

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, 2008
(Dollars in Thousands)

	General Fund			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ 10,515,300	\$ 10,171,300	\$ 10,114,833	\$ (56,467)
Sales and Use	3,493,100	3,325,200	3,302,181	(23,019)
Corporation Income	794,900	699,100	807,852	108,752
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Deeds, Contracts, Wills, and Suits	554,900	495,500	456,348	(39,152)
Premiums of Insurance Companies	411,100	418,400	396,858	(21,542)
Alcoholic Beverage Sales	163,000	170,000	168,862	(1,138)
Tobacco Products	185,200	183,700	183,946	246
Estate	129,400	118,500	153,378	34,878
Public Service Corporations	95,100	88,000	96,390	8,390
Other Taxes	27,600	23,600	15,459	(8,141)
Rights and Privileges	66,600	68,800	67,449	(1,351)
Sales of Property and Commodities	100	5,100	2,460	(2,640)
Assessments and Receipts for Support of Special Services	400	300	461	161
Institutional Revenue	8,800	7,500	7,590	90
Interest, Dividends, and Rents	251,777	227,574	252,284	24,710
Fines, Forfeitures, Court Fees, Penalties, and Escheats	198,200	202,400	195,716	(6,684)
Federal Grants and Contracts	-	-	-	-
Receipts from Cities, Counties, and Towns	10,200	10,300	10,091	(209)
Private Donations, Gifts and Contracts	-	-	31	31
Tobacco Master Settlement	52,929	54,006	53,684	(322)
Other	67,550	73,838	63,844	(9,994)
Total Revenues	17,026,156	16,343,118	16,349,717	6,599
Expenditures:				
Current:				
General Government	2,047,158	1,832,064	1,789,768	42,296
Education	7,980,285	7,863,398	7,822,396	41,002
Transportation	44	52,042	25,971	26,071
Resources and Economic Development	298,438	353,333	329,729	23,604
Individual and Family Services	4,281,480	4,275,525	4,255,474	20,051
Administration of Justice	2,312,213	2,439,998	2,424,790	15,208
Capital Outlay	256,590	511,963	370,552	141,411
Total Expenditures	17,176,208	17,328,323	17,018,680	309,643
Revenues Over (Under) Expenditures	(150,052)	(985,205)	(668,963)	316,242
Other Financing Sources (Uses):				
Transfers:				
Transfers In	556,221	621,173	634,513	13,340
Transfers Out	(554,145)	(702,134)	(700,861)	1,273
Total Other Financing Sources (Uses)	2,076	(80,961)	(66,348)	14,613
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(147,976)	(1,066,166)	(735,311)	330,855
Fund Balance, July 1	2,955,101	2,955,101	2,955,101	-
Fund Balance, June 30	\$ 2,807,125	\$ 1,888,935	\$ 2,219,790	\$ 330,855

See notes on page 165 in this section.

Special Revenue Funds

Commonwealth Transportation Fund

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -
513,488	548,571	503,048	(45,523)
-	-	-	-
904,071	916,484	891,410	(25,074)
597,092	618,790	533,761	(85,029)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
61,246	42,014	36,699	(5,315)
425,971	543,091	604,811	61,720
556	556	3,536	2,980
20,147	18,983	18,630	(353)
-	-	-	-
31,069	166,622	92,872	(73,750)
11,029	10,333	12,514	2,181
1,189,318	1,223,351	879,850	(343,501)
204,129	237,679	82,276	(155,403)
-	-	21,142	21,142
-	-	-	-
1,497	26,280	26,713	433
<u>3,959,613</u>	<u>4,352,754</u>	<u>3,707,262</u>	<u>(645,492)</u>
2,303	2,387	2,234	153
2,400	2,400	2,400	-
3,919,643	4,506,274	3,777,444	728,830
15,428	17,541	16,245	1,296
-	-	-	-
7,958	7,958	7,958	-
63,739	68,286	42,024	26,262
4,011,471	4,604,846	3,848,305	756,541
(51,858)	(252,092)	(141,043)	111,049
170,700	327,935	349,600	21,665
(287,719)	(428,976)	(292,979)	135,997
(117,019)	(101,041)	56,621	157,662
(168,877)	(353,133)	(84,422)	268,711
1,876,376	1,876,376	1,876,376	-
<u>\$ 1,707,499</u>	<u>\$ 1,523,243</u>	<u>\$ 1,791,954</u>	<u>\$ 268,711</u>

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**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds** *(Continued from previous page)*

Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Special Revenue Funds			
	Federal Trust			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ -	\$ -	\$ -	\$ -
Sales and Use	-	-	-	-
Corporation Income	-	-	-	-
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Deeds, Contracts, Wills, and Suits	-	-	-	-
Premiums of Insurance Companies	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Estate	-	-	-	-
Public Service Corporations	-	-	-	-
Other Taxes	-	-	-	-
Rights and Privileges	40	20	-	(20)
Sales of Property and Commodities	438	485	286	(199)
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	-	-	-	-
Interest, Dividends, and Rents	358	2,639	3,053	414
Fines, Forfeitures, Court Fees, Penalties, and Escheats	43	384	426	42
Federal Grants and Contracts	5,393,949	5,567,677	5,684,267	116,590
Receipts from Cities, Counties, and Towns	-	-	-	-
Private Donations, Gifts and Contracts	-	-	-	-
Tobacco Master Settlement	-	-	-	-
Other	30,216	28,477	60,825	32,348
Total Revenues	5,425,044	5,599,682	5,748,857	149,175
Expenditures:				
Current:				
General Government	123,128	153,966	114,153	39,813
Education	804,187	909,240	867,297	41,943
Transportation	34,017	23,025	13,644	9,381
Resources and Economic Development	154,443	165,325	123,634	41,691
Individual and Family Services	4,235,239	4,261,387	4,572,825	(311,438)
Administration of Justice	58,815	62,951	38,290	24,661
Capital Outlay	15,172	23,745	10,323	13,422
Total Expenditures	5,425,001	5,599,639	5,740,166	(140,527)
Revenues Over (Under) Expenditures	43	43	8,691	8,648
Other Financing Sources (Uses):				
Transfers:				
Transfers In	-	-	14,082	14,082
Transfers Out	(43)	(43)	(22,773)	(22,730)
Total Other Financing Sources (Uses)	(43)	(43)	(8,691)	(8,648)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

See notes on page 165 in this section.

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

1. BASIS OF BUDGETING VS. MODIFIED ACCRUAL BASIS FUND BALANCE (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2008, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison
Budgetary Basis to GAAP Basis
June 30, 2008

(Dollars in Thousands)

	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	\$ 2,219,790	\$ 1,791,954	\$ -
Adjustments from Budget to Modified Accrual, Undesignated:			
Accrued Revenues:			
Taxes	571,892	137,364	-
Tax Refunds	(419,980)	-	-
Other Revenue/Other Sources	(14,936)	141,268	465,094
Deferred Taxes (2)	(194,497)	-	-
Medicaid Payable	(213,501)	-	(213,481)
Accrued Expenditures/Other Uses	(745,849)	(226,990)	(164,945)
Fund Balance, Modified Accrual Basis	<u>\$ 1,202,919</u>	<u>\$ 1,843,596</u>	<u>\$ 86,668</u>

1. As discussed in Note 1.E., the Literary Fund has no approved budget.
2. See also Note 1.Q.

2. APPROPRIATIONS

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the General Fund and Major Special Revenue Funds, at June 30, 2008, except the Literary Fund which has no approved budget.

(Dollars in Thousands)

	General Fund (10)	Commonwealth Transportation Fund	Federal Trust Fund (11)
Appropriations (1)	\$ 17,176,208	\$ 4,011,471	\$ 5,425,001
Supplemental Appropriations:			
Reappropriations (2)	1,168,709	63,739	27,695
Subsequent Executive (3)	53,417	277,356	229,109
Subsequent Legislative (4)	(40,577)	288,916	(42,567)
Capital Outlay and Operating Reversions (5)	(11,132)	(93)	(265)
Deficit (6)	3,413	-	-
Transfers (7)	(843,205)	160,211	(11,528)
Capital Outlay Adjustment (8)	(178,510)	(59,125)	(27,806)
Debt Service Adjustment (9)	-	(137,629)	-
Appropriations, as adjusted	<u>\$ 17,328,323</u>	<u>\$ 4,604,846</u>	<u>\$ 5,599,639</u>

1. Represents the budget appropriated through Chapter 847, 2007 Acts of Assembly, as amended by Chapter 847, 2008 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to carry forward any prior year unexpended balances, sum sufficient authority, and year 2 to year 1 reductions (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay and operating balances.
6. Represents additional appropriations authorized by the Governor to prevent agencies from incurring deficits. This deficit appropriation relates to the payment of startup costs for the Northern Virginia and Hampton Roads Transportation Authorities and the Sitter-Barfoot Veterans Care Center.
7. Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately \$1.7 billion (General Fund) and \$2.3 million (Commonwealth Transportation Fund) for transfers to component units and fiduciary funds that have been reclassified as expenditures in accordance with GASB Statement No. 34.
8. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.
9. The Special Revenue Commonwealth Transportation Fund appropriations have been adjusted for debt service.
10. Prior year reversions of \$444 million are included in the accounting system for monitoring, but do not represent current year appropriations and are not in this schedule.
11. Appropriations do not include food stamp issuances of \$590 million since this is a noncash item; however, this amount is included in actual expenditures.

Funding Progress for Defined Benefit Pension Plans

(Dollars in Millions)

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]
Virginia Retirement System (VRS) **						
2007	\$ 47,815	\$ 58,116	\$ 10,301	82.3%	\$ 13,834	74.5%
2006	42,669	52,822	10,153	80.8%	13,002	78.1%
* 2005	40,372	49,628	9,256	81.3%	12,212	75.8%
2004	39,691	43,958	4,267	90.3%	11,510	37.1%
2003	39,243	40,698	1,455	96.4%	10,885	13.4%
2002	38,957	38,265	(692)	101.8%	10,669	(6.5%)
2001	37,968	35,384	(2,584)	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%
State Police Officers' Retirement System (SPORS)						
2007	\$ 595	\$ 806	\$ 211	73.8%	\$ 101	208.9%
2006	539	730	191	73.8%	94	203.2%
* 2005	514	673	159	76.4%	91	174.7%
2004	510	656	146	77.9%	82	176.8%
2003	509	616	107	82.6%	79	135.4%
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%
Virginia Law Officers' Retirement System (VaLORS)						
2007	\$ 766	\$ 1,166	\$ 400	65.7%	\$ 341	117.3%
2006	656	1,096	440	59.9%	321	137.1%
* 2005	575	980	405	58.7%	307	131.9%
2004	509	927	418	54.9%	298	140.3%
2003	458	854	396	53.6%	292	135.6%
2002	418	806	388	51.9%	306	126.8%
2001	393	628	235	62.6%	320	73.4%
*** 2000	307	680	373	45.1%	315	118.4%
Judicial Retirement System (JRS)						
2007	\$ 340	\$ 442	\$ 102	76.9%	\$ 58	175.9%
2006	302	424	122	71.2%	54	225.9%
* 2005	288	402	114	71.6%	52	219.2%
2004	285	366	81	77.9%	48	168.8%
2003	282	348	66	81.0%	48	137.5%
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%

* 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.

Notes:	Valuation Date:	June 30, 2007
	Actuarial Cost Method:	Entry Age Normal
	Amortization Method:	
	State Employees	Level percent, closed
	Teachers	Level percent, closed
	Political Subdivision Employees	Level percent, closed
	State Police / VA Law Officers / Judges	Level percent, closed
	Payroll Growth Rate:	
	State Employees	3.00%
	Teachers	3.00%
	Political Subdivision Employees	2.50%
	State Police / VA Law Officers / Judges	3.00%
	Remaining Amortization Period:	
	State Employees	20 years
	Teachers	20 years
	Political Subdivision Employees	20 years
	State Police / VA Law Officers / Judges	20 years
	Asset Valuation Method:	5 year Smoothed Market
	Actuarial Assumptions:	
	Investment Rate of Return (1)	7.50%
	Projected Salary Increases (1)	
	State Employees	3.75% to 5.60%
	Teachers	3.75% to 6.20%
	Political Subdivision Employees (Non-Hazardous Duty Employees)	3.75% to 5.60%
	Political Subdivision Employees (Hazardous Duty Employees)	3.50% to 4.75%
	State Police / VA Law Officers	3.50% to 4.75%
	Judges	3.50%
	Cost of Living Adjustments	2.50%

(1) Includes inflation at 2.50%.

Schedule of Employer Contributions – Defined Pension Plans

(Dollars in Millions)

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Statutory Required Contribution	Percentage Contributed
Virginia Retirement System (VRS)				
2008 *	\$ 1,378,993	92.58%	\$ 1,276,645	100.00%
2007 *	1,299,606	85.89%	1,116,217	100.00%
2006 *	864,245	89.51%	773,553	100.00%
2005 *	810,944	85.26%	691,415	100.00%
2004 *	469,200	91.66%	430,064	100.00%
2003 *	450,766	67.61%	304,784	100.00%
2002 *	459,613	79.68%	366,239	100.00%
2001 *	630,458	99.99%	630,370	100.00%
2000 *	785,376	93.24%	732,273	100.00%
1999 *	738,051	85.64%	632,084	100.00%
State Police Officers' Retirement System (SPORS)				
2008 *	\$ 22,941	91.49%	\$ 20,989	100.00%
2007 *	19,402	84.31%	16,358	100.00%
2006 *	23,132	65.96%	15,258	100.00%
2005 *	21,946	65.96%	14,475	100.00%
2004 *	20,187	51.16%	10,328	100.00%
2003 *	19,866	44.20%	8,781	100.00%
2002 *	20,190	50.00%	10,095	100.00%
2001	20,420	100.00%	20,420	100.00%
2000 *	17,684	85.07%	15,044	100.00%
1999 *	16,088	69.87%	11,241	100.00%
Virginia Law Officers' Retirement System (VaLORS)				
2008 *	\$ 61,325	91.20%	\$ 55,929	100.00%
2007 *	56,190	86.03%	48,338	100.00%
2006 *	77,414	67.96%	52,611	100.00%
2005 *	74,301	67.96%	50,495	100.00%
2004 *	72,752	55.80%	40,596	100.00%
2003 *	72,699	48.00%	34,895	100.00%
2002 *	77,417	32.30%	25,006	100.00%
2001	51,072	100.00%	51,072	100.00%
2000 **	16,216	84.81%	13,753	100.00%
Judicial Retirement System (JRS)				
2008 *	\$ 23,599	94.86%	\$ 22,386	100.00%
2007 *	22,557	91.02%	20,530	100.00%
2006 *	23,871	67.89%	16,206	100.00%
2005 *	22,490	67.89%	15,269	100.00%
2004 *	21,341	71.18%	15,190	100.00%
2003 *	21,110	64.44%	13,604	100.00%
2002 *	21,282	50.00%	10,641	100.00%
2001	20,822	100.00%	20,822	100.00%
2000 *	15,075	99.07%	14,935	100.00%
1999 *	14,118	91.64%	12,938	100.00%

* Contributions made by employers during the fiscal years ended June 30, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, and 2008 were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet the statutory requirements.

** The VaLORS program went into effect on October 1, 1999.

Funding Progress for Other Post-Employment Benefit Plans

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
Group Life Insurance Fund						
2007	\$ 880	\$ 1,552	\$ 672	56.7%	\$ 14,822	4.5%
* 2006	\$ 751	\$ 1,436	\$ 685	52.3%	\$ 13,923	4.9%
Retiree Health Insurance Credit Fund						
2007	\$ 198	\$ 1,814	\$ 1,616	10.9%	\$ 10,571	15.3%
* 2006	\$ 175	\$ 1,316	\$ 1,141	13.3%	\$ 9,965	11.5%
Disability Insurance Trust Fund						
2007	\$ 264	\$ 451	\$ 187	58.5%	\$ 3,909	4.8%
* 2006	\$ 192	\$ 423	\$ 231	45.4%	\$ 3,716	6.2%
Line of Duty Death and Disability Trust Fund						
2008	\$ 3	\$ 185	\$ 182	1.6%	\$ N/A	-
2007	\$ -	\$ 146	\$ 146	-	\$ N/A	-
* 2006	\$ -	\$ 99	\$ 99	-	\$ N/A	-
Pre-Medicare Retiree Healthcare Fund						
** 2007	\$ -	\$ 982	\$ 982	-	\$ 2,931	33.5%

* 2006 was the first actuarial valuation prepared using the required parameters of GASB Statement No. 43.

**2007 was the first actuarial valuation prepared for the Pre-Medicare Retiree Healthcare Fund.

See Notes on following page.

Notes	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Line of Duty Death and Disability Trust Fund	Pre-Medicare Retiree Healthcare Fund
Valuation Date	June 30, 2007	June 30, 2007	June 30, 2007	June 30, 2008	June 30, 2007
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent, Open	Level Percent, Open	Level Percent, Open	Level Percent, Open	Level dollar, Open
Payroll Growth Rate:					
State Employees	3.00%	3.00%	3.00%	N/A	3.00%
Teachers	3.00%	3.00%	N/A	N/A	N/A
Political Subdivision Employees	3.00%	3.00%	N/A	N/A	N/A
State Police / VA Law Officers / Judges	3.00%	3.00%	3.00%	3.00%	3.00%
Judges	3.00%	3.00%	N/A	N/A	N/A
Remaining Amortization Period	29 years	29 years	29 years	30 years	30 years
Asset Valuation Method	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value	Market Value	Market Value
Actuarial Assumptions:					
Investment Rate of Return (1)	7.50%	7.50%	7.50%	7.50%	4.97%
Projected Salary Increases (1)					
State Employees	3.75% to 5.60%	N/A	3.75% to 5.60%	N/A	3.75% to 5.60%
Teachers	3.75% to 6.20%	N/A	N/A	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty Employees)	3.75% to 5.60%	N/A	N/A	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.50% to 4.75%	N/A	N/A	N/A	N/A
State Police / VA Law Officers / Judges	3.50% to 4.75%	N/A	3.50% to 4.75%	3.50% to 4.75%	3.50% to 4.75%
Judges	3.50%	N/A	N/A	N/A	N/A

(1) Includes inflation at 2.50%.

Schedule of Employer Contributions – Other Post-Employment Benefit Plans

(Dollars in Millions)

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Statutory Required Contribution	Percentage Contributed
<i>Group Life Insurance Fund</i>				
2008 *	\$ 158,740	100.00%	\$ 158,740	100.00%
<i>Retiree Health Insurance Credit Fund</i>				
2008 *	\$ 147,524	100.00%	\$ 147,524	100.00%
<i>Disability Insurance Trust Fund</i>				
2008 *	\$ 97,975	80.00%	\$ 78,380	100.00%
<i>Line of Duty Death and Disability Trust Fund</i>				
2008 *	\$ 9,786	102.45%	\$ 10,026	100.00%
<i>Pre-Medicare Retiree Healthcare Fund</i>				
2008 *	\$ 127,426	25.21%	\$ -	-

* 2008 was the first fiscal year in which contribution requirements were computed using the required parameters of GASB 43. For all plans, the contributions made were in accordance with the actuarially determined Annual Required Contribution (ARC) and the statutory requirements.

Claims Development Information – Risk Management

(Dollars in Thousands)

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

Fiscal and Policy Year Ended	1999	2000	2001	2002
1. Required contribution and investment revenue:				
Earned	\$ 6,780	\$ 6,478	\$ 5,814	\$ 5,936
Ceded (a)	-	-	-	-
Net earned	6,780	6,478	5,814	5,936
2. Unallocated expenses	703	1,223	1,863	902
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	2,719	2,263	2,687	4,110
Ceded (a)	-	-	-	-
Net incurred	2,719	2,263	2,687	4,110
4. Net paid (cumulative) as of:				
End of policy year	439	196	336	550
One year later	2,100	2,688	1,628	1,979
Two years later	2,938	3,322	2,388	2,291
Three years later	4,555	3,369	2,490	2,556
Four years later	4,873	3,447	2,530	2,864
Five years later	4,931	4,042	2,616	2,900
Six years later	5,144	4,062	2,616	3,054
Seven years later	5,144	4,069	2,618	
Eight years later	5,175	4,080		
Nine years later	5,205			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	2,719	2,263	2,687	4,110
One year later	5,509	4,801	3,752	4,458
Two years later	5,997	4,467	3,318	4,196
Three years later	5,769	3,589	3,270	3,734
Four years later	5,146	3,575	3,186	3,299
Five years later	5,955	4,211	3,171	3,566
Six years later	6,017	4,236	3,171	3,240
Seven years later	6,017	4,212	3,168	
Eight years later	5,265	4,162		
Nine years later	5,290			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	2,571	1,899	481	(870)

The Commonwealth provides errors and omissions liability insurance and law enforcement professional liability 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 176 in this section.

	2003	2004	2005	2006	2007	2008
\$	5,740	\$ 5,729	\$ 5,788	\$ 6,166	\$ 6,560	\$ 6,759
	-	-	-	-	-	-
	5,740	5,729	5,788	6,166	6,560	6,759
	918	1,209	1,068	1,008	1,047	1,307
	3,488	2,861	2,790	1,539	2,060	3,330
	-	-	-	-	-	-
	3,488	2,861	2,790	1,539	2,060	3,330
	380	161	227	177	106	493
	1,894	1,072	1,699	745	1,051	
	2,181	1,420	2,079	1,421		
	2,375	1,539	2,332			
	2,435	1,559				
	2,454					
	-	-	-	-	-	-
	3,488	2,861	2,790	1,539	2,060	3,330
	3,237	3,302	3,563	2,168	3,316	
	2,910	2,306	3,418	2,494		
	2,619	1,700	3,204			
	2,447	1,697				
	2,467					
	(1,021)	(1,164)	414	955	1,256	-

Claims Development Information – Health Care

(Dollars in Thousands)

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

Fiscal and Policy Year Ended	1999	2000	2001	2002
1. Required contribution and investment revenue:				
Earned	\$ 64,419	\$ 75,569	\$ 88,313	\$ 100,836
Ceded (a)	-	-	-	-
Net earned	64,419	75,569	88,313	100,836
2. Unallocated expenses	6,632	6,997	7,203	6,225
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	70,719	76,816	87,222	95,860
Ceded (a)	-	-	-	-
Net incurred	70,719	76,816	87,222	95,860
4. Net paid (cumulative) as of:				
End of policy year	62,219	68,336	74,579	80,974
One year later	-	-	-	-
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	70,719	74,417	87,222	95,860
One year later	70,719	74,417	87,222	95,860
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	-	(2,399)	-	-

The Commonwealth, through its Department of Human Resource Management, provides health care insurance for local governmental units, which went into effect in fiscal year 1987.

See Notes on page 176 in this section.

	2003	2004	2005	2006	2007	2008
\$	118,825	\$ 137,582	\$ 157,959	\$ 184,360	\$ 202,366	\$ 211,034
	-	-	-	-	-	-
	118,825	137,582	157,959	184,360	202,366	211,034
	6,171	6,271	10,655	11,899	13,782	16,215
	104,453	124,887	144,976	152,289	163,787	185,117
	-	-	-	-	-	-
	104,453	124,887	144,976	152,289	163,787	185,117
	99,443	99,656	140,452	147,534	159,769	181,566
	-	-	-	-	-	-
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	-	-	-	-	-	-
	104,453	124,887	144,976	152,289	163,787	185,117
	104,453	124,887	144,976	152,289	163,787	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	-	-	-	-	-	-

Notes for Claims Development Information Tables

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.