

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

The Virginia College Savings Plan administers the Virginia Prepaid Education Program. The Plan offers contracts, for actuarially determined amounts, guaranteeing full future tuition and mandatory fee payments at Virginia's higher education institutions and differing payouts at private or out-of-state institutions. The fund accounts for the actuarially determined contributions and payments for approved expenses.

The Unemployment Compensation 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 183 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 199 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2007

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 7,731	\$ 180,641	\$ 824,978	\$ 158,674
Investments (Notes 1 and 6)	385,374	21,151	-	30,206
Receivables, Net (Notes 1 and 7)	50,759	76,346	79,213	35,818
Due from Other Funds (Note 9)	-	-	461	1,851
Inventory (Note 1)	-	-	-	46,617
Prepaid Items (Note 1)	670	-	-	1,271
Other Assets (Notes 1 and 10)	1	-	-	166
Total Current Assets	444,535	278,138	904,652	274,603
Noncurrent Assets:				
Investments (Notes 1 and 6)	254,346	1,376,097	-	1
Receivables, Net (Notes 1 and 7)	-	227,043	-	-
Other Assets (Notes 1 and 10)	-	-	-	213
Nondepreciable Capital Assets (Notes 1 and 12)	-	-	-	2,717
Depreciable Capital Assets, Net (Notes 1 and 12)	1,597	145	-	27,985
Total Noncurrent Assets	255,943	1,603,285	-	30,916
Total Assets	700,478	1,881,423	904,652	305,519
Liabilities				
Current Liabilities:				
Accounts Payable (Notes 1 and 21)	6,758	1,815	116	39,639
Amounts Due to Other Governments	-	-	7,359	6,571
Due to Other Funds (Note 9)	3,232	-	494	8,531
Interfund Payable (Note 9)	6,000	-	-	29,423
Unearned Revenue (Note 1)	2,841	-	-	2,916
Obligations Under Securities Lending Program (Notes 1 and 6)	327,022	26,520	-	37,873
Other Liabilities (Notes 1 and 22)	39,932	63	24,509	257
Claims Payable Due Within One Year (Notes 1 and 20)	-	-	-	21,625
Long-term Liabilities Due Within One Year (Notes 1, 19, and 23)	59,677	84,683	-	4,236
Total Current Liabilities	445,462	113,081	32,478	151,071
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	5,935
Claims Payable Due in More Than One Year (Notes 1 and 20)	-	-	-	7,625
Long-term Liabilities Due in More Than One Year (Notes 1, 19, and 23)	257,878	1,646,792	-	18,586
Total Noncurrent Liabilities	257,878	1,646,792	-	32,146
Total Liabilities	703,340	1,759,873	32,478	183,217
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,597	145	-	28,092
Restricted for Unemployment Compensation	-	-	871,987	-
Restricted for Capital Acquisition	-	-	187	-
Unrestricted	(4,459)	121,405	-	94,210
Total Net Assets (Deficit) (Note 3)	\$ (2,862)	\$ 121,550	\$ 872,174	\$ 122,302

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	
Total	Internal Service Funds	
\$ 1,172,024	\$	391,337
436,731		73,613
242,136		21,532
2,312		39,902
46,617		18,328
1,941		368
167		12,120
<u>1,901,928</u>		<u>557,200</u>
1,630,444		-
227,043		-
213		-
2,717		444
29,727		68,024
<u>1,890,144</u>		<u>68,468</u>
<u>3,792,072</u>		<u>625,668</u>
48,328		56,884
13,930		1,716
12,257		790
35,423		732
5,757		63,807
391,415		92,299
64,761		5,197
21,625		142,103
148,596		5,191
<u>742,092</u>		<u>368,719</u>
5,935		11,629
7,625		230,122
<u>1,923,256</u>		<u>20,499</u>
<u>1,936,816</u>		<u>262,250</u>
<u>2,678,908</u>		<u>630,969</u>
29,834		58,016
871,987		-
187		-
211,156		(63,317)
<u>\$ 1,113,164</u>	<u>\$</u>	<u>(5,301)</u>
1,264		
<u>\$ 1,114,428</u>		

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

For the Fiscal Year Ended June 30, 2007

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	\$ 1,362,343	\$ 136,342	\$ 438,355	\$ 835,618
Interest, Dividends, Rents, and Other Investment Income (Note 1)	-	191,700	-	-
Other (Note 24)	-	-	-	27,608
Total Operating Revenues	<u>1,362,343</u>	<u>328,042</u>	<u>438,355</u>	<u>863,226</u>
Operating Expenses				
Cost of Sales and Services	84,980	-	-	310,819
Prizes and Claims (Note 25)	781,038	-	381,660	165,278
Tuition Benefits Expense	-	169,966	-	-
Personal Services	19,811	4,515	-	96,516
Contractual Services	34,424	3,723	-	52,818
Supplies and Materials	1,909	73	-	18,648
Depreciation and Amortization (Note 26)	1,991	64	-	6,489
Rent, Insurance, and Other Related Charges	1,611	241	-	22,272
Interest Expense	-	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	44,246
Other (Note 27)	-	999	-	2,488
Total Operating Expenses	<u>925,764</u>	<u>179,581</u>	<u>381,660</u>	<u>719,574</u>
Operating Income	<u>436,579</u>	<u>148,461</u>	<u>56,695</u>	<u>143,652</u>
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income (Note 1)	14,698	-	35,166	8,551
Other (Note 28)	(3,528)	-	-	(3,115)
Total Nonoperating Revenues (Expenses)	<u>11,170</u>	<u>-</u>	<u>35,166</u>	<u>5,436</u>
Income Before Transfers	447,749	148,461	91,861	149,088
Transfers In (Note 29)	-	-	-	144
Transfers Out (Note 29)	(447,927)	(146)	(9,774)	(106,275)
Change in Net Assets	(178)	148,315	82,087	42,957
Total Net Assets (Deficit), July 1	(2,684)	(26,765)	790,087	79,345
Total Net Assets (Deficit), June 30 (Note 3)	<u>\$ (2,862)</u>	<u>\$ 121,550</u>	<u>\$ 872,174</u>	<u>\$ 122,302</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	
Total	Internal Service Funds
\$ 2,772,658	\$ 1,389,030
191,700	-
27,608	-
<u>2,991,966</u>	<u>1,389,030</u>
395,799	61,888
1,327,976	837,679
169,966	-
120,842	53,106
90,965	291,539
20,630	10,521
8,544	24,625
24,124	21,211
-	573
44,246	-
3,487	18,387
<u>2,206,579</u>	<u>1,319,529</u>
785,387	69,501
58,415	19,233
(6,643)	(1,971)
<u>51,772</u>	<u>17,262</u>
837,159	86,763
144	755
(564,122)	(1,576)
273,181	85,942
839,983	(91,243)
<u>\$ 1,113,164</u>	<u>\$ (5,301)</u>

1,389
<u>\$ 274,570</u>

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2007

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 1,355,507	\$ 148,906	\$ 453,459	\$ 833,112
Internal Activity-Receipts from Other Funds	-	-	3,432	13,623
Internal Activity-Payments to Other Funds	-	(408)	-	(3,926)
Payments to Suppliers for Goods and Services	(84,981)	(231)	-	(346,887)
Payments for Prizes, Claims, and Loss Control (Note 34)	(843,293)	-	(380,731)	(163,984)
Payments for Tuition Benefits	-	(57,001)	-	-
Payments to Employees	(19,726)	(3,859)	-	(91,876)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(44,942)
Other Operating Revenue (Note 34)	-	-	-	4,920
Other Operating Expense (Note 34)	(26,938)	(3,413)	-	(51,116)
Net Cash Provided by (Used for) Operating Activities	<u>380,569</u>	<u>83,994</u>	<u>76,160</u>	<u>148,924</u>
Cash Flows from Noncapital Financing Activities				
Transfers In From Other Funds	-	-	-	309
Transfers Out to Other Funds	(445,678)	(146)	(9,501)	(248,124)
Other Noncapital Financing Receipt Activities (Note 34)	6,949	-	-	171,611
Other Noncapital Financing Disbursement Activities (Note 34)	(8,000)	-	-	(41,154)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(446,729)</u>	<u>(146)</u>	<u>(9,501)</u>	<u>(117,358)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(667)	(29)	-	(1,554)
Payment of Principal and Interest on Bonds and Notes	(620)	-	-	(3,121)
Proceeds from Sale of Capital Assets	-	-	-	27
Other Capital and Related Financing Disbursement Activities (Note 34)	-	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>(1,287)</u>	<u>(29)</u>	<u>-</u>	<u>(4,648)</u>
Cash Flows from Investing Activities				
Purchase of Investments	(4,196)	(2,198,067)	-	-
Proceeds from Sales or Maturities of Investments	60,440	2,101,290	-	-
Investment Income on Cash, Cash Equivalents, and Investments	10,231	89,280	35,166	5,917
Net Cash Provided by (Used for) Investing Activities	<u>66,475</u>	<u>(7,497)</u>	<u>35,166</u>	<u>5,917</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(972)	76,322	101,825	32,835
Cash and Cash Equivalents, July 1	<u>8,290</u>	<u>98,950</u>	<u>723,153</u>	<u>118,339</u>
Cash and Cash Equivalents, June 30	<u>\$ 7,318</u>	<u>\$ 175,272</u>	<u>\$ 824,978</u>	<u>\$ 151,174</u>
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Assets:				
Cash and Cash Equivalents	\$ 7,731	\$ 180,641	\$ 824,978	\$ 158,674
Cash and Travel Advances	1	-	-	166
Less:				
Securities Lending Cash Equivalents	(414)	(5,369)	-	(7,666)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 7,318</u>	<u>\$ 175,272</u>	<u>\$ 824,978</u>	<u>\$ 151,174</u>

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

		Governmental Activities	
		Internal Service Funds	
Total			
\$ 2,790,984	\$ 954,005		
17,055	403,683		
(4,334)	(9,545)		
(432,099)	(102,374)		
(1,388,008)	(813,415)		
(57,001)	-		
(115,461)	(51,874)		
(44,942)	-		
4,920	6		
(81,467)	(292,840)		
<u>689,647</u>	<u>87,646</u>		
309	855		
(703,449)	(1,576)		
178,560	201		
(49,154)	-		
<u>(573,734)</u>	<u>(520)</u>		
(2,250)	(10,284)		
(3,741)	(3,832)		
27	5		
-	(1,487)		
<u>(5,964)</u>	<u>(15,598)</u>		
(2,202,263)	-		
2,161,730	-		
140,594	13,903		
<u>100,061</u>	<u>13,903</u>		
210,010	85,431		
948,732	288,083		
<u>\$ 1,158,742</u>	<u>\$ 373,514</u>		
\$ 1,172,024	\$ 391,337		
167	863		
<u>(13,449)</u>	<u>(18,686)</u>		
<u>\$ 1,158,742</u>	<u>\$ 373,514</u>		

Continued on next page

Statement of Cash Flows – Proprietary Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2007

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities				
Operating Income (Loss)	\$ 436,579	\$ 148,461	\$ 56,695	\$ 143,652
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities				
Depreciation and Amortization	1,991	64	-	6,489
Interest, Dividends, Rents, and Other Investment Income	(22,721)	(191,674)	-	-
Miscellaneous Nonoperating Income	-	-	-	(379)
Other Expenses	-	869	-	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(6,865)	12,333	18,210	(13,772)
(Increase) Decrease in Due From Other Funds	-	-	9	1,817
(Increase) Decrease in Other Assets	-	-	-	-
(Increase) Decrease in Inventory	-	-	-	(3,580)
(Increase) Decrease in Prepaid Items	409	-	-	(118)
Increase (Decrease) in Accounts Payable	(315)	542	20	4,764
Increase (Decrease) in Amounts Due to Other Governments	-	-	918	6,571
Increase (Decrease) in Due to Other Funds	43	-	(75)	840
Increase (Decrease) in Interfund Payables	-	-	-	-
Increase (Decrease) in Unearned Revenue	30	-	-	502
Increase (Decrease) in Other Liabilities	4,736	(31)	383	23
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	639
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	(766)
Increase (Decrease) in Long-term Liabilities: Due Within One Year	450	20,255	-	121
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(33,768)	93,175	-	2,121
Net Cash Provided by (Used for) Operating Activities	<u>\$ 380,569</u>	<u>\$ 83,994</u>	<u>\$ 76,160</u>	<u>\$ 148,924</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the statement of net assets date:				
Capital Leases Used to Finance Capital Assets	\$ -	\$ -	\$ -	\$ -
Trade-ins of Used Equipment on New Equipment	-	-	-	-
Change in Fair Value of Investments	-	101,524	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 101,524</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 785,387	\$	69,501
8,544		24,625
(214,395)		-
(379)		470
869		-
9,906		(8,017)
1,826		(7,203)
-		(11,257)
(3,580)		(1,125)
291		959
5,011		4,119
7,489		(514)
808		(1,301)
-		(233)
532		(4,871)
5,111		3,809
639		9,103
(766)		9,520
20,826		(3,059)
61,528		3,120
<u>\$ 689,647</u>	<u>\$</u>	<u>87,646</u>
\$ -	\$	6,216
-		(7)
101,524		-
-		625
<u>\$ 101,524</u>	<u>\$</u>	<u>6,834</u>

