
Proprietary Funds

The Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Major Enterprise Funds

The State Lottery Department accounts for all receipts and expenses from the operations of the State Lottery.

The Virginia College Savings Plan administers the Virginia Prepaid Education Program that locks in future college costs for minors from birth through the ninth grade. The fund accounts for the actuarially determined contributions and payments for approved expenses.

The Pocahontas Parkway Association accounts for the Route 895 Connector Project. The Association is a blended component unit of the Department of Transportation (Primary Government).

The Unemployment Compensation Fund administers the temporary partial income replacement payments to unemployed covered workers.

Nonmajor Enterprise Funds include those operations of State agencies which are listed on page 185 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of State agencies which are listed on page 201 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2003

(Dollars in Thousands)

| | Business-Type Activities Enterprise Funds | | | |
|---|--|--|-----------------------|------------------------------|
| | State Lottery | Virginia College Savings Plan | Pocahontas Parkway | Unemployment Compensation |
| Assets | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents (Notes 1 and 4) | \$ 10,377 | \$ 81,513 | \$ 19,697 | \$ 396,471 |
| Investments (Notes 1 and 4) | 286,075 | 1,020 | - | - |
| Receivables, Net (Notes 1 and 5) | 34,738 | 129,896 | 772 | 58,110 |
| Due From Other Funds (Note 6) | - | - | - | 1,379 |
| Inventory (Note 1) | 4,358 | - | - | - |
| Prepaid Items (Note 1) | 2,354 | - | 26 | - |
| Other Assets (Notes 1 and 7) | 5 | - | - | - |
| Total Current Assets | 337,907 | 212,429 | 20,495 | 455,960 |
| Noncurrent Assets: | | | | |
| Investments (Notes 1 and 4) | 364,439 | 510,634 | 35,305 | - |
| Receivables, Net | - | 223,880 | - | - |
| Prepaid Items (Note 1) | - | - | - | - |
| Other Assets (Notes 1 and 7) | - | - | 5,733 | - |
| Nondepreciable Capital Assets (Notes 1 and 9) | - | - | 14,435 | - |
| Depreciable Capital Assets, Net (Notes 1 and 9) | 17,422 | 165 | 305,902 | - |
| Total Noncurrent Assets | 381,861 | 734,679 | 361,375 | - |
| Total Assets | 719,768 | 947,108 | 381,870 | 455,960 |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable (Notes 1 and 16) | 9,566 | 469 | 1,326 | - |
| Amounts Due to Other Governments | - | - | - | 2,527 |
| Due to Other Funds (Note 6) | 231 | 22 | - | 149 |
| Interfund Payable (Note 6) | - | - | - | - |
| Deferred Revenue (Note 1) | 3,028 | - | - | - |
| Claims Payable (Notes 1 and 15) | - | - | - | - |
| Obligations Under Securities Lending Program (Notes 1 and 4) | 228,794 | 1,020 | - | - |
| Other Liabilities (Notes 1 and 17) | 45,287 | 185 | 3,420 | 39,088 |
| Long-Term Liabilities Due Within One Year (Notes 1, 14, and 18) | 60,884 | 44,476 | - | - |
| Total Current Liabilities | 347,790 | 46,172 | 4,746 | 41,764 |
| Noncurrent Liabilities: | | | | |
| Interfund Payable (Note 6) | - | - | - | - |
| Claims Payable (Notes 1 and 15) | - | - | - | - |
| Other Liabilities (Notes 1 and 17) | - | - | 19,899 | - |
| Long-Term Liabilities Due in More Than One Year (Notes 1, 14, and 18) | 374,045 | 1,133,654 | 432,563 | - |
| Total Noncurrent Liabilities | 374,045 | 1,133,654 | 452,462 | - |
| Total Liabilities | 721,835 | 1,179,826 | 457,208 | 41,764 |
| Net Assets | | | | |
| Invested in Capital Assets, Net of Related Debt | 7,955 | 165 | - | - |
| Restricted for Unemployment Insurance | - | - | - | 414,009 |
| Restricted for Construction | - | - | (15,418) | - |
| Restricted for Retainage | - | - | 1,034 | - |
| Restricted for Debt Service | - | - | 38,550 | - |
| Restricted for Capital Acquisition | - | - | - | 187 |
| Unrestricted | (10,022) | (232,883) | (99,504) | - |
| Total Net Assets | \$ (2,067) | \$ (232,718) | \$ (75,338) | \$ 414,196 |

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included in business-type activities.
Net assets of business-type activities

The accompanying notes are an integral part of this financial statement.

| | | Governmental Activities | |
|------------------|-------------------|------------------------------|--|
| Nonmajor | Totals | Internal Service Funds | |
| \$ 76,298 | \$ 584,356 | \$ 157,061 | |
| 5,870 | 292,965 | 10,194 | |
| 17,830 | 241,346 | 14,928 | |
| - | 1,379 | 30,400 | |
| 32,484 | 36,842 | 13,767 | |
| 769 | 3,149 | 3,493 | |
| 238 | 243 | 1,012 | |
| <u>133,489</u> | <u>1,160,280</u> | <u>230,855</u> | |
| 13,556 | 923,934 | - | |
| - | 223,880 | - | |
| - | - | 840 | |
| - | 5,733 | - | |
| 1,682 | 16,117 | 150 | |
| <u>20,233</u> | <u>343,722</u> | <u>65,331</u> | |
| <u>35,471</u> | <u>1,513,386</u> | <u>66,321</u> | |
| <u>168,960</u> | <u>2,673,666</u> | <u>297,176</u> | |
| 21,986 | 33,347 | 24,679 | |
| - | 2,527 | 679 | |
| 5,689 | 6,091 | 210 | |
| 22,300 | 22,300 | 1,448 | |
| 2,170 | 5,198 | 34,832 | |
| 22,888 | 22,888 | 120,365 | |
| 5,812 | 235,626 | 10,194 | |
| 205 | 88,185 | 2,528 | |
| 4,221 | 109,581 | 7,751 | |
| <u>85,271</u> | <u>525,743</u> | <u>202,686</u> | |
| - | - | 8,385 | |
| - | - | 147,620 | |
| - | 19,899 | - | |
| <u>16,239</u> | <u>1,956,501</u> | <u>22,243</u> | |
| <u>16,239</u> | <u>1,976,400</u> | <u>178,248</u> | |
| <u>101,510</u> | <u>2,502,143</u> | <u>380,934</u> | |
| 15,465 | 23,585 | 42,493 | |
| - | 414,009 | - | |
| - | (15,418) | - | |
| - | 1,034 | - | |
| - | 38,550 | - | |
| - | 187 | - | |
| <u>51,985</u> | <u>(290,424)</u> | <u>(126,251)</u> | |
| <u>\$ 67,450</u> | <u>\$ 171,523</u> | <u>\$ (83,758)</u> | |

\$ (75)
\$ 171,448

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds

For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

| | Business-Type Activities Enterprise Funds | | | |
|--|--|--|-----------------------|------------------------------|
| | State Lottery | Virginia College Savings Plan | Pocahontas Parkway | Unemployment Compensation |
| Operating Revenues: | | | | |
| Charges for Sales and Services | \$ 1,135,730 | \$ 198,916 | \$ 5,111 | \$ 263,348 |
| Interest, Dividends, Rents, and Other Investment Income (Note 1) | - | 34,887 | 2,246 | - |
| Other (Note 19) | - | - | 1,850 | - |
| Total Operating Revenues | <u>1,135,730</u> | <u>233,803</u> | <u>9,207</u> | <u>263,348</u> |
| Operating Expenses: | | | | |
| Cost of Sales and Services | 71,016 | - | - | - |
| Prizes and Claims (Note 20) | 625,872 | - | - | 711,985 |
| Tuition Benefits Expense | - | 403,666 | - | - |
| Personal Services | 19,038 | 2,484 | - | - |
| Contractual Services | 30,362 | 1,996 | 2,667 | - |
| Supplies and Materials | 2,149 | 35 | - | - |
| Depreciation and Amortization (Note 21) | 6,546 | 62 | 9,046 | - |
| Rent, Insurance, and Other Related Charges | 3,346 | 148 | - | - |
| Interest Expense | - | - | 24,818 | - |
| Non-recurring Cost Estimate Payments to Providers | - | - | - | - |
| Other (Note 22) | - | 21 | - | - |
| Total Operating Expenses | <u>758,329</u> | <u>408,412</u> | <u>36,531</u> | <u>711,985</u> |
| Operating Income (Loss) | <u>377,401</u> | <u>(174,609)</u> | <u>(27,324)</u> | <u>(448,637)</u> |
| Nonoperating Revenues (Expenses): | | | | |
| Interest, Dividends, Rents, and Other Investment Income (Note 1) | 9,253 | 37 | - | 35,892 |
| Other (Note 23) | 173 | (37) | - | - |
| Total Nonoperating Revenues (Expenses) | <u>9,426</u> | <u>-</u> | <u>-</u> | <u>35,892</u> |
| Income (Loss) Before Transfers | 386,827 | (174,609) | (27,324) | (412,745) |
| Transfers In (Note 24) | - | - | - | - |
| Transfers Out (Note 24) | (387,505) | (106) | - | (12,860) |
| Change in Net Assets | (678) | (174,715) | (27,324) | (425,605) |
| Total Net Assets (Deficit), July 1 | <u>(1,389)</u> | <u>(58,003)</u> | <u>(48,014)</u> | <u>839,801</u> |
| Total Net Assets (Deficit), June 30 (Note 29) | <u>\$ (2,067)</u> | <u>\$ (232,718)</u> | <u>\$ (75,338)</u> | <u>\$ 414,196</u> |

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.
Change in Net Assets of business-type activities

The accompanying notes are an integral part of this financial statement.

| | | | Governmental Activities |
|-----------------|---------------|---------------------------------------|------------------------------------|
| Nonmajor | Totals | Internal Service Funds | |
| \$ 561,066 | \$ 2,164,171 | \$ | 879,639 |
| 249 | 37,382 | | 1,872 |
| 17,484 | 19,334 | | - |
| 578,799 | 2,220,887 | | 881,511 |
| 243,419 | 314,435 | | 55,716 |
| 106,682 | 1,444,539 | | 641,308 |
| - | 403,666 | | - |
| 76,750 | 98,272 | | 44,710 |
| 37,103 | 72,128 | | 101,359 |
| 12,581 | 14,765 | | 6,750 |
| 3,381 | 19,035 | | 16,470 |
| 13,861 | 17,355 | | 23,563 |
| 96 | 24,914 | | 463 |
| 35,076 | 35,076 | | - |
| 3,422 | 3,443 | | 9,118 |
| 532,371 | 2,447,628 | | 899,457 |
| 46,428 | (226,741) | | (17,946) |
| 4,291 | 49,473 | | 2,783 |
| 124 | 260 | | (2,012) |
| 4,415 | 49,733 | | 771 |
| 50,843 | (177,008) | | (17,175) |
| 7,228 | 7,228 | | 347 |
| (73,076) | (473,547) | | (15,627) |
| (15,005) | (643,327) | | (32,455) |
| 82,455 | 814,850 | | (51,303) |
| \$ 67,450 | \$ 171,523 | \$ | (83,758) |

\$ (738)
\$ (644,065)

