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# Proprietary Funds

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*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.*

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## Major Enterprise Funds

**The Virginia Lottery** accounts for all receipts and expenses from the operations of the Virginia 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.

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**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 209 in the Combining and Individual Fund Statements and Schedules section of this report.

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**Internal Service Funds** include those operations of state agencies which are listed on page 225 in the Combining and Individual Fund Statements and Schedules section of this report.

## Statement of Fund Net Position – Proprietary Funds

June 30, 2014

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 122,720	\$ 60,621	\$ 487,681	\$ 317,880
Investments (Notes 1 and 6)	26,378	-	-	10,159
Receivables, Net (Notes 1 and 7)	73,364	68,833	141,722	47,504
Due from Other Funds (Note 9)	-	-	1,276	440
Due from External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Due from Component Units (Note 9)	-	-	-	-
Inventory (Note 1)	124	-	-	62,190
Prepaid Items (Note 1)	273	46	-	2,472
Other Assets (Notes 1 and 10)	1	21	-	209
<b>Total Current Assets</b>	<b>222,860</b>	<b>129,521</b>	<b>630,679</b>	<b>440,854</b>
<b>Noncurrent Assets:</b>				
Investments (Notes 1 and 6)	129,376	2,367,744	-	26,130
Receivables, Net (Notes 1 and 7)	-	165,251	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	-	-	-	134,142
Depreciable Capital Assets, Net (Notes 1 and 12)	6,873	9,558	-	17,966
<b>Total Noncurrent Assets</b>	<b>136,249</b>	<b>2,542,553</b>	<b>-</b>	<b>178,238</b>
<b>Total Assets</b>	<b>359,109</b>	<b>2,672,074</b>	<b>630,679</b>	<b>619,092</b>
<b>Deferred Outflows of Resources (Notes 1 and 13)</b>				
<b>Total Assets and Deferred Outflows of Resources</b>	<b>359,109</b>	<b>2,672,074</b>	<b>630,679</b>	<b>619,092</b>
<b>Liabilities and Deferred Inflows of Resources</b>				
<b>Current Liabilities:</b>				
Accounts Payable (Notes 1 and 24)	14,182	1,295	190	53,795
Amounts Due to Other Governments	-	-	6,100	914
Due to Other Funds (Note 9)	28,215	61	2,839	14,508
Due to External Parties (Fiduciary Funds) (Note 9)	119	44	-	471
Interfund Payable (Note 9)	-	-	-	26,563
Unearned Revenue (Note 1)	2,515	-	-	2,188
Obligations Under Securities Lending Program (Notes 1 and 6)	97,591	-	-	130
Other Liabilities (Notes 1 and 25)	61,978	215	35,477	6,204
Claims Payable Due Within One Year (Notes 1 and 23)	-	-	-	41,924
Long-term Liabilities Due Within One Year (Notes 1, 21, and 26)	24,496	224,868	-	4,059
<b>Total Current Liabilities</b>	<b>229,096</b>	<b>226,483</b>	<b>44,606</b>	<b>150,756</b>
<b>Noncurrent Liabilities:</b>				
Interfund Payable (Note 9)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 23)	-	-	-	21,247
Long-term Liabilities Due in More Than One Year (Notes 1, 21, and 26)	143,863	1,927,348	-	378,077
<b>Total Noncurrent Liabilities</b>	<b>143,863</b>	<b>1,927,348</b>	<b>-</b>	<b>399,324</b>
<b>Total Liabilities</b>	<b>372,959</b>	<b>2,153,831</b>	<b>44,606</b>	<b>550,080</b>
<b>Deferred Inflows of Resources (Notes 1 and 13)</b>				
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>372,959</b>	<b>2,153,831</b>	<b>44,606</b>	<b>550,080</b>
<b>Net Position</b>				
Net Investment in Capital Assets	6,873	3,486	-	1,953
Restricted for Unemployment Compensation	-	-	586,073	-
Unrestricted	(20,723)	514,757	-	67,059
<b>Total Net Position (Deficit) (Note 4)</b>	<b>\$ (13,850)</b>	<b>\$ 518,243</b>	<b>\$ 586,073</b>	<b>\$ 69,012</b>

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	
\$ 988,902	\$	393,698
36,537		-
331,423		9,493
1,716		56,151
-		194
-		17,607
62,314		17,146
2,791		5,039
231		3,114
1,423,914		502,442
2,523,250		-
165,251		-
134,142		34,246
34,397		89,124
2,857,040		123,370
4,280,954		625,812
-		-
4,280,954		625,812
69,462		57,364
7,014		3,622
45,623		1,694
634		308
26,563		18,849
4,703		126,594
97,721		-
103,874		852
41,924		207,108
253,423		8,525
650,941		424,916
-		45,279
21,247		542,375
2,449,288		78,434
2,470,535		666,088
3,121,476		1,091,004
-		-
3,121,476		1,091,004
12,312		92,794
586,073		-
561,093		(557,986)
\$ 1,159,478	\$	(465,192)

2,344  
\$ 1,161,822

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

For the Fiscal Year Ended June 30, 2014  
(Dollars in Thousands)

	Business-type Activities Enterprise Funds		
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation
<b>Operating Revenues</b>			
Charges for Sales and Services	\$ 1,810,821	\$ 153,984	\$ 754,192
Interest, Dividends, Rents, and Other Investment Income	-	253,724	6,724
Other (Note 27)	-	-	121
Total Operating Revenues	<u>1,810,821</u>	<u>407,708</u>	<u>761,037</u>
<b>Operating Expenses</b>			
Cost of Sales and Services	130,491	-	-
Prizes and Claims (Note 28)	1,072,636	-	535,731
Tuition Benefits Expense	-	84,117	-
Personal Services	27,022	9,600	-
Contractual Services	30,604	7,351	-
Supplies and Materials	652	34	-
Depreciation	2,992	522	-
Rent, Insurance, and Other Related Charges	1,789	133	-
Interest Expense	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other (Note 29)	-	2,573	-
Total Operating Expenses	<u>1,266,186</u>	<u>104,330</u>	<u>535,731</u>
Operating Income	<u>544,635</u>	<u>303,378</u>	<u>225,306</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest, Dividends, Rents, and Other Investment Income	1,384	-	-
Capital Disbursements	-	-	-
Other (Note 30)	80	(153)	315
Total Nonoperating Revenues (Expenses)	<u>1,464</u>	<u>(153)</u>	<u>315</u>
Income Before Capital Contributions, Special Item, and Transfers	546,099	303,225	225,621
Capital Contributions	-	-	-
Special Item (Note 31)	-	-	-
Transfers In (Note 32)	-	-	-
Transfers Out (Note 32)	(548,386)	(197)	(11,148)
Change in Net Position	<u>(2,287)</u>	<u>303,028</u>	<u>214,473</u>
Total Net Position (Deficit), July 1, as restated (Note 2)	(11,563)	215,215	371,600
Total Net Position (Deficit), June 30 (Note 4)	<u>\$ (13,850)</u>	<u>\$ 518,243</u>	<u>\$ 586,073</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.

		<b>Governmental Activities</b>	
<b>Nonmajor</b>	<b>Total</b>	<b>Internal Service Funds</b>	
\$ 1,132,732	\$ 3,851,729	\$ 1,933,672	
3	260,451	-	
18,419	18,540	2	
1,151,154	4,130,720	1,933,674	
394,463	524,954	65,915	
302,496	1,910,863	1,177,130	
-	84,117	-	
131,658	168,280	57,857	
64,679	102,634	413,299	
34,225	34,911	10,109	
3,347	6,861	15,629	
30,551	32,473	75,988	
-	-	9	
35,620	35,620	-	
3,399	5,972	12,118	
1,000,438	2,906,685	1,828,054	
150,716	1,224,035	105,620	
854	2,238	111	
(69,595)	(69,595)	-	
(3,126)	(2,884)	(1,287)	
(71,867)	(70,241)	(1,176)	
78,849	1,153,794	104,444	
69,595	69,595	-	
-	-	8,113	
349	349	388	
(164,319)	(724,050)	(10,540)	
(15,526)	499,688	102,405	
84,538	659,790	(567,597)	
\$ 69,012	\$ 1,159,478	\$ (465,192)	

2,427  
\$ 502,115

## Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2014  
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Cash Flows from Operating Activities</b>				
Receipts for Sales and Services	\$ 1,796,581	\$ 162,880	\$ 767,724	\$ 1,130,687
Receipts from Investments	-	-	6,724	-
Internal Activity-Receipts from Other Funds	-	-	4,971	8,265
Internal Activity-Payments to Other Funds	-	(347)	-	(2,216)
Payments to Suppliers for Goods and Services	(130,614)	(841)	-	(456,910)
Payments for Contractual Services	(15,896)	(7,009)	-	(64,561)
Payments for Prizes, Claims, and Loss Control (Note 35)	(1,173,142)	-	(560,891)	(298,783)
Payments for Tuition Benefits	-	(132,456)	-	-
Payments to Employees	(24,769)	(8,766)	-	(123,909)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(35,367)
Payments for Interest	-	-	-	-
Other Operating Revenue (Note 35)	-	-	25	9,405
Other Operating Expense (Note 35)	-	(2,880)	-	(2,223)
Net Cash Provided by Operating Activities	452,160	10,581	218,553	164,388
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In from Other Funds	-	-	-	349
Transfers Out to Other Funds	(542,534)	(197)	(11,274)	(357,542)
Other Noncapital Financing Receipt Activities (Note 35)	720	-	771	230,619
Other Noncapital Financing Disbursement Activities (Note 35)	-	-	-	(31,326)
Net Cash Used for Noncapital Financing Activities	(541,814)	(197)	(10,503)	(157,900)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(2,706)	(133)	-	(69,217)
Payment of Principal and Interest on Bonds and Notes	-	(533)	-	(12,084)
Proceeds from Sale of Capital Assets	-	-	-	4
Capital Contributions	-	-	-	91,298
Capital Disbursements	-	-	-	(91,298)
Other Capital and Related Financing Disbursement Activities (Note 35)	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	(2,706)	(666)	-	(81,297)
<b>Cash Flows from Investing Activities</b>				
Purchase of Investments	(1,529)	(2,049,421)	-	(39,358)
Proceeds from Sales or Maturities of Investments	29,264	1,873,460	-	2,689
Investment Income on Cash, Cash Equivalents, and Investments	745	151,659	-	430
Net Cash Provided by (Used for) Investing Activities	28,480	(24,302)	-	(36,239)
Net Increase (Decrease) in Cash and Cash Equivalents	(63,880)	(14,584)	208,050	(111,048)
<b>Cash and Cash Equivalents, July 1</b>	<b>92,071</b>	<b>75,205</b>	<b>279,631</b>	<b>429,011</b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 28,191</b>	<b>\$ 60,621</b>	<b>\$ 487,681</b>	<b>\$ 317,963</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 122,720	\$ 60,621	\$ 487,681	\$ 317,880
Cash and Travel Advances	1	-	-	209
Less:				
Securities Lending Cash Equivalents	(94,530)	-	-	(126)
Cash and Cash Equivalents per the Statement of Cash Flow s	\$ 28,191	\$ 60,621	\$ 487,681	\$ 317,963

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

		<b>Governmental Activities</b>	
		<b>Internal Service Funds</b>	
<b>Total</b>			
<b>\$</b>	<b>3,857,872</b>	<b>\$</b>	<b>713,028</b>
	6,724		-
	13,236		1,225,063
	(2,563)		(10,039)
	(588,365)		(142,735)
	(87,466)		(412,100)
	(2,032,816)		(1,179,164)
	(132,456)		-
	(157,444)		(51,921)
	(35,367)		-
	-		(9)
	9,430		1
	(5,103)		(11,216)
	<u>845,682</u>		<u>130,908</u>
	349		388
	(911,547)		(1,113)
	232,110		240
	(31,326)		(7,930)
	(710,414)		(8,415)
	(72,056)		(8,357)
	(12,617)		(10,762)
	4		1,781
	91,298		-
	(91,298)		-
	-		(1,500)
	<u>(84,669)</u>		<u>(18,838)</u>
	(2,090,308)		-
	1,905,413		-
	152,834		1
	(32,061)		1
	18,538		103,656
	875,918		290,046
<b>\$</b>	<b><u>894,456</u></b>	<b>\$</b>	<b><u>393,702</u></b>
	988,902		393,698
	210		4
	(94,656)		-
<b>\$</b>	<b><u>894,456</u></b>	<b>\$</b>	<b><u>393,702</u></b>

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

For the Fiscal Year Ended June 30, 2014  
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Reconciliation of Operating Income</b>				
<b>To Net Cash Provided by (Used for)</b>				
<b>Operating Activities:</b>				
Operating Income (Loss)	\$ 544,635	\$ 303,378	\$ 225,306	\$ 150,716
<b>Adjustments to Reconcile Operating</b>				
<b>Income to Net Cash Provided by (Used for)</b>				
<b>Operating Activities:</b>				
Depreciation	2,992	522	-	3,347
Interest, Dividends, Rents, and Other Investment Income	(7,954)	(253,724)	-	-
Miscellaneous Nonoperating Income	-	-	(330)	7
Other	-	-	-	(2,208)
<b>Change in Assets and Liabilities:</b>				
(Increase) Decrease in Accounts Receivable	(13,879)	8,114	(635)	(2,500)
(Increase) Decrease in Due from Other Funds	-	-	36	21,984
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	-	-	65	-
(Increase) Decrease in Due from Component Units	-	-	-	-
(Increase) Decrease in Other Assets	-	(21)	-	2,682
(Increase) Decrease in Inventory	(124)	-	-	(4,229)
(Increase) Decrease in Prepaid Items	25	(34)	-	(615)
Increase (Decrease) in Accounts Payable	7,176	504	46	(19,403)
Increase (Decrease) in Amounts Due to Other Governments	-	-	(1,640)	(1,288)
Increase (Decrease) in Due to Other Funds	35	(1)	53	739
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	16	7	-	67
Increase (Decrease) in Unearned Revenue	(358)	-	-	164
Increase (Decrease) in Other Liabilities	(62,832)	(33)	(4,348)	(388)
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	3,468
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	2,955
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(5,138)	15,192	-	538
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(12,434)	(63,323)	-	8,352
Net Cash Provided by (Used for) Operating Activities	<u>\$ 452,160</u>	<u>\$ 10,581</u>	<u>\$ 218,553</u>	<u>\$ 164,388</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
The following transactions occurred prior to the Statement of Net Position date:				
Installment Purchases Used to Finance Capital Assets	\$ -	\$ -	\$ -	\$ -
Change in Fair Value of Investments	-	102,065	-	(356)
Capital Asset Addition Included in Accounts Payable	-	-	-	5,574
Capitalized Interest Accrued	-	-	-	2,539
Other	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 102,065</u>	<u>\$ -</u>	<u>\$ 7,757</u>

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

	<b>Governmental Activities</b>	
<b>Total</b>	<b>Internal Service Funds</b>	
<b>\$ 1,224,035</b>	<b>\$</b>	<b>105,620</b>
6,861	15,629	
(261,678)	-	
(323)	147	
(2,208)	-	
(8,900)	5,101	
22,020	(6,189)	
65	(33)	
-	(3,087)	
2,661	380	
(4,353)	4,129	
(624)	(4,559)	
(11,677)	(5,631)	
(2,928)	538	
826	(97)	
90	48	
(194)	8,200	
(67,601)	(5,488)	
3,468	5,575	
2,955	4,641	
10,592	39	
(67,405)	5,945	
<b>\$ 845,682</b>	<b>\$</b>	<b>130,908</b>
<b>\$ -</b>	<b>\$</b>	<b>5,392</b>
101,709	-	
5,574	2,164	
2,539	-	
-	(43)	
<b>\$ 109,822</b>	<b>\$</b>	<b>7,513</b>

