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# Proprietary Funds

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*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.*

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## Major Enterprise Funds

**The Virginia Lottery** accounts for receipts and expenses from the operations of the Virginia Lottery, excluding activity related to the regulation and compliance monitoring of casinos and sports betting.

**The Virginia College Savings Plan** administers the Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 services contracts 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 using actuarially determined amounts. Prepaid529 is closed to new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs. The value of a unit is tied to the average tuition inflation rate of Virginia four year institutions.

**The Unemployment Compensation Fund** administers the temporary partial income replacement payments to unemployed covered workers.

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**Nonmajor Enterprise Funds** include those operations of state agencies which are listed on page 261 in the Combining and Individual Fund Statements and Schedules section of this report.

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**Internal Service Funds** include those operations of state agencies which are listed on page 277 in the Combining and Individual Fund Statements and Schedules section of this report.

## Statement of Fund Net Position - Proprietary Funds

June 30, 2023

(Dollars in Thousands)

### Business-type Activities Enterprise Funds

	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents (Notes 1 and 8)	\$ 215,771	\$ 129,863	\$ 1,618,921	\$ 355,400
Assets Held Pending Distribution (Note 1)	13,563	—	—	—
Receivables, Net (Notes 1 and 9)	75,964	65,405	62,609	75,289
Due from Other Funds (Note 11)	324	—	3,897	1,047
Due from External Parties (Fiduciary Funds) (Note 11)	—	—	—	—
Due from Component Units (Note 11)	—	—	—	—
Inventory (Note 1)	201	—	—	112,035
Prepaid Items (Note 1)	589	3,497	—	1,395
Other Assets (Notes 1 and 12)	1	—	—	457
<b>Total Current Assets</b>	<b>306,413</b>	<b>198,765</b>	<b>1,685,427</b>	<b>545,623</b>
<b>Noncurrent Assets:</b>				
Investments (Notes 1 and 8)	—	2,843,363	—	—
Assets Held Pending Distribution (Note 1)	184,566	—	—	—
Receivables, Net (Notes 1 and 9)	—	51,670	—	—
Other Assets (Notes 1 and 12)	1,378	706	—	6,078
Nondepreciable Capital Assets (Notes 1 and 14)	79	—	—	29,129
Other Capital Assets, Net (Notes 1 and 14)	22,868	2,554	—	502,336
<b>Total Noncurrent Assets</b>	<b>208,891</b>	<b>2,898,293</b>	<b>—</b>	<b>537,543</b>
<b>Total Assets</b>	<b>515,304</b>	<b>3,097,058</b>	<b>1,685,427</b>	<b>1,083,166</b>
<b>Deferred Outflows of Resources (Notes 1, 15, 16, 17, and 19)</b>				
<b>Total Assets and Deferred Outflows of Resources</b>	<b>524,181</b>	<b>3,101,183</b>	<b>1,685,427</b>	<b>1,126,074</b>
<b>Liabilities and Deferred Inflows of Resources</b>				
<b>Current Liabilities:</b>				
Accounts Payable (Notes 1 and 26)	38,819	1,440	19	108,550
Amounts Due to Other Governments	—	—	66,984	9,816
Due to Other Funds (Note 11)	87,414	117	231	12,770
Due to External Parties (Fiduciary Funds) (Note 11)	255	131	—	1,176
Interfund Payable (Note 11)	—	4,000	—	58,007
Unearned Revenue (Note 1)	2,427	—	—	6,993
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	93	121,464	—
Obligations Under Securities Lending Program (Notes 1 and 8)	59,405	1,478	—	29,489
Other Liabilities (Notes 1 and 27)	113,604	32,562	—	122
Claims Payable Due Within One Year (Notes 1 and 25)	—	—	—	61,820
Long-term Liabilities Due Within One Year (Notes 1, 23, and 28)	21,559	185,862	—	39,390
<b>Total Current Liabilities</b>	<b>323,483</b>	<b>225,683</b>	<b>188,698</b>	<b>328,133</b>
<b>Noncurrent Liabilities:</b>				
Interfund Payable (Note 11)	—	—	—	—
Claims Payable Due in More Than One Year (Notes 1 and 25)	—	—	—	31,049
Long-term Liabilities Due in More Than One Year (Notes 1, 23, and 28)	216,965	1,214,469	—	494,375
<b>Total Noncurrent Liabilities</b>	<b>216,965</b>	<b>1,214,469</b>	<b>—</b>	<b>525,424</b>
<b>Total Liabilities</b>	<b>540,448</b>	<b>1,440,152</b>	<b>188,698</b>	<b>853,557</b>
<b>Deferred Inflows of Resources (Notes 1, 15, 16, 17, and 19)</b>				
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>547,602</b>	<b>1,443,656</b>	<b>188,698</b>	<b>886,460</b>
<b>Net Position</b>				
Net Investment in Capital Assets	12,155	1,047	—	133,862
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	1,221	642	—	5,208
Restricted for Unemployment Compensation	—	—	1,496,729	—
Unrestricted	(36,797)	1,655,838	—	100,544
<b>Total Net Position (Deficit) (Note 4)</b>	<b>\$ (23,421)</b>	<b>\$ 1,657,527</b>	<b>\$ 1,496,729</b>	<b>\$ 239,614</b>

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.

		<b>Governmental Activities</b>	
<b>Total</b>		<b>Internal Service Funds</b>	
\$	2,319,955	\$	1,034,461
	13,563		—
	279,267		14,769
	5,268		78,208
	—		262
	—		28,892
	112,236		22,786
	5,481		14,109
	458		37,307
	<u>2,736,228</u>		<u>1,230,794</u>
	2,843,363		—
	184,566		—
	51,670		—
	8,162		3,127
	29,208		1,660
	527,758		541,688
	<u>3,644,727</u>		<u>546,475</u>
	6,380,955		1,777,269
	55,910		14,482
	6,436,865		1,791,751
	148,828		107,412
	76,800		9
	100,532		5,476
	1,562		596
	62,007		24,964
	9,420		111,955
	121,557		—
	90,372		77,659
	146,288		662
	61,820		162,887
	246,811		72,158
	<u>1,065,997</u>		<u>563,778</u>
	—		147,214
	31,049		326,282
	1,925,809		418,162
	1,956,858		891,658
	<u>3,022,855</u>		<u>1,455,436</u>
	43,561		18,885
	<u>3,066,416</u>		<u>1,474,321</u>
	147,064		126,408
	7,071		3,078
	1,496,729		—
	<u>1,719,585</u>		<u>187,944</u>
\$	<u>3,370,449</u>	\$	<u>317,430</u>

32

\$ 3,370,481

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

For the Fiscal Year Ended June 30, 2023

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Operating Revenues</b>				
Charges for Sales and Services	\$ 4,611,856	\$ 100,202	\$ 250,501	\$ 1,941,413
Interest, Dividends, Rents, and Other Investment Income (Note 1)	—	112,883	27,450	—
Other (Note 29)	—	208,602	—	33,663
Total Operating Revenues	4,611,856	421,687	277,951	1,975,076
<b>Operating Expenses</b>				
Cost of Sales and Services	233,032	—	—	726,361
Prizes and Claims (Note 31)	3,405,341	—	191,441	522,665
Educational Benefits Expense	—	181,208	—	—
Personal Services	36,086	18,974	—	210,537
Contractual Services	47,487	16,601	—	102,247
Supplies and Materials	519	64	—	12,771
Depreciation and Amortization (Note 32)	10,071	1,062	—	48,603
Rent, Insurance, and Other Related Charges	1,849	—	—	27,108
Interest Expense	—	—	—	218
Non-recurring Cost Estimate Payments to Providers	—	—	—	40,653
Other (Note 33)	—	2,698	—	10,832
Total Operating Expenses	3,734,385	220,607	191,441	1,701,995
Operating Income (Loss)	877,471	201,080	86,510	273,081
<b>Nonoperating Revenues (Expenses)</b>				
Interest, Dividends, Rents, and Other Investment Income	4,957	34	—	7,029
Other (Note 34)	132	437	—	1,414
Total Nonoperating Revenues (Expenses)	5,089	471	—	8,443
Income (Loss) Before Transfers	882,560	201,551	86,510	281,524
Transfers In (Note 35)	—	—	3,845	1,865
Transfers Out (Note 35)	(878,384)	(292)	(3,776)	(245,414)
Change in Net Position	4,176	201,259	86,579	37,975
Total Net Position (Deficit), July 1, as restated (Note 2)	(27,597)	1,456,268	1,410,150	201,639
Total Net Position (Deficit), June 30 (Note 4)	\$ (23,421)	\$ 1,657,527	\$ 1,496,729	\$ 239,614

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.

<b>Governmental Activities</b>	
<b>Total</b>	<b>Internal Service Funds</b>
\$ 6,903,972	\$ 2,493,314
140,333	—
<u>242,265</u>	<u>77,784</u>
7,286,570	2,571,098
959,393	82,319
<u>4,119,447</u>	<u>1,696,762</u>
181,208	—
<u>265,597</u>	<u>67,667</u>
166,335	439,354
<u>13,354</u>	<u>9,647</u>
59,736	97,209
<u>28,957</u>	<u>105,091</u>
218	1
<u>40,653</u>	<u>—</u>
13,530	27,227
<u>5,848,428</u>	<u>2,525,277</u>
<u>1,438,142</u>	<u>45,821</u>
12,020	19,675
1,983	(29,101)
<u>14,003</u>	<u>(9,426)</u>
1,452,145	36,395
5,710	388
<u>(1,127,866)</u>	<u>(23,734)</u>
329,989	13,049
<u>3,040,460</u>	<u>304,381</u>
<u>\$ 3,370,449</u>	<u>\$ 317,430</u>

(11,511)  
\$ 318,478

## Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2023

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Cash Flows from Operating Activities</b>				
Receipts for Sales and Services	\$ 4,592,108	\$ 97,145	\$ 297,742	\$ 1,942,562
Receipts from Investments	—	—	27,423	—
Internal Activity-Receipts from Other Funds	—	—	1,344	9,323
Internal Activity-Payments to Other Funds	—	(285)	—	(4,063)
Payments to Suppliers for Goods and Services	(232,472)	(1,622)	—	(736,079)
Payments for Contractual Services	(24,919)	(15,227)	—	(102,118)
Payments for Prizes, Claims, and Loss Control (Note 37)	(3,320,290)	—	(205,893)	(525,585)
Payments for Educational Benefits	—	(181,208)	—	—
Payments to Employees	(38,616)	(19,833)	—	(179,939)
Payments to Providers for Non-recurring Cost Estimates	—	—	—	(41,823)
Payments for Interest	—	—	—	—
Other Operating Revenue (Note 37)	—	1	—	10,575
Other Operating Expense (Note 37)	—	(2,282)	—	(68,913)
Net Cash Provided by (Used for) Operating Activities	975,811	(123,311)	120,616	303,940
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers In from Other Funds	—	—	2,245	1,865
Transfers Out to Other Funds	(795,989)	(292)	(3,843)	(595,863)
Other Noncapital Financing Receipt Activities (Note 37)	515	2,000	—	401,389
Other Noncapital Financing Disbursement Activities (Note 37)	—	—	—	(45,389)
Net Cash Provided by (Used for) Noncapital Financing Activities	(795,474)	1,708	(1,598)	(237,998)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(1,803)	(137)	—	(15,664)
Payment of Principal and Interest on Bonds and Notes	(6,022)	(1,030)	—	(42,942)
Proceeds from Sale of Capital Assets	10	—	—	25
Other Capital and Related Financing Receipt Activities (Note 37)	—	—	—	1,258
Other Capital and Related Financing Disbursement Activities (Note 37)	—	—	—	(5,222)
Net Cash Used for Capital and Related Financing Activities	(7,815)	(1,167)	—	(62,545)
<b>Cash Flows from Investing Activities</b>				
Purchase of Investments	(91,445)	(3,528,838)	—	—
Proceeds from Sales or Maturities of Investments	10,962	3,515,755	—	—
Investment Income on Cash, Cash Equivalents, and Investments	3,986	121,112	—	4,354
Net Cash Provided by Investing Activities	(76,497)	108,029	—	4,354
Net Increase (Decrease) in Cash and Cash Equivalents	96,025	(14,741)	119,018	7,751
<b>Cash and Cash Equivalents, July 1</b>	<b>60,342</b>	<b>143,126</b>	<b>1,499,903</b>	<b>318,588</b>
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ 156,367</b>	<b>\$ 128,385</b>	<b>\$ 1,618,921</b>	<b>\$ 326,339</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 215,771	\$ 129,863	\$ 1,618,921	\$ 355,400
Cash and Travel Advances	1	—	—	429
Less:				
Securities Lending Cash Equivalents	(59,405)	(1,478)	—	(29,490)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 156,367</u>	<u>\$ 128,385</u>	<u>\$ 1,618,921</u>	<u>\$ 326,339</u>

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

		<b>Governmental Activities</b>	
<b>Total</b>		<b>Internal Service Funds</b>	
\$ 6,929,557	\$ 959,794		
27,423	—		
10,667	1,492,581		
(4,348)	(7,045)		
(970,173)	(126,177)		
(142,264)	(488,542)		
(4,051,768)	(1,687,695)		
(181,208)	—		
(238,388)	(73,909)		
(41,823)	—		
—	(1)		
10,576	24		
(71,195)	(24,407)		
1,277,056	44,623		
4,110	388		
(1,395,987)	(23,734)		
403,904	13,464		
(45,389)	(21,543)		
(1,033,362)	(31,425)		
(17,604)	(11,510)		
(49,994)	(111,007)		
35	5,388		
1,258	—		
(5,222)	—		
(71,527)	(117,129)		
(3,620,283)	—		
3,526,717	—		
129,452	16,069		
35,886	16,069		
208,053	(87,862)		
2,021,959	1,044,664		
\$ 2,230,012	\$ 956,802		
\$ 2,319,955	\$ 1,034,461		
430	—		
(90,373)	(77,659)		
\$ 2,230,012	\$ 956,802		

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

For the Fiscal Year Ended June 30, 2023

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
<b>Reconciliation of Operating Income</b>				
<b>To Net Cash Provided by (Used for)</b>				
<b>Operating Activities:</b>				
Operating Income (Loss)	\$ 877,471	\$ 201,080	\$ 86,510	\$ 273,081
<b>Adjustments to Reconcile Operating</b>				
<b>Income to Net Cash Provided by (Used for) Operating Activities:</b>				
Depreciation and Amortization	10,071	1,062	—	48,603
Interest, Dividends, Rents, and Other Investment Income	(4,816)	(112,883)	—	—
Miscellaneous Nonoperating Income	1,097	(55)	—	1,021
Other	—	—	—	4,298
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
<b>Deferred Inflows of Resources</b>				
(Increase) Decrease in Accounts Receivable	(19,871)	17,390	39,284	(12,321)
(Increase) Decrease in Due from Other Funds	—	—	(360)	(124)
(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	—	—	—	12
(Increase) Decrease in Other Assets: Due in More Than One Year	236	108	—	(6)
(Increase) Decrease in Inventory	560	—	—	(3,933)
(Increase) Decrease in Prepaid Items	20	(1,141)	—	1,369
(Increase) Decrease in Deferred Outflows of Resources	454	909	—	(8,528)
Increase (Decrease) in Accounts Payable	13,801	(67)	(20)	2,728
Increase (Decrease) in Amounts Due to Other Governments	—	—	(1,934)	(1,026)
Increase (Decrease) in Due to Other Funds	(1,619)	6	(5,480)	(703)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	21	24	—	143
Increase (Decrease) in Unearned Revenue	123	—	—	3,050
Increase (Decrease) in Due to Claimants, Participants, Escrows and Providers	—	(204)	2,616	—
Increase (Decrease) in Other Liabilities	17,211	—	—	(11)
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—	(284)
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—	(3,736)
Increase (Decrease) in Long-term Liabilities: Due Within One Year	2,948	(84,291)	—	(414)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	87,153	(140,846)	—	32,863
Increase (Decrease) in Deferred Inflows of Resources	(9,049)	(4,403)	—	(32,142)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 975,811</b>	<b>\$ (123,311)</b>	<b>\$ 120,616</b>	<b>\$ 303,940</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Subscription-Based Technology Arrangements Used to Finance Capital Assets	\$ 2,653	\$ (999)	\$ —	\$ 203,975
Long-term Leases Used to Finance Capital Assets	7,817	(31)	—	26,478
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Change in Fair Value of Investments	—	109,568	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	—	—	288
<b>Total Noncash, Investing, Capital, and Financing Activities</b>	<b>\$ 10,470</b>	<b>\$ 108,538</b>	<b>\$ —</b>	<b>\$ 230,741</b>

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



	<b>Governmental Activities</b>	
<b>Total</b>		<b>Internal Service Funds</b>

<b>\$</b>	<b>1,438,142</b>	<b>\$</b>	<b>45,821</b>
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	59,736		97,209
	(117,699)		—
	2,063		3,528
	4,298		(10,270)

	24,482		14,027
	(484)		(14,790)

	—		(12)
	—		(949)

	12		6,047
	338		538

	(3,373)		855
	248		561

	(7,165)		1,918
	16,442		16,992

	(2,960)		10
	(7,796)		(459)

	188		103
	3,173		(41,392)

	2,412		—
	17,200		312

	(284)		(15,048)
	(3,736)		(64,995)

	(81,757)		1,841
	(20,830)		24,842

	(45,594)		(22,066)
<b>\$</b>	<b>1,277,056</b>	<b>\$</b>	<b>44,623</b>

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<b>\$</b>	<b>205,629</b>	<b>\$</b>	<b>4,271</b>
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	34,264		62,142
	—		3,258

	109,568		—
	288		(261)

<b>\$</b>	<b>349,749</b>	<b>\$</b>	<b>69,410</b>
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