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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 Virginia529 prePAID Program, which is a defined benefit program that offers contracts, for actuarially determined amounts, that provide for 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.

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**Nonmajor Enterprise Funds** include those operations of state agencies which are listed on page 211 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 227 in the Combining and Individual Fund Statements and Schedules section of this report.

## Statement of Fund Net Position – Proprietary Funds

June 30, 2015

(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)	\$ 98,964	\$ 83,351	\$ 762,607	\$ 161,598
Investments (Notes 1 and 6)	21,538	-	-	130
Receivables, Net (Notes 1 and 7)	72,343	69,378	127,812	96,428
Due from Other Funds (Note 9)	-	-	682	733
Due from External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Due from Component Units (Note 9)	-	-	-	-
Inventory (Note 1)	2,158	-	-	65,931
Prepaid Items (Note 1)	318	172	-	1,629
Other Assets (Notes 1 and 10)	1	-	-	120,391
Restricted Cash and Cash Equivalents (Note 11)	-	-	-	135,458
Restricted Investments (Note 11)	-	-	-	25,776
<b>Total Current Assets</b>	<b>195,322</b>	<b>152,901</b>	<b>891,101</b>	<b>608,074</b>
<b>Noncurrent Assets:</b>				
Investments (Notes 1 and 6)	118,158	2,359,528	-	-
Receivables, Net (Notes 1 and 7)	-	159,417	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	-	-	-	6,579
Depreciable Capital Assets, Net (Notes 1 and 12)	6,504	9,143	-	18,001
<b>Total Noncurrent Assets</b>	<b>124,662</b>	<b>2,528,088</b>	<b>-</b>	<b>24,580</b>
<b>Total Assets</b>	<b>319,984</b>	<b>2,680,989</b>	<b>891,101</b>	<b>632,654</b>
<b>Deferred Outflows of Resources (Notes 1, 13, 14, and 15)</b>				
Total Assets and Deferred Outflows of Resources	322,740	2,682,056	891,101	642,269
<b>Liabilities and Deferred Inflows of Resources</b>				
<b>Current Liabilities:</b>				
Accounts Payable (Notes 1 and 24)	11,965	942	78	43,926
Amounts Due to Other Governments	-	-	5,155	2,284
Due to Other Funds (Note 9)	4,441	64	2,992	15,722
Due to External Parties (Fiduciary Funds) (Note 9)	155	59	-	562
Interfund Payable (Note 9)	-	-	-	37,065
Unearned Revenue (Note 1)	1,967	-	-	1,930
Obligations Under Securities Lending Program (Notes 1 and 6)	99,456	-	-	3,707
Other Liabilities (Notes 1 and 25)	64,093	1,058	37,663	6,180
Claims Payable Due Within One Year (Notes 1 and 23)	-	-	-	39,268
Long-term Liabilities Due Within One Year (Notes 1, 21, and 26)	19,175	239,900	-	324,124
<b>Total Current Liabilities</b>	<b>201,252</b>	<b>242,023</b>	<b>45,888</b>	<b>474,768</b>
<b>Noncurrent Liabilities:</b>				
Interfund Payable (Note 9)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 23)	-	-	-	21,843
Long-term Liabilities Due in More Than One Year (Notes 1, 21, and 26)	147,641	1,893,782	-	111,655
<b>Total Noncurrent Liabilities</b>	<b>147,641</b>	<b>1,893,782</b>	<b>-</b>	<b>133,498</b>
<b>Total Liabilities</b>	<b>348,893</b>	<b>2,135,805</b>	<b>45,888</b>	<b>608,266</b>
<b>Deferred Inflows of Resources (Notes 1, 13, 14, and 15)</b>				
Total Liabilities and Deferred Inflows of Resources	353,185	2,137,386	45,888	623,764
<b>Net Position</b>				
Net Investment in Capital Assets	6,504	3,435	-	24,580
Restricted for Unemployment Compensation	-	-	845,213	-
Unrestricted	(36,949)	541,235	-	(6,075)
<b>Total Net Position (Deficit) (Note 4)</b>	<b>\$ (30,445)</b>	<b>\$ 544,670</b>	<b>\$ 845,213</b>	<b>\$ 18,505</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.

	<b>Governmental Activities</b>	
<b>Total</b>	<b>Internal Service Funds</b>	
\$ 1,106,520	\$	461,923
21,668		234
365,961		8,993
1,415		52,087
-		202
-		19,340
68,089		18,308
2,119		5,799
120,392		11,061
135,458		-
25,776		-
<u>1,847,398</u>	<u></u>	<u>577,947</u>
2,477,686		-
159,417		-
6,579		52,390
33,648		93,712
<u>2,677,330</u>	<u></u>	<u>146,102</u>
4,524,728		724,049
13,438		5,475
<u>4,538,166</u>	<u></u>	<u>729,524</u>
56,911		82,687
7,439		889
23,219		2,006
776		345
37,065		18,524
3,897		116,142
103,163		6,699
108,994		1,217
39,268		201,236
<u>583,199</u>	<u></u>	<u>10,161</u>
963,931		439,906
-		60,080
21,843		568,190
2,153,078		118,248
<u>2,174,921</u>	<u></u>	<u>746,518</u>
3,138,852		1,186,424
<u>21,371</u>	<u></u>	<u>11,173</u>
3,160,223		1,197,597
34,519		106,581
845,213		-
<u>498,211</u>	<u></u>	<u>(574,654)</u>
<u>\$ 1,377,943</u>	<u>\$</u>	<u>(468,073)</u>

1,519  
\$ 1,379,462

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

For the Fiscal Year Ended June 30, 2015  
(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	\$ 1,843,876	\$ 160,367	\$ 680,122
Interest, Dividends, Rents, and Other Investment Income	-	27,506	12,531
Other (Note 27)	-	-	-
Total Operating Revenues	<u>1,843,876</u>	<u>187,873</u>	<u>692,653</u>
<b>Operating Expenses</b>			
Cost of Sales and Services	133,230	-	-
Prizes and Claims (Note 28)	1,104,203	-	431,420
Tuition Benefits Expense	-	135,063	-
Personal Services	27,626	9,263	-
Contractual Services	29,083	8,801	-
Supplies and Materials	527	43	-
Depreciation	3,117	527	-
Rent, Insurance, and Other Related Charges	1,791	144	-
Interest Expense	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other (Note 29)	-	1,284	-
Total Operating Expenses	<u>1,299,577</u>	<u>155,125</u>	<u>431,420</u>
Operating Income	<u>544,299</u>	<u>32,748</u>	<u>261,233</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest, Dividends, Rents, and Other Investment Income	859	-	-
Other (Note 30)	321	(182)	(51)
Total Nonoperating Revenues (Expenses)	<u>1,180</u>	<u>(182)</u>	<u>(51)</u>
Income Before Special Item and Transfers	545,479	32,566	261,182
Special Item (Note 31)	-	-	-
Transfers In (Note 32)	-	-	-
Transfers Out (Note 32)	(546,181)	(337)	(2,042)
Change in Net Position	<u>(702)</u>	<u>32,229</u>	<u>259,140</u>
Total Net Position (Deficit), July 1, as restated (Note 2)	(29,743)	512,441	586,073
Total Net Position (Deficit), June 30 (Note 4)	<u>\$ (30,445)</u>	<u>\$ 544,670</u>	<u>\$ 845,213</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>	
\$ 1,209,240	\$ 3,893,605	\$ 2,014,248	
-	40,037	-	
19,284	19,284	-	
1,228,524	3,952,926	2,014,248	
415,366	548,596	58,683	
336,049	1,871,672	1,314,498	
-	135,063	-	
129,992	166,881	52,778	
69,649	107,533	419,470	
39,326	39,896	9,199	
3,514	7,158	17,217	
32,886	34,821	77,307	
-	-	8	
34,347	34,347	-	
6,945	8,229	20,102	
1,068,074	2,954,196	1,969,262	
160,450	998,730	44,986	
1,730	2,589	1,268	
(3,619)	(3,531)	(1,882)	
(1,889)	(942)	(614)	
158,561	997,788	44,372	
34,437	34,437	-	
57	57	5,293	
(179,868)	(728,428)	(11,190)	
13,187	303,854	38,475	
5,318	1,074,089	(506,548)	
\$ 18,505	\$ 1,377,943	\$ (468,073)	

(825)  
\$ 303,029

## Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2015  
(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	\$ 1,844,350	\$ 166,248	\$ 706,661	\$ 1,208,993
Receipts from Investments	-	-	12,531	-
Internal Activity-Receipts from Other Funds	-	-	5,257	8,970
Internal Activity-Payments to Other Funds	-	(404)	-	(2,380)
Payments to Suppliers for Goods and Services	(135,264)	(1,587)	-	(488,266)
Payments for Contractual Services	(21,341)	(8,282)	-	(69,973)
Payments for Prizes, Claims, and Loss Control (Note 35)	(1,137,625)	-	(447,855)	(339,087)
Payments for Tuition Benefits	-	(158,393)	-	-
Payments to Employees	(27,003)	(8,996)	-	(130,372)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(43,044)
Payments for Interest	-	-	-	-
Other Operating Revenue (Note 35)	-	(593)	45	6,056
Other Operating Expense (Note 35)	-	(134)	-	(5,421)
Net Cash Provided by Operating Activities	523,117	(12,141)	276,639	145,476
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In from Other Funds	-	-	-	57
Transfers Out to Other Funds	(569,977)	(337)	(1,738)	(383,764)
Other Noncapital Financing Receipt Activities (Note 35)	499	-	25	251,556
Other Noncapital Financing Disbursement Activities (Note 35)	-	-	-	(26,693)
Net Cash Used for Noncapital Financing Activities	(569,478)	(337)	(1,713)	(158,844)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(2,681)	(112)	-	(10,833)
Payment of Principal and Interest on Bonds and Notes	-	(547)	-	(11,726)
Proceeds from Sale of Capital Assets	(67)	-	-	3
Other Capital and Related Financing Disbursement Activities (Note 35)	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	(2,748)	(659)	-	(22,556)
<b>Cash Flows from Investing Activities</b>				
Purchase of Investments	(578)	(1,605,458)	-	-
Proceeds from Sales or Maturities of Investments	23,798	1,527,588	-	10,285
Investment Income on Cash, Cash Equivalents, and Investments	681	113,737	-	1,364
Net Cash Provided by (Used for) Investing Activities	23,901	35,867	-	11,649
Net Increase (Decrease) in Cash and Cash Equivalents	(25,208)	22,730	274,926	(24,275)
<b>Cash and Cash Equivalents, July 1</b>	<b>28,191</b>	<b>60,621</b>	<b>487,681</b>	<b>317,963</b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 2,983</b>	<b>\$ 83,351</b>	<b>\$ 762,607</b>	<b>\$ 293,688</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 98,964	\$ 83,351	\$ 762,607	\$ 161,598
Restricted Cash and Cash Equivalents	-	-	-	135,458
Cash and Travel Advances	1	-	-	209
Less:				
Securities Lending Cash Equivalents	(95,982)	-	-	(3,577)
Cash and Cash Equivalents per the Statement of Cash Flow s	\$ 2,983	\$ 83,351	\$ 762,607	\$ 293,688

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

	<b>Governmental Activities</b>	
<b>Total</b>	<b>Internal Service Funds</b>	
\$ 3,926,252	\$	754,514
12,531		-
14,227		1,242,533
(2,784)		(10,520)
(625,117)		(139,593)
(99,596)		(392,205)
(1,924,567)		(1,294,554)
(158,393)		-
(166,371)		(52,798)
(43,044)		-
-		(8)
5,508		-
(5,555)		(21,137)
933,091		86,232
57		5,293
(955,816)		(11,110)
252,080		153
(26,693)		(1,900)
(730,372)		(7,564)
(13,626)		(4,538)
(12,273)		(14,381)
(64)		1,502
-		(632)
(25,963)		(18,049)
(1,606,036)		-
1,561,671		-
115,782		1,140
71,417		1,140
248,173		61,759
894,456		393,702
<b>\$ 1,142,629</b>	<b>\$</b>	<b>455,461</b>
\$ 1,106,520	\$	461,923
135,458		
210		3
(99,559)		(6,465)
<b>\$ 1,142,629</b>	<b>\$</b>	<b>455,461</b>

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

For the Fiscal Year Ended June 30, 2015  
(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)	\$ 544,299	\$ 32,748	\$ 261,233	\$ 160,450
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for)</b>				
<b>Operating Activities:</b>				
Depreciation	3,117	527	-	3,514
Interest, Dividends, Rents, and Other Investment Income	(6,749)	(27,506)	-	-
Miscellaneous Nonoperating Income	-	-	(380)	13
Other	-	222	-	(7,997)
<b>Change in Assets, Deferred Outflow s of Resources, Liabilities, and Deferred Inflow s of Resources</b>				
(Increase) Decrease in Accounts Receivable	1,021	5,288	13,910	(3,300)
(Increase) Decrease in Due from Other Funds	-	-	594	119,823
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	-	-	-	-
(Increase) Decrease in Due from Component Units	-	-	-	-
(Increase) Decrease in Other Assets	-	21	-	(120,182)
(Increase) Decrease in Inventory	(2,034)	-	-	(3,743)
(Increase) Decrease in Prepaid Items	(46)	(126)	-	843
(Increase) Decrease in Deferred Outflow s of Resources	(1,281)	(524)	-	(3,428)
Increase (Decrease) in Accounts Payable	(2,217)	(354)	(112)	(6,784)
Increase (Decrease) in Amounts Due to Other Governments	-	-	(945)	1,370
Increase (Decrease) in Due to Other Funds	21	3	153	2,463
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	36	15	-	91
Increase (Decrease) in Unearned Revenue	(548)	-	-	(259)
Increase (Decrease) in Other Liabilities	2,116	843	2,186	(25)
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	(2,656)
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	596
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(5,321)	15,032	-	(44)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(13,589)	(39,911)	-	(10,767)
Increase (Decrease) in Deferred Inflow s of Resources	4,292	1,581	-	15,498
Net Cash Provided by (Used for) Operating Activities	<u>\$ 523,117</u>	<u>\$ (12,141)</u>	<u>\$ 276,639</u>	<u>\$ 145,476</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
The following transactions occurred prior to the Statement of Net Position date:				
Capital Leases Used to Finance Capital Assets	\$ -	\$ -	\$ -	\$ -
Installment Purchases Used to Finance Capital Assets	-	-	-	-
Change in Fair Value of Investments	-	86,230	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 86,230</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 998,730	\$	44,986
7,158		17,217
(34,255)		-
(367)		30
(7,775)		(80)
16,919		502
120,417		4,064
-		(8)
-		(1,733)
(120,161)		(7,947)
(5,777)		(1,162)
671		(760)
(5,233)		(1,771)
(9,467)		24,049
425		(2,733)
2,640		314
142		38
(807)		(10,450)
5,120		365
(2,656)		(5,872)
596		25,815
9,667		857
(64,267)		(10,662)
21,371		11,173
<u>\$ 933,091</u>	<u>\$</u>	<u>86,232</u>
\$ -	\$	9,067
-		8,666
86,230		-
-		1,786
<u>\$ 86,230</u>	<u>\$</u>	<u>19,519</u>

