
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 Virginia529 prePAID 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.

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 215 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 231 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position – Proprietary Funds

June 30, 2016

(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 6)	\$ 111,186	\$ 77,210	\$ 978,866	\$ 165,342
Investments (Notes 1 and 6)	13,422	-	-	-
Receivables, Net (Notes 1 and 7)	63,070	62,944	108,078	51,620
Due from Other Funds (Note 9)	-	-	494	808
Due from External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Due from Component Units (Note 9)	-	-	-	-
Inventory (Note 1)	4,677	-	-	72,247
Prepaid Items (Note 1)	676	147	-	3,410
Other Assets (Notes 1 and 10)	1	-	-	209
Total Current Assets	193,032	140,301	1,087,438	293,636
Noncurrent Assets:				
Investments (Notes 1 and 6)	116,473	2,355,261	-	-
Receivables, Net (Notes 1 and 7)	-	152,005	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	-	-	-	3,517
Depreciable Capital Assets, Net (Notes 1 and 12)	7,007	8,702	-	19,093
Total Noncurrent Assets	123,480	2,515,968	-	22,610
Total Assets	316,512	2,656,269	1,087,438	316,246
Deferred Outflows of Resources (Notes 1, 13, 14, and 15)	4,454	1,833	-	11,616
Total Assets and Deferred Outflows of Resources	320,966	2,658,102	1,087,438	327,862
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 24)	17,410	817	104	68,697
Amounts Due to Other Governments	-	-	4,864	2,297
Due to Other Funds (Note 9)	53,922	67	2,833	25,020
Due to External Parties (Fiduciary Funds) (Note 9)	184	68	-	650
Interfund Payable (Note 9)	-	-	-	29,749
Unearned Revenue (Note 1)	2,711	-	-	2,743
Obligations Under Securities Lending Program (Notes 1 and 6)	35,359	19	-	930
Other Liabilities (Notes 1 and 25)	74,955	14,559	35,079	273
Claims Payable Due Within One Year (Notes 1 and 23)	-	-	-	46,558
Long-term Liabilities Due Within One Year (Notes 1, 21, and 26)	14,635	251,221	-	4,287
Total Current Liabilities	199,176	266,751	42,880	181,204
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 23)	-	-	-	25,818
Long-term Liabilities Due in More Than One Year (Notes 1, 21, and 26)	150,679	1,802,882	-	122,796
Total Noncurrent Liabilities	150,679	1,802,882	-	148,614
Total Liabilities	349,855	2,069,633	42,880	329,818
Deferred Inflows of Resources (Notes 1, 13, 14, and 15)	2,026	758	-	7,183
Total Liabilities and Deferred Inflows of Resources	351,881	2,070,391	42,880	337,001
Net Position				
Net Investment in Capital Assets	7,007	3,343	-	22,610
Restricted for Unemployment Compensation	-	-	1,044,558	-
Unrestricted	(37,922)	584,368	-	(31,749)
Total Net Position (Deficit) (Note 4)	\$ (30,915)	\$ 587,711	\$ 1,044,558	\$ (9,139)

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	
\$ 1,332,604	\$	443,072
13,422		-
285,712		9,677
1,302		50,970
-		13,887
-		18,715
76,924		18,727
4,233		3,382
210		13,054
1,714,407		571,484
2,471,734		-
152,005		-
3,517		68,355
34,802		86,500
2,662,058		154,855
4,376,465		726,339
17,903		6,495
4,394,368		732,834
87,028		102,029
7,161		981
81,842		1,914
902		391
29,749		34,679
5,454		116,272
36,308		1,962
124,866		433
46,558		198,369
270,143		8,850
690,011		465,880
-		70,346
25,818		760,299
2,076,357		122,172
2,102,175		952,817
2,792,186		1,418,697
9,967		5,820
2,802,153		1,424,517
32,960		116,863
1,044,558		-
514,697		(808,546)
\$ 1,592,215	\$	(691,683)

(5,961)
\$ 1,586,254

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

For the Fiscal Year Ended June 30, 2016
(Dollars in Thousands)

	Business-type Activities Enterprise Funds		
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation
Operating Revenues			
Charges for Sales and Services	\$ 2,006,898	\$ 145,855	\$ 575,259
Interest, Dividends, Rents, and Other Investment Income	-	592	18,253
Other (Note 27)	-	6	475
Total Operating Revenues	<u>2,006,898</u>	<u>146,453</u>	<u>593,987</u>
Operating Expenses			
Cost of Sales and Services	143,181	-	-
Prizes and Claims (Note 28)	1,202,455	-	390,441
Tuition Benefits Expense	-	81,957	-
Personal Services	29,563	10,752	-
Contractual Services	33,822	8,986	-
Supplies and Materials	481	34	-
Depreciation	2,929	535	-
Rent, Insurance, and Other Related Charges	1,839	194	-
Interest Expense	-	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other (Note 29)	-	327	-
Total Operating Expenses	<u>1,414,270</u>	<u>102,785</u>	<u>390,441</u>
Operating Income	<u>592,628</u>	<u>43,668</u>	<u>203,546</u>
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	736	-	-
Other (Note 30)	251	(212)	(16)
Total Nonoperating Revenues (Expenses)	<u>987</u>	<u>(212)</u>	<u>(16)</u>
Income Before Transfers	593,615	43,456	203,530
Transfers In (Note 31)	-	-	-
Transfers Out (Note 31)	(594,085)	(415)	(4,185)
Change in Net Position	(470)	43,041	199,345
Total Net Position (Deficit), July 1	(30,445)	544,670	845,213
Total Net Position (Deficit), June 30 (Note 4)	<u>\$ (30,915)</u>	<u>\$ 587,711</u>	<u>\$ 1,044,558</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 Position of business-type activities

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

		Governmental Activities	
Nonmajor	Total	Internal Service Funds	
\$ 1,301,355	\$ 4,029,367	\$ 2,052,536	
2	18,847	-	
19,532	20,013	43	
1,320,889	4,068,227	2,052,579	
436,421	579,602	63,835	
399,236	1,992,132	1,581,252	
-	81,957	-	
135,432	175,747	52,209	
76,141	118,949	459,008	
36,839	37,354	7,809	
3,352	6,816	17,040	
35,025	37,058	76,268	
-	-	19	
39,866	39,866	-	
6,704	7,031	18,026	
1,169,016	3,076,512	2,275,466	
151,873	991,715	(222,887)	
1,199	1,935	2,616	
8,013	8,036	(1,327)	
9,212	9,971	1,289	
161,085	1,001,686	(221,598)	
348	348	624	
(189,077)	(787,762)	(2,636)	
(27,644)	214,272	(223,610)	
18,505	1,377,943	(468,073)	
\$ (9,139)	\$ 1,592,215	\$ (691,683)	

(7,480)
\$ 206,792

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2016
(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	\$ 2,016,916	\$ 159,703	\$ 602,767	\$ 1,305,458
Receipts from Investments	-	-	18,401	-
Internal Activity-Receipts from Other Funds	-	5	7,104	9,448
Internal Activity-Payments to Other Funds	-	(336)	-	(2,980)
Payments to Suppliers for Goods and Services	(145,701)	(482)	-	(492,375)
Payments for Contractual Services	(24,127)	(9,001)	-	(74,789)
Payments for Prizes, Claims, and Loss Control (Note 34)	(1,209,781)	-	(407,866)	(385,364)
Payments for Tuition Benefits	-	(163,550)	-	-
Payments to Employees	(29,453)	(10,342)	-	(135,334)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(40,853)
Payments for Interest	-	-	-	-
Other Operating Revenue (Note 34)	-	-	92	5,721
Other Operating Expense (Note 34)	-	(55)	-	(4,510)
Net Cash Provided by Operating Activities	607,854	(24,058)	220,498	184,422
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	-	-	-	348
Transfers Out to Other Funds	(544,854)	(415)	(4,279)	(395,939)
Other Noncapital Financing Receipt Activities (Note 34)	310	-	40	249,145
Other Noncapital Financing Disbursement Activities (Note 34)	-	-	-	(31,289)
Net Cash Used for Noncapital Financing Activities	(544,544)	(415)	(4,239)	(177,735)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(3,436)	(93)	-	(1,626)
Payment of Principal and Interest on Bonds and Notes	-	(561)	-	(326,124)
Proceeds from Sale of Capital Assets	4	-	-	2
Other Capital and Related Financing Receipt Activities (Note 34)	-	-	-	165,862
Other Capital and Related Financing Disbursement Activities (Note 34)	-	-	-	(730)
Net Cash Used for Capital and Related Financing Activities	(3,432)	(654)	-	(162,616)
Cash Flows from Investing Activities				
Purchase of Investments	(6,128)	(1,166,643)	-	-
Proceeds from Sales or Maturities of Investments	18,417	1,131,390	-	25,623
Investment Income on Cash, Cash Equivalents, and Investments	678	54,220	-	1,239
Net Cash Provided by (Used for) Investing Activities	12,967	18,967	-	26,862
Net Increase (Decrease) in Cash and Cash Equivalents	72,845	(6,160)	216,259	(129,067)
Cash and Cash Equivalents, July 1	2,983	83,351	762,607	293,688
Cash and Cash Equivalents, June 30	\$ 75,828	\$ 77,191	\$ 978,866	\$ 164,621
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 111,186	\$ 77,210	\$ 978,866	\$ 165,342
Cash and Travel Advances	1	-	-	209
Less:				
Securities Lending Cash Equivalents	(35,359)	(19)	-	(930)
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 75,828	\$ 77,191	\$ 978,866	\$ 164,621

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

		Governmental Activities	
		Internal Service Funds	
Total			
\$ 4,084,844	\$ 752,871		
18,401	15		
16,557	1,285,443		
(3,316)	(13,225)		
(638,558)	(133,442)		
(107,917)	(447,315)		
(2,003,011)	(1,384,904)		
(163,550)	-		
(175,129)	(50,938)		
(40,853)	-		
-	(19)		
5,813	-		
(4,565)	(17,383)		
988,716	(8,897)		
348	624		
(945,487)	(2,715)		
249,495	13,405		
(31,289)	(1,901)		
(726,933)	9,413		
(5,155)	(4,187)		
(326,685)	(14,461)		
6	1,936		
165,862	-		
(730)	(633)		
(166,702)	(17,345)		
(1,172,771)	-		
1,175,430	-		
56,137	2,478		
58,796	2,478		
153,877	(14,351)		
1,142,629	455,461		
\$ 1,296,506	\$ 441,110		
\$ 1,332,604	\$ 443,072		
210	-		
(36,308)	(1,962)		
\$ 1,296,506	\$ 441,110		

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

For the Fiscal Year Ended June 30, 2016
(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)	\$ 592,628	\$ 43,668	\$ 203,546	\$ 151,873
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation	2,929	535	-	3,352
Interest, Dividends, Rents, and Other Investment Income	(5,962)	(592)	-	-
Miscellaneous Nonoperating Income	-	-	37	248
Other	(196)	42	-	118
Change in Assets, Deferred Outflow s of Resources, Liabilities, and				
Deferred Inflow s of Resources				
(Increase) Decrease in Accounts Receivable	9,274	13,847	19,734	(1,019)
(Increase) Decrease in Due from Other Funds	-	-	188	(74)
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	-	-	-	-
(Increase) Decrease in Due from Component Units	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-
(Increase) Decrease in Inventory	(2,519)	-	-	(6,315)
(Increase) Decrease in Prepaid Items	(11)	25	-	(1,782)
(Increase) Decrease in Deferred Outflow s of Resources	(1,848)	(766)	-	(2,001)
Increase (Decrease) in Accounts Payable	5,445	(125)	27	22,808
Increase (Decrease) in Amounts Due to Other Governments	-	-	(291)	12
Increase (Decrease) in Due to Other Funds	250	4	(159)	9,295
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	29	9	-	87
Increase (Decrease) in Interfund Payables	-	-	-	(7,316)
Increase (Decrease) in Unearned Revenue	744	-	-	816
Increase (Decrease) in Other Liabilities	10,861	(304)	(2,584)	(43)
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	7,290
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	3,975
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(4,541)	11,322	-	275
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	3,037	(90,900)	-	11,138
Increase (Decrease) in Deferred Inflow s of Resources	(2,266)	(823)	-	(8,315)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 607,854</u>	<u>\$ (24,058)</u>	<u>\$ 220,498</u>	<u>\$ 184,422</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Installment Purchases Used to Finance Capital Assets	\$ -	\$ -	\$ -	\$ -
Change in Fair Value of Investments	-	(53,628)	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ (53,628)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 991,715	\$	(222,887)
6,816		17,040
(6,554)		-
285		23
(36)		80
41,836		(685)
114		1,116
-		(13,685)
-		625
-		(1,995)
(8,834)		(419)
(1,768)		2,417
(4,615)		(1,022)
28,155		22,148
(279)		92
9,390		(94)
125		48
(7,316)		-
1,560		129
7,930		(784)
7,290		(2,866)
3,975		192,109
7,056		(668)
(76,725)		5,735
(11,404)		(5,354)
<u>\$ 988,716</u>	<u>\$</u>	<u>(8,897)</u>
\$ -	\$	9,183
(53,628)		-
-		111
<u>\$ (53,628)</u>	<u>\$</u>	<u>9,294</u>

