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

The Virginia College Savings Plan administers the Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 services contracts 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 using actuarially determined amounts. Prepaid529 is closed to

new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs. The value of a unit is tied to the average tuition inflation rate of Virginia four year institutions. Eide Bailly, LLP, audits the Plan, and a separate report is issued.

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 251 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 267 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position - Proprietary Funds

June 30, 2022

(Dollars in Thousands)

Business-type Activities Enterprise Funds

	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 7)	\$ 130,188	\$ 143,976	\$ 1,499,903	\$ 348,329
Assets Held Pending Distribution (Note 1)	10,757	—	—	—
Receivables, Net (Notes 1 and 8)	56,094	80,735	101,893	62,969
Due from Other Funds (Note 10)	39	—	1,938	722
Due from External Parties (Fiduciary Funds) (Note 10)	—	—	—	—
Due from Component Units (Note 10)	—	—	—	—
Inventory (Note 1)	761	—	—	108,103
Prepaid Items (Note 1)	609	2,356	—	2,765
Other Assets (Notes 1 and 11)	1	—	—	470
Total Current Assets	198,449	227,067	1,603,734	523,358
Noncurrent Assets:				
Investments (Notes 1 and 7)	—	2,816,615	—	—
Assets Held Pending Distribution (Note 1)	102,072	—	—	—
Receivables, Net (Notes 1 and 8)	—	67,755	—	—
Other Assets (Notes 1 and 11)	1,614	814	—	6,187
Nondepreciable Capital Assets (Notes 1 and 13)	—	—	—	17,258
Other Capital Assets, Net (Notes 1 and 13)	17,901	649	—	304,722
Total Noncurrent Assets	121,587	2,885,833	—	328,167
Total Assets	320,036	3,112,900	1,603,734	851,525
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)				
Total Assets and Deferred Outflows of Resources	329,367	3,117,934	1,603,734	885,905
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 25)	25,017	1,509	39	105,825
Amounts Due to Other Governments	—	—	68,918	10,842
Due to Other Funds (Note 10)	6,353	112	5,778	24,462
Due to External Parties (Fiduciary Funds) (Note 10)	234	106	—	1,030
Interfund Payable (Note 10)	—	2,000	—	50,689
Unearned Revenue (Note 1)	2,304	—	—	3,942
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	294	118,849	—
Obligations Under Securities Lending Program (Notes 1 and 7)	69,847	850	—	30,171
Other Liabilities (Notes 1 and 26)	96,375	23,654	—	133
Claims Payable Due Within One Year (Notes 1 and 24)	—	—	—	62,105
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	13,337	270,154	—	31,149
Total Current Liabilities	213,467	298,679	193,584	320,348
Noncurrent Liabilities:				
Interfund Payable (Note 10)	—	—	—	—
Claims Payable Due in More Than One Year (Notes 1 and 24)	—	—	—	34,785
Long-term Liabilities Due in More Than One Year (Notes 1, 22, and 27)	127,295	1,355,370	—	264,090
Total Noncurrent Liabilities	127,295	1,355,370	—	298,875
Total Liabilities	340,762	1,654,049	193,584	619,223
Deferred Inflows of Resources (Notes 1, 14, 15, 16, and 18)				
Total Liabilities and Deferred Inflows of Resources	356,964	1,661,956	193,584	684,266
Net Position				
Net Investment in Capital Assets	14,901	649	—	130,449
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	1,157	558	—	4,474
Restricted for Unemployment Compensation	—	—	1,410,150	—
Unrestricted	(43,655)	1,454,771	—	66,716
Total Net Position (Deficit) (Note 4)	\$ (27,597)	\$ 1,455,978	\$ 1,410,150	\$ 201,639

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
	\$	2,122,396	\$ 1,131,426
		10,757	—
		301,691	28,543
		2,699	63,417
		—	250
		—	27,943
		108,864	23,639
		5,730	21,959
		471	43,354
		<u>2,552,608</u>	<u>1,340,531</u>
		2,816,615	—
		102,072	—
		67,755	255
		8,615	3,667
		17,258	98,277
		323,272	484,737
		<u>3,335,587</u>	<u>586,936</u>
		5,888,195	1,927,467
		48,745	16,399
		5,936,940	1,943,866
		132,390	90,681
		79,760	—
		36,705	5,932
		1,370	494
		52,689	10,113
		6,246	153,344
		119,143	—
		100,868	86,762
		120,162	625
		62,105	177,935
		314,640	50,962
		<u>1,026,078</u>	<u>576,848</u>
		—	170,253
		34,785	391,277
		1,746,755	460,195
		1,781,540	1,021,725
		<u>2,807,618</u>	<u>1,598,573</u>
		89,152	40,950
		<u>2,896,770</u>	<u>1,639,523</u>
		145,999	137,439
		6,189	2,816
		1,410,150	—
		<u>1,477,832</u>	<u>164,088</u>
	\$	<u>3,040,170</u>	<u>\$ 304,343</u>
		11,543	
	\$	<u>3,051,713</u>	

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

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	\$ 3,752,416	\$ 89,553	\$ 390,666	\$ 1,828,096
Interest, Dividends, Rents, and Other Investment Income (Note 1)	—	(164,748)	15,528	2
Other (Note 28)	—	4,040	—	31,425
Total Operating Revenues	3,752,416	(71,155)	406,194	1,859,523
Operating Expenses				
Cost of Sales and Services	209,397	—	—	693,813
Prizes and Claims (Note 30)	2,659,596	—	170,269	480,682
Educational Benefits Expense	—	82,275	—	—
Personal Services	31,984	16,512	—	184,075
Contractual Services	42,901	13,290	—	104,255
Supplies and Materials	646	42	—	11,844
Depreciation and Amortization (Note 31)	6,433	215	—	35,731
Rent, Insurance, and Other Related Charges	421	—	—	22,541
Interest Expense	—	—	—	8
Non-recurring Cost Estimate Payments to Providers	—	—	—	52,356
Other (Note 32)	—	11,013	—	9,306
Total Operating Expenses	2,951,378	123,347	170,269	1,594,611
Operating Income (Loss)	801,038	(194,502)	235,925	264,912
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	449	4	—	749
Other (Note 33)	521	51	1,053,774	18,913
Total Nonoperating Revenues (Expenses)	970	55	1,053,774	19,662
Income (Loss) Before Capital Contributions and Transfers	802,008	(194,447)	1,289,699	284,574
Capital Contributions	—	—	—	3,713
Transfers In (Note 34)	—	—	—	1,694
Transfers Out (Note 34)	(796,898)	(351)	(12,357)	(268,514)
Change in Net Position	5,110	(194,798)	1,277,342	21,467
Total Net Position (Deficit), July 1, as restated (Note 2)	(32,707)	1,650,776	132,808	180,172
Total Net Position (Deficit), June 30 (Note 4)	\$ (27,597)	\$ 1,455,978	\$ 1,410,150	\$ 201,639

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	
Total		Internal Service Funds	
\$ 6,060,731	\$ 2,393,212		
(149,218)	—		
<u>35,465</u>	<u>339,821</u>		
5,946,978	2,733,033		
903,210	58,777		
<u>3,310,547</u>	<u>1,582,135</u>		
82,275	—		
<u>232,571</u>	<u>61,149</u>		
160,446	406,768		
<u>12,532</u>	<u>7,247</u>		
42,379	75,440		
<u>22,962</u>	<u>88,397</u>		
8	—		
<u>52,356</u>	<u>—</u>		
20,319	21,259		
<u>4,839,605</u>	<u>2,301,172</u>		
<u>1,107,373</u>	<u>431,861</u>		
1,202	2,005		
1,073,259	(33,389)		
<u>1,074,461</u>	<u>(31,384)</u>		
2,181,834	400,477		
3,713	—		
<u>1,694</u>	<u>388</u>		
(1,078,120)	(15,497)		
<u>1,109,121</u>	<u>385,368</u>		
1,931,049	(81,025)		
<u>\$ 3,040,170</u>	<u>\$ 304,343</u>		
10,783			
<u>\$ 1,119,904</u>			

Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 3,787,618	\$ 131,346	\$ 409,453	\$ 1,821,458
Receipts from Investments	—	—	15,477	—
Internal Activity-Receipts from Other Funds	—	—	1,757	22,752
Internal Activity-Payments to Other Funds	—	—	—	(4,335)
Payments to Suppliers for Goods and Services	(207,737)	(2,330)	—	(707,822)
Payments for Contractual Services	(28,336)	(16,916)	—	(106,029)
Payments for Prizes, Claims, and Loss Control (Note 36)	(2,685,976)	—	(183,714)	(476,312)
Payments for Educational Benefits	—	(202,526)	—	—
Payments to Employees	(36,937)	(17,163)	—	(195,620)
Payments to Providers for Non-recurring Cost Estimates	—	—	—	(50,697)
Other Operating Revenue (Note 36)	—	—	52	12,897
Other Operating Expense (Note 36)	—	(10,567)	—	(32,615)
Net Cash Provided by (Used for) Operating Activities	828,632	(118,156)	243,025	283,677
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	—	—	—	1,694
Transfers Out to Other Funds	(860,729)	(351)	(11,954)	(579,887)
Other Noncapital Financing Receipt Activities (Note 36)	695	2,000	1,082,415	387,999
Other Noncapital Financing Disbursement Activities (Note 36)	—	—	—	(65,751)
Net Cash Provided by (Used for) Noncapital Financing Activities	(860,034)	1,649	1,070,461	(255,945)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(5,769)	(189)	—	(8,866)
Payment of Principal and Interest on Bonds and Notes	(683)	—	—	(25,439)
Proceeds from Sale of Capital Assets	22	—	—	16,159
Other Capital and Related Financing Receipt Activities (Note 36)	—	—	—	144
Net Cash Used for Capital and Related Financing Activities	(6,430)	(189)	—	(18,002)
Cash Flows from Investing Activities				
Purchase of Investments	(2,683)	(1,617,160)	—	—
Proceeds from Sales or Maturities of Investments	11,369	1,618,744	—	—
Investment Income on Cash, Cash Equivalents, and Investments	290	126,117	—	474
Net Cash Provided by Investing Activities	8,976	127,701	—	474
Net Increase (Decrease) in Cash and Cash Equivalents	(28,856)	11,005	1,313,486	10,204
Cash and Cash Equivalents, July 1	89,198	132,121	186,417	308,384
Cash and Cash Equivalents, June 30	\$ 60,342	\$ 143,126	\$ 1,499,903	\$ 318,588
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 130,188	\$ 143,976	\$ 1,499,903	\$ 348,329
Cash and Travel Advances	1	—	—	430
Less:				
Securities Lending Cash Equivalents	(69,847)	(850)	—	(30,171)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 60,342</u>	<u>\$ 143,126</u>	<u>\$ 1,499,903</u>	<u>\$ 318,588</u>

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

		Governmental Activities	
Total		Internal Service Funds	
\$ 6,149,875	\$	898,320	
15,477		—	
24,509		1,508,658	
(4,335)		(8,398)	
(917,889)		(113,649)	
(151,281)		(442,744)	
(3,346,002)		(1,588,508)	
(202,526)		—	
(249,720)		(68,555)	
(50,697)		—	
12,949		58	
(43,182)		(18,750)	
1,237,178		166,432	
1,694		388	
(1,452,921)		(15,497)	
1,473,109		33,648	
(65,751)		(11,030)	
(43,869)		7,509	
(14,824)		(18,098)	
(26,122)		(94,205)	
16,181		1,535	
144		1	
(24,621)		(110,767)	
(1,619,843)		—	
1,630,113		—	
126,881		1,643	
137,151		1,643	
1,305,839		64,817	
716,120		979,847	
\$ 2,021,959	\$	1,044,664	
\$ 2,122,396	\$	1,131,426	
431		—	
(100,868)		(86,762)	
\$ 2,021,959	\$	1,044,664	

Continued on next page

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

For the Fiscal Year Ended June 30, 2022

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 801,038	\$ (194,502)	\$ 235,925	\$ 264,912
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	6,433	215	—	35,731
Interest, Dividends, Rents, and Other Investment Income	(4,581)	164,748	—	—
Miscellaneous Nonoperating Income	113	55	—	419
Other	—	4	—	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	34,435	37,621	16,250	(1,704)
(Increase) Decrease in Due from Other Funds	—	—	3,659	2,030
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	—
(Increase) Decrease in Due from Component Units	—	—	—	—
(Increase) Decrease in Other Assets: Due Within One Year	—	—	—	(12)
(Increase) Decrease in Other Assets: Due in More Than One Year	(591)	(333)	—	(2,377)
(Increase) Decrease in Inventory	1,660	—	—	(18,986)
(Increase) Decrease in Prepaid Items	145	(1,709)	—	(180)
(Increase) Decrease in Deferred Outflows of Resources	395	389	—	2,936
Increase (Decrease) in Accounts Payable	(1,252)	573	(3,623)	16,304
Increase (Decrease) in Amounts Due to Other Governments	—	—	(7,967)	1,980
Increase (Decrease) in Due to Other Funds	(540)	11	5,401	(1,037)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	21	12	—	253
Increase (Decrease) in Unearned Revenue	767	—	—	585
Increase (Decrease) in Due to Claimants, Participants, Escrows and Providers	—	(4,093)	(6,620)	—
Increase (Decrease) in Other Liabilities	(528)	—	—	(15)
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—	(2,110)
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—	(1,319)
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(60)	(18,381)	—	1,370
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(21,605)	(109,216)	—	(63,567)
Increase (Decrease) in Deferred Inflows of Resources	12,782	6,450	—	48,464
Net Cash Provided by (Used for) Operating Activities	<u>\$ 828,632</u>	<u>\$ (118,156)</u>	<u>\$ 243,025</u>	<u>\$ 283,677</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Leases Used to Finance Capital Assets	\$ 2	\$ —	\$ —	\$ 43,644
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Change in Fair Value of Investments	—	(532,730)	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	—	—	—
Donated Buildings	—	—	—	3,713
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 2</u>	<u>\$ (532,730)</u>	<u>\$ —</u>	<u>\$ 47,357</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 1,107,373	\$	431,861
42,379		75,440
160,167		—
587		280
4		9,961
86,602		(6,418)
5,689		3,707
—		(5)
—		(3,748)
(12)		(7,683)
(3,301)		(1,354)
(17,326)		(4,801)
(1,744)		(2,599)
3,720		5,382
12,002		(5,860)
(5,987)		—
3,835		2,174
286		18
1,352		29,822
(10,713)		—
(543)		(982)
(2,110)		(5,828)
(1,319)		(341,274)
(17,071)		11
(194,388)		(42,261)
67,696		30,589
<u>\$ 1,237,178</u>	<u>\$</u>	<u>166,432</u>
\$ 43,646	\$	66,689
—		3,647
(532,730)		—
—		(858)
3,713		—
<u>\$ (485,371)</u>	<u>\$</u>	<u>69,478</u>

