
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 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 193 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 209 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2009

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 6)	\$ 5,980	\$ 188,225	\$ 363,952	\$ 198,237
Investments (Notes 1 and 6)	273,825	15,352	-	24,754
Receivables, Net (Notes 1 and 7)	53,104	74,921	70,924	34,370
Due from Other Funds (Note 9)	-	-	980	1,510
Inventory (Note 1)	-	-	-	50,030
Prepaid Items (Note 1)	288	-	-	2,033
Other Assets (Notes 1 and 10)	1	-	-	161
Total Current Assets	333,198	278,498	435,856	311,095
Noncurrent Assets:				
Investments (Notes 1 and 6)	232,102	1,158,686	-	1
Receivables, Net (Notes 1 and 7)	-	218,819	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	-	-	-	2,313
Depreciable Capital Assets, Net (Notes 1 and 12)	7,221	2,975	-	13,231
Total Noncurrent Assets	239,323	1,380,480	-	15,545
Total Assets	572,521	1,658,978	435,856	326,640
Liabilities				
Current Liabilities:				
Accounts Payable (Notes 1 and 22)	8,723	2,480	278	34,146
Amounts Due to Other Governments	-	-	16,172	10,110
Due to Other Funds (Note 9)	9,012	26	507	8,515
Interfund Payable (Note 9)	-	-	-	28,537
Unearned Revenue (Note 1)	2,706	-	-	2,091
Obligations Under Securities Lending Program (Notes 1 and 6)	213,231	28,148	-	45,386
Other Liabilities (Notes 1 and 23)	43,922	177	46,625	247
Claims Payable Due Within One Year (Notes 1 and 21)	-	-	-	28,152
Long-term Liabilities Due Within One Year (Notes 1, 19, and 24)	61,968	130,311	-	4,261
Total Current Liabilities	339,562	161,142	63,582	161,445
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 21)	-	-	-	9,115
Long-term Liabilities Due in More Than One Year (Notes 1, 19, and 24)	237,300	1,783,059	-	22,231
Total Noncurrent Liabilities	237,300	1,783,059	-	31,346
Total Liabilities	576,862	1,944,201	63,582	192,791
Net Assets				
Invested in Capital Assets, Net of				
Related Debt	7,221	1,056	-	14,579
Restricted for Unemployment Compensation	-	-	372,087	-
Restricted for Capital Acquisition	-	-	187	-
Unrestricted	(11,562)	(286,279)	-	119,270
Total Net Assets (Deficit) (Note 3)	\$ (4,341)	\$ (285,223)	\$ 372,274	\$ 133,849

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	
Total	Internal Service Funds	
\$ 756,394	\$ 522,041	
313,931	79,337	
233,319	29,247	
2,490	40,369	
50,030	16,007	
2,321	471	
162	9,601	
1,358,647	697,073	
1,390,789	-	
218,819	-	
2,313	812	
23,427	58,643	
1,635,348	59,455	
2,993,995	756,528	
45,627	80,802	
26,282	853	
18,060	1,021	
28,537	852	
4,797	68,727	
286,765	145,463	
90,971	5,531	
28,152	167,240	
196,540	6,100	
725,731	476,589	
-	9,892	
9,115	346,727	
2,042,590	34,676	
2,051,705	391,295	
2,777,436	867,884	
22,856	44,437	
372,087	-	
187	-	
(178,571)	(155,793)	
\$ 216,559	\$ (111,356)	

(1,050)
\$ 215,509

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

For the Fiscal Year Ended June 30, 2009

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	\$ 1,365,605	\$ 130,826	\$ 341,058	\$ 908,946
Interest, Dividends, Rents, and Other Investment Income (Note 1)	-	(248,069)	-	-
Other (Note 25)	-	3	-	27,188
Total Operating Revenues	1,365,605	(117,240)	341,058	936,134
Operating Expenses				
Cost of Sales and Services	96,482	-	-	327,332
Prizes and Claims (Note 26)	767,722	-	880,989	218,772
Tuition Benefits Expense	-	103,679	-	-
Personal Services	21,062	5,831	-	102,945
Contractual Services	29,847	4,465	-	58,417
Supplies and Materials	546	110	-	21,794
Depreciation and Amortization (Note 27)	1,874	523	-	6,821
Rent, Insurance, and Other Related Charges	1,612	115	-	25,665
Interest Expense	-	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	50,978
Other (Note 28)	-	423	-	4,622
Total Operating Expenses	919,145	115,146	880,989	817,346
Operating Income (Loss)	446,460	(232,386)	(539,931)	118,788
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income (Note 1)	4,957	248	27,673	4,578
Other (Note 29)	192	(248)	76,279	(902)
Total Nonoperating Revenues (Expenses)	5,149	-	103,952	3,676
Income (Loss) Before Transfers	451,609	(232,386)	(435,979)	122,464
Transfers In (Note 30)	-	-	-	577
Transfers Out (Note 30)	(452,438)	(201)	(7,808)	(131,456)
Change in Net Assets	(829)	(232,587)	(443,787)	(8,415)
Total Net Assets (Deficit), July 1	(3,512)	(52,636)	816,061	142,264
Total Net Assets (Deficit), June 30 (Note 3)	\$ (4,341)	\$ (285,223)	\$ 372,274	\$ 133,849

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	
Total	Internal Service Funds	
\$ 2,746,435	\$ 1,502,417	
(248,069)	-	
27,191	-	
<u>2,525,557</u>	<u>1,502,417</u>	
423,814	62,307	
1,867,483	1,028,381	
103,679	-	
129,838	54,734	
92,729	324,199	
22,450	9,599	
9,218	14,899	
27,392	70,826	
-	253	
50,978	-	
5,045	16,022	
<u>2,732,626</u>	<u>1,581,220</u>	
(207,069)	(78,803)	
37,456	14,120	
75,321	(8,441)	
<u>112,777</u>	<u>5,679</u>	
(94,292)	(73,124)	
577	1,061	
<u>(591,903)</u>	<u>(4,222)</u>	
(685,618)	(76,285)	
902,177	(35,071)	
<u>\$ 216,559</u>	<u>\$ (111,356)</u>	

(239)

\$ (685,857)

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2009

(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	\$ 1,361,560	\$ 135,220	\$ 335,754	\$ 913,904
Receipts from Investments	-	-	-	1
Internal Activity-Receipts from Other Funds	-	-	4,612	13,591
Internal Activity-Payments to Other Funds	-	(239)	-	(5,652)
Payments to Suppliers for Goods and Services	(96,482)	(1,106)	-	(377,696)
Payments for Contractual Services	(18,963)	(3,871)	-	(57,609)
Payments for Prizes, Claims, and Loss Control (Note 33)	(842,402)	-	(859,920)	(211,443)
Payments for Tuition Benefits	-	(85,317)	-	-
Payments to Employees	(20,175)	(5,277)	-	(101,314)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(46,687)
Other Operating Revenue (Note 33)	-	3	-	5,877
Other Operating Expense (Note 33)	-	(22)	-	(1,243)
Net Cash Provided by (Used for) Operating Activities	383,538	39,391	(519,554)	131,729
Cash Flows from Noncapital Financing Activities				
Transfers In From Other Funds	-	-	-	525
Transfers Out to Other Funds	(443,800)	(201)	(7,808)	(287,607)
Other Noncapital Financing Receipt Activities (Note 33)	2,721	-	76,278	184,248
Other Noncapital Financing Disbursement Activities (Note 33)	(5,000)	-	-	(31,579)
Net Cash Provided by (Used for) Noncapital Financing Activities	(446,079)	(201)	68,470	(134,413)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(2,909)	(958)	-	(237)
Payment of Principal and Interest on Bonds and Notes	-	(428)	-	(817)
Proceeds from Sale of Capital Assets	-	-	-	33
Other Capital and Related Financing Receipt Activities (Note 33)	-	-	-	-
Other Capital and Related Financing Disbursement Activities (Note 33)	-	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(2,909)	(1,386)	-	(1,021)
Cash Flows from Investing Activities				
Purchase of Investments	(5,734)	(1,637,797)	-	-
Proceeds from Sales or Maturities of Investments	64,701	1,672,490	-	-
Investment Income on Cash, Cash Equivalents, and Investments	2,428	(45,104)	27,673	3,712
Net Cash Provided by (Used for) Investing Activities	61,395	(10,411)	27,673	3,712
Net Increase (Decrease) in Cash and Cash Equivalents	(4,055)	27,393	(423,411)	7
Cash and Cash Equivalents, July 1	9,568	148,036	787,363	177,759
Cash and Cash Equivalents, June 30	\$ 5,513	\$ 175,429	\$ 363,952	\$ 177,766
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Assets:				
Cash and Cash Equivalents	\$ 5,980	\$ 188,225	\$ 363,952	\$ 198,237
Cash and Travel Advances	1	-	-	161
Less:				
Securities Lending Cash Equivalents	(468)	(12,796)	-	(20,632)
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 5,513	\$ 175,429	\$ 363,952	\$ 177,766

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

		Governmental Activities	
Total		Internal Service Funds	
\$ 2,746,438	\$ 1,035,600		
1	-		
18,203	469,234		
(5,891)	(11,573)		
(475,284)	(140,240)		
(80,443)	(314,198)		
(1,913,765)	(964,799)		
(85,317)	-		
(126,766)	(52,954)		
(46,687)	-		
5,880	-		
(1,265)	(10,657)		
<u>35,104</u>	<u>10,413</u>		
525	1,061		
(739,416)	(4,383)		
263,247	954		
(36,579)	-		
(512,223)	(2,368)		
(4,104)	(5,136)		
(1,245)	(1,131)		
33	575		
-	49		
-	(632)		
(5,316)	(6,275)		
(1,643,531)	-		
1,737,191	-		
(11,291)	12,180		
82,369	12,180		
(400,066)	13,950		
1,122,726	442,069		
<u>\$ 722,660</u>	<u>\$ 456,019</u>		
\$ 756,394	\$ 522,041		
162	104		
(33,896)	(66,126)		
<u>\$ 722,660</u>	<u>\$ 456,019</u>		

Continued on next page

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

For the Fiscal Year Ended June 30, 2009

(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)	\$ 446,460	\$ (232,386)	\$ (539,931)	\$ 118,788
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities				
Depreciation and Amortization	1,874	523	-	6,821
Interest, Dividends, Rents, and Other Investment Income	(19,405)	247,197	-	-
Miscellaneous Nonoperating Income	-	-	-	-
Other Expenses	-	-	-	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(4,692)	5,051	(2,833)	690
(Increase) Decrease in Due From Other Funds	-	-	241	1,064
(Increase) Decrease in Other Assets	-	-	-	-
(Increase) Decrease in Inventory	-	-	-	(2,425)
(Increase) Decrease in Prepaid Items	333	-	-	(349)
Increase (Decrease) in Accounts Payable	(657)	552	140	(1,770)
Increase (Decrease) in Amounts Due to Other Governments	-	-	7,191	4,951
Increase (Decrease) in Due to Other Funds	20	6	51	(135)
Increase (Decrease) in Due to Component Units	-	-	-	(2,373)
Increase (Decrease) in Interfund Payables	-	-	-	-
Increase (Decrease) in Unearned Revenue	647	-	-	(1,041)
Increase (Decrease) in Other Liabilities	(2,414)	60	15,587	(10)
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	4,177
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	632
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(1,587)	17,528	-	(39)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(37,041)	860	-	2,748
Net Cash Provided by (Used for) Operating Activities	<u>\$ 383,538</u>	<u>\$ 39,391</u>	<u>\$ (519,554)</u>	<u>\$ 131,729</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	\$ -	\$ -	\$ -	\$ -
New Capital Leases	-	-	-	-
Trade-ins of Used Equipment on New Equipment	-	-	-	-
Change in Fair Value of Investments	-	(203,618)	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ (203,618)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ (207,069)	\$	(78,803)
9,218		14,899
227,792		-
-		490
-		(3,016)
(1,784)		8,743
1,305		1,151
-		(3,030)
(2,425)		493
(16)		247
(1,735)		22,767
12,142		184
(58)		39
(2,373)		-
-		(242)
(394)		3,823
13,223		(160)
4,177		11,209
632		29,593
15,902		(296)
(33,433)		2,322
<u>\$ 35,104</u>	<u>\$</u>	<u>10,413</u>
\$ -	\$	17,339
-		1,620
-		10
(203,618)		-
-		625
<u>\$ (203,618)</u>	<u>\$</u>	<u>19,594</u>

