

## Required Supplementary Information

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –  
General and Major Special Revenue Funds**

Fiscal Year Ended June 30, 2003  
(Dollars in Thousands)

	General Fund			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
<b>Taxes:</b>				
Individual and Fiduciary Income	\$ 7,341,700	\$ 6,798,900	\$ 6,775,746	\$ (23,154)
Sales and Use	2,373,000	2,342,600	2,335,958	(6,642)
Corporation Income	298,900	301,200	343,319	42,119
Public Service Corporations	98,500	86,000	91,247	5,247
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Premiums of Insurance Companies	298,000	311,600	333,004	21,404
Other Taxes	467,000	523,200	574,051	50,851
Rights and Privileges	50,400	64,900	63,216	(1,684)
Sales of Property and Commodities	10,000	4,000	1,019	(2,981)
Assessments and Receipts for Support of Special Services	300	400	383	(17)
Institutional Revenue	8,900	9,200	7,896	(1,304)
Interest, Dividends, and Rents	45,500	72,300	108,233	35,933
Fines, Forfeitures, Court Fees, Penalties, and Escheats	165,300	179,800	178,487	(1,313)
Federal Grants and Contracts	-	-	-	-
Receipts from Cities, Counties, and Towns	9,200	9,200	9,117	(83)
Private Donations, Gifts and Contracts	-	-	7	7
Tobacco Master Settlement	59,100	60,500	60,012	(488)
Other	114,999	145,000	109,303	(35,697)
<b>Total Revenues</b>	<b>11,340,799</b>	<b>10,908,800</b>	<b>10,990,998</b>	<b>82,198</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	1,396,003	1,405,465	1,367,126	38,339
Education	5,580,506	5,464,597	5,441,934	22,663
Transportation	140,654	50,040	36	50,004
Resources and Economic Development	249,930	221,007	206,743	14,264
Individual and Family Services	2,730,616	2,775,305	2,769,780	5,525
Administration of Justice	2,007,378	1,895,238	1,867,835	27,403
Capital Outlay	25,845	43,714	19,752	23,962
<b>Total Expenditures</b>	<b>12,130,932</b>	<b>11,855,366</b>	<b>11,673,206</b>	<b>182,160</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(790,133)</b>	<b>(946,566)</b>	<b>(682,208)</b>	<b>264,358</b>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers:</b>				
Transfers In	820,226	983,207	987,096	3,889
Transfers Out	(228,036)	(362,694)	(383,066)	(20,372)
Proceeds from Notes Payable	-	-	-	-
Bonds Issued	-	-	-	-
Premium on Bond Issuance	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>592,190</b>	<b>620,513</b>	<b>604,030</b>	<b>(16,483)</b>
<b>Revenues and Other Sources Over (Under)</b>				
Expenditures and Other Uses	(197,943)	(326,053)	(78,178)	247,875
<b>Fund Balance, July 1, as restated</b>	<b>632,969</b>	<b>632,969</b>	<b>632,969</b>	<b>-</b>
<b>Fund Balance, June 30</b>	<b>\$ 435,026</b>	<b>\$ 306,916</b>	<b>\$ 554,791</b>	<b>\$ 247,875</b>

See notes on page 161 in this section.

**Special Revenue Funds**

**Commonwealth Transportation Fund**

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -
403,800	381,100	359,108	(21,992)
-	-	-	-
-	-	-	-
934,400	839,100	832,975	(6,125)
438,600	556,300	529,107	(27,193)
-	-	-	-
-	-	31,084	31,084
213,200	247,500	433,908	186,408
-	-	1,998	1,998
-	-	20,392	20,392
-	-	-	-
12,400	12,400	35,426	23,026
-	-	8,957	8,957
669,400	669,400	704,018	34,618
37,500	37,500	31,436	(6,064)
-	-	-	-
-	-	-	-
79,400	84,900	28,908	(55,992)
<u>2,788,700</u>	<u>2,828,200</u>	<u>3,017,317</u>	<u>189,117</u>
-	1,650	1,645	5
-	2,173	2,195	(22)
2,840,608	3,466,646	2,941,505	525,141
2,523	2,082	1,881	201
-	-	-	-
7,520	6,937	5,516	1,421
<u>43,767</u>	<u>90,287</u>	<u>12,167</u>	<u>78,120</u>
<u>2,894,418</u>	<u>3,569,775</u>	<u>2,964,909</u>	<u>604,866</u>
<u>(105,718)</u>	<u>(741,575)</u>	<u>52,408</u>	<u>793,983</u>
-	112,079	143,030	30,951
(404,730)	(450,905)	(661,282)	(210,377)
-	-	6,600	6,600
-	-	608,089	608,089
-	-	50,322	50,322
<u>(404,730)</u>	<u>(338,826)</u>	<u>146,759</u>	<u>485,585</u>
(510,448)	(1,080,401)	199,167	1,279,568
<u>1,080,401</u>	<u>1,080,401</u>	<u>1,080,401</u>	<u>-</u>
<u>\$ 569,953</u>	<u>\$ -</u>	<u>\$ 1,279,568</u>	<u>\$ 1,279,568</u>

Continued on next page





## Funding Progress for Defined Benefit Pension Plans

(Dollars in Millions)

Biennial Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) - Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
<b>Virginia Retirement System (VRS) **</b>						
2002	\$ 38,957	\$ 38,265	\$ (692)	101.8%	\$ 10,669	(6.5%)
2001	37,967	35,384	(2,583)	107.3%	10,145	(25.5%)
* 2000	34,392	32,643	(1,749)	105.4%	9,529	(18.4%)
1999	29,804	31,419	1,615	94.9%	9,138	17.7%
** 1998	25,481	29,027	3,546	87.8%	8,638	41.1%
* 1996	19,032	23,842	4,810	79.8%	7,769	61.9%
1994	14,891	20,405	5,514	73.0%	7,274	75.8%
<b>State Police Officers' Retirement System (SPORS)</b>						
2002	\$ 508	\$ 595	\$ 87	85.4%	\$ 81	107.4%
2001	495	557	62	88.9%	83	74.7%
* 2000	441	513	72	86.0%	81	88.9%
1999	377	463	86	81.4%	77	111.7%
** 1998	322	425	103	75.8%	65	158.5%
* 1996	243	371	128	65.5%	60	213.3%
1994	201	277	76	72.6%	58	131.0%
<b>Virginia Law Officers' Retirement System (VaLORS)</b>						
2002	\$ 418	\$ 806	\$ 388	51.9%	\$ 306	126.8%
2001	393	628	235	62.7%	320	73.4%
*** 2000	307	680	373	45.2%	315	118.4%
<b>Judicial Retirement System (JRS)</b>						
2002	\$ 281	\$ 352	\$ 71	79.8%	\$ 48	147.9%
2001	277	342	65	81.0%	47	138.3%
* 2000	245	330	85	74.2%	45	188.9%
1999	210	302	92	69.5%	42	219.0%
** 1998	180	274	94	65.7%	39	241.0%
* 1996	138	243	105	56.8%	36	291.7%
1994	115	199	84	57.8%	33	254.5%

\* Revised economic and demographic assumptions due to experience study.

\*\* Change in benefit formula, unreduced early retirement age and in the actuarial amortization method.

\*\*\* The first actuarial valuation for the Virginia Law Officers' Retirement System, established on October 1, 1999, was performed as of June 30, 2000.

See Notes on following page.

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Notes:	Valuation Date:	June 30, 2002
	Actuarial Cost Method:	Entry Age Normal
	Amortization Method:	
	State Employees	Level percent, open
	Political Subdivision Employees	Level percent, open
	Teachers	Level percent, open
	State Police / VA Law Officers / Judges	Level percent, closed
	Payroll Growth Rate:	3.00%
	Remaining Amortization Period:	
	State Employees	24 years
	Political Subdivision Employees	0 to 30 years
	Teachers	24 years
	State Police / VA Law Officers / Judges	24 years
	Asset Valuation Method:	Modified Market
	Actuarial Assumptions:	
	Investment Rate of Return (1)	8.00%
	Projected Salary Increases (1)	
	State / Political Subdivision Employees	4.25% to 6.10%
	Teachers	4.00% to 6.10%
	State Police / VA Law Officers	4.50% to 5.75%
	Judges	5.00%
	Cost of Living Adjustments	3.00%

(1) Includes inflation at 3.00%.

## Risk Management Claims Development Information

(Dollars in Thousands)

### Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	1994	1995	1996	1997
1. Required contribution and investment revenue:				
Earned	\$ 5,592	\$ 5,891	\$ 6,875	\$ 6,664
Ceded (a)	-	-	-	-
Net earned	5,592	5,891	6,875	6,664
2. Unallocated expenses	285	287	595	453
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	3,753	3,931	3,706	2,095
Ceded (a)	-	-	-	-
Net incurred	3,753	3,931	3,706	2,095
4. Net paid (cumulative) as of:				
End of policy year	620	804	254	286
One year later	1,702	2,383	1,995	1,680
Two years later	2,207	3,540	3,312	2,602
Three years later	2,922	3,854	4,385	2,907
Four years later	3,384	4,043	4,605	3,028
Five years later	3,563	4,129	4,684	2,965
Six years later	3,603	4,174	4,559	3,063
Seven years later	3,605	3,699	4,613	
Eight years later	4,113	3,819		
Nine years later	4,104			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	3,753	3,931	3,706	2,095
One year later	3,920	4,705	3,977	3,352
Two years later	3,731	4,472	4,957	3,160
Three years later	3,590	4,458	5,016	3,300
Four years later	3,748	4,248	4,936	3,314
Five years later	3,679	4,335	4,966	3,052
Six years later	3,620	4,308	4,689	3,180
Seven years later	3,605	3,769	4,621	
Eight years later	4,113	3,917		
Nine years later	4,104			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	351	(14)	915	1,085

The Commonwealth provides errors and omissions liability insurance, law enforcement professional liability insurance, and commuter rail insurance for local governmental units, which went into effect in fiscal year 1987. For fiscal years 1992-2000, this insurance coverage was provided through the Department of General Services, Division of Risk Management. Effective July 1, 2000, this coverage was provided through the Department of Treasury, Division of Risk Management.

See Notes on page 168 in this section.

	1998	1999	2000	2001	2002	2003
\$	7,537	\$ 6,780	\$ 6,478	\$ 5,814	\$ 5,324	\$ 5,740
	-	-	-	-	-	-
	7,537	6,780	6,478	5,814	5,324	5,740
	464	703	1,223	1,863	924	918
	2,760	2,719	2,263	2,688	4,110	3,488
	-	-	-	-	-	-
	2,760	2,719	2,263	2,688	4,110	3,488
	434	439	196	336	550	380
	2,651	2,100	2,688	1,628	1,979	
	3,261	2,938	3,322	2,388		
	3,894	4,555	3,369			
	4,183	4,873				
	4,272					
	-	-	-	-	-	-
	2,760	2,719	2,263	2,688	4,110	3,488
	4,080	5,509	4,801	3,752	4,458	
	3,934	5,997	4,467	3,318		
	4,565	5,769	3,589			
	4,353	5,146				
	4,378					
	1,618	2,427	1,326	630	348	-





## Notes for Claims Development Information Tables

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The tables on the previous four pages illustrate how the Risk Management and Health Care Claims Funds earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Funds as of the end of each of the past several years. The rows of the tables are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the Funds, including overhead and claims expense not allocable to individual claims.
3. This line shows the Funds' gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

### Notes:

- (a) During fiscal year 1997, the Commonwealth implemented GASB Statement No. 30, *Risk Financing Omnibus*. The Commonwealth has no reinsurers; therefore, the ceded amounts on lines 1, 3, and 5 are zero.