
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 Pocahontas Parkway accounts for the Route 895 Connector Project. The Association is a blended component unit of the Department of Transportation (Primary Government).

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 183 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 199 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2005

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Assets				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 5)	\$ 10,683	\$ 94,035	\$ 7,119	\$ 481,921
Investments (Notes 1 and 5)	389,175	1,648	-	-
Receivables, Net (Notes 1 and 6)	46,283	75,468	777	108,126
Due from Other Funds (Note 8)	-	-	-	459
Inventory (Note 1)	316	-	-	-
Prepaid Items (Note 1)	2,185	-	17	-
Other Assets (Notes 1 and 9)	3	-	-	-
Total Current Assets	448,645	171,151	7,913	590,506
Noncurrent Assets:				
Investments (Notes 1 and 5)	316,897	975,901	35,305	-
Receivables, Net (Notes 1 and 6)	-	233,883	-	-
Prepaid Items (Note 1)	-	-	-	-
Other Assets (Notes 1 and 9)	-	-	5,120	-
Nondepreciable Capital Assets (Notes 1 and 11)	-	-	14,435	-
Depreciable Capital Assets, Net (Notes 1 and 11)	7,155	120	284,893	-
Total Noncurrent Assets	324,052	1,209,904	339,753	-
Total Assets	772,697	1,381,055	347,666	590,506
Liabilities				
Current Liabilities:				
Accounts Payable (Notes 1 and 18)	5,852	1,054	108	99
Amounts Due to Other Governments	-	-	-	4,268
Due to Other Funds (Note 8)	200	-	-	285
Interfund Payable (Note 8)	15,000	-	-	-
Unearned Revenue (Note 1)	3,305	-	-	-
Claims Payable (Notes 1 and 17)	-	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 5)	332,572	9,405	-	-
Other Liabilities (Notes 1 and 19)	35,537	4	3,421	20,291
Long-term Liabilities Due Within One Year (Notes 1, 16, and 20)	61,524	61,035	5,300	-
Total Current Liabilities	453,990	71,498	8,829	24,943
Noncurrent Liabilities:				
Interfund Payable (Note 8)	-	-	-	-
Claims Payable (Notes 1 and 17)	-	-	-	-
Other Liabilities (Notes 1 and 19)	-	-	21,074	-
Long-term Liabilities Due in More Than One Year (Notes 1, 16, and 20)	321,195	1,369,798	458,057	-
Total Noncurrent Liabilities	321,195	1,369,798	479,131	-
Total Liabilities	775,185	1,441,296	487,960	24,943
Net Assets				
Invested in Capital Assets, Net of Related Debt	3,482	120	(162,712)	-
Restricted for Unemployment Compensation	-	-	-	557,607
Restricted for Retainage	-	-	11	-
Restricted for Debt Service	-	-	42,413	-
Restricted for Capital Acquisition	-	-	-	187
Unrestricted	(5,970)	(60,361)	(20,006)	7,769
Total Net Assets	\$ (2,488)	\$ (60,241)	\$ (140,294)	\$ 565,563

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	
Nonmajor	Total	Internal Service Funds	
\$ 106,855	\$ 700,613	\$ 219,407	
3,772	394,595	7,174	
26,356	257,010	20,155	
-	459	39,648	
39,737	40,053	16,011	
939	3,141	4,003	
218	221	1,039	
<u>177,877</u>	<u>1,396,092</u>	<u>307,437</u>	
1	1,328,104	-	
-	233,883	-	
1	1	-	
-	5,120	-	
7,869	22,304	150	
<u>24,968</u>	<u>317,136</u>	<u>71,494</u>	
<u>32,839</u>	<u>1,906,548</u>	<u>71,644</u>	
<u>210,716</u>	<u>3,302,640</u>	<u>379,081</u>	
30,977	38,090	46,027	
-	4,268	1,285	
11,317	11,802	467	
31,765	46,765	732	
2,361	5,666	52,137	
21,681	21,681	127,054	
21,236	363,213	40,937	
1,750	61,003	5,372	
<u>5,109</u>	<u>132,968</u>	<u>11,450</u>	
<u>126,196</u>	<u>685,456</u>	<u>285,461</u>	
7,200	7,200	7,487	
4,998	4,998	193,920	
-	21,074	-	
17,321	2,166,371	16,693	
<u>29,519</u>	<u>2,199,643</u>	<u>218,100</u>	
<u>155,715</u>	<u>2,885,099</u>	<u>503,561</u>	
26,800	(132,310)	62,319	
-	557,607	-	
-	11	-	
-	42,413	-	
-	187	-	
<u>28,201</u>	<u>(50,367)</u>	<u>(186,799)</u>	
<u>\$ 55,001</u>	<u>\$ 417,541</u>	<u>\$ (124,480)</u>	

\$ 1,735
\$ 419,276

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

For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Operating Revenues:				
Charges for Sales and Services	\$ 1,333,946	\$ 292,887	\$ 10,344	\$ 538,393
Interest, Dividends, Rents, and Other Investment Income (Note 1)	-	86,020	3,424	-
Other (Note 21)	-	-	-	-
Total Operating Revenues	<u>1,333,946</u>	<u>378,907</u>	<u>13,768</u>	<u>538,393</u>
Operating Expenses:				
Cost of Sales and Services	84,974	-	-	-
Prizes and Claims (Note 22)	765,248	-	-	359,189
Tuition Benefits Expense	-	304,001	-	-
Personal Services	18,580	3,096	-	-
Contractual Services	29,193	3,165	2,338	-
Supplies and Materials	1,741	44	-	-
Depreciation and Amortization (Note 23)	5,489	64	10,858	-
Rent, Insurance, and Other Related Charges	1,836	224	-	-
Interest Expense	-	-	25,600	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	-
Distribution of On-Line Revenue	-	-	-	-
Other (Note 24)	-	44	-	-
Total Operating Expenses	<u>907,061</u>	<u>310,638</u>	<u>38,796</u>	<u>359,189</u>
Operating Income (Loss)	<u>426,885</u>	<u>68,269</u>	<u>(25,028)</u>	<u>179,204</u>
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income (Note 1)	6,489	485	-	18,014
Other (Note 25)	(721)	(381)	-	-
Total Nonoperating Revenues (Expenses)	<u>5,768</u>	<u>104</u>	<u>-</u>	<u>18,014</u>
Income (Loss) Before Transfers	432,653	68,373	(25,028)	197,218
Transfers In (Note 26)	-	-	-	-
Transfers Out (Note 26)	(432,832)	(121)	(204)	(3,500)
Change in Net Assets	<u>(179)</u>	<u>68,252</u>	<u>(25,232)</u>	<u>193,718</u>
Total Net Assets (Deficit), July 1, as restated (Note 2)	(2,309)	(128,493)	(115,062)	371,845
Total Net Assets (Deficit), June 30 (Note 28)	<u>\$ (2,488)</u>	<u>\$ (60,241)</u>	<u>\$ (140,294)</u>	<u>\$ 565,563</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 Assets of business-type activities

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

		Governmental Activities	
Nonmajor	Total	Internal Service Funds	
\$ 730,787	\$ 2,906,357	\$ 1,126,929	
-	89,444	-	
26,716	26,716	-	
<u>757,503</u>	<u>3,022,517</u>	<u>1,126,929</u>	
275,182	360,156	58,166	
147,326	1,271,763	755,745	
-	304,001	-	
83,474	105,150	89,170	
39,673	74,369	148,953	
18,129	19,914	8,945	
4,172	20,583	16,895	
17,463	19,523	20,352	
190	25,790	229	
37,574	37,574	-	
28,688	28,688	-	
1,776	1,820	36,820	
653,647	2,269,331	1,135,275	
<u>103,856</u>	<u>753,186</u>	<u>(8,346)</u>	
2,095	27,083	3,931	
(475)	(1,577)	(1,283)	
<u>1,620</u>	<u>25,506</u>	<u>2,648</u>	
105,476	778,692	(5,698)	
5,381	5,381	398	
(103,854)	(540,511)	(2,239)	
<u>7,003</u>	<u>243,562</u>	<u>(7,539)</u>	
47,998	173,979	(116,941)	
<u>\$ 55,001</u>	<u>\$ 417,541</u>	<u>\$ (124,480)</u>	

\$ 1,680
<u>\$ 245,242</u>

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Cash Flows from Operating Activities:				
Receipts for Sales and Services	\$ 1,344,740	\$ 211,885	\$ 10,347	\$ 528,842
Receipts from Investments	-	-	2,074	-
Internal Activity-Receipts from Other Funds	-	-	-	3,370
Internal Activity-Payments to Other Funds	-	(389)	-	-
Payments to Suppliers for Goods and Services	(81,696)	(128)	-	-
Payments for Prizes, Claims, and Loss Control (Note 30)	(848,144)	-	-	(363,376)
Payments for Tuition Benefits	-	(31,329)	-	-
Payments to Employees	(18,457)	(2,986)	-	-
Payments to Providers for Non-recurring Cost Estimates	-	-	-	-
Payments for Interest	-	-	(9,121)	-
Other Operating Revenue (Note 30)	-	-	-	-
Other Operating Expense (Note 30)	(29,241)	(2,910)	(1,023)	-
Net Cash Provided by (Used for) Operating Activities	367,202	174,143	2,277	168,836
Cash Flows from Noncapital Financing Activities:				
Transfers In From Other Funds	-	-	-	-
Transfers Out to Other Funds	(433,162)	(121)	(204)	(3,500)
Other Noncapital Financing Receipt Activities (Note 30)	16,290	-	-	-
Other Noncapital Financing Disbursement Activities (Note 30)	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(416,872)	(121)	(204)	(3,500)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(738)	(21)	-	-
Payment of Principal and Interest on Bonds and Notes	(3,135)	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(3,873)	(21)	-	-
Cash Flows from Investing Activities:				
Purchase of Investments	(9,198)	(1,606,004)	-	-
Proceeds from Sales or Maturities of Investments	59,547	1,373,423	-	-
Investment Income on Cash, Cash Equivalents, and Investments	4,641	46,054	-	18,014
Net Cash Provided by (Used for) Investing Activities	54,990	(186,527)	-	18,014
Net Increase (Decrease) in Cash and Cash Equivalents	1,447	(12,526)	2,073	183,350
Cash and Cash Equivalents, July 1, as restated (Note 2)	7,697	98,804	5,046	298,571
Cash and Cash Equivalents, June 30	\$ 9,144	\$ 86,278	\$ 7,119	\$ 481,921
Reconciliation of Cash and Cash Equivalents:				
Per the Statement of Net Assets:				
Cash and Cash Equivalents	\$ 10,683	\$ 94,035	\$ 7,119	\$ 481,921
Cash and Travel Advances	3	-	-	-
Less:				
Securities Lending Cash Equivalents	(1,542)	(7,757)	-	-
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 9,144	\$ 86,278	\$ 7,119	\$ 481,921

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

		Governmental Activities	
Nonmajor	Total	Internal Service Funds	
\$ 747,541	\$ 2,843,355	\$ 765,274	
-	2,074	-	
4,056	7,426	352,985	
(29,524)	(29,913)	(7,801)	
(313,503)	(395,327)	(111,315)	
(142,825)	(1,354,345)	(728,991)	
-	(31,329)	-	
(82,533)	(103,976)	(83,356)	
(31,164)	(31,164)	-	
-	(9,121)	-	
5,528	5,528	1	
(38,761)	(71,935)	(152,305)	
<u>118,815</u>	<u>831,273</u>	<u>34,492</u>	
5,381	5,381	785	
(226,299)	(663,286)	(2,239)	
130,158	146,448	48	
(92)	(92)	(633)	
<u>(90,852)</u>	<u>(511,549)</u>	<u>(2,039)</u>	
(6,184)	(6,943)	(17,067)	
(1,751)	(4,886)	(7,326)	
7	7	527	
<u>(7,928)</u>	<u>(11,822)</u>	<u>(23,866)</u>	
(1)	(1,615,203)	-	
-	1,432,970	-	
1,853	70,562	3,592	
1,852	(111,671)	3,592	
21,887	196,231	12,179	
67,674	477,792	174,504	
<u>\$ 89,561</u>	<u>\$ 674,023</u>	<u>\$ 186,683</u>	
\$ 106,855	\$ 700,613	\$ 219,407	
218	221	1,039	
(17,512)	(26,811)	(33,763)	
<u>\$ 89,561</u>	<u>\$ 674,023</u>	<u>\$ 186,683</u>	

Continued on next page

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

For the Fiscal Year Ended June 30, 2005
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 426,885	\$ 68,269	\$ (25,028)	\$ 179,204
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization	5,489	64	10,858	-
Accretion of Principle	-	-	15,394	-
Interest, Dividends, Rents, and Other Investment Income	(27,195)	(85,663)	-	-
Miscellaneous Nonoperating Income	-	-	(1,345)	-
Other Expenses	-	-	77	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	11,661	(81,266)	(6)	(6,243)
(Increase) Decrease in Due From Other Funds	-	-	-	54
(Increase) Decrease in Other Assets	-	-	-	-
(Increase) Decrease in Inventory	3,280	-	-	-
(Increase) Decrease in Prepaid Items	(448)	-	2	-
Increase (Decrease) in Accounts Payable	(5,368)	128	(957)	99
Increase (Decrease) in Amounts Due to Other Governments	-	-	-	(1,834)
Increase (Decrease) in Claims Payable	-	-	-	-
Increase (Decrease) in Due to Other Funds	(10)	-	-	63
Increase (Decrease) in Unearned Revenue	(868)	-	-	-
Increase (Decrease) in Other Liabilities	(23,237)	(129)	-	(2,507)
Increase (Decrease) in Long-term Liabilities: Due Within One Year	174	16,034	-	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(23,161)	256,706	3,282	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 367,202</u>	<u>\$ 174,143</u>	<u>\$ 2,277</u>	<u>\$ 168,836</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the statement of net assets date:				
Capital Assets Transferred from State Agencies	\$ -	\$ -	\$ -	\$ -
Trade-ins of Used Equipment on New Equipment	-	-	-	-
Installment Purchases Used to Finance Capital Assets	-	-	-	-
Change in Fair Value of Investments	-	39,713	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 39,713</u>	<u>\$ -</u>	<u>\$ -</u>

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

		Governmental Activities	
Nonmajor	Total	Internal Service Funds	
\$ 103,856	\$ 753,186	\$	(8,346)
4,172	20,583	16,895	
-	15,394	-	
(22)	(112,880)	-	
(816)	(2,161)	316	
-	77	-	
(1,130)	(76,984)	(3,071)	
5,019	5,073	(10,215)	
1	1	-	
(1,171)	2,109	(1,354)	
(12)	(458)	(347)	
6,383	285	17,527	
(16)	(1,850)	(910)	
1,010	1,010	15,763	
(80)	(27)	294	
232	(636)	3,487	
432	(25,441)	(791)	
71	16,279	2,372	
886	237,713	2,872	
<u>\$ 118,815</u>	<u>\$ 831,273</u>	<u>\$ 34,492</u>	
\$ -	\$ -	\$ 10,528	
-	-	(31)	
2,003	2,003	1,536	
-	39,713	-	
-	-	832	
<u>\$ 2,003</u>	<u>\$ 41,716</u>	<u>\$ 12,865</u>	

