
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 (The Plan) administers the Prepaid529 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. EideBailly, LLC 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 239 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 255 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position – Proprietary Funds

June 30, 2018

(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)	\$ 62,786	\$ 71,651	\$ 1,325,536	\$ 189,648
Assets Held Pending Distribution (Note 1)	10,550	-	-	-
Receivables, Net (Notes 1 and 8)	69,084	81,594	86,280	52,842
Due from Other Funds (Note 10)	-	-	949	776
Due from External Parties (Fiduciary Funds) (Note 10)	-	-	-	-
Due from Component Units (Note 10)	-	-	-	-
Inventory (Note 1)	10,146	-	-	84,926
Prepaid Items (Note 1)	1,231	1,322	-	3,709
Other Assets (Notes 1 and 11)	1	-	-	209
Total Current Assets	153,798	154,567	1,412,765	332,110
Noncurrent Assets:				
Investments (Notes 1 and 7)	-	2,671,795	-	-
Assets Held Pending Distribution (Note 1)	105,935	-	-	-
Receivables, Net (Notes 1 and 8)	-	146,568	-	-
Other Assets (Notes 1 and 11)	943	393	-	3,195
Nondepreciable Capital Assets (Notes 1 and 13)	-	-	-	3,335
Depreciable Capital Assets, Net (Notes 1 and 13)	12,942	763	-	16,755
Total Noncurrent Assets	119,820	2,819,519	-	23,285
Total Assets	273,618	2,974,086	1,412,765	355,395
Deferred Outflows of Resources (Notes 1, 14, 15, 16, and 18)	3,852	1,889	-	15,330
Total Assets and Deferred Outflows of Resources	277,470	2,975,975	1,412,765	370,725
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 25)	12,081	2,681	71	87,860
Amounts Due to Other Governments	-	-	4,568	2,432
Due to Other Funds (Note 10)	16,770	104	151	16,927
Due to External Parties (Fiduciary Funds) (Note 10)	189	79	-	712
Interfund Payable (Note 10)	-	-	-	40,535
Unearned Revenue (Note 1)	1,541	-	-	2,969
Due to Claimants, Participants, Escrows and Providers (Note 1)	-	2,143	62,960	-
Obligations Under Securities Lending Program (Notes 1 and 7)	49,580	368	-	11,702
Other Liabilities (Notes 1 and 26)	74,067	35,091	-	236
Claims Payable Due Within One Year (Notes 1 and 24)	-	-	-	52,666
Long-term Liabilities Due Within One Year (Notes 1, 22, and 27)	11,970	282,092	-	5,629
Total Current Liabilities	166,198	322,558	67,750	221,668
Noncurrent Liabilities:				
Interfund Payable (Note 10)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 24)	-	-	-	26,299
Long-term Liabilities Due in More Than One Year (Notes 1, 22, and 27)	141,715	1,867,556	-	136,033
Total Noncurrent Liabilities	141,715	1,867,556	-	162,332
Total Liabilities	307,913	2,190,114	67,750	384,000
Deferred Inflows of Resources (Notes 1, 14, 15, 16, and 18)	3,605	1,292	-	15,725
Total Liabilities and Deferred Inflows of Resources	311,518	2,191,406	67,750	399,725
Net Position				
Net Investment in Capital Assets	12,942	763	-	20,090
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	808	329	-	2,664
Restricted for Unemployment Compensation	-	-	1,345,015	-
Unrestricted	(47,798)	783,477	-	(51,754)
Total Net Position (Deficit) (Note 4)	\$ (34,048)	\$ 784,569	\$ 1,345,015	\$ (29,000)

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
\$ 1,649,621	\$	695,197
10,550		-
289,800		22,360
1,725		58,286
-		232
-		31,235
95,072		16,466
6,262		10,416
210		14,224
<u>2,053,240</u>		<u>848,416</u>
2,671,795		-
105,935		-
146,568		-
4,531		2,219
3,335		31,836
30,460		143,658
<u>2,962,624</u>		<u>177,713</u>
5,015,864		1,026,129
<u>21,071</u>		<u>10,691</u>
5,036,935		1,036,820
102,693		107,867
7,000		129
33,952		1,830
980		455
40,535		41,112
4,510		112,101
65,103		-
61,650		42,453
109,394		1,046
52,666		193,409
299,691		8,816
<u>778,174</u>		<u>509,218</u>
-		95,007
26,299		716,607
<u>2,145,304</u>		<u>131,683</u>
2,171,603		943,297
<u>2,949,777</u>		<u>1,452,515</u>
20,622		11,484
<u>2,970,399</u>		<u>1,463,999</u>
33,795		136,400
3,801		1,840
1,345,015		-
<u>683,925</u>		<u>(565,419)</u>
<u>\$ 2,066,536</u>	<u>\$</u>	<u>(427,179)</u>

(58)
\$ 2,066,478

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

For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	\$ 2,139,820	\$ 160,173	\$ 434,333	\$ 1,474,321
Interest, Dividends, Rents, and Other Investment Income	-	135,246	26,659	-
Other (Note 28)	-	27	193	20,867
Total Operating Revenues	2,139,820	295,446	461,185	1,495,188
Operating Expenses				
Cost of Sales and Services	155,264	-	-	504,444
Prizes and Claims (Note 30)	1,293,568	-	323,214	459,493
Tuition Benefits Expense	-	266,024	-	-
Personal Services	30,529	12,076	-	147,340
Contractual Services	34,925	10,109	-	82,424
Supplies and Materials	463	51	-	12,764
Depreciation	3,397	511	-	3,261
Rent, Insurance, and Other Related Charges	2,398	255	-	36,880
Interest Expense	-	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	41,076
Other (Note 31)	-	2,339	-	3,748
Total Operating Expenses	1,520,544	291,365	323,214	1,291,430
Operating Income	619,276	4,081	137,971	203,758
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	1,219	2	-	2,106
Other (Note 32)	(269)	(2,712)	-	9,294
Total Nonoperating Revenues (Expenses)	950	(2,710)	-	11,400
Income Before Transfers	620,226	1,371	137,971	215,158
Transfers In (Note 33)	-	-	167	280
Transfers Out (Note 33)	(620,353)	(646)	(1,371)	(204,725)
Change in Net Position	(127)	725	136,767	10,713
Total Net Position (Deficit), July 1, as restated (Note 2)	(33,921)	783,844	1,208,248	(39,713)
Total Net Position (Deficit), June 30 (Note 4)	\$ (34,048)	\$ 784,569	\$ 1,345,015	\$ (29,000)

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
\$ 4,208,647	\$	2,288,421
161,905		-
21,087		-
4,391,639		2,288,421
659,708		57,087
2,076,275		1,422,178
266,024		-
189,945		60,058
127,458		494,821
13,278		8,819
7,169		26,215
39,533		84,619
-		20
41,076		-
6,087		9,998
3,426,553		2,163,815
965,086		124,606
3,327		7,251
6,313		(2,440)
9,640		4,811
974,726		129,417
447		406
(827,095)		(1,659)
148,078		128,164
1,918,458		(555,343)
\$ 2,066,536	\$	(427,179)

(1,032)
\$ 147,046

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2018
(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	\$ 2,139,912	\$ 156,742	\$ 455,649	\$ 1,480,425
Receipts from Investments	-	-	26,676	-
Internal Activity-Receipts from Other Funds	-	-	1,991	9,851
Internal Activity-Payments to Other Funds	-	(286)	-	(3,035)
Payments to Suppliers for Goods and Services	(158,746)	(1,541)	-	(559,047)
Payments for Contractual Services	(30,675)	(10,786)	-	(85,722)
Payments for Prizes, Claims, and Loss Control (Note 35)	(1,318,959)	-	(324,886)	(446,730)
Payments for Tuition Benefits	-	(179,804)	-	-
Payments to Employees	(30,680)	(11,796)	-	(148,544)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(40,770)
Other Operating Revenue (Note 35)	-	27	234	4,323
Other Operating Expense (Note 35)	-	(2,084)	-	(2,509)
Net Cash Provided by (Used for) Operating Activities	600,852	(49,528)	159,664	208,242
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	-	-	-	280
Transfers Out to Other Funds	(622,609)	(646)	(2,464)	(440,876)
Other Noncapital Financing Receipt Activities (Note 35)	151	-	6	284,810
Other Noncapital Financing Disbursement Activities (Note 35)	-	-	-	(34,160)
Net Cash Used for Noncapital Financing Activities	(622,458)	(646)	(2,458)	(189,946)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(3,635)	(114)	-	(2,526)
Payment of Principal and Interest on Bonds and Notes	-	(589)	-	-
Proceeds from Sale of Capital Assets	514	-	-	1
Other Capital and Related Financing Receipt Activities (Note 35)	-	-	-	335
Other Capital and Related Financing Disbursement Activities (Note 35)	(466)	-	-	-
Net Cash Used for Capital and Related Financing Activities	(3,587)	(703)	-	(2,190)
Cash Flows from Investing Activities				
Purchase of Investments	(205)	(801,160)	-	-
Proceeds from Sales or Maturities of Investments	11,050	777,218	-	-
Investment Income on Cash, Cash Equivalents, and Investments	1,265	67,442	-	1,656
Net Cash Provided by Investing Activities	12,110	43,500	-	1,656
Net Increase (Decrease) in Cash and Cash Equivalents	(13,083)	(7,377)	157,206	17,762
Cash and Cash Equivalents, July 1	26,290	78,660	1,168,330	160,392
Cash and Cash Equivalents, June 30	\$ 13,207	\$ 71,283	\$ 1,325,536	\$ 178,154
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 62,786	\$ 71,651	\$ 1,325,536	\$ 189,648
Cash and Travel Advances	1	-	-	209
Less:				
Securities Lending Cash Equivalents	(49,580)	(368)	-	(11,703)
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 13,207	\$ 71,283	\$ 1,325,536	\$ 178,154

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 4,232,728	\$	842,869
26,676		-
11,842		1,411,643
(3,321)		(11,597)
(719,334)		(143,811)
(127,183)		(500,438)
(2,090,575)		(1,398,120)
(179,804)		-
(191,020)		(58,307)
(40,770)		-
4,584		58
(4,593)		(8,179)
919,230		134,118
280		406
(1,066,595)		(1,659)
284,967		93,534
(34,160)		(54,798)
(815,508)		37,483
(6,275)		(24,318)
(589)		(12,691)
515		1,849
335		1,785
(466)		(397)
(6,480)		(33,772)
(801,365)		-
788,268		-
70,363		6,879
57,266		6,879
154,508		144,708
1,433,672		508,036
\$ 1,588,180	\$	652,744
\$ 1,649,621	\$	695,197
210		-
(61,651)		(42,453)
\$ 1,588,180	\$	652,744

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

For the Fiscal Year Ended June 30, 2018
(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)	\$ 619,276	\$ 4,081	\$ 137,971	\$ 203,758
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation	3,397	511	-	3,261
Interest, Dividends, Rents, and Other Investment Income	(5,321)	(135,247)	-	-
Miscellaneous Nonoperating Income	-	-	-	-
Other	-	13	-	(236)
Change in Assets, Deferred Outflow s of Resources, Liabilities, and				
Deferred Inflow s of Resources				
(Increase) Decrease in Accounts Receivable	312	(3,433)	5,519	(3,049)
(Increase) Decrease in Due from Other Funds	-	-	238	(149)
(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	-	-	-	-
Increase (Decrease) in Other Assets: Due in More Than One Year	(943)	(393)	-	(3,195)
(Increase) Decrease in Inventory	(3,482)	-	-	(9,481)
(Increase) Decrease in Prepaid Items	(553)	(922)	-	257
(Increase) Decrease in Deferred Outflow s of Resources	2,273	726	-	3,805
Increase (Decrease) in Accounts Payable	(10,193)	(683)	(17)	6,553
Increase (Decrease) in Amounts Due to Other Governments	-	-	22	35
Increase (Decrease) in Due to Other Funds	3,596	-	15	(855)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	-	2	-	(18)
Increase (Decrease) in Interfund Payables: Due Within One Year	-	-	-	5,866
Increase (Decrease) in Unearned Revenue	(219)	-	-	(1,034)
Increase (Decrease) in Due to Claimants, Participants, Escrow s and Providers	-	(832)	15,916	-
Increase (Decrease) in Other Liabilities	(415)	-	-	(19)
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	4,135
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	(784)
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(355)	18,147	-	1,435
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(9,292)	67,528	-	(13,504)
Increase (Decrease) in Deferred Inflow s of Resources	2,771	974	-	11,461
Net Cash Provided by (Used for) Operating Activities	\$ 600,852	\$ (49,528)	\$ 159,664	\$ 208,242
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Capital Leases Used to Finance Capital Assets	\$ -	\$ (4,704)	\$ -	\$ -
Installment Purchases Used to Finance Capital Assets	-	-	-	-
Change in Fair Value of Investments	-	(11,782)	-	-
Accounts Payable Increase (Decrease) related to Capital Assets	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	\$ -	\$ (16,486)	\$ -	\$ -

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 965,086	\$	124,606
7,169		26,215
(140,568)		-
-		35
(223)		5,261
(651)		569
89		(6,080)
-		(22)
-		(8,134)
-		(852)
(4,531)		(2,218)
(12,963)		(1,236)
(1,218)		(2,840)
6,804		1,027
(4,340)		11,050
57		59
2,756		(63)
(16)		21
5,866		-
(1,253)		(19,303)
15,084		-
(434)		80
4,135		4,758
(784)		(4,408)
19,227		3,327
44,732		(2,560)
15,206		4,826
\$ 919,230	\$	134,118
\$ (4,704)	\$	-
-		7,317
(11,782)		-
-		(1,095)
\$ (16,486)	\$	6,222

