billion. One third of the announcements were for employers located in economically distressed areas.

As noted above, VEDP is required by statute to report on the status of the Governor's comprehensive economic development plan. Upon taking office, each governor must develop a comprehensive economic development strategy. Governor Warner's team held several public meetings to discuss how the goals for this plan would be implemented and published its report, "One Virginia, One Future," on December 4, 2002. Appendix 5 updates the progress of this plan.

This report is based on announcements of planned manufacturing and non-manufacturing capital expenditures; many of the new facilities announced are not yet in operation. While the information indicates the kind of new economic activity occurring in the state, it does not measure total employment growth. Information for this report is obtained from the Virginia Economic Development Partnership's public and private sector contacts at state, regional, and local levels, as well as from published sources and Partnership staff.

Business Recruitment

The principal function of VEDP's business recruitment effort is to convince new and expanding basic sector companies to locate or expand operations in Virginia. VEDP markets Virginia to companies in-state and worldwide as the location for their new or expanded investment and employment. VEDP takes a targeted industry marketing approach, focusing on new and expanding industries appropriate to regional and local strengths and needs, with a special emphasis on distressed areas.

VEDP markets Virginia by leading team and industry marketing missions, participating in industry conferences and trade shows, networking with business associations, conducting target sector marketing campaigns, promoting consultant marketing, and holding special events. Virginia's marketing strategy also includes overseas offices in Frankfurt, Germany; Tokyo, Japan; and Seoul, Korea to provide direct client contact in Europe and Asia. Many marketing activities are conducted with the participation of local and regional allies. Successfully implementing VEDP's marketing efforts involves the coordination of advertising campaigns, marketing missions, trade shows, special events, and customized site studies and proposals, as well as ongoing website development to increase internet marketing.

The VEDP's strategy of targeting corporate headquarters, financial and insurance services, and the defense industry generated more than 13,700 jobs and \$1.5 billion in capital investments.

In addition to marketing and selling, VEDP plays a key role in managing projects to successful site location decisions for Virginia. This is accomplished by responding to client needs, gathering market intelligence, conducting community site visits to evaluate Virginia's "product," and coordinating allies' efforts to "close the deal." VEDP also develops economic development financing alternatives for projects and works directly with companies in structuring financing transactions to meet corporate capital goals. VirginiaScan (our customized sites and buildings inventory tool), sophisticated GIS data, and our client presentation center all provide 21st century services and data to businesses considering Virginia to facilitate location decisions. VEDP also works to address specific community needs, provide economic development expertise as requested, and develop policies and new programs aimed at particular regions and industries.

Any economic development marketing effort must fully understand the product that is marketed. VEDP thus maintains a comprehensive site and building inventory and prepares information for prospects to evaluate a location decision for Virginia. VEDP research determines prospective target business sectors and companies that appear to be a good match for the various regions throughout Virginia. VEDP economists track trade data, capital investment, employment, and competitive information on other states. VEDP also provides data used for producing various marketing materials and annual economic development publications.

FY 2005 Accomplishments

Targeting Financial Services, Headquarters, Information Technology and Defense-Related Companies Yields Impressive Results. Financial services, information technology, defense contractors and business headquarters led the list of new jobs in Virginia in FY 2005. These businesses will add 13,700 new jobs and \$1.5 billion in capital investments to the Commonwealth.

Business Recruitment

Federal contracting opportunities generates more than 11,000 new jobs for Virginia in homeland security, defense and IT. In November 2004, Governor Warner announced more than 11,000 jobs from the location and expansion of just four employers: Booz Allen Hamilton, SAIC, SRA and Pricewaterhouse Coopers.

Virginia ranked #2 on the Pollina Corporate Top 10 Pro-Business States 2005 list. The study identifies 25 factors, including human resources, infrastructure, taxation, and state economic incentive programs that can positively impact business and job development.

VEDP Incentives Produce Results. Virginia awarded 30 Governor's Opportunity Fund (GOF) grants for a total of \$11,012,500. The 30 recipient companies will be making \$907 million in capital investments and creating 7,595 new jobs. Two-thirds of these were awarded to economically distressed localities. Forty percent of this year's GOF grants went to existing Virginia companies to encourage them to expand in-state.

During FY 2005, seven Tier One Virginia Investment Partnership (VIP) grants were awarded totaling \$5,900,000. The projects will create 497 new jobs, save 900 jobs, and bring \$590 million in new capital investment. One Tier Two VIP grant for \$8 million was awarded in FY 2005 for a project bringing 4,600 new jobs and \$133 million in capital investment.

Aggressive Implementation of Distressed Area Strategy Yields Results. VEDP's Business Development division has engaged each of its project managers to proactively expose sites and buildings in Virginia's distressed regions to business prospects. As a result, more than half of all prospect visits in FY 2005 have been to these target communities. The above announcement list includes distressed region locations which are identified by an asterisk (*). In addition, the VEDP in 2005 rolled out its Virginia Opportunity Regions program to market Virginia's distressed areas more aggressively and funded a \$150,000 grant program to assist distressed localities in their marketing efforts. Business Development staff visited 41 VOR localities (nearly two-thirds of all VOR localities) during the year to learn about the communities' assets. VEDP staff arranged 100 individual prospect visits to 40 VOR localities.

Major Announcements of FY 2005

Company	New Jobs	\$ Capital Investment In Millions
* denotes location in distressed area		
Booz Allen Hamilton	4,600	\$133.00
SAIC	4,546	\$97.00
*PepsiCo Inc.	250	\$140.00
*Yorktowne Cabinetry	540	\$18.00
ICT Group	949	\$2.20
Interbake Foods	133	\$40.20
*StarTek Inc.	500	\$5.00
Corporate Executive Board	2,500	\$227.00
SRA International	1,400	\$50.00
*Snack Alliance	120	\$2.40
*FreightCar America	400	\$5.54
Pearson Government Solutions	800	\$5.60
*Trader Publishing Company	600	\$51.00
*James Hardie	200	\$95.00
Masonite International, Inc.	133	\$4.00
*Wal-Mart Stores, Inc.	200	\$5.00
*Designer Wood and Tile Finishing, Inc.	200	\$4.21
BAE Systems North America	700	\$25.00
*Home Care Delivered, Inc.	145	\$1.10
*Thomasville Furniture	72	\$4.00
*Global Contact Services	200	\$1.00
Pricewaterhouse Coopers	600	\$72.15
*VFP Incorporated	176	\$2.20
*Timber Truss Housing Systems	130	\$8.80

Trade Development

VEDP's innovative trade development programs and services are designed to increase the export of Virginia manufactured products and services. VEDP's International Trade Managers provide Virginia businesses a wealth of knowledge obtained through years of hands-on experience in the international marketplace. That experience coupled with the in-country knowledge of our overseas offices, provides Virginia businesses an advantage in the global economy.

FY 2005 Accomplishments

VEDP designed its cutting edge innovative programs and services to meet the needs of Virginia companies.

Program Participation

Virginia Leaders in Export Trade (VALET) Program. The VALET program selects 15 Virginia companies annually into a two-year intensive export training program. State resources are leveraged with private-sector contributions to take Virginia companies from being export-ready to active international sales. This innovative program offers a powerful combination of capital resources from the state, and professional services from private-sector partners, to enhance the international efforts of Virginia companies. The VALET Program has now entered its fourth year in operation enrolling 15 new companies in FY 2005. The VALET program's enrollment capacity is capped at 30 companies with total participation for FY 2005 at 29 companies. During FY05 the second and third classes of VALET participants completed the program and together these 14 companies exceeded their international sales targets by 23%. In November 2004, the program was recognized by the National Council of Public-Private Partnerships with the council's annual Innovation Award

INTERNATIONAL TRADE HIGHLIGHTS

- ◆ VEDP led Trade Missions to the emerging markets of India and Turkey, new destinations for the VEDP and Virginia companies.
- ◆ Governor Warner led one trade mission, to India, in which 11 Virginia companies participated.
- ◆ The VALET Program enrollment increased to 29 companies, and graduated 14 companies in FY 2005.
- ◆ The six Trade Offices located in foreign countries received the highest number of visits to date- 54 visits by Virginia companies in FY 2005.

Global Market Research (GMR) Program. Unique to Virginia, the GMR Program provides international market research to Virginia companies. Virginia companies have access to in-country research conducted by a private-sector research firm. Virginia companies select from four options, with research conducted by experts in 22 available countries. FY 2005 saw the completion of 16 GMR Projects.

Trade Development

Services

One-on-One Export Counseling. VEDP's eight International Trade Managers, located in six offices across Virginia, with extensive private sector experience, provide international marketing assistance to Virginia businesses.

Trade Missions. VEDP conducts trade missions around the world to promote Virginia products and services in foreign markets. By visiting foreign companies in their own country, Virginia businesses obtain pre-screened, tailored introductions to potential clients and commercial representatives.

Trade Shows. VEDP coordinates Virginia firms' participation in foreign trade shows. By participating in these marketing opportunities, Virginia companies are introduced to potential commercial representatives and often obtain direct sales.

Counseling and Event Participation

- 80 Virginia companies recorded international marketing results, attributed to counseling from the Trade Division.
- 60 Virginia companies participated in Trade Missions.
- 27 Virginia companies participated in Trade Shows.
- 7 Virginia companies participated in Inward Trade Missions.
- 54 Virginia companies visited VEDP overseas trade offices.

“While we have been exporting our products for quite some time, VEDP is enabling us to look at new avenues for growth in our overseas markets. We are particularly impressed with their ability to conduct country-specific research as we look for new business partners.”

**Greg Akins, President
Catalytic Generators, LLC**

Promoting Virginia

VEDP uses a comprehensive and aggressive marketing strategy to communicate that "Virginia Is For Business" around the world. VEDP plans, executes, and manages various marketing outreach initiatives. This year, VEDP implemented a limited advertising campaign that focused on penetrating seven industry sectors, two economic development trade publications, and four geographically targeted markets. VEDP implements a public relations plan to heighten awareness of VEDP and its statewide economic development efforts and ensure placement of favorable articles in major business and trade publications. VEDP also coordinates economic development announcement events. VEDP staff maintains, updates, and promotes an Internet presence; produces marketing brochures and collateral materials; develops and executes strategic marketing initiatives toward targeted industry sectors; and manages special marketing events and industry tradeshow participation. In addition, VEDP staff organizes domestic and international pro-active marketing missions and develops additional direct marketing programs to promote lead generation.

FY 2005 Accomplishments

Launched Limited Ad Campaign: VEDP launched a new, limited, print advertising campaign—Productive. Seductive. Virginia. The schedule included the economic development trade publications: *Expansion Management* and *Site Selection*. In addition, VEDP targeted industry-specific publications: *Aviation Week* and *Space Technology*, *Automotive News Weekly*, *Bio News*, *Bio IT World*, *Electronic Business*, *Food Engineering*, *Small Times*, and *Plastics News Weekly*. VEDP used advertising to support marketing missions by placing spots in four markets: Boston, Atlanta, Detroit, and Philadelphia.

Southwest Virginia Alliance Bristol Motor Speedway Event: VEDP, in conjunction with Virginia's @Corridor and the Virginia Coalfield Economic Development Authority, coordinated a high profile marketing event that attracted 17 corporate business prospects and site selection consultants to Southwest Virginia for a weekend of activities from August 26-28, 2004. The event coincided with the NASCAR race at the Bristol Motor Speedway. The event, comprised of recreational activities, including a golf tournament, biking, and a performance at the famed Barter Theatre. The visit concluded with the guests enjoying the excitement at Bristol Motor Speedway from a corporate hospitality tent, and the comfort of skybox seats donated by 10 corporate sponsors. In addition, the guests attended a reception hosted by Governor Warner and a working luncheon hosted by Governor Warner and Senator Wampler, with testimonials by Bristol Compressors and Tempur Productions. The event successfully highlighted the region's business and quality of life advantages.

Governor Warner's Southwest Virginia VIP Tour: VEDP, in collaboration with the Virginia Coalfield Economic Development Authority, organized an exciting event that brought 13 key prospects to Southwest Virginia October 7-9, 2004. The tour's itinerary included business facility tours, discussions with local business and community leaders, and recreational activities. The world-renown bluegrass legend, Dr. Ralph Stanley and His Clinch Mountain Boys, entertained the group in concert.

Virginia Invitational: VEDP hosted 17 prospects and spouses for a weekend of activities at the Williamsburg Inn May 5-8, 2005. The guests were comprised of both senior corporate business prospects and site-selection consultants. The event included a welcoming reception hosted by Secretary Schewel, a golf tournament for the participants, tickets to the LPGA Michelob Ultra, and concluded with a formal dinner with traditionally dressed colonial characters and a fife and drum corps.

For the second consecutive year, Virginia ranked near the top of the Pollina Pro-Business list, ranking No. 2 for 2005.

Promoting Virginia

Virginia Executive Reception: VEDP worked with the Virginia Chamber of Commerce to coordinate the logistics of the Virginia Executive Reception, a high profile event that showcases Virginia's exceptional business advantages. On June 21, 2005, VEDP hosted more than 70 key prospects from the Chicago, Illinois market. In addition to the key prospects, a strong attendance from Virginia's private sector effectively demonstrated the healthy partnership between the business community and the state's economic development program.

VEDP/Ally Meetings: VEDP coordinated two Ally meetings. More than 120 Virginia economic development allies attended the fall 2004 VEDP/Ally meeting at the Florence Elston Inn and Conference Center at Sweet Briar College. The spring 2005 meeting was held at the Jepson Alumni Center at the University of Richmond.

Virginia Nippon Classic: VEDP, in collaboration with the Japan-Virginia Society, coordinated the logistics for the 15th Annual Virginia Nippon Classic (VNC) business conference and golf tournament on May 13, 2005 at Mattaponi Springs Golf Club in Ruther Glen, Virginia. The VNC is the Commonwealth's way of expressing appreciation and continued support to the more than 95 Japanese-affiliated firms that have investments in Virginia. With nearly \$4 billion in investment and more than 12,000 jobs created, Japan continues to be one of the Commonwealth's top sources of foreign investment.

www.YesVirginia.org	
FY 2005 Usage Statistics	
Page Views	1,108,357
Avg. per Day	3,037
Visits	379, 938
Avg. per Day	1,041
Unique Visitors	156,668

Consultant Advisory Council Meeting: VEDP established the Consultant Advisory Council in March 2005, and held the first Council session in June 2005. This initiative served as a key driver of multiple VEDP efforts to reach and enhance Virginia's visibility with the professional consultant community. The mission of the Council is to provide VEDP and its ally network with advice and counsel on our economic development product and its delivery. Through the use of this Council, it is expected that VEDP will have a continuous sounding board to stay in touch with the market, benchmark versus competitors, achieve "Best Practice" positioning, and raise "Share of Mind" in the consultant community.

Trade Show Highlights: VEDP exhibited at 12 industry tradeshows: *SEMICON West, International Woodworking Machinery & Furniture Supply Fair, International Manufacturing Technology Show, K-Show, American Association of Pharmaceutical Scientists, MEDICA, Mid-Atlantic BIO, Performance Racing Industry, Automotive News World Congress, National Manufacturing Week, Hannover Messe, and BIO 2005 Annual Convention.*

Marketing Brochures: VEDP completed revisions to the following targeted industry brochures: Automotive, Aerospace, Financial Services, Biosciences, and Defense and Homeland Security. In addition, the following general brochures were revised: Facts for Business Decisions, Fast Facts, and Profile of Services.

Website Highlights. VEDP successfully launched a revised www.YesVirginia.org. The new website includes an improved *VirginiaScan*. No longer just a sites and buildings database, VirginiaScan now enables the client to conduct online searches for the ideal business location by workforce statistics and business location data, as well as site and building specifications. The user can also search VirginiaScan by unemployment, labor force, prevailing wage, or occupation statistics. In addition, the website's Data Center provides research tools allowing the user to compare Virginia against the other 49 states on a number of economic statistics, research employee counts and salary information for various occupations across Virginia, and obtain detailed profiles on Virginia's communities.

Promoting Virginia

Governor's Missions: VEDP assisted Governor Warner by planning and staffing an International Governor's mission to Tokyo, Japan and New Dehli, Bangalore and Mumbai, India, in April 2005. A delegation of 55 Virginia business people and 12 Commonwealth staff accompanied the Governor during the India portion. VEDP's Division of International Trade provided matchmaking services to ten companies. In addition, VEDP assisted Governor Warner by planning and staffing two domestic Governor's missions to New York, New York in September 2004 and Chicago, Illinois in April 2005.

Media Tours: VEDP conducted two media tours that produced positive media coverage for VEDP, the designated industries, and the Commonwealth. The fall 2004 Nanotechnology Media Tour resulted in media placements in *NanoInvestorNews*, *SHOPTALK* magazine, and *Machine Design*. Fairfax County, the City of Manassas, the City of Danville, and the Town of Blacksburg were among the destinations on the nanotechnology tour. The spring 2005 Distribution Media Tour, which visited Norfolk, Portsmouth, and the Southside and Southwest regions of Virginia, received coverage in two issues of both *Gestion et Logistique* (French language publication) and *Inbound Logistics*.

Marketing Missions: VEDP conducted 12 Team Marketing Missions to U.S. cities, resulting in 388 appointments. These missions resulted in 8 projects, 49 future leads, and 170 company contacts.

VEDP conducted 5 various types of individual call trips, resulting in 62 appointments, 4 projects, 4 future leads, and 21 company contacts.

VEDP set appointments at 7 trade shows, resulting in 83 appointments, 2 projects, 13 future leads, and 73 company contacts.

Policy and Legislative Support

VEDP seeks to maintain and improve Virginia's positive business climate through targeted policy and legislative initiatives based on best practices from Virginia and across the nation. VEDP has successfully advanced an economic development legislative agenda through the following important initiatives, among others, directed at making Virginia a more desirable location for business location or expansion.

FY 2005 Legislative Actions

During the 2005 General Assembly Session, VEDP supported efforts to strengthen or improve the following business climate initiatives:

Incentives

General Assembly Approves Expansion of Virginia Incentive Programs: The General Assembly has approved expanding the Virginia Investment Partnership (VIP) program to include research and development activities that support manufacturing. Previously, incentives under the VIP program were limited to manufacturing employers. The change allows incentive grants to qualified employers that perform research and development that supports manufacturing.

In addition, the General Assembly approved a new type of incentive program – the Virginia Economic Development Incentive Grant (VEDIG) to attract high salary, low capital investment projects such as financial services and company headquarters. Previously, Virginia had few incentives to offer these types of employers because they may not be engaged in manufacturing, and because the employer may not make the types of investment in buildings and machinery that are necessary to qualify for a VIP grant. VEDIG grants will allow Virginia to remain competitive in attracting these high wage employers.

The General Assembly also passed legislation updating the Semiconductor Manufacturing Performance Grant program. These grants have been offered to two semiconductor manufacturers – one located in Henrico County and the other in Northern Virginia. However, temporary downturns in the market for semiconductors led to project delays. These manufacturers are now making the planned expansions for which the grants were originally enacted, and dates for project completion and for meeting investment and employment targets were revised to match the companies' new expansion schedules.

In all cases, these grants continue to be performance based, with incentives strictly related to the estimated benefits (revenue) of the project and enforcement of signed agreements based on the company's success in meeting job creation, wage, and investment targets.

Virginia Works

- The General Assembly approved several components of Governor Warner's rural economic development initiative, Virginia Works. It is a series of carefully targeted investments to create jobs and build the foundation for a stronger future for Virginia's rural communities. The initiative included \$379,000 to launch an Advanced Manufacturing/Packaging program at Dabney Lancaster Community College in Clifton Forge; \$100,000 for the Sloan Foundation Forestry Industries Center at Virginia Tech; and \$429,000 for the creation of the Virginia Small Manufacturing Assistance Program.

Virginia Works also builds on the export assistance program currently available for large manufacturers (VALET) with a new program of export assistance to small manufacturers in distressed areas. To qualify for this program, companies must have a minimum of ten employees and \$1 million in annual sales. The General Assembly appropriated \$215,000 for the 2006 fiscal year.

Performance Management

VEDP is committed to increasing the prosperity of all Virginians by providing new and better job opportunities and expanding the tax base through new investment. Mindful that public resources are used to help fulfill its mission, VEDP seeks to ensure this money is spent wisely and that the public receives a reasonable return on its investment. The following performance measures are an indication of VEDP's stewardship.

Performance Measure	FY2005 Results	% of Measure
\$2.5 billion investment by new or existing companies	\$3.21 billion	128%
25,000 new jobs created	49,485	198%
250 companies actively counseled or participating in trade event	265	106%
30 companies participating in VALET program	29	93%

Return on Investment from VEDP Activities

Each year, VEDP calculates the public sector's return on investment in the Partnership's programs and activities. VEDP prepares a return on investment (ROI) analysis quarterly and reports this to the board of directors.

The ROI compares money spent on economic development (including VEDP operating costs and incentives such as GOF and Workforce Services) with the projected revenue stream generated by the new jobs announced in Virginia, using an appropriate multiplier.

		10 Years	20 Years
Return Per Dollar of VEDP Budget (Present Value)	Total*	\$18	\$33
	Direct	\$12	\$22
	Indirect	\$6	\$11
*Totals are rounded to the nearest dollar.			

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

In the *Code of Virginia* § 2.2-2239, VEDP is instructed to report annually on the status of the implementation of the comprehensive economic development strategy (strategic plan). Governor Warner's Strategic Plan, *One Virginia, One Future*, has been included here with the progress made for each item added in italics.

Goal 1

Maintain and utilize Virginia's strong business climate to create new economic opportunities for all Virginians in an internationally competitive environment, with particular emphasis on technology businesses and other emerging and developing sectors.

- ✓ Expand traditional economic development measures to reflect the state's performance in small business, high-wage, and high-growth industries and in per capita income growth.
 - *VEDP continues to use its expanded return on investment analysis to include more detailed wage and salary figures, which now compares every project's wages to the prevailing average wage for the locality, and factors in precise wage levels to determine the anticipated return on investment.*
- ✓ Continue to assess the effectiveness of state economic development programs and incentives, improving data keeping for accountability purposes. Conduct a systematic comprehensive review of economic development programs, methods, and incentives in highly competitive states.
 - *This is ongoing at VEDP. The VEDP website, www.yesvirginia.org, contains information on "How Virginia Compares," which gives the public the ability to compare Virginia to other states. VEDP assists the Secretary of Commerce and Trade in compiling his annual report on incentives. Also, every project receiving a GOF grant is tracked for performance after 30 months, and projects falling short of performance measures are required to repay part or the entire grant. In the Spring of 2005 the VEDP conducted a survey of our competitor states to determine the types of incentive programs those states offer and state funding for those programs.*
- ✓ Propose an amendment to the Virginia Constitution to allow the Governor to seek election to a second term.
 - *A bill was proposed in the 2005 Session of the General Assembly but did not pass. The 2004 General Assembly passed a House Joint Resolution establishing a joint subcommittee to study this issue, and the 2005 General Assembly continued the study. Virginia remains the only state in the country unable to re-elect its governor. This proposal received strong support in every public meeting across Virginia for One Virginia, One Future.*
- ✓ Seek ways to improve competitive air transportation at existing commercial airports in smaller metro areas.

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

- *This effort is an ongoing part of the overall transportation long-range plan. The Virginia Aviation Board is in the process of considering airports statewide for allocations from the Commonwealth Airport Fund to fund airport construction and equipment upgrades. Also in consideration are grants being awarded from the Aviation Promotion/Air Services Development and Enhancement Grant-in-Aid Program. Governor Warner has also worked tirelessly to persuade low cost carriers to enter the Virginia markets and has succeeded in attracting Jet Blue and Air Tran to RIC.*
- ✓ Implement a new incentive program to attract corporate headquarters.
- *This program was approved by the 2005 Session of the General Assembly as the Virginia Economic Development Incentive Grant (VEDIG) program. Established under the Virginia Investment Partnership Act, VEDIG expands eligibility to non-manufacturing employers, such as financial services, insurance, and real estate headquarters. These employers offer high wage jobs, but often did not meet the capital investment requirements of the traditional Virginia Investment Partnership grant programs.*
- ✓ Seek to establish Virginia as the location of choice for the financial services industry.
- *Wachovia Securities, which merged with Prudential Securities, announced with Governor Warner in December 2003 the decision to base its headquarters in Virginia. This action brought 1,000 new jobs to its headquarters, creating the third largest brokerage firm in the nation. Virginia is already home to over 20 major financial services companies. With Governor Warner's efforts and the action of the General Assembly, Virginia was able to preserve its AAA bond rating, putting Virginia's fiscal house in order with a balanced budget. Virginia has a stable competitive corporate tax rate which has not been raised in thirty years and has one state regulatory authority for the banking, securities, and insurance industries. These are all marketing points in VEDP's effort to target the financial services industry. In addition, the 2005 Session of the General Assembly approved a new incentive program, the Virginia Economic Development Incentive Grant, to attract corporate headquarters, research and development facilities, and financial services projects. These employers represent Virginia's fastest growing sector.*
- ✓ Prioritize incentives by favoring new jobs that exceed the prevailing local average wage. Target incentives to achieve strategic goals.
- *VEDP now compares the wages associated with every project receiving a GOF with the applying community's prevailing average wage to determine the project's impact on the community. The Virginia Investment Partnership Act has been amended to make it more accessible in distressed areas. Virginia also focuses more incentive dollars on the more fiscally stressed areas of the*

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

state. The 2004 Appropriations Act designated funding to VEDP to develop a marketing initiative for distressed areas. This is an ongoing effort. In 2005, the Virginia Investment Partnership Act was amended to provide that if projects pay average wages at least 50 percent higher than the average prevailing wage, then employment and investment thresholds can be reduced. This option is also available in the new Virginia Economic Development Incentive Grant program.

- ✓ Continue and support planned developments such as Maersk and Craney Island at the Port of Hampton Roads that will enable the Port to remain on the leading edge of international port activity.
- *Governor Warner announced in April 2004 the APM deepwater container terminal project on the Elizabeth River in the City of Portsmouth, which will be the country's first major privately-developed container terminal.*

Construction of the APM terminal solidifies the Port of Virginia as the second leading port destination on the east coast and creates a strong attraction for additional investment and job creation by Maersk client companies throughout the Commonwealth of Virginia, such as large regional distribution facilities typically investing tens of millions and employing hundreds at above average wages. These facilities are similar to the Wal-Mart import facility in James City County and Target's import facility in the City of Suffolk. Moffatt & Nichol, in an economic impact study commissioned by Maersk in 2003, estimates economic benefits (including additional distribution center activity) of \$269 million in local tax revenues and \$260 million in state tax revenues during the first 15 years of operation.

- ✓ Market the Port and inland port (intermodal transportation) more aggressively and raise its profile.
- *These efforts are continuing with the Port and, to some extent, in conjunction with other state marketing efforts focusing on new shipping headquarters, distribution centers, etc.*

Goal 2

Provide effective workforce training programs to create and maintain a competitive 21st century workforce in Virginia.

- ✓ Develop an integrated, seamless Virginia workforce services system that provides a single point of entry for employers and workers.
- *In November 2003, the Secretaries of Commerce and Trade, Education, and Health and Human Resources signed a State Level Memorandum of Understanding, which sets forth the terms of agreement for cooperation and consultation with regard to the implementation of the Workforce Investment*

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

- Act (WIA) in Virginia among the mandatory/optional partners and provides a model for local MOU preparation.*
- *In March 2004, the VWC adopted One Stop Career Center Minimum Standards, which established the base line standards for service design and delivery in Virginia's One-Stop Career Centers, known locally as "Virginia Workforce Centers." These standards also serve as the minimum criteria by which all local One-Stop Career Centers will be certified at the Tier I level.*
 - *In March 2005, the VWC adopted eight workforce system state performance measures, which impact workforce programs across agencies. Those measures are: short-term employment rate; long-term employment rate; earnings level; credential completion rate; repeat employer customer; employer market penetration. Additionally, two of the measures involve taxpayer return on investment and participant return on investment. This is a long-range effort, but it puts the Commonwealth on a firm footing for building an accountable workforce development system.*
 - *At the request of the Chancellor of the Virginia Community College System, the Presidential Staff at the 23 Virginia Community College System schools has representation on the local Workforce Investment Boards.*
- ✓ Improve the performance of Workforce Investment Boards through the creation of an operating template, and the preparation and implementation by each Workforce Investment Board of an annual demand-driven workforce plan.
- *In 2002, the VWC funded two demand-planning pilots to gather knowledge and experience for statewide demand planning.*
 - *In March 2003 at the Governor's request, the General Assembly enacted HB 2075, which 1) reduced the membership of the VWC from 43 to 29 thus creating greater efficiencies; 2) required that all Local Workforce Investment Boards create a demand plan to capture current and future employment needs of the private sector within each of the 17 regions; and 3) strengthened the policy direction role of the Council for the WIBs.*
 - *In March 2004, the VWC issued Local Strategic Planning Guidance for the 17 Workforce Investment Boards (WIBs) under the WIA. This provided guidance to the WIBs on the preparation and submission of local strategic plans, which included demand planning. At no cost to the WIB, the services of a labor market information consultant were provided to assist in the data collection and analysis.*
 - *Under the authority granted in Section 189 of the WIA, in May of 2005, Virginia sought eight waivers of WIA statutory authority to assist in advancing Virginia's workforce development system as more demand-driven, flexible, and responsive to the needs of its users. Some of the waivers granted were: 100% transfer of WIA funds between adult and dislocated worker programs; use of up to 25% of local WIB funds for incumbent worker training; and allow*
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One Virginia One Future, Governor Warner's Economic Strategic Plan Update

use of WIA funds for economic development, but not for infrastructure or business financing.

- ✓ Align Workforce Investment Act implementation activities with local and regional economic development goals as enabled by increased flexibility in the administration of the Workforce Investment Act.
- *In October 2002, Virginia was selected to participate in the two-year NGA Academy on "Creating the Next Generation of Workforce Development Policy." Through its participation in the Academy, Virginia is pursuing three goals. Those goals are: (1) To develop and implement a market-driven workforce system that provides a single point of entry to a range of employment and training services, and is customer friendly to both employers and job seekers, (2) To provide skilled workers to meet current and projected business and industry needs in the Commonwealth of Virginia, and (3) To employ and retain workers from at-risk populations in the primary labor market.*
- *In 2003, the VWC launched a major effort to promote workforce and economic development collaboration at the local and regional level. The following training activities have been held, whereby over 400 economic, workforce, education, and local officials participated:*
 - *22 two-hour videoconferences at Community College sites around the state on "Advancing Economic Development Using the Workforce Investment Act."*
 - *6 three-hour regional meetings around the state on "Integrating Workforce and Economic Development for Community Leaders."*
 - *4 one-day courses around the state on "Building Partnerships: Workforce and Economic Development."*
- *The VWC will award 3 \$15,000 grants in late 2005 to a WIB, an economic development entity, and a local government to: support the establishment of regional workforce and economic development teams to develop strategies of mutual interest; support the identification, development, and implementation of innovative strategies that meet the skill needs of business; and encourage regional workforce and economic development strategies targeted toward a high-growth industry.*
- *In July 2005, the Virginia Community College System and the Virginia Economic Development Partnership released the results of the Industry and Occupational Cluster Analysis in a series of six statewide regional meetings. Attendees in each of the meetings included representatives from state and local economic development organizations, Virginia Community College System leaders, school division superintendents, Virginia Department of Education leaders, Virginia Employment Commission, Workforce Investment Boards, One-Stop Centers, and elected officials.*

The Industry and Occupational Cluster Analysis is intended to:

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

- *help regions reveal new industry targets or confirm current ones for allocation of scarce marketing resources.*
- *fuel existing business retention efforts with focus on supplier-customer relationships of value to the current industry base.*
- *market the existing labor pool's skill and knowledge base and align these advantages with industry targets.*
- *coordinate with community colleges and universities to ensure a stream of graduates to meet the demands of industry, both current and future.*

The Industry and Occupational Cluster Analysis is also being used as a resource document to develop the "Demand-Driven Blueprint for Workforce Development" for the Virginia Workforce Council.

- ✓ *Provide funds for incumbent worker training particularly in industries with high layoff risks.*
 - *In FY 2005, the Department of Business Assistance Workforce Services program provided incumbent worker training to 3,162 individuals representing 63 businesses.*
 - ✓ *Support and encourage vocational and technical education among parents, students, and guidance counselors, upgrade the programs' appeal and profile, and implement necessary adjustments to the Standards of Learning.*
 - *The Virginia Community College System has partnered with the Virginia Department of Education to develop and deliver Path to Industry Certification. As part of Governor Warner's Senior Year Plus initiative, the objective of Path to Industry Certification is to identify graduating high school seniors who do not have post-secondary plans. Once identified, the students have the opportunity to take community college courses that will prepare them to test for an industry certification or state licensure. The second year of Path to Industry Certification is underway, and plans are being established to make the program available throughout Virginia in 2006-2007.*
 - *Tech Prep in Virginia shifted its emphasis to developing career pathways that begin as early as Grade 9 and continue through a certification or licensure or post secondary credential into the workplace. The new career pathways include articulation or dual-enrollment, business and industry partnerships, career coaching, work-based learning, employability skills development, and certification preparation and testing. Current state initiatives include: statewide faculty and teacher certification training, statewide articulation in Career and Technical Education (CTE) program areas, development of a statewide curriculum framework, and integration of a statewide online student registration system for articulation and career pathway initiatives. In 2004 –*
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One Virginia One Future, Governor Warner's Economic Strategic Plan Update

2005, 35,489 secondary students and 5,515 post secondary students were enrolled in Tech Prep Career Pathways.

- The first statewide articulation agreement between the 23 community colleges in the Virginia Community College System and the Commonwealth of Virginia's 132 school divisions became official in August 2005. The agreement provides high school graduates entering any one of the Commonwealth's community colleges with up to 12 college credits towards a degree in Information Technology-Web Technologies. Additional articulation agreements are currently being drafted in IT-Networking, IT-Database Administration, IT-Programming, and IT-Applications. The Virginia Community College System plans to follow its success in producing statewide articulation agreements in IT with a drive towards producing a statewide agreement in Building Trades.*
- The Virginia Community College System Career Coaches initiative, launched in October 2004, has rapidly grown from 11 Career Coaches to 38 Career Coaches. Career Coaches are community college employees placed in local high schools to help high school students define their career aspirations and to recognize community college and other programs and services that can help achieve them. Student services provided by Career Coaches include: career planning, business and industry connections, employability skills training, and work-based learning. Career Coaches receive state and local training on career pathways, including certification, licensure, and apprenticeship programs.*
- The Career Readiness Certificate program is included in Governor Mark Warner's "Education for a Lifetime" initiative. Virginia Community College System handles the oversight and administration of the Career Readiness Certificate. The Virginia Community College System has successfully implemented the Career Readiness Certificate through its 23 community colleges and to date has awarded approximately 4,000 certificates (colleges still entering data). The Virginia Community College System has also guided the creation of a Career Studies Certificate database, Virginia's Skills Bank. Several states are interested in taking advantage of Virginia's Skills Bank that not only is a well-constructed MIS for all WorkKeys data in a state but is also a powerful economic development tool. This searchable database is now available to all states in the Career Readiness Certificate Consortium (CRCC).*
- Middle College is included in Governor Mark Warner's Education for a Lifetime initiative. The Virginia Community College System's Middle College Program is a comprehensive program for students ages 18 to 24 without a high school diploma. Educational, career and personal goals are supported*

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

and addressed by the program. There are 310 enrolled students in the five Middle College programs for the 2004 – 2005 program year. Over 70% of students completed their GED and over 50% entered a post secondary program in Fall, 2005.

- ✓ Support the strategic plan of the Virginia Workforce Council.
- *Governor Warner created a new position, Special Advisor to the Governor on Workforce Development, which is designed to be the focus for implementing the integrated, seamless approach to workforce services in Virginia. The 2004 General Assembly passed legislation to include this position and its duties in the Code of Virginia. Under the guidance of the Special Advisor to the Governor on Workforce Development, a template was developed during 2004 to assist Workforce Investment Boards in the preparation of their demand-driven workforce plans. One component of the planning process entailed providing Community Profiles for each Workforce Development Board, compiled by the Virginia Employment Commission and now available on the VEC website. The Virginia Employment Commission has engaged the Workforce Investment Boards and the Virginia Economic Development Partnership in sessions to educate these entities on the proper use of the Workforce Investment Act funds as a potential economic development tool, specifically for workforce training. The Virginia Economic Development Partnership and the Department of Business Assistance now alert the VEC to economic development prospects, and the VEC works with the Local Workforce Investment Boards to secure training fund commitments. Virginia's Career Readiness Certificate certifies core employability skills required across multiple industries and occupations. The Career Readiness Certificate is one component of an emerging statewide system of portable skills credentials that integrates and promotes the attainment of academic, employability, and industry/occupation specific skills by individuals in order to qualify for current and anticipated jobs in the Commonwealth.*

Goal 3

Strengthen Virginia's traditional economic sectors and existing businesses.

- ✓ Protect and support Virginia's military bases, including support for local BRAC-related activities.
- *Created pursuant to Executive Order 49, the Virginia Commission on Military Bases continues its duties of coordinating and facilitating statewide strategic activities in support of Virginia's military and base structure in response to the BRAC 2005 actions. The Governor also allocated funds for VEDP to create an office coordinating statewide BRAC-related activities and providing staff assistance to Governor Warner's Commission on Military Bases. On August 24, 2005, the federal Defense Base Realignment and Closure Commission (BRAC) voted to maintain the Navy's master jet base at NAS Oceana if the*

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

cities of Virginia Beach and Chesapeake and the state pass legislation and appropriate money by March 2006 to stop encroachment and reverse development within the base's highest accident-potential zone. This matter will require the attention of the 2006 Session of the General Assembly.

- ✓ Promote development of homeland security and defense-related clusters around Virginia's military facilities.
- *VEDP continues to focus on homeland security and defense-related contracting and clusters as a target industry for business development with positive results for FY 2005. Virginia announced 54 Defense and Homeland Security related jobs in FY 2004, resulting in a total investment of \$144.57 million and 4,847 new jobs. With a few exceptions, Virginia fared well under the August 2005 BRAC recommendations. Virginia is predicted to gain more than 5,000 members of the armed services as bases are realigned. As noted above, however, the local governments in the Hampton Roads area, in cooperation with state government, will need to take action in 2006 to protect Oceana Naval Base. In addition, new homeland security standards for office space are anticipated to cause some economic dislocation, particularly in Arlington and Alexandria. The Governor and members of Virginia's congressional delegation are working to minimize this disruption.*
- ✓ Develop actions to double Virginia's agriculture and forestry receipts over the next ten years.
- *Governor Warner created a task force to study this topic and has been meeting regularly since November 2002. This task force presented "Doubling Net Receipts in Virginia Agriculture: A Plan for the Years 2002-2012" to Governor Warner and Secretary Schewel. A copy of the document is posted on the Virginia Department of Agriculture and Consumer Services' website at www.vdacs.virginia.gov.*
- *VDACS' Farmland Preservation Task Force developed "A Model Purchase of Development Rights (PDR) Program for Virginia", as announced by Secretary Schewel in June 2004. The Farmland Preservation Task Force is currently in the final stages of completing the guidelines for a State PDR program. The model program is posted on the VDACS website.*
- *In June 2004, Governor Warner unveiled "Vision 2015: A Strategic Direction for the Virginia Wine Industry", developed by the Governor's Wine Study Work Group.*
- *The Specialty Agriculture Component of the Governor's Virginia Works Initiative was approved by the 2005 General Assembly. The Specialty Agriculture Program is currently operational in the Agribusiness Development*

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

Services Unit of VDACS and is expected to be fully operational with a Specialty Agriculture staff person by October 2005.

- *The Warner administration has also been successful in exploring new markets for Virginia goods. A number of agricultural and forestry trade missions have boosted the state's net income from farming and forestry.*
- ✓ *To elevate the profile of the agriculture and forestry industries in Virginia, create a Secretariat of Agriculture and Forestry.*
- *Legislation was passed in the 2004 Session of the General Assembly to establish this position and duties. In December, 2004, Governor Warner named the Honorable Robert S. Bloxom as the first Secretary of Agriculture and Forestry in Virginia. He assumed his duties on January 3, 2005.*
- ✓ *Fully implement Executive Order 35 to ensure meaningful procurement opportunities for small-, minority-, and women-owned businesses.*
- *In conjunction with Executive Order 29, Governor Warner has charged the Department of Minority Business Enterprise (DMBE) and the Department of General Services (DGS) with the ongoing effort to increase procurement opportunities for SWAM (Small, Women,- and Minority-owned) businesses. DGS issued changes to procurement regulations for all State agencies and made changes to eVA to implement these changes. All State agencies now report quarterly to DMBE their SWAM usage.*

Goal 4

Support technology businesses and other emerging and developing sectors of the economy which are of critical importance to the Commonwealth's global competitiveness.

- ✓ *Make Virginia the U.S. state with the highest percentage of home hook-ups to affordable broadband.*
 - *Several efforts have been underway in different areas of Virginia. For Southside and Southwest, the Tobacco Commission intends to contract with an internet service provider to increase access in those areas. The Commission has provided grants to four organizations to build and operate fiberoptic backbone. Three grants were awarded in Southwest to Lenowisco PDC, Russell County, and Bristol Utilities. Mid-Atlantic Broadband Cooperative will construct a network to serve Southside. The Commission investments are intended to provide high speed, redundant, open access broadband capacity to businesses and institutions, to assist business attraction and expansion, distance learning, and other aspects of economic competitiveness.*
 - ✓ *Perform a statewide audit of local broadband capacity.*
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One Virginia One Future, Governor Warner's Economic Strategic Plan Update

- *VEDP continues to accumulate data as it becomes available for Virginia's communities to enhance access and marketing. One of the initiatives from the Secretary of Technology's Strategic Plan is to increase statewide broadband deployment. The Center for Innovative Technology through federal funding and matching grants has been implementing this initiative to bring broadband service to areas in greatest need.*
- ✓ Convene a Governor-led meeting of broadband providers to develop strategies to improve broadband capacity.
- *VEDP and the Lake Country Region convened a meeting of representatives of the telephone and cable industries to explore options for greater access in that region. This will serve as a model for other regions of the state. In addition, the annual state conference, COVITS, was changed into a major national technology forum with hundreds of people attending.*
- ✓ Implement the recommendations of the Governor's Biotechnology Initiative as and when funds become available to do so.
- *One recommendation to pass the 2004 Session of the General Assembly was the creation of the Biotechnology Commercialization Loan Fund, which will be administered by the Innovative Technology Authority.*
- ✓ Better coordinate university research efforts with economic development activities by developing clearer and more entrepreneurial, business-friendly university IP (intellectual property) policies, and implementing appropriate faculty and graduate student commercialization policies. Provide technical assistance to smaller firms in navigating the process to register, value, and protect their intellectual property.
- *Governor Warner created a committee to identify the strengths and weaknesses of the research effort in the Commonwealth. A goal of \$1 billion has been established in research and development for Virginia's colleges and universities.*
- ✓ Seek to increase the flow of federal research and development dollars to Virginia universities and companies, as contemplated by the Virginia Research and Technology Advisory Commission and the Center for Innovative Technology strategic plans.
- *Governor Warner has urged the state's public and private universities to operate in a more entrepreneurial manner. This would involve increased research dollars as well as greater opportunities for commercialization and technology transfer.*
- ✓ Where prudent, utilize state financial resources to encourage venture capital investments in Virginia companies.

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

- *Legislation proposed during the 2004 and 2005 Sessions of the General Assembly to implement this goal failed.*
- ✓ *Make Virginia a more attractive and competitive location for biotechnology, information technology, and telecommunications companies.*
- *VEDP continues its efforts to target the biotech industry to increase its presence in Virginia by participating in outreach marketing. Governor Warner created the Governor's Commission on Biotechnology (Executive Order 76) to direct a joint effort involving both the public and private sectors for the purpose of establishing a Virginia Biotechnology Strategy Implementation Plan. Construction of the Howard Hughes Medical Center, a biomedical research complex bringing together chemists, physicists, computer scientists, and engineers to share their expertise to invent new technologies, should be completed in early 2006. Legislation passed creating the Biotechnology Commercialization Loan Fund (SB646, 2004). This Fund is to be administered by the Innovative Technology Authority to finance technology transfer and commercialization activities related to biotechnology inventions made, solely or in cooperation with other organizations, at qualifying institutions.*

Goal 5

Concentrate economic development efforts on areas of greatest need to help reduce economic disparity and increase the prosperity of all Virginians.

- ✓ *Create an enhanced capital access program available to companies in distressed areas.*
 - *The Commission awarded \$1 million to People Incorporated's Southwest Community Development financing arm, to expand their ability to provide loans for business startups and expansion. The Commission also provided \$1 million to the Virginia Small Business Financing Authority, which now offers the Tobacco Region Capital Access Program (TCAP) in Southside. TCAP provides loan loss reserves at banks that make business startup/expansion loans to borrowers who don't qualify for conventional financing. In addition, Governor Warner recommended funding from the Appalachian Regional Commission for 14 projects that will support entrepreneurial business efforts in Virginia's Appalachian communities and increase access to technology in the region.*
 - ✓ *Implement a focused program to reduce by half, within ten years, the percentage of adults in identified distressed areas who do not have high school or equivalent diplomas.*
 - *Governor Warner created the "Race to the GED" initiative to raise the number of Virginia workers passing the GED exam to 20,000 per year.*
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One Virginia One Future, Governor Warner's Economic Strategic Plan Update

- As needed, provide higher levels of discretionary incentives in distressed areas (urban cores as well as rural areas) to help reduce the competitive disadvantage that may exist and to close economic development deals. As an example, provide for an earlier payout on Virginia Investment Partnership grants in distressed areas.
- *VEDP continues to provide higher dollar levels of discretionary incentives (whether measured per job, or with a longer pay-back period) in distressed areas of Virginia. The Virginia Investment Partnership payout schedule for companies in distressed areas of Virginia (including urban cores) has been modified to provide for an earlier payout.*
- ✓ Support development of more sites in urban cores for redevelopment and brownfields development in order to rehabilitate and reuse sites and buildings including for retail and mixed-use redevelopment, as appropriate.
- *Existing programs currently lack sufficient funding to implement this plan fully, but when funds are available these programs would be more active. Various groups and agencies have sponsored workshops instructing potential developers on how to access the existing brownfields programs.*

Goal 6

Strengthen the market position of all of Virginia's regions as travel destinations for national and international visitors.

Governor Warner appointed Alisa Bailey to the position of President and CEO of the Virginia Tourism Corporation. Under her leadership and guidance, the VTC has achieved the following:

- A TOURISM INCREASE FOR VIRGINIA RESULTING IN 35.9 MILLION VISITS AND \$15.3 BILLION FOR VIRGINIA'S ECONOMY
- In 2004, Virginia was the site of nearly 36 million tourist visits, representing a \$15.3 billion investment in the economy and signaling a positive economic outlook for Virginia's tourism industry.
- Tourist spending in Virginia increased 8.6 percent in 2004 including a significant increase in international travelers
- According to two different studies, overseas and Canadian travelers' spending totaled more than \$352.4 million, growing by 26 percent and 17.5 percent, respectively, during 2004.
- A third study showed spending by U. S. travelers to Virginia over the same period increased 8.3 percent.
- VTC Created 40 coop advertising opportunities for industry members of all levels ranging from outdoor recreation to million dollar resorts
- VTC Leveraged \$1 million in print placement costs with \$1.9 million from private sector and \$1.3 million in added value from the publications for a total of \$4.2 million promoting Virginia tourism

One Virginia One Future, Governor Warner's Economic Strategic Plan Update

- VTC increased lead generation from 62,000 leads in 2003 to 152,000 leads in 2004
 - Goal for print leads is an aggressive 200,000 for 2005 – we are currently at 333,000 leads year to date will exceed the stated goal
 - VTC successfully reduced CPI (cost per inquiry) to under \$10 – currently Cost Per Inquiry is \$6
 - VTC won the most prestigious advertising award in nation – The Effie for advertising. VTC won a bronze Effie which is awarded to ad campaigns based on results – not creative.
 - VTC also won three national awards based on creative and results – won three Mercury Awards from TIA for best niche marketing, best promotion and best overall campaign in the United States.
 - VTC landed the Dave Mathews music for Fall and Spring spots. Whether we are speaking at the Governor's Conference, Orientations, CVB meetings or even TIA's national ESTO conference, people are excited about Virginia advertising pushing the envelope with fresh ideas, approaches and results.
 - By partnering with the Commonwealth's tourism industry in tourism marketing campaigns VTC has been able to reach more potential visitors more effectively and provides the opportunity to pool funds and advertise in venues otherwise not affordable, and those efforts are bringing a favorable return-on-investment.
 - VTC has worked with Governor Warner to make tourism a significant economic development resource, especially in the Commonwealth's distressed communities including those in Southwest and Southside Virginia. Tourism and asset-based development is a key part of Governor Warner's **Virginia Works** initiative. Launched in December of 2004, Virginia Works provides targeted investments to help distressed communities improve their economies. As part of Virginia Works, and building on the success of The Crooked Road: Virginia's Heritage Music Trail, Governor Warner has worked to increase tourism in Southwest and Southside Virginia by developing and promoting local and regional assets such as music, arts, crafts, history, and outdoor recreation. New tourism initiative such as Virginian artisan centers, the Virginia Tobacco Heritage Trail, Round the Mountain and rails to trails projects are already having a positive impact in Southwest and Southside Virginia.
 - In his first weeks as Governor, he signed Executive Order 6, directing state agencies, boards, and commissions to recruit to Virginia regional and national conferences of organizations to which they pay dues. That effort has helped attract nearly 200 meetings to Virginia with an estimated economic impact of approximately \$35 million.
 - Governor Warner has worked with VTC and regional and local tourism leaders to promote the 400th anniversary of Jamestown, a major tourism opportunity for the Commonwealth. A Memorandum of Understanding with Kent County, England has jumpstarted talks about direct flights from the county to Norfolk and Richmond.
 - Additional tourism statistics from 2004 point to a positive future for tourism in Virginia. Lodging spending increased 7.5 percent in 2004 over 2003, with spending
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One Virginia One Future, Governor Warner's Economic Strategic Plan Update

on food service rising 6.5 percent during the same period. Travelers' spending on entertainment and recreation in Virginia was up 6.4 percent; and tourism employment increased by one percent during the same period, with a 13.5 percent decrease in travel-agency employment because of online booking.

- Domestically, more than 42 percent of Virginia's total 36 million person-trips came from the eight markets where the VTC actively markets Virginia's tourism assets: New York City, Washington, D.C., Baltimore, Philadelphia, Pittsburgh, Raleigh, Charlotte and Atlanta.
- Visitation to the VTC's consumer Web site, www.Virginia.org, was up 58 percent in unique users during 2004 over 2003. Inquiries from each of Virginia's top five markets (New York City, Washington, DC, Philadelphia, Atlanta, and Baltimore), as a percentage of total inquiries received, were as follows: New York City, 11.03%; Washington, D. C., 6.98%; Philadelphia, 5.48%, Atlanta, 3.11% and Baltimore, 2.65%.
- VDOT will design and install signs to be placed under the existing Virginia Welcome Center signs on the interstate that will advertise free events happening at welcome centers. The intent of this new signage is to pull more travelers off the interstate highways and into the Virginia Welcome Centers.
- A video production company called The Visitor Channel is partnering with VTC to add a video component to our Welcome Center travel information. Plasma screens have been installed at each welcome center. Attractions, destinations, lodging establishments and restaurants buy 30-second advertising slots that run 3-4 times each hour.

Goal 7

Encourage the growth of Virginia's economy through support of exports by Virginia companies and other forms of international trade.

- ✓ Work with businesses to identify obstacles to export products and services and assign responsibility to specific state agencies to address these obstacles.
 - *VEDP hired a professional export documentation firm to conduct several workshops across the state for Virginia companies at a significantly subsidized cost. Anti-terrorism security measures have greatly complicated the export market, and these workshops presented new regulations to Virginia companies. Additional workshops are planned for FY 2006.*
 - ✓ Achieve higher levels of participation in international trade events and greater dollar value of Virginia exports through more grassroots marketing efforts and partnering between the state and small Virginia companies.
 - *VEDP demonstrated significant achievements in international trade in FY 2005. Over 200 Virginia firms participated in VEDP's trade programs and services. Eighty Virginia companies recorded international marketing results attributed to counseling from the Trade Division. Virginia firms made 54*
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One Virginia One Future, Governor Warner's Economic Strategic Plan Update

independent visits to VEDP's six foreign offices. Sixty Virginia companies participated in trade missions led by Governor Warner. These missions involved one-on-one meetings for Virginia companies with targeted companies to sell Virginia products.

- ✓ Increase collaboration between the forestry and agribusiness communities and state economic development agencies to identify new export opportunities and help businesses take advantage of them.
- *Governor Warner created a task force to study ways to increase Virginia's agriculture exports. Representatives from the Virginia Department of Agriculture and Consumer Services (VDACS), VEDP, and the Virginia Port Authority (VPA) met numerous times and issued final recommendations to Governor Warner in the fourth quarter of 2004.*
- ✓ Begin mutual support for import/export in targeted areas of the world, obtaining assistance for Virginia companies seeking to sell or operate abroad and providing the same assistance for companies from those areas in Virginia.
- *The VEDP commissioned a study on "The Contributions of International Imports to Virginia's Economy." This numeric analysis will lay the foundation for policy and programmatic initiatives.*
- ✓ Initiate a Governor's trade program in which the Governor recognizes and presents certificates to all companies as they first enter the export market through the Virginia Economic Development Partnership.
- *This program was announced at the annual Virginia Conference on World Trade in October 2003 in Williamsburg.*

Appendix 1

High Unemployment Areas Report and Strategy

During FY 2005, the VEDP expanded its ongoing efforts to improve the quality of life for Virginia's economically distressed areas through technical assistance, new investment, job creation, and improved regional cooperation. While some areas continue to see declines in traditional natural resource-based and manufacturing industries, significant progress has been made in preparing these areas for the increasingly services-based economy. Additionally, VEDP has continued actively recruiting economic development prospects with plans tailored to existing skills, sites, and buildings.

FY 2005 Accomplishments

Assistance offered to communities from VEDP resources or in combination with other public and private organizations include the following:

Virginia Opportunity Regions. The VEDP implemented a new program, Virginia Opportunity Regions (VOR) to focus on marketing Virginia's economically distressed areas with the help of funding allocated by the General Assembly. Among the program goals are better use of the Internet to disseminate information, earlier targeting of selected business sectors, and region-specific marketing activities. The VEDP also hired a new Marketing Manager for VOR. The manager's role is to develop strong working relationships with distressed regions and localities, increase the number of prospect visits to these areas, manage transition of prospects to project managers and localities, and to assist in "closing the sale". The program also includes a \$150,000 VOR Marketing Grant Program to fund local and regional needs that may not be addressed by the statewide marketing program.

Distressed Communities Visits Increase. Business Development staff assisted with 268 prospect visits to distressed communities across Virginia. Prospect visits to distressed communities represented 51% of total prospect visits.

Right Now Sites Program. This program is designed to assure business prospects and consultants that business properties designated as "Right Now" Sites have all the essential elements in place for rapid business location. The "Right Now" Sites program establishes minimum infrastructure requirements for eight industry groups (light manufacturing, general manufacturing, heavy manufacturing, mega sites, business/industrial parks, office parks, warehouse/distribution, and research and development). In addition to these industry-specific standards, separate "readiness standards" have been established to ensure that the sites are truly "ready to go".

Appendix 1: High Unemployment Areas Report and Strategy

Since the inception of this program, VEDP has certified 45 sites that meet readiness standards.

Virtual Buildings Program. This program expands the “ready to go” concept to include preliminary architectural design, cost estimates, and time frames for construction and site plan permit approval for proposed buildings. Local industrial properties meeting these standards are featured prominently on the VEDP website. There are currently 11 virtual building designs.

VEDP Improves Web-Based Marketing Tools. VEDP recently launched the new and improved VirginiaScan, an innovative and interactive site-selection database located on VEDP’s Web site, YesVirginia.org. In addition to site and building specifications, VirginiaScan now enables a client to search for the ideal business location using Virginia workforce statistics, business location data, and a host of other information that is driving today’s business site-selection process. A recent survey found that as much as 90 percent of the initial site-selection process is now done online. To maximize Virginia’s online presence, unemployment, labor force, prevailing wage, and occupation statistics were added to VirginiaScan, as well as information about higher education facilities that includes fields of study and programs that are offered. Clients can also research employee counts and salary information for various occupations, read detailed profiles about Virginia’s communities and compare Virginia to other states using economic statistics. Local and regional economic development groups can also use VirginiaScan on their websites.

FY 2006 Initiatives

VEDP will continue to:

- Use VEDP resources, as available, to support and enhance the local and regional economic development programs.
- Keep a strong integrated partnership among local, regional, and State economic development organizations as part of the Commonwealth’s economic development efforts.
- Coordinate VEDP orientation meetings for local and regional economic developers from across Virginia to review operations and respond to questions and concerns.
- Conduct regional workshops to review research methods and resources with allies.
- Increase VEDP staff knowledge about product availability with particular focus on real estate and labor assets in rural areas and facilitate regular staff visits to these rural and distressed areas.
- Provide technical assistance to distressed communities to improve their economic development capacity.
- Target industries that complement economically distressed areas of Virginia.
- Respond to areas with immediate economic distress, such as plant closings.

Appendix 1: High Unemployment Areas Report and Strategy

- Customize site location proposals that compile recommendations of community, real estate, and workforce offerings.
- Maintain database of available industrial sites and buildings used for site selection.
- Maintain and expand database of demographic information on communities and regions available on VEDP's website.
- Assist communities in evaluating potential new industrial and business parks.
- Conduct GIS-based presentations to prospects.
- Conduct teleconferences for local economic development groups (especially useful for those located some distance from Richmond).
- Plan tours and visits by Business Development Project Managers to distressed areas of the state to share international business experience with international companies.
- Encourage presentations by distressed communities at Business Development staff meetings.
- Incorporate performance measures in VEDP position descriptions to support distressed community development efforts.
- Organize marketing missions and trade shows in markets that will have direct benefit to distressed communities and assist localities with preparation for these events.
- Highlight different regions around the state, including key location, labor, site, and building information on the VEDP website.

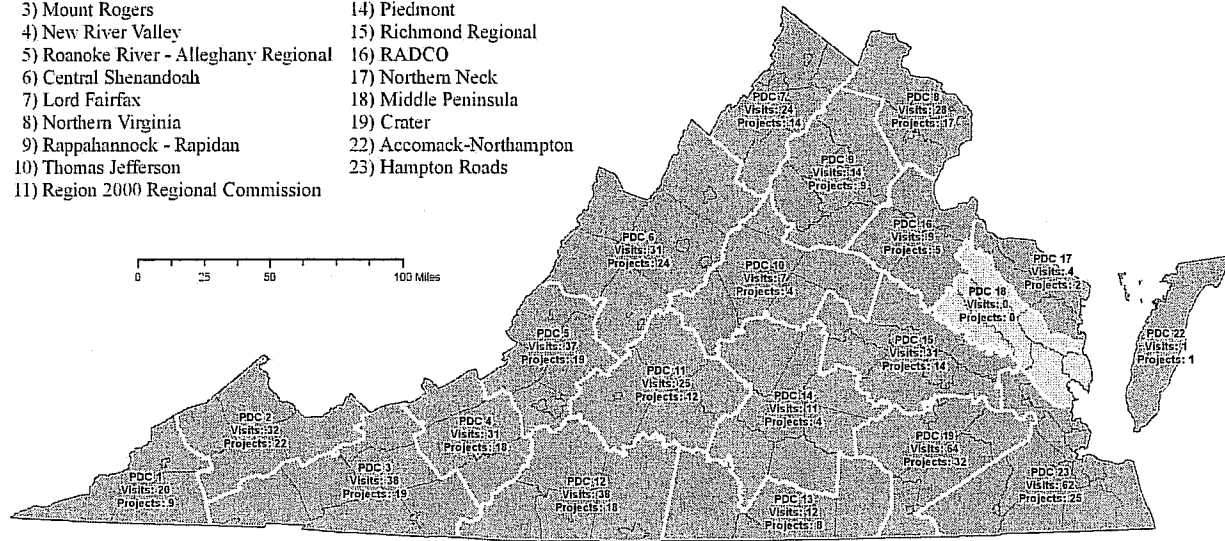
Appendix 2: Prospect Visit Data for FY 2005

Accomack-Northampton	1	Visits for	1	Projects
Central Shenandoah	31	Visits for	24	Projects
Crater	64	Visits for	32	Projects
Cumberland Plateau	32	Visits for	22	Projects
Hampton Roads	62	Visits for	25	Projects
Lenowisco	20	Visits for	9	Projects
Lord Fairfax	24	Visits for	14	Projects
Mount Rogers	38	Visits for	19	Projects
New River Valley	31	Visits for	18	Projects
Northern Neck	4	Visits for	2	Projects
Northern Virginia	28	Visits for	17	Projects
Piedmont	11	Visits for	4	Projects
RADCO	9	Visits for	5	Projects
Rappahannock-Rapidan	14	Visits for	9	Projects
Region 2000	25	Visits for	12	Projects
Richmond Regional	31	Visits for	14	Projects
Roanoke Valley-Alleghany Regional	37	Visits for	19	Projects
Southside	12	Visits for	8	Projects
Thomas Jefferson	7	Visits for	4	Projects
West Piedmont	38	Visits for	18	Projects
DEPARTMENT TOTAL:	519			
Total Projects Involved in Visits:	185			

Appendix 2: Prospect Visit Data for FY 2005

Prospect Visits by Planning District
Fiscal Year 2005

- Planning District Commission (PDC) Name & Number**
- | | |
|---------------------------------------|--------------------------|
| 1) Lenowisco | 12) West Piedmont |
| 2) Cumberland Plateau | 13) Southside |
| 3) Mount Rogers | 14) Piedmont |
| 4) New River Valley | 15) Richmond Regional |
| 5) Roanoke River - Alleghany Regional | 16) RADCO |
| 6) Central Shenandoah | 17) Northern Neck |
| 7) Lord Fairfax | 18) Middle Peninsula |
| 8) Northern Virginia | 19) Crater |
| 9) Rappahannock - Rapidan | 22) Accomack-Northampton |
| 10) Thomas Jefferson | 23) Hampton Roads |
| 11) Region 2000 Regional Commission | |



Map created by Virginia Economic Development Partnership, October 2005

Appendix 3: Site and Building Data for FY 2005

Planning District	Location	Sites	Buildings	Sites & Buildings	Location Studies ¹	Companies
1- Lenowisco	Lee Co.	5	10	15	13	12
1	Norton	0	0	0	0	0
1	Scott Co.	0	8	8	5	4
1	Wise Co.	3	8	11	10	9
PDC 1 Total		8	26	34	20	19
2 -Cumberland Plateau	Buchanan Co.	0	3	3	3	3
2	Dickenson Co.	0	10	10	10	9
2	Russell Co.	1	3	4	4	4
2	Tazewell Co.	0	3	3	3	3
PDC 2 Total		1	19	20	19	18
3-Mount Rogers	Bland Co.	1	0	1	1	1
3	Bristol	1	6	7	7	7
3	Carroll Co.	3	8	11	10	10
3	Galax	1	0	1	1	1
3	Grayson Co.	0	1	1	1	1
3	Smyth Co.	0	29	29	23	17
3	Washington Co.	14	16	30	21	20
3	Wythe Co.	17	8	25	23	22
PDC 3 Total		37	68	105	50	43
4 - New River Valley	Floyd Co.	0	6	6	6	4
4	Giles Co.	1	2	3	3	3
4	Montgomery Co.	10	8	18	17	16
4	Pulaski Co.	19	17	36	24	22
4	Radford	0	5	5	4	0
PDC 4 Total		30	38	68	39	34
5 -Roanoke Valley-Alleghany	Alleghany Co.	3	4	7	7	7
5	Botetourt Co.	8	7	15	15	14
5	Covington	0	0	0	0	0
5	Craig Co.	0	0	0	0	0
5	Roanoke Co.	12	16	28	22	22
5	Roanoke	7	17	24	19	19
5	Salem	3	6	9	9	8
PDC 5 Total		33	50	83	45	43
6 - Central Shenandoah	Augusta Co.	13	8	21	18	17
6	Bath Co.	0	0	0	0	0
6	Buena Vista	0	0	0	0	0
6	Harrisonburg	0	8	8	8	7
6	Highland Co.	0	0	0	0	0
6	Lexington	0	0	0	0	0
6	Rockbridge Co.	1	0	1	1	1
6	Rockingham Co.	9	9	18	14	14
6	Staunton	5	2	7	6	6
6	Waynesboro	7	9	16	12	11
PDC 6 Total		35	36	71	34	32

Appendix 3: Site and Building Data for FY 2005

7 - Lord Fairfax	Clarke Co.	1	0	1	1	0
	7 Frederick Co.	35	27	62	32	30
	7 Page Co.	1	4	5	3	3
	7 Shenandoah Co.	11	12	23	18	18
	7 Warren Co.	5	3	8	7	7
	7 Winchester	0	5	5	5	5
	PDC 7 Total	53	51	104	39	36
8 - Northern Virginia	Alexandria	1	2	3	3	3
	8 Arlington Co.	0	0	0	0	0
	8 Fairfax Co.	0	0	0	0	0
	8 Fairfax	0	0	0	0	0
	8 Falls Church	0	0	0	0	0
	8 Loudoun Co.	5	0	5	4	4
	8 Manassas	1	1	2	2	2
	8 Manassas Park	0	0	0	0	0
	8 Prince William Co.	18	6	24	12	12
	PDC 8 Total²	25	9	34	17	17
9 - Rappahannock-Rapidan	Culpeper Co.	6	2	8	7	7
	9 Fauquier Co.	3	3	6	6	6
	9 Madison Co.	0	2	2	2	2
	9 Orange Co.	0	4	4	4	4
	9 Rappahannock Co.	0	0	0	0	0
	PDC 9 Total	9	11	20	14	14
10 - Thomas Jefferson	Albemarle Co.	1	2	3	3	3
	10 Fluvanna Co.	0	0	0	0	0
	10 Greene Co.	0	1	1	1	1
	10 Louisa Co.	6	0	6	4	4
	10 Nelson Co.	1	0	1	1	1
	10 Charlottesville	0	0	0	0	0
	PDC 10 Total	8	3	11	8	8
11 - Region 2000 Regional Commission	Amherst Co.	2	0	2	1	1
	11 Appomattox Co.	1	2	3	3	3
	11 Bedford Co.	0	4	4	4	4
	11 Bedford	1	1	2	2	2
	11 Campbell Co.	2	10	12	11	11
	11 Lynchburg	5	5	10	8	8
	PDC 11 Total	11	22	33	22	22
12 - West Piedmont	Danville	6	18	24	19	18
	12 Franklin Co.	6	1	7	6	6
	12 Henry Co.	7	13	20	15	15
	12 Martinsville	1	7	8	8	8
	12 Patrick Co.	1	2	3	3	3
	12 Pittsylvania Co.	3	19	22	21	21
	PDC 12 Total	24	60	84	53	49
13 - Southside	Brunswick Co.	6	6	12	9	9
	13 Halifax Co.	4	10	14	9	9
	13 Mecklenburg Co.	16	13	29	19	19
	PDC 13 Total	26	29	55	29	28

Appendix 3: Site and Building Data for FY 2005

14 - Piedmont	Amelia Co.	0	0	0	0	0
14	Buckingham Co.	1	2	3	3	3
14	Charlotte Co.	3	0	3	3	3
14	Cumberland Co.	1	0	1	1	1
14	Lunenburg Co.	0	9	9	9	7
14	Nottoway Co.	2	0	2	2	2
14	Prince Edward Co.	0	11	11	11	8
PDC 14 Total		7	22	29	17	15
15 - Richmond Regional	Charles City Co.	0	0	0	0	0
15	Chesterfield Co.	40	28	68	44	41
15	Goochland Co.	0	1	1	0	1
15	Hanover Co.	8	26	34	18	18
15	Henrico Co.	18	30	48	27	26
15	New Kent Co.	5	2	7	6	5
15	Powhatan Co.	0	0	0	0	0
15	Richmond	2	14	16	14	14
PDC 15 Total		73	101	174	67	64
16 - RADCO	Caroline Co.	4	2	6	5	4
16	Fredericksburg	1	4	5	4	4
16	King George Co.	3	1	4	4	3
16	Spotsylvania Co.	9	10	19	14	13
16	Stafford Co.	13	11	24	17	16
PDC 16 Total		30	28	58	26	24
17 - Northern Neck	Lancaster Co.	0	0	0	0	0
17	Northumberland Co.	0	0	0	0	0
17	Richmond Co.	0	4	4	3	3
17	Westmoreland Co.	0	9	9	9	7
PDC 17 Total		0	13	13	11	10
18 - Middle Peninsula	Essex Co.	0	1	1	1	1
18	Gloucester Co.	0	1	1	1	1
18	King and Queen Co.	0	0	0	0	0
18	King William Co.	1	0	1	1	1
18	Mathews Co.	0	0	0	0	0
18	Middlesex Co.	0	0	0	0	0
PDC 18 Total		1	2	3	3	3
19 - Crater	Chesterfield Co.	40	28	68	44	41
19	Colonial Heights	0	1	1	1	1
19	Dinwiddie Co.	9	7	16	15	15
19	Emporia	0	0	0	0	0
19	Greensville Co.	5	16	21	17	13
19	Hopewell	4	0	4	3	3
19	Petersburg	7	6	13	12	12
19	Prince George Co.	15	14	29	26	22
19	Surry Co.	1	0	1	1	1
19	Sussex Co.	1	0	1	1	1
PDC 19 Total		82	72	154	67	60

Appendix 3: Site and Building Data for FY 2005

22 - Accomack-Northampton	Accomack Co.	0	0	0	0	0
	22 Northampton Co.	1	0	1	1	1
	PDC 22 Total	1	0	1	1	1
23 - Hampton Roads	Chesapeake	12	10	22	14	11
	23 Franklin	2	0	2	2	2
	18 Gloucester Co.	0	1	1	1	1
	23 Hampton	9	24	33	21	19
	23 Isle of Wight Co.	10	0	10	9	8
	23 James City Co.	12	9	21	18	17
	23 Newport News	4	10	14	11	10
	23 Norfolk	0	9	9	7	6
	23 Poquoson	0	0	0	0	0
	23 Portsmouth	4	9	13	12	11
	23 Southampton	3	0	3	3	3
	23 Suffolk	10	17	27	20	17
	19 Surry Co.	1	0	1	1	1
	23 Virginia Beach	1	12	13	9	8
	23 Williamsburg	0	0	0	0	0
	23 York Co.	7	3	10	10	10
	PDC 23 Total	75	104	179	58	51
	State Total³	528	735	1263	202	169

¹Does not include multiple proposals for the same project and properties; existing industry proposals; or other project-related assistance not including site or building recommendations.

²PDC 8 totals do not reflect additional recommendations of office/flex space not included in VEDP's sites & buildings database.

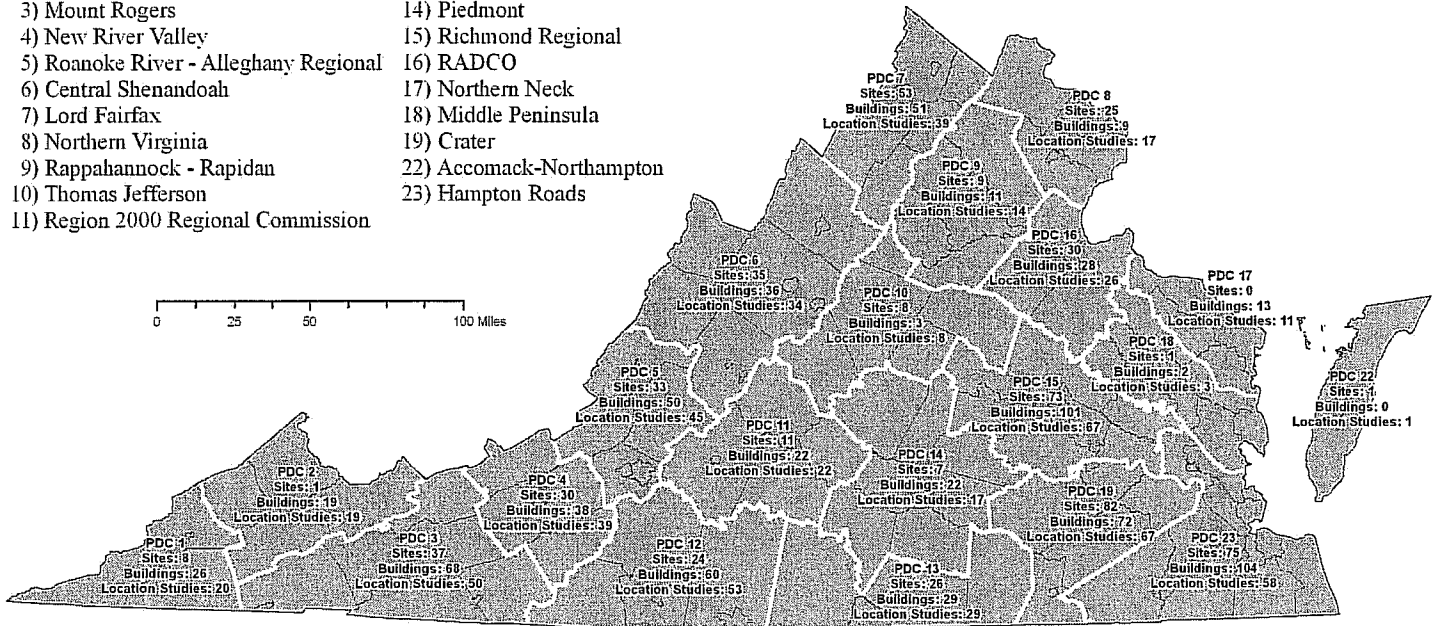
³State total does not include duplicate entries for Chesterfield, Surry, and Gloucester Counties, each located in two PDCs.

Appendix 3: Site and Building Data for FY 2005

Community Location Studies, Sites, and Buildings Meeting Prospect Requirements by Planning District
Fiscal Year 2005

Planning District Commission (PDC) Name & Number

- | | |
|---------------------------------------|--------------------------|
| 1) Lenowisco | 12) West Piedmont |
| 2) Cumberland Plateau | 13) Southside |
| 3) Mount Rogers | 14) Piedmont |
| 4) New River Valley | 15) Richmond Regional |
| 5) Roanoke River - Alleghany Regional | 16) RADCO |
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Numbers on map indicate number of sites and buildings meeting prospect requirements for FY2005

Map created by Virginia Economic Development Partnership, October 2005

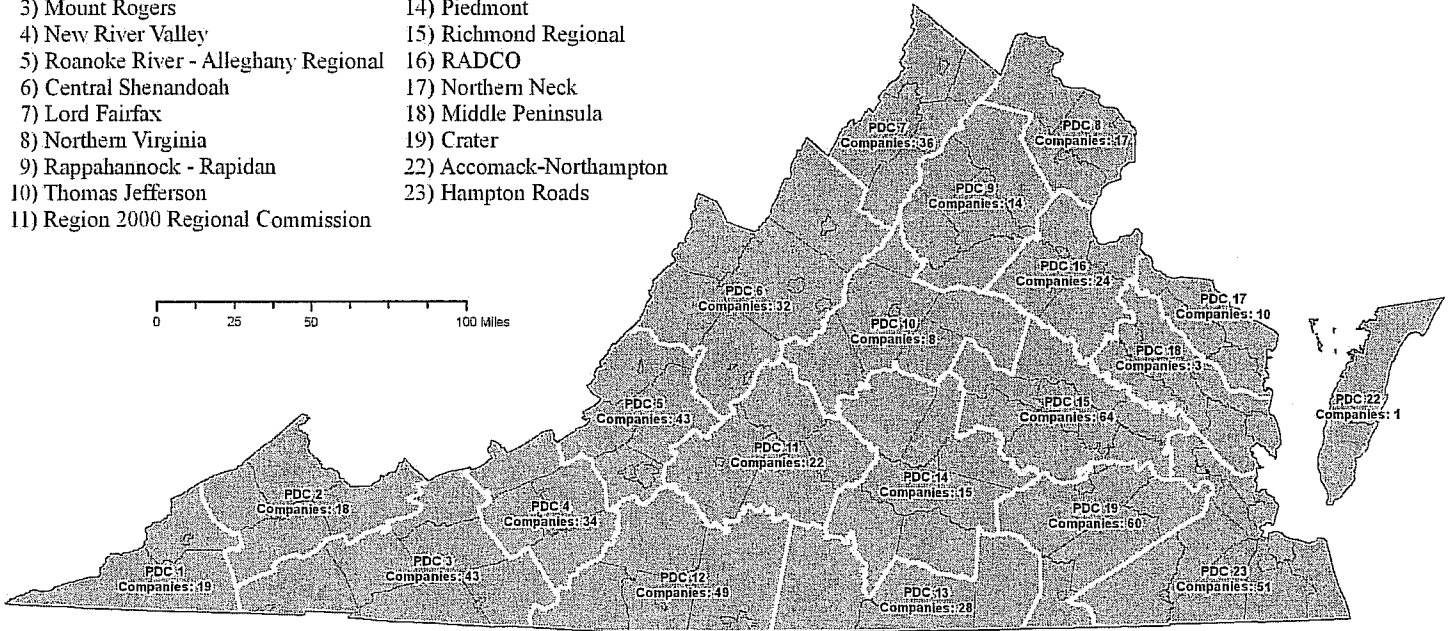
Appendix 3: Site and Building Data for FY 2005

Companies Assisted with Site and Building Data by Planning District Fiscal Year 2005

Planning District Commission (PDC) Name & Number

- | | |
|---------------------------------------|--------------------------|
| 1) Lenowisco | 12) West Piedmont |
| 2) Cumberland Plateau | 13) Southside |
| 3) Mount Rogers | 14) Piedmont |
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0 25 50 100 Miles



Numbers on map indicate number of companies assisted with site and building data for FY2005

Map created by Virginia Economic Development Partnership, October 2005

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
KCG Call Centers, LLC	1	Lee County	N	N	561422	Customer service center	100	\$1.00
<i>New Totals</i>						<i>1 announcement</i>	<i>100</i>	<i>\$1.00</i>
Crutchfield Corp.	1	Wise County	N	E	561422	Inbound call center; audio & video equipment	50	\$0.20
Midpaco	1	Scott County	M	E	322299	Convert large paper rolls & stocks into smaller products	140	\$3.00
Southwest Logistics, LLC	1	Wise County	N	E	541614	Warehousing, dispatching services, shipping management	120	\$0.75
VFP Inc.	1	Scott County	M	E	327390	Prefabricated concrete buildings	176	\$2.20
Virtus Marketing	1	Norton	N	E	561422	Call center, customer support	35	\$0.10
<i>Expansion Totals</i>						<i>5 announcements</i>	<i>521</i>	<i>\$6.25</i>
PDC 1 Totals						6 announcements	621	\$7.25
SI International Inc.	2	Dickenson County	N	N	561422	In-bound customer support center for federal client	100	\$1.00
<i>New Totals</i>						<i>1 announcement</i>	<i>100</i>	<i>\$1.00</i>
Bluefield Transport LLC	2	Tazewell County	N	E	484220	Transport beverages	27	\$0.10
Designer Wood Tile & Finishing Inc.	2	Russell County	M	E	321918	Manufacture treads, risers, & pre-finished flooring	155	\$4.21
Dewar, Inc.	2	Tazewell County	M	E	333131	Manufacture parts for minerals processing	35	\$0.83
Norris Screen Co.	2	Tazewell County	M	E	331222	Manufacture stainless steel profile wire	50	\$0.82
<i>Expansion Totals</i>						<i>4 announcements</i>	<i>267</i>	<i>\$5.96</i>
PDC 2 Totals						5 announcements	367	\$6.96
AmerLink, Inc.	3	Carroll County	M	N	321992	Manufacture log homes	200	\$3.00
Engineered Products of Virginia	3	Smyth County	M	N	332618	Manufacture electrical components	16	\$0.30
EPOCH Composite Products	3	Smyth County	M	N	321219	Manufacture composite building materials	50	\$30.00
Quarter Tyme, Inc.	3	Bland County	N	N	423850	Distribution of amusement-related products	18	\$0.50
Triwood Inc.	3	Bristol	N	N	321918	Manufacture wood flooring	60	\$1.00
Wright Machine & Manufacturing	3	Bland County	M	N	333512	Machinery- tool & die	3	\$0.15
<i>New Totals</i>						<i>6 announcements</i>	<i>347</i>	<i>\$34.95</i>
3300 Artesian, Inc.	3	Bland County	M	E	312112	Bottled water	4	\$0.38
Alpha Natural Resources	3	Washington County	N	E	551114	Corporate HQ; steam and metallurgical coal	19	\$6.00
C & A Fabricating	3	Smyth County	M	E	333131	Manufacture & distribute mining equipment	32	\$1.60
Cochran Industries, Inc.	3	Wythe County	M	E	327331	Manufacture concrete blocks	7	\$4.00

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Crowley Foods	3	Bristol	M	E	311514	Dairy manufacturer	32	\$2.70
DBT America*	3	Carroll County	M	E	333922	Manufacture bulk material conveyor belts, chains, & parts	25	\$1.00
Dominion Carton Corporation	3	Bristol	M	E	322130	Manufacture decorative boxes	10	\$1.80
Franklin Ready Mix	3	Bland County	M	E	327310	Concrete	16	\$2.00
Freeman Enterprises, Inc.	3	Bland County	M	E	336322	Coil winding	10	\$0.01
General Injectables & Vaccines, Inc.	3	Bland County	N	E	424210	Fulfillment center; pharmaceuticals	15	\$0.00
Global Contact Services	3	Smyth County	N	E	561422	Call center, financial & insurance services	200	\$1.00
Hutchinson Sealing Systems*	3	Wythe County	M	E	339991	Rubber glass run channels for automotive industry	100	\$2.20
Magic Wand Car Wash System	3	Bristol	M	E	333319	Manufacture car wash equipment	35	\$0.00
Nautilus	3	Grayson County	M	E	339920	Manufacture fitness equipment	25	\$1.00
Oak Hall Industries	3	Wythe County	M	E	315299	Manufacture graduation caps & gowns	25	\$0.00
Oak Hall Industries, Inc.	3	Smyth County	M	E	315299	Manufacture graduation caps & gowns	50	\$0.00
PepsiCo., Inc.	3	Wythe County	M	E	312111	Manufacture beverages	250	\$140.00
Prime Choice Foods	3	Bristol	M	E	311919	Manufacture organic snack foods	22	\$0.60
Snack Alliance Inc.	3	Bristol	M	E	311919	Manufacture snack foods	95	\$9.80
Snack Alliance Inc.	3	Bristol	M	E	311919	Manufacture sack foods	25	\$0.60
Strongwell Corporation	3	Washington County	M	E	326199	Manufacture pultruded fiberglass	65	\$4.00
Textron Fastening Systems	3	Wythe County	M	E	332722	Manufacture metal threaded fasteners & screws	20	\$0.00
Universal Food & Beverage Company, Inc.	3	Grayson County	M	E	312112	Manufacture bottled water & sports drinks	151	\$6.98
<i>Expansion Totals</i>						<i>23 announcements</i>	<i>1,233</i>	<i>\$185.67</i>
PDC 3 Totals						29 announcements	1,580	\$220.62
James Hardie*	4	Pulaski County	M	N	321219	Manufacture fiber-cement siding	200	\$95.00
<i>New Totals</i>						<i>1 announcement</i>	<i>200</i>	<i>\$95.00</i>
Bond Cote Corporation	4	Pulaski County	M	E	313230	Manufacture coated & laminated industrial fabrics	27	\$2.70
Dreaming Creek Timber Frame	4	Floyd County	M	E	337212	Design & manufacture custom timber frame structures	36	\$0.10
Federal Mogul Corporation	4	Montgomery County	M	E	333613	Manufacture antifriction engine bearings	0	\$25.00
Magnox Pulaski Inc.*	4	Pulaski County	M	E	325131	Iron oxides	10	\$0.00
Prestar Packaging Inc.	4	Montgomery County	M	E	322221	Corrugated packaging	20	\$0.72
Prime Research	4	Montgomery County	M	E	334511	Design & manufacture photonic sensor systems	15	\$0.50
Vision Point Systems, Inc.	4	Montgomery County	N	E	541512	Computer consulting services	75	\$0.29
<i>Expansion Totals</i>						<i>7 announcements</i>	<i>183</i>	<i>\$29.31</i>

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
PDC 4 Totals						8 announcements	383	\$124.31
FreightCar America, Inc.	5	Roanoke City	M	N	336510	Manufacture railroad freight cars	400	\$5.54
Medtronics, Inc.	5	Roanoke County	N	N	561422	Customer support for pacemaker industry	17	\$0.00
Surgical Tools, Inc.	5	Roanoke City	N	N	423450	Distribution center, medical devices	30	\$0.00
Tecton Products LLC	5	Roanoke County	M	N	326199	Manufacture fiberglass composite pultrusions for windows	58	\$6.50
New Totals						4 announcements	505	\$12.04
Altec Industries	5	Botetourt County	M	E	336211	Work vehicles for utilities	0	\$1.50
Arkey Packaging Corp.	5	Botetourt County	M	E	322212	Consumer products packaging	75	\$11.00
Cargill Deicing Technology	5	Roanoke County	N	E	424690	Store salt at terminal for deicing purposes	10	\$0.20
GE Wind Energy	5	Salem	M	E	335999	Manufacture power converters	30	\$0.00
Hanover Direct	5	Roanoke County	N	E	423990	Distribution center, catalog orders	120	\$1.20
ITT Industries Night Vision	5	Roanoke County	M	E	334419	Manufacture night-vision enhancing equipment	160	\$4.00
Koyo Steering Systems USA Inc. *	5	Botetourt County	M	E	336330	Electronic steering systems	96	\$35.90
M&W Fire Apparatus	5	Roanoke County	M	E	336211	Manufacture fire fighting & rescue vehicles	17	\$1.80
Magnets USA	5	Roanoke City	M	E	332999	Manufacture decorative magnets	45	\$0.75
Tread Corp.	5	Botetourt County	M	E	332999	Manufacture explosives-handling equipment	0	\$2.70
Virginia Transformer Corp.	5	Roanoke City	M	E	335311	Power transformers	155	\$0.15
Expansion Totals						11 announcements	708	\$59.20
PDC 5 Totals						15 announcements	1,213	\$71.24
Servare Solutions	6	Harrisonburg	N	N	541512	Information technology services	5	\$0.10
Sidus Group LLC	6	Harrisonburg	N	N	518210	IT & data center services	10	\$0.10
New Totals						2 announcements	15	\$0.20
Bontex, Inc.	6	Buena Vista	M	E	313320	Manufacture & distribute paper & allied products	15	\$0.50
CEMSI-Comsonics	6	Harrisonburg	M	E	334220	Manufacture telecommunications equipment	60	\$1.40
Coors Brewing Company	6	Rockingham County	M	E	312120	Beer brewery	4	\$160.00
McQuay International	6	Staunton	M	E	333415	Manufacture chillers for heating & AC units	0	\$1.20
MeadWestvaco	6	Buena Vista	N	E	423990	Distribution center; wood chips	65	\$20.30
Merck & Co. Inc.	6	Rockingham County	M	E	325412	Pharmaceuticals; manufacture vaccines	0	\$40.00
Morningstar Foods	6	Rockingham County	N	E	424430	Distribute dairy products	50	\$49.00
Morningstar Foods	6	Rockingham County	N	E	424430	Distribute dairy products	0	\$8.00
Shenandoah Framing	6	Rockbridge County	M	E	332999	Manufacture & distribution of molded picture frames	3	\$0.38

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
SYSCO Corp.	6	Rockingham County	N	E	424490	Distribution center, food services	0	\$5.10
<i>Expansion Totals</i>						<i>10 announcements</i>	<i>197</i>	<i>\$285.88</i>
PDC 6 Totals						12 announcements	212	\$286.08
Echostar Communications Corp.	7	Shenandoah County	N	N	517510	Direct broadcast satellite system	25	\$16.00
<i>New Totals</i>						<i>1 announcement</i>	<i>25</i>	<i>\$16.00</i>
Coral Graphics	7	Frederick County	M	E	323117	Manufacture printed paper graphics for book publishers	90	\$10.00
Ferguson Enterprises Inc. *	7	Warren County	N	E	423720	Distribution center; plumbing supplies	50	\$0.00
Interbake Foods LLC	7	Warren County	M	E	311821	Manufacture cookies & crackers	133	\$40.20
Masonite International, Inc.	7	Winchester	M	E	321911	Manufacture & assemble exterior doors	120	\$4.00
Native American Industries	7	Shenandoah County	M	E	334290	Manufacture traffic signal lights	65	\$1.50
Navy Federal Credit Union	7	Frederick County	N	E	518210	Backup data center	50	\$18.50
<i>Expansion Totals</i>						<i>6 announcements</i>	<i>508</i>	<i>\$74.20</i>
PDC 7 Totals						7 announcements	533	\$90.20
Beyond Security*	8	Fairfax County	N	N	541511	US HQ; network security assessment technologies	25	\$0.00
Computercraft Corp.	8	Fairfax County	N	N	541690	Engineering services/biotechnology & genetics research	58	\$0.30
Corporate Executive Board	8	Arlington County	N	N	541720	HQ; business research & analysis; membership association	2,500	\$227.00
Curtiss-Wright Corp.	8	Falls Church	N	N	551114	Division HQ; manufacture flow control systems	25	\$0.50
Ettain Group	8	Fairfax County	N	N	541512	Information technology consulting	40	\$0.00
fSona Systems	8	Fairfax County	N	N	551114	Corporate HQ; optical wireless solutions	20	\$0.00
GlobalWatch Technologies	8	Fairfax County	N	N	541512	Information security, systems integration, software engineering	16	\$0.00
Health Net	8	Arlington County	N	N	561110	Call center, regional office for TRICARE healthcare plan	200	\$2.00
Honda Aero, Inc.*	8	Fairfax County	N	N	551114	Subsidiary HQ; Honda's aviation engine business	10	\$0.00
imForwards, Inc.	8	Fairfax County	N	N	561421	Forwarding service for text messages	12	\$0.00
Inphonic	8	Fairfax County	N	N	517110	Back operations; web-based wireless communications services	75	\$0.00
NaturalPhone.com	8	Loudoun County	N	N	561421	Advanced phone & voicemail services	30	\$0.00
Quappa*	8	Loudoun County	N	N	541512	Software development	12	\$0.00
ScenPro, Inc.	8	Fairfax County	N	N	541512	Software applications	12	\$0.00
Simtas Marble & Granite Co.*	8	Loudoun County	M	N	327991	Manufacture & distribute marble	4	\$0.35
Technik, Inc.	8	Fairfax County	N	N	541512	Information technology services & solutions	20	\$0.00
Traffic Group	8	Prince William County	N	N	541330	Traffic engineering consulting services; gov't contractor	4	\$0.05
Watson Wyatt & Company	8	Arlington County	N	N	541611	Corporate HQ; global consulting firm	500	\$7.40

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
<i>New Totals</i>						<i>18 announcements</i>	<i>3,563</i>	<i>\$237.60</i>
AboveNet Communications, Inc.	8	Fairfax County	N	E	518111	Internet service center	60	\$0.00
Abraxas Corporation	8	Fairfax County	N	E	541618	Global risk management services	100	\$0.00
Abraxas Corporation	8	Fairfax County	N	E	541618	Global risk management services; HQ	550	\$24.00
AC Technologies	8	Fairfax County	N	E	541512	IT consulting, government contractor	25	\$0.00
Accelera Solutions	8	Fairfax County	N	E	541512	Information technology services provider	28	\$0.10
Access Systems, Inc.	8	Fairfax County	N	E	541512	IT & management solutions	96	\$1.00
ActionNet, Inc.	8	Fairfax County	N	E	541512	IT services	98	\$0.30
Adonix, Inc.	8	Fairfax County	N	E	541512	Business management software development	25	\$0.46
Aerospace Corporation	8	Fairfax County	N	E	541710	Research & development; government contractor	120	\$1.00
Agusta Westland, Inc.*	8	Fairfax County	N	E	551114	North American HQ; manufacture helicopters	300	\$1.00
AlphaInsight Corp.	8	Fairfax County	N	E	541512	Software & IT services	300	\$0.00
Altum Inc.	8	Fairfax County	N	E	541512	Data management software development	10	\$0.00
American Operations Corp.	8	Fairfax County	N	E	541512	IT solutions to gov't and gov't contractors	50	\$0.00
American Systems Corporation	8	Fairfax County	N	E	541330	Systems engineering services	150	\$0.00
Apogen Technologies, Inc.*	8	Fairfax County	N	E	541512	Provide technology solutions; subsidiary HQ	200	\$0.00
Applied Materials Inc.	8	Prince William County	N	E	423690	Semiconductor parts supplier	10	\$0.50
Aptela, Inc.	8	Fairfax County	N	E	561421	Web-based communications services	136	\$2.00
Architech	8	Fairfax County	N	E	541512	Online solutions, legacy systems, custom software	25	\$0.00
ARGON ST	8	Fairfax County	N	E	541512	Systems engineering, defense contractor	146	\$0.00
ARTEL, Inc.	8	Fairfax County	N	E	541512	Network management technology	135	\$0.00
Ascend Therapeutics	8	Fairfax County	N	E	541710	Clinical trials, R&D; pharmaceutical transdermal therapies	16	\$0.00
Asset Management	8	Prince William County	N	E	541611	Defense contractor; knowledge services & specialty products	88	\$7.30
Avtec Systems, Inc.	8	Fairfax County	M	E	334220	Corporate HQ; manufacture satellite ground station products	27	\$1.05
Axiom Resources Management	8	Fairfax County	N	E	541618	Business consulting firm	100	\$0.00
BAE Systems North America*	8	Fairfax County	N	E	541512	IT work center, federal government contractor	700	\$25.00
Baker Energy & Engineering	8	Prince William County	N	E	541330	Engineering, mapping & architectural solutions	18	\$0.50
Beers & Cutler PLLC	8	Fairfax County	N	E	541211	Business advisory & accounting services	115	\$0.00
Belfort Furniture	8	Loudoun County	N	E	423210	Warehouse and distribution center, furniture	50	\$0.00
BIAP	8	Loudoun County	N	E	541512	Artificial intelligence solutions	23	\$0.00
Billet Graphics	8	Prince William County	M	E	323110	Commercial printing; direct mail services	15	\$3.00
Booz Allen Hamilton	8	Fairfax County	N	E	541618	Consulting services to the U.S. government	4,400	\$126.30

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Brabeion Software	8	Fairfax County	N	E	541512	IT security risk & compliance software	15	\$0.00
Breeden Mechanical	8	Prince William County	N	E	238220	Plumbing & construction contractor, HVAC	65	\$2.50
Bureau of National Affairs, Inc.	8	Arlington County	N	E	511120	Corporate HQ; publisher of print & electronic news	289	\$110.00
C2 Technologies	8	Fairfax County	N	E	541511	IT, HR management, e-learning/workforce training services	50	\$0.00
CACI, Inc.	8	Fairfax County	N	E	541519	Information technology consultants	120	\$0.00
Cairo Corporation	8	Fairfax County	N	E	541512	IT services & integration; coursework development	75	\$0.00
Cam Communications, Inc.	8	Fairfax County	N	E	541519	Voice & data solutions	31	\$0.40
Care Fusion, Inc.	8	Fairfax County	N	E	517212	Wireless, mobile applications for hospitals	15	\$3.00
CGI-AMS*	8	Fairfax County	N	E	541512	Information technology consulting; US HQ	750	\$0.00
Ciber	8	Fairfax County	N	E	541512	Systems integration	0	\$0.00
Colgan Air	8	Prince William County	N	E	551114	Corporate HQ; regional air carrier	90	\$8.00
Communication Technologies, Inc.	8	Fairfax County	N	E	541512	Telecom & IT systems	50	\$0.00
Cordys	8	Loudoun County	N	E	541512	Web-based software development	32	\$0.00
Cox Communications Inc.	8	Fairfax County	N	E	517510	VA HQ; cable television & Internet services provider	100	\$0.00
Crucial Security	8	Fairfax County	N	E	541512	Securing computer systems & products	30	\$0.00
Curam Software*	8	Fairfax County	N	E	541512	Software development	50	\$0.00
customlink.com	8	Fairfax County	N	E	518112	Internet search Web site	21	\$0.00
Davis, Carter, Scott, Ltd.	8	Fairfax County	N	E	541310	Architectural services	25	\$0.00
Deltek	8	Fairfax County	N	E	541611	HQ; enterprise resource planning solutions	75	\$0.00
Dimension Data- North America*	8	Fairfax County	N	E	541512	IT services & solutions provider	15	\$0.00
DLT Solutions, Inc.	8	Fairfax County	N	E	541512	IT services & solutions, government contractor	18	\$0.00
Dynamics Research Corp.	8	Fairfax County	N	E	541330	Engineering services, government contractor	50	\$0.00
East West Mortgage	8	Fairfax County	N	E	551114	Corporate HQ; mortgage lending	60	\$0.00
Envision EMI, LLC	8	Fairfax County	N	E	541618	Provide consulting services for educational nonprofit clients	286	\$1.00
FC Business Systems	8	Fairfax County	N	E	541512	IT & engineering services, government contractor	80	\$0.00
Future Technologies, Inc.	8	Fairfax County	N	E	541512	Information technology; government contractor	75	\$0.00
Gate Gourmet, Inc.*	8	Fairfax County	N	E	551114	US HQ; airline catering services	181	\$4.00
GeoConcepts Engineering	8	Loudoun County	N	E	541330	Geotechnical engineering & environmental consulting	13	\$0.00
Germane Systems	8	Fairfax County	M	E	334111	HQ; manufacture & assemble computer servers	100	\$2.00
Global Infotek, Inc.	8	Fairfax County	N	E	541512	Develop software & system integration	20	\$0.50
Guardian Technologies Intl.	8	Fairfax County	N	E	518210	Intelligent imaging informatics solutions	30	\$0.00
Guestmetrics	8	Loudoun County	N	E	541512	Software development for the hospitality industry	42	\$0.00

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Harbor Station	8	Prince William County	N	E	531120	Convention center	100	\$50.00
Harding Security Associates, LLC	8	Fairfax County	N	E	541690	Security systems solutions, government contractor	30	\$0.10
Harmony Information Systems	8	Fairfax County	N	E	541511	Human services software solutions	10	\$0.00
Harris Corporation	8	Fairfax County	N	E	541512	Network security solutions	50	\$0.00
High Performance Technologies	8	Fairfax County	N	E	541512	Systems integration, IT consulting, government contractor	200	\$3.00
Hildrup Moving & Storage	8	Prince William County	N	E	484120	Moving & storage	12	\$10.00
Houston Associates, Inc.	8	Arlington County	N	E	541618	Telecom design contract work for federal agencies	387	\$1.00
IBM Corporation	8	Fairfax County	N	E	541215	Computer network services, Gov't contractor	1,250	\$10.00
iDirect Technologies	8	Fairfax County	N	E	518111	HQ; satellite broadband Internet access	20	\$0.00
Immix Group Inc.	8	Fairfax County	N	E	541611	Government business consulting firm	11	\$0.00
IMSolutions	8	Prince William County	N	E	541611	Program management, cost analysis, automation support	8	\$0.44
IMSolutions, LLC	8	Fairfax County	N	E	541611	Program management, cost analysis, automation support	12	\$0.10
Independence Air	8	Loudoun County	N	E	551114	HQ; regional passenger airline	125	\$1.00
INDUS Corporation	8	Fairfax County	N	E	541512	IT & Web solutions	30	\$0.00
Infinite Computer Solutions, Inc.*	8	Loudoun County	N	E	541511	Software development & consulting services	462	\$1.20
Infodata Systems, Inc.	8	Fairfax County	N	E	518210	Content management solutions	70	\$0.00
Infodata Systems, Inc.	8	Fairfax County	N	E	518210	Content management solutions	354	\$0.50
INPUT	8	Fairfax County	N	E	541613	Market development, advisory & software services	40	\$0.00
InScope Solutions	8	Fairfax County	N	E	541512	IT services provider, gov't contractor	140	\$0.00
Integic Corp.	8	Fairfax County	N	E	541512	Software development & systems integration	50	\$0.00
Intelitarget.com, Inc.	8	Fairfax County	N	E	541512	Information technology consultants	28	\$0.00
Invoice Insights, Inc.	8	Prince William County	N	E	561110	Telecom expense management solutions	20	\$0.45
ISTN- Industrial Science & Technology Network	8	Fairfax County	N	E	541710	Development of nanotechnology-enabled products	10	\$0.00
ITT Advanced Engineering & Services	8	Fairfax County	N	E	541512	IT services, telecom systems, homeland defense	50	\$0.00
JB Management, Inc.	8	Fairfax County	N	E	541512	Provide IT consulting	30	\$0.10
JK Moving & Storage	8	Loudoun County	N	E	484110	Moving & storage	100	\$0.00
KGD PC	8	Fairfax County	N	E	541310	Architecture & design	8	\$0.18
KSJ & Associates, Inc.	8	Fairfax County	N	E	541512	Information technology consulting	30	\$0.00
L-3 Government Services, Inc.	8	Fairfax County	N	E	541512	Secure IT & communications systems	100	\$0.00
Leads.com	8	Prince William County	N	E	561422	Call center; Internet marketing programs	50	\$1.00
Lee Technologies Group	8	Fairfax County	N	E	541512	Systems integration	13	\$0.10
Lessard Architectural Group	8	Fairfax County	N	E	541310	Regional architectural services	25	\$0.00

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Logistics Management Institute	8	Fairfax County	N	E	541514	Management consulting, research, & analysis	104	\$0.00
Lumenos	8	Alexandria	N	E	524114	Corporate HQ; healthcare insurance	50	\$0.10
Mantas	8	Fairfax County	N	E	541511	Software development	47	\$1.50
ManTech International Corporation	8	Fairfax County	N	E	541512	IT solutions & technical services	270	\$0.00
Matrix Technologies	8	Fairfax County	N	E	517110	Business communications solutions	26	\$0.00
McDonald Bradley	8	Fairfax County	N	E	541512	IT consulting, gov't contractor, HQ	100	\$0.00
McManis & Monsalve Associates	8	Prince William County	N	E	541618	HQ; management & strategic consulting	10	\$1.00
Merlin Technical Solutions	8	Fairfax County	N	E	541512	Solutions provider, technology products, consulting services	30	\$0.00
MicroSystems Automation Group	8	Fairfax County	N	E	541511	Software development	48	\$0.20
Mindshift Technologies	8	Fairfax County	N	E	541513	Provide IT infrastructure	17	\$0.00
Mobile 365	8	Fairfax County	N	E	541511	US HQ; interactive wireless messaging solutions	12	\$0.00
MTC Technologies, Inc.	8	Prince William County	N	E	541330	Systems engineering, IT & program management services	65	\$1.00
N to N Fiber	8	Prince William County	N	E	238210	Fiber optic cable services	20	\$2.00
Net100 Ltd.	8	Fairfax County	N	E	517110	Provide communications solutions	30	\$0.00
NetBase Corp.	8	Prince William County	N	E	541511	Software development; HQ	0	\$0.10
Netezza Corporation	8	Fairfax County	N	E	541513	Data warehousing, government contractor	15	\$0.00
NetSec	8	Fairfax County	N	E	541512	Network security systems	20	\$0.00
Network Appliance	8	Fairfax County	N	E	541611	Networked data storage solutions	60	\$0.00
Newington Concrete	8	Fairfax County	M	E	327310	Concrete	52	\$3.00
Nortel PEC Solutions*	8	Fairfax County	N	E	541512	Division HQ; IT services, government contractor	90	\$1.00
Northrop Grumman IT	8	Fairfax County	N	E	541511	IT services for the federal government	60	\$0.00
Omniplex World Services	8	Fairfax County	N	E	551114	Corporate HQ; security and investigations services	250	\$0.00
Online Resources	8	Fairfax County	N	E	518111	Online banking solutions	151	\$4.00
Operational Research Consultants, Inc.	8	Fairfax City	N	E	541512	Systems integration; information assurance	5	\$0.10
Pantheon, Inc.	8	Fairfax County	N	E	541511	Software technologies	15	\$0.00
Pest Management Services, Inc.	8	Loudoun County	N	E	551114	Corporate HQ; pest management services	42	\$0.00
Pinkerton Computer Consultants, Inc.	8	Alexandria	N	E	541511	IT consulting	30	\$0.00
Pixia Corp.	8	Loudoun County	N	E	541511	Imagery technology solutions	51	\$0.57
Pixl, Inc.	8	Fairfax City	N	E	541512	IT & systems integration services	63	\$1.50
PricewaterhouseCoopers	8	Fairfax County	N	E	541210	HQ; public sector consulting unit	600	\$72.15
Project Performance Corporation	8	Fairfax County	N	E	561110	Information technology; policy & program management	111	\$2.07
Public Broadcasting System-PBS	8	Arlington County	N	E	515120	HQ; public TV broadcasting	0	\$5.00

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
R.G. Griffith	8	Fairfax County	N	E	551114	Division HQ; civil construction services, materials supplier	134	\$4.00
Raysat Mobile Antennas	8	Fairfax County	N	E	551114	Corporate HQ; satellite antennas	50	\$0.00
RCN Corporation	8	Fairfax County	N	E	517910	Telecommunications services provider	100	\$0.00
Red River Computer Company, Inc.	8	Fairfax County	N	E	541512	IT hardware & software solutions	12	\$0.00
SAIC Arlington	8	Arlington County	N	E	541512	IT consulting, research & engineering, defense contractor	590	\$12.60
SAIC Fairfax	8	Fairfax County	N	E	541512	IT consulting, research & engineering, defense contractor	2,920	\$62.50
SAIC Loudoun	8	Loudoun County	N	E	541512	IT consulting, research & engineering, defense contractor	112	\$2.40
SAIC Prince William	8	Prince William County	N	E	541512	IT consulting, research & engineering, defense contractor	29	\$0.60
Sales Agent, LLC	8	Fairfax County	N	E	561440	Call center	10	\$0.10
ScienceLogic	8	Fairfax County	N	E	541512	IT management solutions	50	\$0.00
Secure Elements	8	Fairfax County	N	E	541511	Security software	15	\$0.00
Secure Software	8	Fairfax County	N	E	541512	Automated solutions for application security	41	\$0.00
SeNet International Corp.	8	Fairfax County	N	E	518111	Internet security; network services	27	\$0.19
Silo Smashers	8	Fairfax County	N	E	541512	IT services for federal government	30	\$0.00
SRA International	8	Arlington County	N	E	541512	IT consulting, defense contractor	700	\$25.00
SRA International	8	Fairfax County	N	E	541512	IT consulting, defense contractor	700	\$25.00
SteelCloud, Inc.	8	Fairfax County	N	E	541512	Network & security consulting services	43	\$0.60
Strategic Business Systems	8	Fairfax County	N	E	541512	Systems integration	75	\$0.00
Sundog Productions	8	Fairfax City	M	E	323113	Manufacture dyed & silk screened t-shirts	25	\$0.36
Sunrise Senior Living	8	Fairfax County	N	E	551114	HQ; senior living services	51	\$0.00
SunRocket, Inc.	8	Fairfax County	N	E	561421	Internet-based residential phone service	97	\$3.00
SWsoft, Inc.	8	Fairfax County	N	E	541512	Hosting automation & enterprise server software	10	\$0.00
SWsoft, Inc.	8	Fairfax County	N	E	541512	Hosting automation & enterprise server software	20	\$0.00
SYTEX Inc.	8	Fairfax County	N	E	541511	Knowledge management software, gov't contractor	175	\$0.00
Telescience	8	Fairfax County	N	E	561310	Contract nursing services	150	\$2.40
Telforward, Inc.	8	Fairfax County	N	E	517110	Install business telephone services	20	\$0.20
TEOCO Corp.	8	Fairfax County	N	E	561110	Provide automated cost/revenue management solutions	65	\$4.00
Tier Technologies	8	Fairfax County	N	E	541512	Transaction processing & software/systems integration	43	\$0.00
Tier Technologies	8	Fairfax County	N	E	541512	Transaction processing & software/systems integration	17	\$0.00
Titan Systems- Applied Technology Group	8	Fairfax County	N	E	541512	IT solutions, defense contractor	400	\$0.00
Trusted Computer Solutions	8	Fairfax County	N	E	541512	Develop software for secure information sharing	20	\$0.00
V2Soft, Inc.	8	Fairfax County	N	E	541330	IT business solutions & engineering services	35	\$0.00

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
videoNet	8	Fairfax County	N	E	541511	Provide communications solutions over IP-based networks	12	\$0.00	
Viget Labs	8	Fairfax County	N	E	518111	Website development	10	\$0.00	
VISTA Technology Services, Inc.	8	Fairfax County	N	E	541512	Provide IT services for the federal government	25	\$0.30	
WebSurveyor Corp.	8	Fairfax County	N	E	541511	Software for Web-based surveys	25	\$0.00	
WellsLanders	8	Fairfax County	N	E	541512	IT services, software consulting firm	23	\$0.00	
WestStar Mortgage	8	Prince William County	N	E	551114	Corporate HQ; residential & commercial lending	20	\$2.75	
Wexford Group International	8	Fairfax County	N	E	541611	Management & technical consulting	20	\$0.00	
Wiley & Associates	8	Alexandria	N	E	541330	Architectural & engineering services	15	\$0.00	
Wireless Matrix	8	Fairfax County	N	E	541512	Data communications hardware, network services	10	\$0.00	
Xtria, LLC	8	Fairfax County	N	E	541512	Information technology services	27	\$1.40	
Zolon Tech, Inc.	8	Fairfax County	N	E	541512	Technology consulting software development services	95	\$0.10	
<i>Expansion Totals</i>							<i>170 announcements</i>	<i>24,286</i>	<i>\$646.87</i>
PDC 8 Totals							188 announcements	27,849	\$884.47
Timber Truss Housing Systems Inc.	9	Orange County	M	N	321214	Wood truss manufacturing	130	\$8.80	
<i>New Totals</i>							<i>1 announcement</i>	<i>130</i>	<i>\$8.80</i>
American Manufacturing	9	Culpeper County	M	E	333319	Manufacture wastewater systems	10	\$0.13	
American Press	9	Orange County	M	E	323117	Magazine & catalogue printing	30	\$0.00	
Annandale Millwork	9	Fauquier County	M	E	321911	Manufacture pre-hung doors, windows, & special moldings	5	\$3.00	
Merrillat Industries, Inc.	9	Culpeper County	M	E	337110	Manufacture kitchen & bath cabinets	200	\$13.40	
SAIC Fauquier	9	Fauquier County	N	E	541512	IT consulting, research & engineering, defense contractor	25	\$0.50	
<i>Expansion Totals</i>							<i>5 announcements</i>	<i>270</i>	<i>\$17.03</i>
PDC 9 Totals							6 announcements	400	\$25.83
Allied Brass	10	Louisa County	M	N	331421	Manufacture metal products	25	\$0.20	
Guild Platers, Inc.	10	Louisa County	M	N	332813	Decorative metal finishing & electroplating services	10	\$0.20	
Premier Store Fixtures	10	Louisa County	M	N	337215	Manufacture wooden store fixtures	25	\$1.00	
<i>New Totals</i>							<i>3 announcements</i>	<i>60</i>	<i>\$1.40</i>
AGI Klearfold	10	Louisa County	M	E	322212	Manufacture plastic folding cartons	25	\$4.50	
SAIC Albemarle	10	Albemarle County	N	E	541512	IT consulting, research & engineering, defense contractor	21	\$0.40	
State Farm Insurance Co.	10	Albemarle County	N	E	524210	Insurance agency; operations center	300	\$0.00	
Techni-Pak	10	Greene County	N	E	561910	Contract packaging	20	\$0.00	
Wal-Mart Stores Inc.	10	Louisa County	N	E	424990	Distribution center, consumer goods	200	\$5.00	

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
<i>Expansion Totals</i>						<i>5 announcements</i>	<i>566</i>	<i>\$9.90</i>
PDC 10 Totals						8 announcements	626	\$11.30
Rubatex International*	11	Bedford City	M	N	326291	Manufacture closed cell rubber products	35	\$1.10
Sanfacon*	11	Campbell County	M	N	322212	Manufacture paper & packaging products	200	\$45.30
<i>New Totals</i>						<i>2 announcements</i>	<i>235</i>	<i>\$46.40</i>
Advanced Manufacturing Technology, Inc.	11	Lynchburg	M	E	334418	Electronic component assembly	25	\$1.00
AMBEC	11	Lynchburg	M	E	333922	Manufacture metal conveyor systems	50	\$3.00
American Hofmann Corporation	11	Lynchburg	M	E	333298	HQ; manufacture industrial balancing systems	15	\$0.10
Automated Industrial Technologies	11	Lynchburg	M	E	333999	Manufacture industrial machinery	20	\$1.43
Benchmark Systems	11	Lynchburg	N	E	541511	Information systems support, design program software	60	\$0.40
Best Mailing Services	11	Lynchburg	N	E	541860	Direct mailing services	15	\$0.00
Boxley Block	11	Lynchburg	M	E	327331	Manufacture concrete blocks	0	\$7.00
Civic Development Group	11	Lynchburg	N	E	541612	Outbound call center	200	\$1.40
Criterion Wireless	11	Lynchburg	N	E	541512	IT services for the wireless phone industry	40	\$0.10
DACAM Machinery, Inc.	11	Lynchburg	M	E	333993	Packaging & material handling equipment	12	\$0.10
Dankel, Inc.	11	Lynchburg	M	E	332999	Customized metal fabrication	25	\$0.10
Dramco Machine Technologies	11	Bedford County	M	E	333298	Design & integrate custom machinery	5	\$0.10
East Coast Fabricators	11	Bedford City	M	E	332812	Metal fabrication/finishing	21	\$0.80
High Peak Sportswear, Inc.	11	Lynchburg	M	E	323113	Screen-printed and embroidered garments	15	\$0.10
nCore, Inc.	11	Bedford City	N	E	541330	Packaging engineering	15	\$0.10
Old Dominion Footwear	11	Amherst County	N	E	424340	HQ; Distribute men's, women's & children's shoes	20	\$1.50
Omnitech	11	Lynchburg	M	E	333999	Design & manufacture automated manufacturing equipment	20	\$0.25
Riversedge Furniture Co. Inc.	11	Lynchburg	N	E	423210	Furniture design & wholesale distribution	25	\$3.00
Tarkett Wood, Inc.	11	Campbell County	M	E	321918	Manufacture hardwood flooring	26	\$1.70
Thomasville Furniture	11	Appomattox County	M	E	337122	Manufacture furniture	72	\$4.00
<i>Expansion Totals</i>						<i>20 announcements</i>	<i>681</i>	<i>\$26.18</i>
PDC 11 Totals						22 announcements	916	\$72.58
EIT, Inc.	12	Danville	M	N	334412	Electronic design & manufacturing services	120	\$12.00
Knight-Celotex	12	Danville	M	N	321219	Manufacture environmentally safe fiberboard products	145	\$1.00
StarTek, Inc.	12	Henry County	N	N	561422	Call center, customer services	500	\$5.00

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Stuart Forest Products	12	Patrick County	M	N	321219	Manufacture particleboard	42	\$1.00
Ten Oaks, LLC	12	Patrick County	M	N	321918	Manufacture hardwood products	150	\$6.00
Texturing Services	12	Henry County	M	N	313111	Manufacture custom specialty yarns	200	\$14.00
TJC Painting Contractors	12	Henry County	M	N	332812	Paint structural steel	40	\$0.25
TWM Cabling Solutions	12	Danville	M	N	332999	Manufacture wire harnesses; cable assembly	50	\$1.60
Xpedx	12	Pittsylvania County	N	N	424110	Warehouse & distribution of paper products	12	\$0.03
Yorktowne Cabinetry, Inc.	12	Danville	M	N	337110	Manufacture wood kitchen cabinets	540	\$18.00
<i>New Totals</i>						<i>10 announcements</i>	<i>1,799</i>	<i>\$58.88</i>
Capps Shoe Manufacturing	12	Pittsylvania County	M	E	316213	Manufacture shoes	50	\$0.75
Columbia Flooring	12	Danville	M	E	321918	Manufacture hardwood & laminate flooring	220	\$12.90
CPFilms, Inc.	12	Henry County	M	E	326113	Manufacture plastic films for optical uses	45	\$12.00
CTS&I Millwork, Inc.	12	Franklin County	M	E	321918	Manufacture wood moldings	150	\$4.10
Hopkins Lumber Company	12	Patrick County	M	E	321918	Manufacture lumber & wood products	40	\$1.89
Intertape Polymer Group Inc.*	12	Pittsylvania County	M	E	322222	Adhesive tapes, stretch & shrink film manufacturing	8	\$4.00
Kreager Woodworking Inc.	12	Patrick County	M	E	321912	Manufacture furniture	60	\$0.41
Lincoln Consulting	12	Franklin County	N	E	541612	Outbound call center	60	\$0.12
MeadWestvaco Corp.	12	Pittsylvania County	M	E	321113	Manufacture wood chips	2	\$2.10
Nestlé Refrigerated Foods*	12	Danville	M	E	311991	Manufacture cookie dough products	50	\$8.00
Northpoint Trading Company	12	Henry County	N	E	424320	Distribute t-shirts and sweatshirts	40	\$0.10
Oak Level Finishing and Repair, Inc.	12	Henry County	M	E	337122	Custom finishing, component sourcing & finishing services	18	\$0.50
R&D Millwork	12	Franklin County	M	E	321911	Manufacture mullions for windows & doors	64	\$1.80
Ridgeway Furniture Products	12	Henry County	M	E	337122	Manufacture wood curio cabinets	25	\$6.00
Shenandoah Furniture	12	Henry County	M	E	337121	Manufacture upholstered furniture	50	\$1.50
Shorewood Packaging Corp.	12	Danville	M	E	322212	Printed paperboard cartons	42	\$10.00
StarTek, Inc.	12	Henry County	N	E	561422	Call center, customer services	150	\$1.00
<i>Expansion Totals</i>						<i>17 announcements</i>	<i>1,074</i>	<i>\$67.17</i>
PDC 12 Totals						27 announcements	2,873	\$126.05
Cherokee Tobacco Products	13	Halifax County	N	N	424940	Corporate HQ; distribute cigarettes & tobacco products	36	\$0.00
Lindstrand USA, Inc.*	13	Halifax County	M	N	314912	Manufacture inflatable fabric structures	50	\$2.50
Marshall Distributors LLC	13	Mecklenburg County	N	N	423220	Distribute drapery hardware & drapery-making supplies	18	\$0.10
<i>New Totals</i>						<i>3 announcements</i>	<i>104</i>	<i>\$2.60</i>
Culley Construction, Inc.	13	Halifax County	M	E	332312	Fabricated metal products	50	\$0.15

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
Home Care Delivered, Inc.	13	Mecklenburg County	N	E	424210	Distribution center, health care products	145	\$1.10	
JM Huber Corporation	13	Halifax County	M	E	321211	Oriented strand board	5	\$19.00	
Narricot Industries, LP*	13	Mecklenburg County	M	E	336399	Woven fabrics for seat belts & airbags	8	\$16.70	
O'Sullivan Industries, Inc.	13	Halifax County	M	E	337122	Ready-to-assemble furniture	277	\$1.50	
Peebles Department Stores	13	Mecklenburg County	N	E	551114	Division HQ; distribution of retail products	107	\$6.50	
Presto Products	13	Halifax County	M	E	326111	Manufacture plastic bags and wraps	0	\$0.60	
Scotts Company	13	Brunswick County	M	E	321113	Manufacture mulch	15	\$1.00	
Virginia Linen Service Inc.	13	Mecklenburg County	N	E	561990	Process linens; linen & uniform rental services	55	\$8.00	
<i>Expansion Totals</i>							<i>9 announcements</i>	<i>662</i>	<i>\$54.55</i>
PDC 13 Totals							12 announcements	766	\$57.15
MeadWestvaco Corp.	14	Buckingham County	M	N	321113	Manufacture wood chips	8	\$7.00	
Sunrise Shavings, LLC	14	Charlotte County	M	N	321999	Manufacture & distribute wood shavings	25	\$1.00	
<i>New Totals</i>							<i>2 announcements</i>	<i>33</i>	<i>\$8.00</i>
Care Rehab & Orthopaedic Products Inc.	14	Charlotte County	M	E	339113	Assembly & distribution, physical therapy equipment	18	\$0.00	
Sunrise Shavings, LLC	14	Charlotte County	M	E	321999	Manufacture & distribute wood shavings	10	\$0.15	
Trout River Lumber LLC	14	Nottoway County	M	E	321918	Lumber mill, flooring	12	\$0.75	
<i>Expansion Totals</i>							<i>3 announcements</i>	<i>40</i>	<i>\$0.90</i>
PDC 14 Totals							5 announcements	73	\$8.90
Dominion Packaging	15	Richmond	M	N	322226	Manufacture printed paper products	45	\$3.25	
IRC North America Inc.*	15	Henrico County	N	N	541910	International market research consulting	2	\$0.20	
NanoFocus AG*	15	Henrico County	N	N	423690	Supplier of measuring systems for semiconductors	5	\$0.90	
Pearson Government Solutions	15	Chesterfield County	N	N	561422	Call center, government services	800	\$5.60	
Star Precision Industries Co., Ltd.*	15	Henrico County	N	N	551114	US HQ; custom metal products	3	\$0.15	
Stephens and Co., LLC	15	Henrico County	M	N	325998	Instant-light charcoal products	5	\$0.35	
Total Facility Solutions	15	Henrico County	N	N	423690	Semiconductor parts supplier	10	\$0.25	
Universal Health Services, Inc.	15	Chesterfield County	N	N	541219	Hospital patient accounting services	150	\$3.00	
Woodworth	15	Hanover County	M	N	332811	Provide heat treating of metallic automotive component parts	50	\$5.50	
<i>New Totals</i>							<i>9 announcements</i>	<i>1,070</i>	<i>\$19.20</i>
Advanced Technologies	15	Henrico County	N	E	423930	Wholesaler of recyclable electronic materials	10	\$1.00	
Applied Materials Inc.	15	Henrico County	N	E	423690	Semiconductor parts supplier	18	\$0.45	
Arc Welders	15	Hanover County	M	E	333992	Welding equipment	4	\$0.50	

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
ASML*	15	Henrico County	N	E	423690	Semiconductor parts supplier	15	\$0.38
Atlantic Constructors	15	Chesterfield County	M	E	332322	Steel fabrication	150	\$9.10
Axcellis Technologies	15	Henrico County	N	E	423690	Semiconductor parts supplier	10	\$0.27
Bostwick Laboratories	15	Henrico County	N	E	551114	Corporate HQ; pathology reference laboratory	18	\$2.50
BrandSeed	15	Chesterfield County	N	E	541613	Marketing services; print ads, media, in-bound call center	50	\$0.00
Cavalier Telephone Co.	15	Henrico County	N	E	517310	Telecommunications services	150	\$4.00
ColorTree Inc. of Virginia	15	Henrico County	M	E	322232	Manufacture & print direct mail envelopes	20	\$5.94
Crown Cork & Seal Co.	15	Henrico County	M	E	326199	Plastic bottle closures	9	\$2.50
Crystal Window & Door	15	Henrico County	N	E	423310	Warehouse/distribution of windows & doors	5	\$0.50
First Market Bank	15	Richmond	N	E	522110	Banking operations center	48	\$0.00
Genworth Financial	15	Henrico County	N	E	524113	HQ; life insurance	50	\$0.00
Gibson Industrial Inc.	15	Chesterfield County	M	E	332322	Structural steel and plate fabrication	60	\$0.00
Graphics Gallery	15	Henrico County	M	E	323115	Digital printing	0	\$0.20
Kinetic Systems	15	Henrico County	N	E	423690	Semiconductor parts supplier	10	\$0.80
Martin Call Center	15	Chesterfield County	N	E	541612	Outbound call center; diabetes products	150	\$0.00
Mindbank Consulting Group	15	Henrico County	N	E	541512	IT & HR consulting services	1	\$0.20
National Welders Supply Co.	15	Chesterfield County	M	E	325120	Industrial gas manufacturing	0	\$12.50
Northrop Grumman	15	Richmond	N	E	541512	IT systems, defense contractor	50	\$0.50
Old Dominion Window & Door	15	Hanover County	M	E	326199	Vinyl windows and doors	6	\$1.00
Owens & Minor	15	Hanover County	N	E	424210	Corporate HQ; distribution of medical supplies	0	\$20.00
Philip Morris USA	15	Richmond	N	E	541710	Research and technology center	500	\$300.00
Pro-Construction Services	15	Richmond	N	E	551114	Corporate HQ; general contracting firm	8	\$0.10
Prolific-Technology, LLC	15	Chesterfield County	N	E	541512	Provide technical support services	61	\$0.50
Ryder Logistics	15	Richmond	N	E	484121	Distribute elevator products	20	\$0.25
Saxon Capital, Inc.	15	Henrico County	N	E	522292	HQ; mortgage lending & servicing	234	\$17.00
Southern Graphic Systems	15	Henrico County	M	E	323115	Digital printing services	6	\$4.42
Stamp Tech, Inc.	15	Chesterfield County	M	E	332116	Metal stamping and tooling	20	\$2.00
Timmons Group	15	Chesterfield County	N	E	541330	Corporate HQ; engineering firm	35	\$0.00
Tredegar Film Products	15	Henrico County	N	E	551114	Corporate HQ; R&D facility; plastic film products	40	\$2.50
Virginia Geotechnical Services, PC	15	Richmond	N	E	541330	Geotechnical engineering services	22	\$0.10
Wako Chemicals USA Inc. *	15	Chesterfield County	M	E	325199	HQ; specialty chemicals	10	\$2.50
Wella Manufacturing of Virginia *	15	Henrico County	N	E	424990	Warehouse/distribution of hair care products	5	\$2.22

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Zoom Printing	15	Henrico County	M	E	323110	Printing services	2	\$0.73
<i>Expansion Totals</i>						<i>36 announcements</i>	<i>1,797</i>	<i>\$394.65</i>
PDC 15 Totals						45 announcements	2,867	\$413.85
American Stone, Inc.	16	Caroline County	M	N	327390	Manufacture concrete architectural features	70	\$2.00
Gerdau Ameristeel	16	King George County	M	N	332312	Manufacture reinforcing steel	50	\$5.00
<i>New Totals</i>						<i>2 announcements</i>	<i>120</i>	<i>\$7.00</i>
Beautiful Homes Supply	16	Fredericksburg	M	E	337212	Manufacture custom millwork & decking	16	\$0.60
M.C. Dean Co.	16	Caroline County	N	E	423610	Electronics distribution & fabrication	40	\$6.70
Marketfare Foods, Inc.	16	Stafford County	M	E	311991	Packaged sandwiches & other food products	143	\$1.37
Quarles Petroleum	16	Caroline County	N	E	424710	Petroleum bulk station & terminal	10	\$3.00
SAIC King George	16	King George County	N	E	541512	IT consulting, research & engineering, defense contractor	51	\$1.10
<i>Expansion Totals</i>						<i>5 announcements</i>	<i>260</i>	<i>\$12.77</i>
PDC 16 Totals						7 announcements	380	\$19.77
McGill-Leprechaun	19	Sussex County	M	N	325314	Manufacture & distribute compost	25	\$5.00
Reyes Holdings, LLC	19	Prince George County	N	N	424990	Distribution of food and beer products	120	\$7.50
<i>New Totals</i>						<i>2 announcements</i>	<i>145</i>	<i>\$12.50</i>
Charah Inc.	19	Emporia	M	E	325181	Manufacture ash product from rock	28	\$3.00
Performance Fibers	19	Colonial Heights	M	E	313210	Manufacture man-made industrial fibers	20	\$0.00
Service Center Metals	19	Prince George County	M	E	331316	Extruded aluminum products	32	\$28.00
Short Run Stamping Co., Inc.	19	Petersburg	M	E	332116	Custom metal stampings	10	\$1.00
Sterling Gelatin, America, Inc.*	19	Prince George County	N	E	424210	Distribution/warehouse; pharmaceutical gelatins	20	\$2.50
Toll Integrated Systems	19	Greensville County	M	E	321214	Wood trusses & panels; warehouse & distribution	100	\$5.00
<i>Expansion Totals</i>						<i>6 announcements</i>	<i>210</i>	<i>\$39.50</i>
PDC 19 Totals						8 announcements	355	\$52.00
BT Conferencing Inc.*	23	Chesapeake	N	N	561422	Call center	150	\$1.00
Franklin Security Bank	23	Virginia Beach	N	N	522100	HQ; banking & mortgage services	22	\$0.50
ICT Group, Inc.	23	Chesapeake	N	N	561422	Call center	949	\$2.20
Mann Power Enterprises	23	Portsmouth	N	N	484121	Transportation and logistics services	31	\$0.10
Parsons Commercial Technology Group, Inc.	23	Virginia Beach	N	N	541611	Technical & management solutions	10	\$0.20
Reading Equipment & Distribution, Inc.	23	Suffolk	N	N	423120	Truck equipment distributor	20	\$1.50

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Systems Planning & Analysis, Inc.	23	Virginia Beach	N	N	541330	Systems engineering & support, operation analysis	20	\$0.35
<i>New Totals</i>							<i>1,202</i>	<i>\$5.85</i>
Advanced Data Systems	23	Virginia Beach	N	E	541511	Data systems consultants & designers	4	\$0.10
American Port Services	23	Suffolk	N	E	493110	Warehouse/distribution	45	\$15.00
Anteon Corp.	23	Suffolk	N	E	541330	IT & engineering services; government contractor	5	\$0.30
Biomedical Application of VA Beach, Inc.	23	Virginia Beach	N	E	541710	Biomedical research & development	12	\$0.20
BMH Associates, Inc.	23	Suffolk	N	E	541512	Software and systems engineering	15	\$1.10
Booz Allen Hamilton	23	Norfolk	N	E	541618	Consulting services to the U.S. government	200	\$6.70
C & F Bank	23	James City County	N	E	522110	Banking operations center	0	\$3.75
Canon Virginia, Inc.*	23	Newport News	M	E	336399	Manufacture auto parts on a contract basis	83	\$2.60
CAREALOT	23	Virginia Beach	N	E	561422	Inbound call center; mail order catalog for pet supplies	75	\$3.81
Colonna's Shipyard	23	Norfolk	M	E	336611	Ship repair/industrial fabrication	42	\$4.20
Computer Sciences Corporation	23	Virginia Beach	N	E	541512	Systems integration, information technology consulting	5	\$0.10
Comverge	23	Virginia Beach	N	E	517110	Telecommunications consulting solutions	4	\$1.25
DDL Omni Engineering Services	23	Virginia Beach	N	E	541330	Engineering services, gov't contractor	0	\$0.10
Delphinus Engineering	23	Norfolk	N	E	541330	Engineering services	4	\$2.20
Dister, Inc.	23	Norfolk	M	E	323110	Manufacture business cards	0	\$0.90
Eagle Aviation Technologies Inc.	23	Hampton	M	E	336411	Design prototypes for unmanned helicopters; R&D	40	\$0.50
Echostorm	23	Suffolk	N	E	541511	Multimedia development	10	\$0.30
Flexa Furniture Inc. USA *	23	Suffolk	M	E	337122	U.S. HQ, distribution center, children's furniture	0	\$1.00
Ford Motor Company	23	Norfolk	M	E	336112	Manufacture pick-up trucks	0	\$26.60
Ford Motor Company	23	Norfolk	M	E	336112	Manufacture pick-up trucks	0	\$8.40
Holiday Ice	23	Suffolk	M	E	312113	Manufacture, package, & distribute ice	15	\$3.50
Inner Space Systems, Inc.	23	Portsmouth	M	E	326199	Manufacture storage systems for closets, etc.	15	\$1.50
Keuhne & Nagel Logistics*	23	Suffolk	N	E	493190	Warehouse/distribution center	80	\$0.49
Kimley-Horn & Associates	23	Virginia Beach	N	E	541330	Engineering services	15	\$0.23
Kitchen Design	23	Newport News	M	E	337110	Manufacture kitchen cabinetry & counter tops	10	\$1.00
Kraft Foods Inc.	23	Suffolk	M	E	311911	Processed nuts	0	\$3.00
La Tienda	23	James City County	N	E	424490	Warehouse/distribution of Spanish food products	3	\$0.10
Liberty Tax Service	23	Virginia Beach	N	E	541213	Corporate HQ, tax accounting services	25	\$0.75
LifeNet	23	Virginia Beach	N	E	551114	HQ; tissue and organ bank	0	\$0.15
Lindab USA	23	Portsmouth	M	E	332322	Corporate HQ; sheet metal products	57	\$6.00

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)
Lockheed Martin	23	Suffolk	N	E	541512	Computer modeling, simulation, & integration services	25	\$1.50
London Bridge Trading Co.	23	Virginia Beach	M	E	314911	Backpacks, tactical gear for military	29	\$4.80
LPI Technical Services	23	Chesapeake	M	E	336611	Ship repair, maritime engineering	234	\$0.10
Maersk Line, Limited *	23	Norfolk	N	E	483111	U.S. HQ, international shipping line	60	\$0.00
Main Industries, Inc.	23	Hampton	M	E	332813	Blasting & coating services, Navy contractor	107	\$0.40
MANCON, Inc.	23	Virginia Beach	N	E	541611	Logistical services, defense contractor	150	\$8.23
Marine Hydraulics International Inc.	23	Norfolk	M	E	336611	Ship repair	0	\$21.00
Merrit Press	23	Norfolk	M	E	323119	Commercial printing	20	\$1.28
Narricot Industries, LP*	23	Southampton County	M	E	336399	Woven fabrics for seat belts & airbags	138	\$3.30
Ocean Marine Yacht Center	23	Portsmouth	M	E	336612	Yacht repair & storage	0	\$1.23
Pace Collaborative PC	23	Virginia Beach	N	E	541330	Engineering services; corporate HQ	15	\$2.88
Penrod Company	23	Virginia Beach	N	E	423310	Distribution of wood components	10	\$0.10
Point of Impact Inc.*	23	Virginia Beach	N	E	541613	US HQ; sales/marketing/customer services	18	\$4.34
Printpack, Inc.	23	Newport News	M	E	326199	Plastics products; flexible packaging converters	14	\$7.50
SAIC Chesapeake	23	Chesapeake	N	E	541512	IT consulting, research & engineering, defense contractor	104	\$2.20
SAIC Hampton	23	Hampton	N	E	541512	IT consulting, research & engineering, defense contractor	128	\$2.70
SAIC Newport News	23	Newport News	N	E	541512	IT consulting, research & engineering, defense contractor	43	\$0.90
SAIC Norfolk	23	Norfolk	N	E	541512	IT consulting, research & engineering, defense contractor	79	\$1.70
SAIC Portsmouth	23	Portsmouth	N	E	541512	IT consulting, research & engineering, defense contractor	22	\$0.50
SAIC Suffolk	23	Suffolk	N	E	541512	IT consulting, defense contractor	85	\$2.00
SAIC Virginia Beach	23	Virginia Beach	N	E	541512	IT consulting, research & engineering, defense contractor	337	\$7.20
Speight, Marshall and Francis PC	23	Virginia Beach	N	E	541330	Engineering services	10	\$3.00
Target Corp.	23	Suffolk	N	E	424990	East Cost import warehouse	60	\$1.50
Trader Publishing Company	23	Norfolk	N	E	511120	Classified advertisements; electronic media division HQ	600	\$51.00
U.S. Gypsum Company	23	Norfolk	M	E	327420	Manufacture gypsum building materials	25	\$132.00
US Flag & Signal	23	Portsmouth	M	E	314999	Flags	15	\$1.40
Vanasse, Hangan, & Brustin, Inc.	23	Virginia Beach	N	E	541330	Engineering services	10	\$0.25
Verizon Communications	23	Hampton	N	E	561422	Call center, customer services	500	\$0.00
Wanchese Fish Co.	23	Suffolk	M	E	311712	Seafood processing	15	\$8.00
Wasabi Systems	23	Norfolk	N	E	541511	Custom software	6	\$0.80
WBS Fulfillment	23	Virginia Beach	N	E	541513	Data management, shipping & warehousing	10	\$0.18
West Corp.	23	Hampton	N	E	561422	Call center; inbound sales	300	\$0.00

Announcement Data for FY 2005

Company Name	PD	Location	MFG	Type	NAICS	Business	Employment	Investment (millions)	
Western Branch Metals	23	Suffolk	M	E	331111	Manufacture stainless steel products	12	\$5.60	
						<i>Expansion Totals</i>	<i>63 announcements</i>	<i>3,945</i>	<i>\$373.40</i>
						<i>PDC 23 Totals</i>	<i>70 announcements</i>	<i>5,147</i>	<i>\$379.25</i>
<i>Not Publicly Announced</i>						<i>Confidential totals</i>	<i>6 announcements</i>	<i>2,324</i>	<i>\$352.90</i>
						<i>Grand Total</i>	<i>486 announcements</i>	<i>49,485</i>	<i>\$3,210.70</i>

*Indicates foreign affiliation

MFG: Manufacturing or Nonmanufacturing

Type: New or Expansion

Announcements are subject to revision

Announcement Data for FY 2005

PDC	Type	Announcements	Employment	Investment
1	New	1	100	\$1.00
	Expanding	5	521	\$6.25
1 Total		6	621	\$7.25
2	New	1	100	\$1.00
	Expanding	4	267	\$5.96
2 Total		5	367	\$6.96
3	New	6	347	\$34.95
	Expanding	23	1,233	\$185.67
3 Total		29	1,580	\$220.62
4	New	1	200	\$95.00
	Expanding	7	183	\$29.31
4 Total		8	383	\$124.31
5	New	4	505	\$12.04
	Expanding	11	708	\$59.20
5 Total		15	1,213	\$71.24
6	New	2	15	\$0.20
	Expanding	10	197	\$285.88
6 Total		12	212	\$286.08
7	New	1	25	\$16.00
	Expanding	6	508	\$74.20
7 Total		7	533	\$90.20
8	New	18	3,563	\$237.60
	Expanding	170	24,286	\$646.87
8 Total		188	27,849	\$884.47
9	New	1	130	\$8.80
	Expanding	5	270	\$17.03
9 Total		6	400	\$25.83
10	New	3	60	\$1.40
	Expanding	5	566	\$9.90
10 Total		8	626	\$11.30
11	New	2	235	\$46.40
	Expanding	20	681	\$26.18

Announcement Data for FY 2005

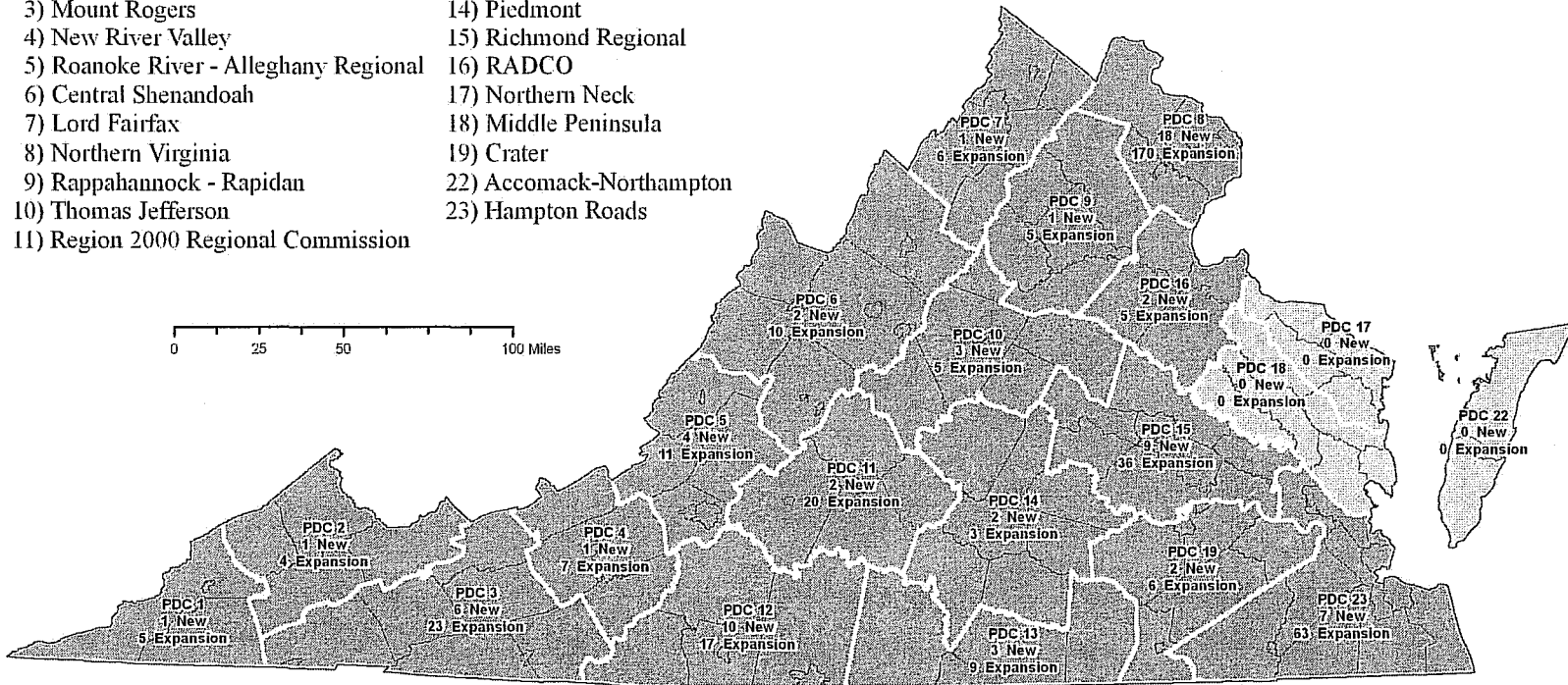
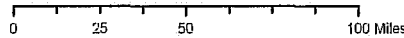
11 Total		22	916	\$72.58
PDC	Type	Announcements	Employment	Investment
12	New	10	1,799	\$58.88
	Expanding	17	1,074	\$67.17
12 Total		27	2,873	\$126.05
13	New	3	104	\$2.60
	Expanding	9	662	\$54.55
13 Total		12	766	\$57.15
14	New	2	33	\$8.00
	Expanding	3	40	\$0.90
14 Total		5	73	\$8.90
15	New	9	1,070	\$19.20
	Expanding	36	1,797	\$394.65
15 Total		45	2,867	\$413.85
16	New	2	120	\$7.00
	Expanding	5	260	\$12.77
16 Total		7	380	\$19.77
19	New	2	145	\$12.50
	Expanding	6	210	\$39.50
19 Total		8	355	\$52.00
23	New	7	1,202	\$5.85
	Expanding	63	3,945	\$373.40
23 Total		70	5,147	\$379.25
Confidential	(blank)	6	2,324	\$352.90
Confidential Total		6	2,324	\$352.90
Grand Total		6	49,485	\$3,210.70
Type	New Jobs	Investment	Announcements	
N	9,753	\$568.42	75	
E	37,408	\$2,289.38	405	
Confidential	2,324	\$352.90	6	
Grand Total	49,485	\$3,210.70	486	

Announcement Data for FY 2005

New and Expansion Announcements by Planning District Fiscal Year 2005

Planning District Commission (PDC) Name & Number

- | | |
|---------------------------------------|--------------------------|
| 1) Lenowischo | 12) West Piedmont |
| 2) Cumberland Plateau | 13) Southside |
| 3) Mount Rogers | 14) Piedmont |
| 4) New River Valley | 15) Richmond Regional |
| 5) Roanoke River - Alleghany Regional | 16) RADCO |
| 6) Central Shenandoah | 17) Northern Neck |
| 7) Lord Fairfax | 18) Middle Peninsula |
| 8) Northern Virginia | 19) Crater |
| 9) Rappahannock - Rapidan | 22) Accomack-Northampton |
| 10) Thomas Jefferson | 23) Hampton Roads |
| 11) Region 2000 Regional Commission | |



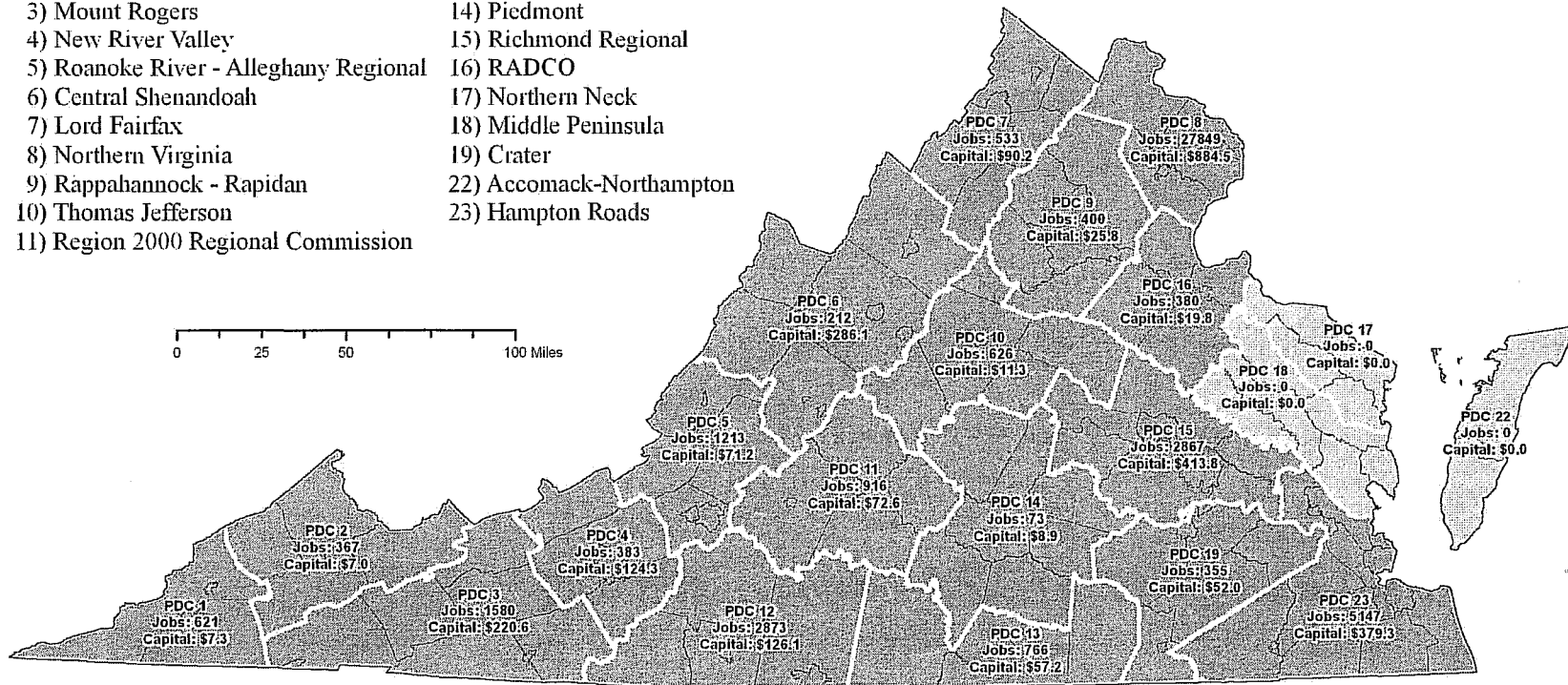
Map created by Virginia Economic Development Partnership, October 2005

Announcement Data for FY 2005

Employment Creation and Capital Investment by Planning District Fiscal Year 2005

Planning District Commission (PDC) Name & Number

- | | |
|---------------------------------------|--------------------------|
| 1) Lenowisco | 12) West Piedmont |
| 2) Cumberland Plateau | 13) Southside |
| 3) Mount Rogers | 14) Piedmont |
| 4) New River Valley | 15) Richmond Regional |
| 5) Roanoke River - Alleghany Regional | 16) RADCO |
| 6) Central Shenandoah | 17) Northern Neck |
| 7) Lord Fairfax | 18) Middle Peninsula |
| 8) Northern Virginia | 19) Crater |
| 9) Rappahannock - Rapidan | 22) Accomack-Northampton |
| 10) Thomas Jefferson | 23) Hampton Roads |
| 11) Region 2000 Regional Commission | |

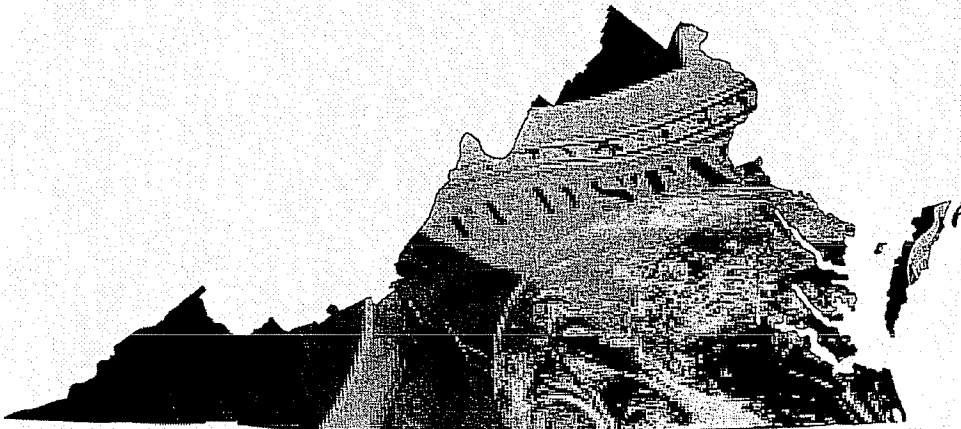


Numbers on map indicate jobs created and capital investment in millions for FY2005

Map created by Virginia Economic Development Partnership, October 2005

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

**AUDITED BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**



VIRGINIA
Is For Business

Appendix 5: Audited Financial Report

Virginia Economic Development Partnership
Audited Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

- TABLE OF CONTENTS -

	<u>Pages</u>
INTRODUCTORY SECTION	
Appointed Officials	2
FINANCIAL SECTION	
Independent Auditor's Report on Financial Statements	3-4
Management's Discussion and Analysis	5-8
Basic Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Balance Sheet-Governmental Fund	11
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual-Cash Basis-General Fund	14
Notes to Financial Statements	15-20
Independent Auditor's Report on Compliance and on Internal Controls Over Financial Reporting	21-22

INTRODUCTORY SECTION

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
Richmond, Virginia

APPOINTED OFFICIALS
As of June 30, 2005

Board of Directors

J. Thomas Fowlkes, Chair
Steve DelBianco, Vice-Chair

Mary Rae Carter	Richard F. Neel, Jr., Esquire
George B. Cartledge, III	Ike Prillaman
John A. Mahone	James E. Rich, Jr.
Charles H. Majors	John W. Roberts
John F. Malbon	James E. Ukrop
	John F. Ware

The Honorable Michael J. Schewel, Ex-Officio
The Honorable John M. Bennett, Ex-Officio

Executive Director

Mark R. Kilduff

FINANCIAL SECTION

Appendix 5: Audited Financial Report



Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

October 14, 2005

The Honorable Mark R. Warner
Governor of Virginia

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

Board of Directors
Virginia Economic Development Partnership

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and the General Fund, a major fund, of the Virginia Economic Development Partnership, a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2005, which collectively comprise the Partnership's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

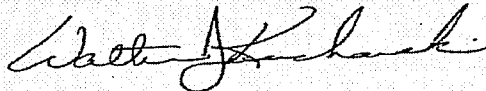
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund, a major fund, of the Virginia Economic Development Partnership as of June 30, 2005, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund 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 5 through 8 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

Appendix 5: Audited Financial Report

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.

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2005 on our consideration of the Virginia Economic Development Partnership'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 read in conjunction with this report in considering the results of our audit.



AUDITOR OF PUBLIC ACCOUNTS

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sks:1

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF JUNE 30, 2005

The management of the Virginia Economic Development Partnership (Partnership) offers the readers of the Partnership's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2005. We encourage the reader to consider this information presented here in conjunction with the financial statements and accompanying notes.

Overview of the Financial Statements

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Virginia Economic Development Partnership (Partnership) in a manner similar to a private sector business.

The Statement of Net Assets presents information on all of the Partnership's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Partnership is improving or deteriorating.

The Statement of Activities presents information showing how the Partnership's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, accrued interest earned but not yet collected (revenue) or earned but unused vacation leave (expense).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Partnership, like other political subdivisions of the Commonwealth of Virginia, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial activities of the Partnership are reported in *governmental funds*.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Partnership's near-term financing requirements.

Appendix 5: Audited Financial Report

Reconciliations between Government-Wide and Fund Financial Statements

There are two reconciliations between the government-wide and the fund financial statements. The first is found on the Balance Sheet and explains the difference between the *fund balance* on the Balance Sheet and *net assets* on the Statement of Net Assets. The second is found on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities, which reconciles the difference between the *net change in fund balances* on the fund-based statement and the *change in net assets* on the government-wide based statement. Both statements describe in sufficient detail the amounts and the reasons for those differences.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of an organization's financial position. In the case of the Partnership, assets exceeded liabilities by \$270,142 and \$188,515 at the close of the fiscal years ended June 30, 2005, and 2004, respectively.

Net Assets

	<u>2005</u>	<u>2004</u>	<u>Variance</u>
Current and other assets	\$ 2,187,281	\$ 2,133,706	\$ 53,575
Capital assets, net of depreciation	563,757	477,346	86,411
Total assets	<u>2,751,038</u>	<u>2,611,052</u>	<u>139,986</u>
Long-term liabilities	2,183,729	2,057,347	126,382
Other liabilities	297,167	365,190	(68,023)
Total liabilities	<u>2,480,896</u>	<u>2,422,537</u>	<u>58,359</u>
Net assets:			
Invested in capital assets, net of related debt	563,757	477,346	86,411
Unrestricted	(293,615)	(288,831)	(4,784)
Total net assets	<u>\$ 270,142</u>	<u>\$ 188,515</u>	<u>81,627</u>

Total assets increased this fiscal year by \$139,986 when compared to last year due primarily to the investment in two capital assets, network rewiring and carpet. *Total liabilities* increased by \$58,359 primarily due the Partnership's increased net pension obligation. This liability is expected to continue to increase in the coming years.

The largest component of the Partnership's *Net assets* is comprised of its *Capital assets, net of related debt*, which amounts to \$563,757. These assets are used by the organization to deliver program services to its clients and consist primarily of computers and peripheral technology equipment. The Partnership considers technology a vital asset in its efforts to market Virginia and has made and will continue to make technology investments to ensure that its equipment and software are updated to take advantage of greater data handling capabilities and processing speeds.

The deficit remainder of *Net assets*, (\$293,615), is classified as *unrestricted*.

Appendix 5: Audited Financial Report

Changes in Net Assets			
	<u>2005</u>	<u>2004</u>	<u>Variance</u>
Revenues:			
Program revenues:			
Charges for services	\$ 253,267	\$ 258,123	\$ (4,856)
General revenues:			
General Fund appropriations	16,334,376	15,395,290	939,086
Other	367,774	49,058	318,716
Total revenues	<u>16,955,417</u>	<u>15,702,471</u>	<u>1,252,946</u>
Expenses:			
Business Development	5,508,628	4,492,632	1,015,996
International Trade	2,891,970	2,821,400	70,570
Research	1,614,965	1,637,825	(22,860)
Communications and Promotions	2,288,130	2,106,106	182,024
Information Technology	1,667,392	1,749,971	(82,579)
Administration	2,802,705	3,107,003	(304,298)
Pass-through Payments	100,000	100,000	-
Total expenses	<u>16,873,790</u>	<u>16,014,937</u>	<u>858,853</u>
Increase in net assets	81,627	(312,466)	394,093
Beginning net assets	188,515	500,981	(312,466)
Ending net assets	<u>\$ 270,142</u>	<u>\$ 188,515</u>	<u>\$ 81,627</u>

Net assets for the Partnership increased by \$81,627 during the current fiscal year compared to a \$312,466 decrease in net assets in the prior fiscal year. The primary reason is that revenues increased to a greater extent than related expenses, net of charges for services, in this fiscal year as compared to last fiscal year. All revenues increased by approximately \$1.25 million due primarily to funding for the Virginia Commission on Military Bases funding, Virginia Opportunity Regions funding, and Motorsports marketing funding. Expenses increased by approximately \$860,000, also due primarily to spending in those same programs.

General Fund Budgetary Highlights

The *Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual-Cash Basis* is presented to provide information on the budget as originally prepared and the final budget on which the Partnership operated for the fiscal year. Also, the final budget is compared to the cash basis actual results by revenue source and expenditure activity.

The primary change in total revenue occurred, as noted above, from an increase in the *Revenue provided by the General Fund of the Commonwealth* for the three programs noted above. Also, as noted above, expenses increased for the fiscal year due to spending in those three new programs.

Funding for VEDP for the fiscal year ended June 30, 2005, included additional funding for specific new programs; Virginia Commission on Military Bases, Virginia Opportunity Regions, and Motorsports. The budgeted expenditures exceeded the actual expenditures by approximately \$1 million due to personnel vacancies and the timing of Business Development grant payments.

Appendix 5: Audited Financial Report

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes describe the nature of the Partnership's reporting entity and the relationship to the Commonwealth of Virginia as a whole; the basis on which the financial statements were prepared; and the methods used for presentation. Further, the notes provide explanations of specific accounts with significant balances.

Requests for Information

This financial report is designed to provide a general overview of the Partnership's finances for all those with an interest in the Partnership's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Virginia Economic Development Partnership, P.O. Box 798, Richmond, Virginia, 23218-0798.

Basic Financial Statements

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF NET ASSETS
 As of June 30, 2005

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 2)	\$ 1,795,237
Petty cash	177,372
Employee travel advances	14,319
Prepaid expenses	18,636
Other receivables	27,878
Lease deposits (Note 5)	153,839
Capital assets, net of accumulated depreciation:	
Leasehold improvements, furniture, and equipment (Note 6)	<u>563,757</u>
Total assets	<u>2,751,038</u>
Liabilities	
Accounts payable	142,273
Accrued payroll	154,894
Noncurrent liabilities due within one year	
Compensated absences (Note 8)	437,826
Noncurrent liabilities due in more than one year	
Compensated absences (Note 8)	329,326
Net pension obligation (Note 9)	<u>1,416,577</u>
Total liabilities	<u>2,480,896</u>
Net assets	
Investment in capital assets, net of related debt	563,757
Unrestricted	<u>(293,615)</u>
Total net assets	<u>\$ 270,142</u>

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

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2005

	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities			
Business Development	\$ 5,508,628		\$ (5,508,628)
International Trade	2,891,970	137,948	(2,754,022)
Research	1,614,965		(1,614,965)
Communications and Promotions	2,288,130	115,319	(2,172,811)
Information Technology	1,667,392		(1,667,392)
Administration	2,802,705		(2,802,705)
Pass-through Payments	100,000		(100,000)
Total governmental activities	<u>16,873,790</u>	<u>253,267</u>	<u>(16,620,523)</u>
General Revenues			
Revenue provided by the General Fund of the Commonwealth (Note 4)			16,334,376
Interest revenue			73,188
Lease commission rebate			264,083
Other revenue			<u>30,503</u>
Total general revenues			<u>16,702,150</u>
Increase in net assets			81,627
Net assets, July 1, 2004			<u>188,515</u>
Net assets, June 30, 2005			<u>\$ 270,142</u>

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

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 BALANCE SHEET
 GOVERNMENTAL FUND
 As of June 30, 2005

	<u>General Fund</u>
Assets	
Cash and cash equivalents (Note 2)	\$ 1,795,237
Petty cash	177,372
Employee travel advances	14,319
Prepaid expenses	18,636
Other receivables	27,878
Lease deposits (Note 5)	<u>153,839</u>
Total assets	<u>\$ 2,187,281</u>
Liabilities and Fund Balances	
Liabilities:	
Accounts payable	\$ 142,273
Accrued payroll	<u>154,894</u>
Total liabilities	<u>297,167</u>
Fund Balances:	
Unreserved (Note 3)	1,890,114
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	563,757
Noncurrent liabilities (compensated absences and net pension obligation) are not due and payable with current financial resources and, therefore, are not reported in the funds.	<u>(2,183,729)</u>
Net assets of governmental activities	<u>\$ 270,142</u>

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

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUND
 For the Fiscal Year Ended June 30, 2005

	General Fund
Revenues	
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 16,334,376
Participation fees	222,328
Mission reimbursements	30,939
Interest revenue	73,188
Other revenue	30,339
Total revenues	<u>16,691,170</u>
Expenditures	
Business Development	5,423,573
International Trade	2,872,201
Research	1,574,319
Communications and Promotions	2,285,660
Information Technology	1,574,547
Administration	3,003,519
Pass-through Payments	100,000
Total expenditures	<u>16,833,819</u>
Deficiency of revenues under expenditures	<u>(142,649)</u>
Other financing sources (uses)	
Lease commission rebate	264,083
Loss on foreign currency	164
Total other financing sources (uses)	<u>264,247</u>
Net increase in fund balance	121,598
Fund balance, July 1, 2004	<u>1,768,516</u>
Fund balance, June 30, 2005	<u>\$ 1,890,114</u>

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

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net increase in fund balance of the general fund	\$	121,598
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		86,411
Some expenses reported in the statement of activities (compensated absences and net pension obligation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(126,382)</u>
Change in net assets of governmental activities	\$	<u>81,627</u>

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

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - CASH BASIS
 GENERAL FUND
 For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts			Variances with Final Budget- Positive (Negative)
	Original	Final	Actual	
Revenues				
Revenue provided by the General Fund of the Commonwealth (Note 4)	\$ 15,933,880	\$ 16,334,376	\$ 16,334,376	\$ -
Participation fees	147,000	147,000	247,367	100,367
Mission reimbursements	35,000	35,000	68,033	33,033
Interest revenue	30,000	50,000	73,188	23,188
Other revenue	-	-	30,339	30,339
Total revenues	16,145,880	16,566,376	16,753,303	186,927
Expenditures				
Business Development	5,699,800	6,137,590	5,417,002	720,588
International Trade	2,966,928	2,966,928	2,909,012	57,916
Research	1,673,179	1,673,179	1,572,200	100,979
Communications and Promotions	2,016,366	2,441,366	2,323,223	118,143
Information Technology	1,744,372	1,744,372	1,586,217	158,155
Administration	2,979,095	2,999,095	3,021,860	(22,765)
Pass-through Payments	100,000	100,000	100,000	-
Total expenditures	17,179,740	18,062,530	16,929,514	1,133,016
Revenues over (under) expenditures	(1,033,860)	(1,496,154)	(176,211)	1,319,943
Other financing sources				
Lease commission rebate	-	-	264,083	264,083
Gain on foreign currency	-	-	164	164
Total other financing sources	-	-	264,247	264,247
Revenues and other sources over (under) expenditures and other uses	(1,033,860)	(1,496,154)	88,036	1,584,190
Fund balances, July 1, 2004	1,033,860	1,496,154	2,052,731	556,577
Fund balances, June 30, 2005 (Note 3)	\$ -	\$ -	\$ 2,140,767	\$ 2,140,767

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

Notes to Financial Statements

Appendix 5: Audited Financial Report

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2005

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 22 of Title 2.2 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.

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, the Partnership's financial statements are included in the financial statements of the Commonwealth as a discretely presented component unit.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with general accepted accounting principles. The Statement of Net Assets and the Statement of Activities are referred to as "government-wide" financial statements and are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Program revenues include charges for services consisting of participation fees and shared mission reimbursements.

The Balance Sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balances are referred to as "governmental fund" financial statements and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Partnership considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as in accrual accounting. However, debt service payments and expenditures related to compensated absences are only recorded when payment is due.

The Partnership reports its activities in governmental funds. The general fund is used for its primary operating fund and accounts for all Partnership financial resources.

Appendix 5: Audited Financial Report

C. Capital Assets

Capital assets are defined by the Partnership as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at estimated market value at the date of donation. Capital assets are comprised of leasehold improvements, furniture, and equipment. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over useful lives of two to twenty years.

D. Compensated Absences

Compensated absences represent the amounts of vacation, sick, and compensatory leave earned by the Partnership employees, but not taken at June 30, 2005. 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 Social Security and Medicare taxes to be paid by the Partnership on all accrued compensated absences.

E. Budgets and Budgetary Accounting

The Partnership's budget was primarily established by the Appropriation Act as enacted by the General Assembly of Virginia for the fiscal year ended June 30, 2005, which is the first year of the biennium ended June 30, 2006. 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 22 of Title 2.2 of the Code of Virginia and expended for purposes as stated in those provisions. The budget is prepared on the cash basis.

Appendix 5: Audited Financial Report

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent deposits not with the Treasurer of Virginia and cash in the Local Government Investment Pool (LGIP) with the Treasurer of Virginia. Cash on deposit is held in demand deposit accounts maintained for operating and payroll costs and is covered by federal depository insurance and carry no significant risk. The LGIP funds are held in pooled accounts, are considered cash equivalents and, accordingly, also carry no significant risk as defined by Statement 40 of the Governmental Accounting Standards Board. VEDP deposits are secured in accordance with the provisions of the Virginia Security for Public Deposit Act § 2.2-4400 of the Code of Virginia.

3. RECONCILIATION OF BUDGETARY FUND BALANCE TO GAAP FUND BALANCE

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Cash Basis - General 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:

	<u>General Fund</u>
Fund balance, cash basis, June 30, 2005	\$ 2,140,767
Add: Prepaid expenses	18,636
Other Receivables	27,878
Deduct: Accrued expenses	<u>(297,167)</u>
Fund balance, GAAP basis, June 30, 2005	<u>\$ 1,890,114</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	\$ 15,933,880
Add: Central Appropriations Adjustments	150,496
Motorsports Marketing Funding	<u>250,000</u>
Revenue provided by the General Fund of the Commonwealth	<u>\$ 16,334,376</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 agreement 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

Appendix 5: Audited Financial Report

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, 2005, due to a favorable currency exchange rate, however, that increase is not a recognizable gain. The Tokyo lease deposit remained \$121,864. The total value of lease deposits for the Partnership for the fiscal year ended June 30, 2005, is \$153,839.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

Capital Assets Being Depreciated	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Leasehold improvements, furniture and equipment	\$ 1,890,447	\$ 295,383	\$ (102,561)	\$ 2,083,269
Less: accumulated depreciation	<u>1,413,101</u>	<u>208,972</u>	<u>(102,561)</u>	<u>1,519,512</u>
Leasehold improvements, furniture and equipment, net of accumulated depreciation	<u>\$ 477,346</u>	<u>\$ 86,411</u>	<u>\$ -</u>	<u>\$ 563,757</u>

7. COMMITMENTS

The Partnership is committed under various operating leases for office facilities and equipment. Rental expense under operating lease agreements for the fiscal year ended June 30, 2005, amounted to \$1,448,209. A summary of minimum future obligations under these lease agreements as of June 30, 2005, follows:

Year Ending June 30	Operating Lease Obligations
2006	\$ 1,281,601
2007	1,132,552
2008	1,252,818
2009	1,275,557
2010	1,288,445
2011 and later	<u>7,092,998</u>
Total future minimum rental payments	<u>\$ 13,323,971</u>

The Partnership has contracted for three years of maintenance on its Microsoft products. As of June 30, 2005, there is one year remaining on this commitment amounting to \$45,074.

Appendix 5: Audited Financial Report

8. COMPENSATED ABSENCES

Compensated absences activity for the fiscal year ended June 30, 2005, was as follows:

Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
\$ 737,960	\$ 518,578	\$ 489,386	\$ 767,152
	Due Within One Year		(437,826)
	Due in More Than One Year		\$ 329,326

9. PENSION PLAN AND OTHER POST EMPLOYMENT BENEFITS

The Partnership is a participating employer in a defined benefit plan administered by the Virginia Retirement System. As of June 30, 2005, the Partnership's net pension obligation was \$1,416,577.

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 a 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. The employer may assume this 5 percent member contribution. The Partnership does pay the member contribution, which amounted to \$337,960 (5 percent of total creditable compensation of \$6,759,203). In addition, the Partnership is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis

Appendix 5: Audited Financial Report

specified by the statute and approved by the VRS Board of Trustees. The Partnership contribution rate for the fiscal year ended June 30, 2005, was 3.91%, which resulted in a contribution of \$264,285 for the fiscal year.

10. RISK MANAGEMENT

The Virginia Economic Development Partnership is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Partnership is insured for these risks through commercial insurance policies. Further, the Partnership is insured for workers compensation and from loss from employee actions by an insurance policy issued by the Chubb Group, the Federal Insurance Company. Policy coverage from loss from employee actions is \$50,000 per year with a \$1,000 deductible for each loss.

The Partnership participates in the state health care insurance plan maintained by the Commonwealth of Virginia, which is administered by the Department of Human Resource Management (DHRM). The Partnership pays premiums to DHRM for health insurance coverage. Information relating to the Commonwealth's insurance plan is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

11. LITIGATION

The Partnership has been named as a defendant in a lawsuit. The final outcome of this lawsuit cannot be determined at this time. However, management is of the opinion that any ultimate liability to which the Partnership may be exposed will not have a material effect upon the entity's financial position.

Appendix 5: Audited Financial Report



Walter J. Kucharski, Auditor

Commonwealth of Virginia

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

October 14, 2005

The Honorable Mark R. Warner
Governor of Virginia

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

Board of Directors
Virginia Economic Development Partnership

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER

FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited the financial statements of the Virginia Economic Development Partnership as of and for the year ended June 30, 2005, and have issued our report thereon dated October 14, 2005. 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.

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 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 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.

Appendix 5: Audited Financial Report

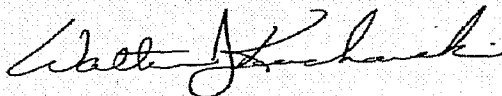
Compliance and Other Matters

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 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.

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, 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.

EXIT CONFERENCE

We discussed this report with management at an exit conference held on October 14, 2005.



AUDITOR OF PUBLIC ACCOUNTS

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