
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 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 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 205 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 221 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position – Proprietary Funds

June 30, 2013

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 240,342	\$ 75,205	\$ 279,631	\$ 428,922
Investments (Notes 1 and 6)	36,580	-	-	6
Receivables, Net (Notes 1 and 7)	59,485	68,109	141,087	44,804
Due from Other Funds (Note 9)	-	-	1,312	22,724
Due From External Parties (Fiduciary Funds) (Note 9)	-	-	65	-
Due From Component Units (Note 9)	-	-	-	-
Inventory (Note 1)	-	-	-	57,961
Prepaid Items (Note 1)	298	12	-	1,857
Other Assets (Notes 1 and 10)	1	-	-	209
Total Current Assets	336,706	143,326	422,095	556,483
Noncurrent Assets:				
Investments (Notes 1 and 6)	143,888	2,089,337	-	-
Receivables, Net (Notes 1 and 7)	-	174,089	-	-
Other Assets (Notes 1 and 10)	-	-	-	2,682
Nondepreciable Capital Assets (Notes 1 and 12)	-	-	-	58,950
Depreciable Capital Assets, Net (Notes 1 and 12)	7,160	9,948	-	19,247
Total Noncurrent Assets	151,048	2,273,374	-	80,879
Total Assets	487,754	2,416,700	422,095	637,362
Deferred Outflows of Resources				
Total Assets and Deferred Outflow s	487,754	2,416,700	422,095	637,362
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 23)	7,006	791	144	67,331
Amounts Due to Other Governments	-	-	7,740	2,202
Due to Other Funds (Note 9)	22,328	62	2,786	12,895
Due to External Parties (Fiduciary Funds) (Note 9)	103	37	-	404
Interfund Payable (Note 9)	-	-	-	31,265
Unearned Revenue (Note 1)	2,873	-	-	2,024
Obligations Under Securities Lending Program (Notes 1 and 6)	156,266	-	-	127
Other Liabilities (Notes 1 and 24)	124,810	248	39,825	6,592
Claims Payable Due Within One Year (Notes 1 and 22)	-	-	-	38,456
Long-term Liabilities Due Within One Year (Notes 1, 20, and 25)	29,634	209,829	-	3,521
Total Current Liabilities	343,020	210,967	50,495	164,817
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 22)	-	-	-	18,292
Long-term Liabilities Due in More Than One Year (Notes 1, 20, and 25)	156,297	1,990,518	-	367,082
Total Noncurrent Liabilities	156,297	1,990,518	-	385,374
Total Liabilities	499,317	2,201,485	50,495	550,191
Deferred Inflows of Resources				
Total Liabilities and Deferred Inflow s	499,317	2,201,485	50,495	550,191
Net Position				
Net Investment in Capital Assets	7,160	3,495	-	19,118
Restricted for Unemployment Compensation	-	-	371,600	-
Unrestricted	(18,723)	211,720	-	68,053
Total Net Position (Deficit) (Note 4)	\$ (11,563)	\$ 215,215	\$ 371,600	\$ 87,171

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

Net position of business-type activities

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 1,024,100	\$	290,042
36,586		-
313,485		14,594
24,036		49,961
65		161
-		14,520
57,961		21,275
2,167		480
210		3,493
<u>1,458,610</u>		<u>394,526</u>
2,233,225		-
174,089		-
2,682		-
58,950		25,706
36,355		74,198
2,505,301		99,904
3,963,911		494,430
-		-
<u>3,963,911</u>		<u>494,430</u>
75,272		60,870
9,942		3,086
38,071		1,791
544		259
31,265		24,493
4,897		118,391
156,393		-
171,475		6,340
38,456		201,533
242,984		7,869
<u>769,299</u>		<u>424,632</u>
-		24,345
18,292		537,734
2,513,897		75,316
2,532,189		637,395
3,301,488		1,062,027
-		-
<u>3,301,488</u>		<u>1,062,027</u>
29,773		68,113
371,600		-
261,050		(635,710)
<u>\$ 662,423</u>	<u>\$</u>	<u>(567,597)</u>

(83)
\$ 662,340

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

For the Fiscal Year Ended June 30, 2013
(Dollars in Thousands)

	Business-type Activities Enterprise Funds		
	State Lottery	Virginia College Savings Plan	Unemployment Compensation
Operating Revenues			
Charges for Sales and Services	\$ 1,689,239	\$ 140,764	\$ 789,875
Interest, Dividends, Rents, and Other Investment Income	-	159,218	2,395
Other (Note 26)	-	841	-
Total Operating Revenues	<u>1,689,239</u>	<u>300,823</u>	<u>792,270</u>
Operating Expenses			
Cost of Sales and Services	120,954	-	-
Prizes and Claims (Note 27)	1,013,183	-	584,433
Tuition Benefits Expense	-	137,991	-
Personal Services	24,242	8,639	-
Contractual Services	29,890	6,118	-
Supplies and Materials	700	47	-
Depreciation	3,424	498	-
Rent, Insurance, and Other Related Charges	1,687	122	-
Interest Expense	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other (Note 28)	-	2,410	-
Total Operating Expenses	<u>1,194,080</u>	<u>155,825</u>	<u>584,433</u>
Operating Income (Loss)	<u>495,159</u>	<u>144,998</u>	<u>207,837</u>
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	1,433	-	-
Capital Disbursements	-	-	-
Other (Note 29)	155	(140)	(2,444)
Total Nonoperating Revenues (Expenses)	<u>1,588</u>	<u>(140)</u>	<u>(2,444)</u>
Income (Loss) Before Capital Contributions, Special Item, and Transfers	496,747	144,858	205,393
Capital Contributions	-	-	-
Special Item (Note 30)	-	-	-
Transfers In (Note 31)	-	-	-
Transfers Out (Note 31)	(498,520)	(291)	(12,709)
Change in Net Position	<u>(1,773)</u>	<u>144,567</u>	<u>192,684</u>
Total Net Position (Deficit), July 1	(9,790)	70,648	178,916
Total Net Position (Deficit), June 30 (Note 4)	<u>\$ (11,563)</u>	<u>\$ 215,215</u>	<u>\$ 371,600</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 Position of business-type activities

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

		Governmental Activities	
Nonmajor	Total	Internal Service Funds	
\$ 1,068,726	\$ 3,688,604	\$ 1,712,346	
-	161,613	-	
17,813	18,654	-	
1,086,539	3,868,871	1,712,346	
380,489	501,443	68,827	
288,478	1,886,094	1,162,212	
-	137,991	-	
122,983	155,864	51,350	
64,977	100,985	393,677	
27,759	28,506	10,237	
2,803	6,725	12,249	
29,795	31,604	75,736	
-	-	15	
41,031	41,031	-	
3,824	6,234	13,243	
962,139	2,896,477	1,787,546	
124,400	972,394	(75,200)	
216	1,649	201	
(61,103)	(61,103)	-	
2,151	(278)	(2,551)	
(58,736)	(59,732)	(2,350)	
65,664	912,662	(77,550)	
61,104	61,104	-	
-	-	12,308	
1,628	1,628	1,001	
(160,456)	(671,976)	(16,009)	
(32,060)	303,418	(80,250)	
119,231	359,005	(487,347)	
<u>\$ 87,171</u>	<u>\$ 662,423</u>	<u>\$ (567,597)</u>	

2,978
\$ 306,396

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2013
(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	\$ 1,682,617	\$ 144,393	\$ 803,876	\$ 1,069,279
Receipts from Investments	-	-	2,395	-
Internal Activity-Receipts from Other Funds	-	-	5,796	8,964
Internal Activity-Payments to Other Funds	-	(367)	-	(2,401)
Payments to Suppliers for Goods and Services	(120,954)	(1,045)	-	(433,627)
Payments for Contractual Services	(22,003)	(6,385)	-	(65,384)
Payments for Prizes, Claims, and Loss Control (Note 34)	(983,843)	-	(601,605)	(283,398)
Payments for Tuition Benefits	-	(114,210)	-	-
Payments to Employees	(22,491)	(7,948)	-	(117,048)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(34,669)
Payments for Interest	-	-	-	-
Other Operating Revenue (Note 34)	-	841	-	4,884
Other Operating Expense (Note 34)	-	(2,023)	-	(2,676)
Net Cash Provided by (Used for) Operating Activities	533,326	13,256	210,462	143,924
Cash Flows from Noncapital Financing Activities				
Transfers In From Other Funds	-	-	-	1,628
Transfers Out to Other Funds	(499,292)	(291)	(10,108)	(345,335)
Other Noncapital Financing Receipt Activities (Note 34)	574	-	184,935	223,986
Other Noncapital Financing Disbursement Activities (Note 34)	-	-	(182,231)	(29,323)
Net Cash Provided by (Used for) Noncapital Financing Activities	(498,718)	(291)	(7,404)	(149,044)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(2,756)	(421)	-	(56,787)
Payment of Principal and Interest on Bonds and Notes	-	(589)	-	-
Proceeds from Sale of Bonds and Notes	-	-	-	313,321
Proceeds from Sale of Capital Assets	59	-	-	-
Capital Contributions	-	-	-	39,401
Capital Disbursements	-	-	-	(39,400)
Other Capital and Related Financing Disbursement Activities (Note 34)	-	-	-	(2,673)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(2,697)	(1,010)	-	253,862
Cash Flows from Investing Activities				
Purchase of Investments	(5,218)	(742,710)	-	-
Proceeds from Sales or Maturities of Investments	36,563	645,290	-	-
Investment Income on Cash, Cash Equivalents, and Investments	1,015	103,193	-	20
Net Cash Provided by Investing Activities	32,360	5,773	-	20
Net Increase (Decrease) in Cash and Cash Equivalents	64,271	17,728	203,058	248,762
Cash and Cash Equivalents, July 1	27,800	57,477	76,573	180,249
Cash and Cash Equivalents, June 30	\$ 92,071	\$ 75,205	\$ 279,631	\$ 429,011
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 240,342	\$ 75,205	\$ 279,631	\$ 428,922
Cash and Travel Advances	1	-	-	209
Less:				
Securities Lending Cash Equivalents	(148,272)	-	-	(120)
Cash and Cash Equivalents per the Statement of Cash Flow s	\$ 92,071	\$ 75,205	\$ 279,631	\$ 429,011

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

		Governmental Activities	
		Internal Service Funds	
Total			
\$ 3,700,165	\$ 603,123		
2,395	-		
14,760	1,117,596		
(2,768)	(9,558)		
(555,626)	(145,324)		
(93,772)	(393,118)		
(1,868,846)	(1,148,320)		
(114,210)	-		
(147,487)	(48,529)		
(34,669)	-		
-	(11)		
5,725	-		
(4,699)	(8,074)		
900,968	(32,215)		
1,628	1,001		
(855,026)	(781)		
409,495	563		
(211,554)	(7,991)		
(655,457)	(7,208)		
(59,964)	(12,636)		
(589)	(9,052)		
313,321	-		
59	1,314		
39,401	-		
(39,400)	-		
(2,673)	(632)		
250,155	(21,006)		
(747,928)	-		
681,853	-		
104,228	86		
38,153	86		
533,819	(60,343)		
342,099	350,389		
\$ 875,918	\$ 290,046		
\$ 1,024,100	\$ 290,042		
210	4		
(148,392)	-		
\$ 875,918	\$ 290,046		

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

For the Fiscal Year Ended June 30, 2013
(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)	\$ 495,159	\$ 144,998	\$ 207,837	\$ 124,400
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation	3,424	498	-	2,803
Interest, Dividends, Rents, and Other Investment Income	(9,339)	(159,218)	-	-
Miscellaneous Nonoperating Income	-	-	(5,148)	-
Other Expenses	-	(5)	(2,600)	(6,150)
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(6,659)	13,773	6,449	(11,703)
(Increase) Decrease in Due From Other Funds	-	-	(678)	(13,638)
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	(65)	-
(Increase) Decrease in Due From Component Units	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-
(Increase) Decrease in Inventory	-	-	-	(6,232)
(Increase) Decrease in Prepaid Items	(68)	(1)	-	(201)
Increase (Decrease) in Accounts Payable	(1,728)	(1,083)	(9)	34,642
Increase (Decrease) in Amounts Due to Other Governments	-	-	(1,107)	27
Increase (Decrease) in Due to Other Funds	6	30	673	(1,141)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	11	3	-	49
Increase (Decrease) in Interfund Payables	-	-	-	-
Increase (Decrease) in Unearned Revenue	36	-	-	252
Increase (Decrease) in Other Liabilities	72,677	188	5,110	6,178
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	4,620
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	2,632
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(7,136)	16,189	-	(187)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(13,057)	(2,116)	-	7,573
Net Cash Provided by (Used for) Operating Activities	<u>\$ 533,326</u>	<u>\$ 13,256</u>	<u>\$ 210,462</u>	<u>\$ 143,924</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the statement of net position date:				
Capital Leases Used to Finance Capital Assets	\$ -	\$ 6,004	\$ -	\$ -
Installment Purchases Used to Finance Capital Assets	-	-	-	-
Change in Fair Value of Investments	-	56,025	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Capitalized Interest Accrued	-	-	-	1,385
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 62,029</u>	<u>\$ -</u>	<u>\$ 1,385</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 972,394	\$	(75,200)
6,725	12,249	
(168,557)	-	
(5,148)	168	
(8,755)	-	
1,860	(1,628)	
(14,316)	193	
(65)	(28)	
-	(2,322)	
-	3,695	
(6,232)	1,631	
(270)	28	
31,822	(5,453)	
(1,080)	890	
(432)	(58)	
63	23	
-	93	
288	8,511	
84,153	1,236	
4,620	16,290	
2,632	4,672	
8,866	(34)	
(7,600)	2,829	
<u>\$ 900,968</u>	<u>\$</u>	<u>(32,215)</u>
\$ 6,004	\$	4,462
-	6,711	
56,025	-	
-	43	
1,385	-	
<u>\$ 63,414</u>	<u>\$</u>	<u>11,216</u>

