
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 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 203 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 219 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2011

(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)	\$ 190,490	\$ 89,345	\$ 59,560	\$ 187,272
Investments (Notes 1 and 6)	93,802	-	-	102
Receivables, Net (Notes 1 and 7)	45,799	70,098	137,469	33,940
Due from Other Funds (Note 9)	-	-	820	860
Due From External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Due From Component Units (Note 9)	-	-	-	-
Inventory (Note 1)	-	-	-	51,815
Prepaid Items (Note 1)	532	-	-	2,014
Other Assets (Notes 1 and 10)	1	-	-	169
Total Current Assets	330,624	159,443	197,849	276,172
Noncurrent Assets:				
Investments (Notes 1 and 6)	174,992	1,866,565	-	-
Receivables, Net (Notes 1 and 7)	-	197,908	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	-	245	-	6,290
Depreciable Capital Assets, Net (Notes 1 and 12)	9,467	3,341	-	16,913
Total Noncurrent Assets	184,459	2,068,059	-	23,203
Total Assets	515,083	2,227,502	197,849	299,375
Liabilities				
Current Liabilities:				
Accounts Payable (Notes 1 and 23)	9,203	465	162	26,357
Amounts Due to Other Governments	-	-	7,824	5,399
Due to Other Funds (Note 9)	9,220	52	2,715	12,436
Due to External Parties (Fiduciary Funds) (Note 9)	273	99	-	1,041
Interfund Payable (Note 9)	-	-	-	29,468
Unearned Revenue (Note 1)	3,208	-	-	1,917
Obligations Under Securities Lending Program (Notes 1 and 6)	223,224	-	-	431
Other Liabilities (Notes 1 and 24)	51,839	67	210,803	302
Claims Payable Due Within One Year (Notes 1 and 22)	-	-	-	24,586
Long-term Liabilities Due Within One Year (Notes 1, 20, and 25)	42,474	178,724	-	3,740
Total Current Liabilities	339,441	179,407	221,504	105,677
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 22)	-	-	-	12,625
Long-term Liabilities Due in More Than One Year (Notes 1, 20, and 25)	183,518	2,040,762	-	35,566
Total Noncurrent Liabilities	183,518	2,040,762	-	48,191
Total Liabilities	522,959	2,220,169	221,504	153,868
Net Assets				
Invested in Capital Assets, Net of Related Debt	9,467	2,668	-	23,203
Restricted for Unemployment Compensation	-	-	15,730	-
Unrestricted	(17,343)	4,665	(39,385)	122,304
Total Net Assets (Deficit) (Note 4)	\$ (7,876)	\$ 7,333	\$ (23,655)	\$ 145,507

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
\$ 526,667	\$	425,327
93,904		-
287,306		12,528
1,680		40,912
-		129
-		12,175
51,815		17,618
2,546		589
170		13,700
<u>964,088</u>		<u>522,978</u>
2,041,557		-
197,908		-
6,535		495
<u>29,721</u>		<u>54,035</u>
2,275,721		54,530
<u>3,239,809</u>		<u>577,508</u>
36,187		52,703
13,223		1,150
24,423		1,532
1,413		713
29,468		37,852
5,125		108,594
223,655		-
263,011		5,187
24,586		157,668
224,938		5,533
<u>846,029</u>		<u>370,932</u>
-		8,178
12,625		412,000
2,259,846		41,736
<u>2,272,471</u>		<u>461,914</u>
3,118,500		832,846
35,338		31,696
15,730		-
70,241		(287,034)
<u>\$ 121,309</u>	<u>\$</u>	<u>(255,338)</u>

(182)
\$ 121,127

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

For the Fiscal Year Ended June 30, 2011

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	\$ 1,482,688	\$ 154,007	\$ 685,712	\$ 956,302
Interest, Dividends, Rents, and Other Investment Income	-	304,909	-	-
Other (Note 26)	-	-	-	17,528
Total Operating Revenues	<u>1,482,688</u>	<u>458,916</u>	<u>685,712</u>	<u>973,830</u>
Operating Expenses				
Cost of Sales and Services	104,850	-	-	343,334
Prizes and Claims (Note 27)	870,172	-	661,739	220,776
Tuition Benefits Expense	-	226,900	-	-
Personal Services	21,947	7,626	-	109,701
Contractual Services	28,368	5,605	-	56,544
Supplies and Materials	600	94	-	24,953
Depreciation	2,788	320	-	3,627
Rent, Insurance, and Other Related Charges	1,402	91	-	27,986
Interest Expense	-	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	37,044
Other (Note 28)	-	2,650	-	2,416
Total Operating Expenses	<u>1,030,127</u>	<u>243,286</u>	<u>661,739</u>	<u>826,381</u>
Operating Income (Loss)	<u>452,561</u>	<u>215,630</u>	<u>23,973</u>	<u>147,449</u>
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	1,411	-	-	197
Other (Note 29)	(97)	-	-	8,975
Total Nonoperating Revenues (Expenses)	<u>1,314</u>	<u>-</u>	<u>-</u>	<u>9,172</u>
Income (Loss) Before Transfers	453,875	215,630	23,973	156,621
Transfers In (Note 30)	-	-	-	3,512
Transfers Out (Note 30)	(456,038)	(692)	(11,292)	(150,127)
Change in Net Assets	(2,163)	214,938	12,681	10,006
Total Net Assets (Deficit), July 1, as restated (Note 2)	<u>(5,713)</u>	<u>(207,605)</u>	<u>(36,336)</u>	<u>135,501</u>
Total Net Assets (Deficit), June 30 (Note 4)	<u>\$ (7,876)</u>	<u>\$ 7,333</u>	<u>\$ (23,655)</u>	<u>\$ 145,507</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	
Total	Internal Service Funds	
\$ 3,278,709	\$	1,573,492
304,909		-
17,528		22
3,601,146		1,573,514
448,184		68,111
1,752,687		1,027,285
226,900		-
139,274		47,157
90,517		361,945
25,647		10,338
6,735		12,163
29,479		70,215
-		56
37,044		-
5,066		13,021
2,761,533		1,610,291
839,613		(36,777)
1,608		142
8,878		(2,932)
10,486		(2,790)
850,099		(39,567)
3,512		863
(618,149)		(9,030)
235,462		(47,734)
(114,153)		(207,604)
\$ 121,309	\$	(255,338)

2,080
\$ 237,542

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2011

(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	\$ 1,492,121	\$ 161,602	\$ 676,148	\$ 960,177
Internal Activity-Receipts from Other Funds	-	-	7,079	7,993
Internal Activity-Payments to Other Funds	-	(342)	-	(2,297)
Payments to Suppliers for Goods and Services	(104,850)	(1,308)	-	(397,278)
Payments for Contractual Services	(18,915)	(5,306)	-	(56,273)
Payments for Prizes, Claims, and Loss Control (Note 33)	(920,795)	-	(682,373)	(220,151)
Payments for Tuition Benefits	-	(107,521)	-	-
Payments to Employees	(19,780)	(6,709)	-	(102,552)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(42,384)
Other Operating Revenue (Note 33)	-	-	-	5,107
Other Operating Expense (Note 33)	-	(2,008)	-	(283)
Net Cash Provided by (Used for) Operating Activities	427,781	38,408	854	152,059
Cash Flows from Noncapital Financing Activities				
Transfers In From Other Funds	-	-	-	3,512
Transfers Out to Other Funds	(447,020)	(671)	(9,054)	(311,358)
Other Noncapital Financing Receipt Activities (Note 33)	253	-	193,626	203,806
Other Noncapital Financing Disbursement Activities (Note 33)	(9,000)	-	(358,284)	(33,082)
Net Cash Provided by (Used for) Noncapital Financing Activities	(455,767)	(671)	(173,712)	(137,122)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(5,186)	(225)	-	(4,672)
Payment of Principal and Interest on Bonds and Notes	-	(561)	-	(189)
Proceeds from Sale of Capital Assets	-	-	-	-
Other Capital and Related Financing Receipt Activities (Note 33)	-	-	-	-
Other Capital and Related Financing Disbursement Activities (Note 33)	-	-	-	(100)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(5,186)	(786)	-	(4,961)
Cash Flows from Investing Activities				
Purchase of Investments	(5,217)	(1,812,718)	-	-
Proceeds from Sales or Maturities of Investments	52,831	1,590,919	-	-
Investment Income on Cash, Cash Equivalents, and Investments	1,061	128,500	-	-
Net Cash Provided by (Used for) Investing Activities	48,675	(93,299)	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	15,503	(56,348)	(172,858)	9,976
Cash and Cash Equivalents, July 1	4,149	145,693	232,418	177,135
Cash and Cash Equivalents, June 30	\$ 19,652	\$ 89,345	\$ 59,560	\$ 187,111
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Assets:				
Cash and Cash Equivalents	\$ 190,490	\$ 89,345	\$ 59,560	\$ 187,272
Cash and Travel Advances	1	-	-	169
Less:				
Securities Lending Cash Equivalents	(170,839)	-	-	(330)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 19,652</u>	<u>\$ 89,345</u>	<u>\$ 59,560</u>	<u>\$ 187,111</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 3,290,048	\$	569,418
15,072		1,014,064
(2,639)		(10,463)
(503,436)		(154,788)
(80,494)		(362,713)
(1,823,319)		(982,143)
(107,521)		-
(129,041)		(45,551)
(42,384)		-
5,107		-
(2,291)		(9,300)
619,102		18,524
3,512		863
(768,103)		(9,030)
397,685		7,142
(400,366)		(1,493)
(767,272)		(2,518)
(10,083)		(8,210)
(750)		(7,488)
-		932
-		13
(100)		-
(10,933)		(14,753)
(1,817,935)		-
1,643,750		-
129,561		-
(44,624)		-
(203,727)		1,253
559,395		424,179
\$ 355,668	\$	425,432
526,667	\$	425,327
170		105
(171,169)		-
\$ 355,668	\$	425,432

Continued on next page

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

For the Fiscal Year Ended June 30, 2011

(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)	\$ 452,561	\$ 215,630	\$ 23,973	\$ 147,449
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities				
Depreciation	2,788	320	-	3,627
Interest, Dividends, Rents, and Other Investment Income	(13,268)	(305,702)	-	-
Miscellaneous Nonoperating Income	-	-	-	-
Other Expenses	-	-	-	4,220
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	9,039	9,468	(22,764)	2,057
(Increase) Decrease in Due From Other Funds	-	-	(346)	(454)
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	-	-
(Increase) Decrease in Due From Component Units	-	-	-	-
(Increase) Decrease in Other Assets	-	(16)	-	-
(Increase) Decrease in Inventory	-	-	-	(1,334)
(Increase) Decrease in Prepaid Items	(87)	-	-	(318)
Increase (Decrease) in Accounts Payable	899	(986)	(29)	(1,362)
Increase (Decrease) in Amounts Due to Other Governments	-	-	(212)	(9,464)
Increase (Decrease) in Due to Other Funds	(24)	24	238	1,203
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	(156)	8	-	81
Increase (Decrease) in Interfund Payables	-	-	-	(59)
Increase (Decrease) in Unearned Revenue	394	-	-	(544)
Increase (Decrease) in Other Liabilities	7,843	10	(6)	(26)
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	(3,227)
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	2,275
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(9,844)	22,356	-	85
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(22,364)	97,296	-	7,850
Net Cash Provided by (Used for) Operating Activities	\$ 427,781	\$ 38,408	\$ 854	\$ 152,059
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the statement of net assets date:				
Installment Purchases Used to Finance Capital Assets	\$ -	\$ -	\$ -	\$ -
Change in Fair Value of Investments	-	177,807	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	\$ -	\$ 177,807	\$ -	\$ -

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 839,613	\$	(36,777)
6,735	12,163	
(318,970)	-	
-	221	
4,220	(7,342)	
(2,200)	7,206	
(800)	(2,891)	
-	(8)	
-	(372)	
(16)	(5,917)	
(1,334)	(2,306)	
(405)	(439)	
(1,478)	(7,555)	
(9,676)	433	
1,441	63	
(67)	(9)	
(59)	-	
(150)	25,779	
7,821	4,079	
(3,227)	(1,753)	
2,275	32,579	
12,597	(62)	
82,782	1,432	
<u>\$ 619,102</u>	<u>\$ 18,524</u>	
\$ -	\$ 5,261	
177,807	5	
-	43	
<u>\$ 177,807</u>	<u>\$ 5,309</u>	

