
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 191 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 207 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2008

(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)	\$ 9,956	\$ 152,538	\$ 787,363	\$ 186,197
Investments (Notes 1 and 6)	335,514	16,960	-	32,408
Receivables, Net (Notes 1 and 7)	48,411	76,153	68,624	35,053
Due from Other Funds (Note 9)	-	-	688	2,471
Inventory (Note 1)	-	-	-	47,605
Prepaid Items (Note 1)	621	-	-	1,684
Other Assets (Notes 1 and 10)	1	-	-	165
Total Current Assets	394,503	245,651	856,675	305,583
Noncurrent Assets:				
Investments (Notes 1 and 6)	269,992	1,395,044	-	1
Receivables, Net (Notes 1 and 7)	-	222,638	-	-
Other Assets (Notes 1 and 10)	-	-	-	137
Nondepreciable Capital Assets (Notes 1 and 12)	-	-	-	2,229
Depreciable Capital Assets, Net (Notes 1 and 12)	6,186	2,540	-	19,718
Total Noncurrent Assets	276,178	1,620,222	-	22,085
Total Assets	670,681	1,865,873	856,675	327,668
Liabilities				
Current Liabilities:				
Accounts Payable (Notes 1 and 21)	9,340	1,927	139	35,918
Amounts Due to Other Governments	-	-	8,981	5,158
Due to Other Funds (Note 9)	394	21	456	8,656
Due To Component Units (Note 9)	-	-	-	2,373
Interfund Payable (Note 9)	5,000	-	-	31,494
Unearned Revenue (Note 1)	2,058	-	-	3,131
Obligations Under Securities Lending Program (Notes 1 and 6)	273,169	21,463	-	41,011
Other Liabilities (Notes 1 and 22)	46,335	117	31,038	258
Claims Payable Due Within One Year (Notes 1 and 20)	-	-	-	23,975
Long-term Liabilities Due Within One Year (Notes 1, 19, and 23)	63,556	112,783	-	4,294
Total Current Liabilities	399,852	136,311	40,614	156,268
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	394
Claims Payable Due in More Than One Year (Notes 1 and 20)	-	-	-	8,483
Long-term Liabilities Due in More Than One Year (Notes 1, 19, and 23)	274,341	1,782,198	-	20,259
Total Noncurrent Liabilities	274,341	1,782,198	-	29,136
Total Liabilities	674,193	1,918,509	40,614	185,404
Net Assets				
Invested in Capital Assets, Net of				
Related Debt	6,186	193	-	20,213
Restricted for Unemployment Compensation	-	-	815,874	-
Restricted for Capital Acquisition	-	-	187	-
Unrestricted	(9,698)	(52,829)	-	122,051
Total Net Assets (Deficit) (Note 3)	\$ (3,512)	\$ (52,636)	\$ 816,061	\$ 142,264

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	
\$ 1,136,054	\$	464,477
384,882		84,830
228,241		37,989
3,159		41,463
47,605		16,500
2,305		558
166		6,578
1,802,412		652,395
1,665,037		-
222,638		-
137		-
2,229		866
28,444		54,607
1,918,485		55,473
3,720,897		707,868
47,324		57,991
14,139		666
9,527		879
2,373		-
36,494		938
5,189		65,148
335,643		107,349
77,748		5,691
23,975		156,031
180,633		3,618
733,045		398,311
394		10,649
8,483		317,134
2,076,798		16,845
2,085,675		344,628
2,818,720		742,939
26,592		52,409
815,874		-
187		-
59,524		(87,480)
\$ 902,177	\$	(35,071)

(811)

\$ 901,366

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

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	\$ 1,386,412	\$ 137,852	\$ 349,723	\$ 875,582
Interest, Dividends, Rents, and Other Investment Income (Note 1)	-	(68,439)	-	-
Other (Note 24)	-	21	-	27,232
Total Operating Revenues	1,386,412	69,434	349,723	902,814
Operating Expenses				
Cost of Sales and Services	93,344	-	-	321,000
Prizes and Claims (Note 25)	781,860	-	432,805	189,430
Tuition Benefits Expense	-	234,072	-	-
Personal Services	21,854	4,700	-	101,767
Contractual Services	33,218	4,189	-	52,160
Supplies and Materials	1,062	71	-	22,945
Depreciation and Amortization (Note 26)	1,063	62	-	8,771
Rent, Insurance, and Other Related Charges	1,537	218	-	23,888
Interest Expense	-	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	47,804
Other (Note 27)	-	298	-	4,987
Total Operating Expenses	933,938	243,610	432,805	772,752
Operating Income	452,474	(174,176)	(83,082)	130,062
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income (Note 1)	14,083	537	38,298	8,515
Other (Note 28)	(1,469)	(537)	-	(2,469)
Total Nonoperating Revenues (Expenses)	12,614	-	38,298	6,046
Income Before Transfers	465,088	(174,176)	(44,784)	136,108
Transfers In (Note 29)	-	-	1,641	210
Transfers Out (Note 29)	(465,738)	(10)	(12,970)	(116,356)
Change in Net Assets	(650)	(174,186)	(56,113)	19,962
Total Net Assets (Deficit), July 1	(2,862)	121,550	872,174	122,302
Total Net Assets (Deficit), June 30 (Note 3)	\$ (3,512)	\$ (52,636)	\$ 816,061	\$ 142,264

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	
\$ 2,749,569	\$	1,473,814
(68,439)		-
27,253		583
2,708,383		1,474,397
414,344		63,997
1,404,095		1,003,431
234,072		-
128,321		56,552
89,567		324,299
24,078		11,230
9,896		17,751
25,643		30,916
-		486
47,804		-
5,285		13,913
2,383,105		1,522,575
325,278		(48,178)
61,433		20,633
(4,475)		(1,936)
56,958		18,697
382,236		(29,481)
1,851		680
(595,074)		(969)
(210,987)		(29,770)
1,113,164		(5,301)
\$ 902,177	\$	(35,071)

(2,075)
\$ (213,062)

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2008

(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	\$ 1,387,978	\$ 143,521	\$ 361,023	\$ 880,427
Internal Activity-Receipts from Other Funds	-	-	2,840	17,445
Internal Activity-Payments to Other Funds	-	(375)	-	(4,252)
Payments to Suppliers for Goods and Services	(93,344)	(258)	-	(379,709)
Payments for Contractual Services	(22,487)	(3,973)	-	(51,909)
Payments for Prizes, Claims, and Loss Control (Note 32)	(788,285)	-	(428,447)	(185,728)
Payments for Tuition Benefits	-	(73,130)	-	-
Payments to Employees	(21,265)	(4,487)	-	(99,545)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(41,670)
Other Operating Revenue (Note 32)	-	21	-	8,124
Other Operating Expense (Note 32)	-	(35)	-	(557)
Net Cash Provided by (Used for) Operating Activities	462,597	61,284	(64,584)	142,626
Cash Flows from Noncapital Financing Activities				
Transfers In From Other Funds	-	-	1,641	269
Transfers Out to Other Funds	(468,659)	(10)	(12,970)	(266,140)
Other Noncapital Financing Receipt Activities (Note 32)	8,132	-	-	181,393
Other Noncapital Financing Disbursement Activities (Note 32)	(6,000)	-	-	(35,367)
Net Cash Provided by (Used for) Noncapital Financing Activities	(466,527)	(10)	(11,329)	(119,845)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(5,652)	(110)	-	(1,236)
Payment of Principal and Interest on Bonds and Notes	-	-	-	(1,024)
Proceeds from Sale of Capital Assets	-	-	-	11
Other Capital and Related Financing Receipt Activities (Note 32)	-	-	-	-
Other Capital and Related Financing Disbursement Activities (Note 32)	-	-	-	(385)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(5,652)	(110)	-	(2,634)
Cash Flows from Investing Activities				
Purchase of Investments	(58,713)	(2,462,007)	-	-
Proceeds from Sales or Maturities of Investments	61,063	2,273,229	-	-
Investment Income on Cash, Cash Equivalents, and Investments	9,482	100,378	38,298	6,438
Net Cash Provided by (Used for) Investing Activities	11,832	(88,400)	38,298	6,438
Net Increase (Decrease) in Cash and Cash Equivalents	2,250	(27,236)	(37,615)	26,585
Cash and Cash Equivalents, July 1	7,318	175,272	824,978	151,174
Cash and Cash Equivalents, June 30	\$ 9,568	\$ 148,036	\$ 787,363	\$ 177,759
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Assets:				
Cash and Cash Equivalents	\$ 9,956	\$ 152,538	\$ 787,363	\$ 186,197
Cash and Travel Advances	1	-	-	165
Less:				
Securities Lending Cash Equivalents	(389)	(4,502)	-	(8,603)
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 9,568	\$ 148,036	\$ 787,363	\$ 177,759

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 2,772,949	\$	1,057,586
20,285		420,910
(4,627)		(10,631)
(473,311)		(102,890)
(78,369)		(320,416)
(1,402,460)		(916,983)
(73,130)		-
(125,297)		(54,338)
(41,670)		-
8,145		583
(592)		(9,074)
601,923		64,747
1,910		680
(747,779)		(969)
189,525		226
(41,367)		-
(597,711)		(63)
(6,998)		(11,351)
(1,024)		(1,594)
11		790
-		24
(385)		(632)
(8,396)		(12,763)
(2,520,720)		-
2,334,292		-
154,596		16,634
(31,832)		16,634
(36,016)		68,555
1,158,742		373,514
\$ 1,122,726	\$	442,069
\$ 1,136,054	\$	464,477
166		111
(13,494)		(22,519)
\$ 1,122,726	\$	442,069

Continued on next page

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

For the Fiscal Year Ended June 30, 2008

(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)	\$ 452,474	\$ (174,176)	\$ (83,082)	\$ 130,062
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities				
Depreciation and Amortization	1,063	62	-	8,771
Interest, Dividends, Rents, and Other Investment Income	(21,963)	69,453	-	-
Miscellaneous Nonoperating Income	-	-	-	-
Other Expenses	-	-	-	1
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	2,348	4,598	10,269	(1,394)
(Increase) Decrease in Due From Other Funds	-	-	93	1,577
(Increase) Decrease in Other Assets	-	-	-	1,224
(Increase) Decrease in Inventory	-	-	-	(1,005)
(Increase) Decrease in Prepaid Items	48	-	-	(414)
Increase (Decrease) in Accounts Payable	2,582	113	23	(2,153)
Increase (Decrease) in Amounts Due to Other Governments	-	-	1,622	(2,451)
Increase (Decrease) in Due to Other Funds	84	21	(37)	8
Increase (Decrease) in Due to Component Units	-	-	-	2,373
Increase (Decrease) in Interfund Payables	-	-	-	-
Increase (Decrease) in Unearned Revenue	(782)	-	-	214
Increase (Decrease) in Other Liabilities	6,403	54	6,528	1
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	2,350
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	858
Increase (Decrease) in Long-term Liabilities: Due Within One Year	3,879	27,672	-	162
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	16,461	133,487	-	2,442
Net Cash Provided by (Used for) Operating Activities	\$ 462,597	\$ 61,284	\$ (64,584)	\$ 142,626
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the statement of net assets date:				
Trade-ins of Used Equipment on New Equipment	\$ -	\$ -	\$ -	\$ -
Change in Fair Value of Investments	-	(169,832)	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Other	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	\$ -	\$ (169,832)	\$ -	\$ -

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 325,278	\$	(48,178)
9,896		17,751
47,490		-
-		727
1		-
15,821		(16,456)
1,670		(1,491)
1,224		4,790
(1,005)		1,829
(366)		(190)
565		125
(829)		(1,049)
76		89
2,373		-
-		(143)
(568)		3,468
12,986		378
2,350		13,928
858		87,012
31,713		(185)
152,390		2,342
<u>\$ 601,923</u>	<u>\$</u>	<u>64,747</u>
\$ -	\$	23
(169,832)		-
-		983
-		135
<u>\$ (169,832)</u>	<u>\$</u>	<u>1,141</u>

