

## 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, 2013  
(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	\$ 10,911,300	\$ 11,092,600	\$ 11,339,966	\$ 247,366
Sales and Use	3,434,015	3,471,616	3,441,195	(30,421)
Corporation Income	886,000	820,900	796,728	(24,172)
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	440,000	440,000	427,262	(12,738)
Deeds, Contracts, Wills, and Suits	331,409	345,604	388,633	43,029
Premiums of Insurance Companies	293,600	255,600	262,242	6,642
Alcoholic Beverage Sales	184,800	191,300	195,192	3,892
Tobacco Products	180,100	187,800	187,874	74
Public Service Corporations	93,900	95,300	96,222	922
Other Taxes	22,180	18,605	18,036	(569)
Rights and Privileges	100,119	79,663	76,931	(2,732)
Sales of Property and Commodities	10,243	1,700	25,477	23,777
Assessments and Receipts for Support of Special Services	11,810	655	858	203
Institutional Revenue	41,807	41,668	37,210	(4,458)
Interest, Dividends, and Rents	77,392	68,064	72,958	4,894
Fines, Forfeitures, Court Fees, Penalties, and Escheats	231,206	215,850	216,788	938
Federal Grants and Contracts	6,350	6,350	6,354	4
Receipts from Cities, Counties, and Towns	15,195	9,932	15,813	5,881
Private Donations, Gifts and Contracts	505	792	439	(353)
Tobacco Master Settlement	50,805	52,733	74,010	21,277
Other	118,695	178,712	238,148	59,436
<b>Total Revenues</b>	<b>17,441,431</b>	<b>17,575,444</b>	<b>17,918,336</b>	<b>342,892</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	2,389,778	2,360,523	2,173,327	187,196
Education	7,543,877	7,670,879	7,587,805	83,074
Transportation	30	172	172	-
Resources and Economic Development	473,238	512,266	389,221	123,045
Individual and Family Services	5,390,971	5,488,489	5,383,507	104,982
Administration of Justice	2,395,241	2,477,411	2,443,464	33,947
Capital Outlay	18,368	36,297	6,274	30,023
<b>Total Expenditures</b>	<b>18,211,503</b>	<b>18,546,037</b>	<b>17,983,770</b>	<b>562,267</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(770,072)</b>	<b>(970,593)</b>	<b>(65,434)</b>	<b>905,159</b>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers:</b>				
Transfers In	649,278	699,253	712,400	13,147
Transfers Out	(496,450)	(493,024)	(509,749)	(16,725)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>152,828</b>	<b>206,229</b>	<b>202,651</b>	<b>(3,578)</b>
<b>Revenues and Other Sources Over (Under)</b>	<b>(617,244)</b>	<b>(764,364)</b>	<b>137,217</b>	<b>901,581</b>
<b>Fund Balance, July 1</b>	<b>1,683,412</b>	<b>1,683,412</b>	<b>1,683,412</b>	<b>-</b>
<b>Fund Balance, June 30</b>	<b>\$ 1,066,168</b>	<b>\$ 919,048</b>	<b>\$ 1,820,629</b>	<b>\$ 901,581</b>

See notes on page 179 in this section.

**Special Revenue Funds**

**Commonwealth Transportation Fund**

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final/Actual Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
519,500	640,629	499,382	(141,247)
-	-	-	-
900,552	892,792	848,192	(44,600)
511,160	618,421	581,680	(36,741)
-	-	-	-
38,400	40,500	46,336	5,836
141,800	130,100	130,064	(36)
-	-	-	-
-	-	-	-
-	-	-	-
41,160	44,359	39,610	(4,749)
550,213	561,975	562,451	476
556	556	81,881	81,325
17,410	18,040	17,527	(513)
-	-	-	-
20,550	11,925	26,524	14,599
16,539	11,369	11,388	19
938,807	1,390,531	1,423,378	32,847
235,321	211,780	58,909	(152,871)
-	-	6,505	6,505
-	-	-	-
686	27,499	36,333	8,834
3,932,654	4,600,476	4,370,160	(230,316)
<b> </b>			
3,206	4,161	3,256	905
2,417	2,417	2,417	-
4,417,764	5,746,178	4,606,664	1,139,514
13,641	13,985	12,585	1,400
-	-	-	-
9,767	9,767	9,767	-
39,356	41,052	17,559	23,493
4,486,151	5,817,560	4,652,248	1,165,312
(553,497)	(1,217,084)	(282,088)	934,996
<b> </b>			
62,439	62,441	108,602	46,161
(342,165)	(345,423)	(332,017)	13,406
120,625	120,625	120,625	-
23,974	23,974	23,974	-
(135,127)	(138,383)	(78,816)	59,567
(688,624)	(1,355,467)	(360,904)	994,563
2,757,742	2,757,742	2,757,742	-
\$ 2,069,118	\$ 1,402,275	\$ 2,396,838	\$ 994,563

Continued on next page

**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, 2013  
(Dollars in Thousands)

	Special Revenue Funds			
	Federal Trust			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
<b>Taxes:</b>				
Individual and Fiduciary Income	\$ -	\$ -	\$ -	\$ -
Sales and Use	-	-	-	-
Corporation Income	-	-	-	-
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	-	-	-	-
Deeds, Contracts, Wills, and Suits	-	-	-	-
Premiums of Insurance Companies	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Public Service Corporations	-	-	-	-
Other Taxes	-	-	-	-
Rights and Privileges	-	-	-	-
Sales of Property and Commodities	304	304	391	87
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	-	-	-	-
Interest, Dividends, and Rents	1,082	1,036	679	(357)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	1,174	1,198	10,818	9,620
Federal Grants and Contracts	6,875,983	7,608,596	8,506,239	897,643
Receipts from Cities, Counties, and Towns	-	-	-	-
Private Donations, Gifts and Contracts	137	-	-	-
Tobacco Master Settlement	-	-	-	-
Other	23,042	22,665	166,230	143,565
<b>Total Revenues</b>	<b>6,901,722</b>	<b>7,633,799</b>	<b>8,684,357</b>	<b>1,050,558</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	140,248	198,061	188,876	9,185
Education	894,990	1,118,093	1,074,575	43,518
Transportation	34,917	23,086	16,089	6,997
Resources and Economic Development	163,051	204,735	166,507	38,228
Individual and Family Services	5,590,123	5,989,961	7,167,597	(1,177,636)
Administration of Justice	56,346	56,976	34,845	22,131
Capital Outlay	22,047	34,353	13,657	20,696
Total Expenditures	6,901,722	7,625,265	8,662,146	(1,036,881)
Revenues Over (Under) Expenditures	-	8,534	22,211	13,677
<b>Other Financing Sources (Uses):</b>				
<b>Transfers:</b>				
Transfers In	-	-	15,199	15,199
Transfers Out	-	(8,534)	(37,410)	(28,876)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	-	(8,534)	(22,211)	(13,677)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-
<b>Fund Balance, July 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See notes on page 179 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, 2013, to the fund balance on a modified accrual basis follows.

**Fund Balance Comparison**  
**Budgetary Basis to GAAP Basis**

*(Dollars in Thousands)*

	<b>General Fund</b>	<b>Commonwealth Transportation Fund</b>	<b>Federal Trust Fund</b>
Fund Balance, Basis of Budgeting	\$ 1,820,629	\$ 2,396,838	\$ -
Adjustments from Budget to Modified Accrual:			
Accrued Revenues:			
Taxes	698,690	139,820	-
Tax Refunds	(375,975)	-	-
Other Revenue/Other Sources	59,042	86,240	599,372
Deferred Taxes (2)	(486,009)	-	-
Medicaid Payable	(341,196)	-	(353,865)
Accrued Expenditures/Other Uses	(737,237)	(209,117)	(137,658)
Fund Balance, Modified Accrual Basis	<u>\$ 637,944</u>	<u>\$ 2,413,781</u>	<u>\$ 107,849</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, 2013, except the Literary Fund which has no approved budget.

*(Dollars in Thousands)*

	<b>General Fund (9)</b>	<b>Commonwealth Transportation Fund</b>	<b>Federal Trust Fund (10)</b>
Appropriations (1)	\$ 18,211,503	\$ 4,486,151	\$ 6,901,722
Supplemental Appropriations:			
Reappropriations (2)	125,299	46,540	31,624
Subsequent Executive (3)	124,517	951,184	683,196
Subsequent Legislative (4)	142,590	358,881	77,995
Capital Outlay and Operating Reversions (5)	(28)	(5,546)	(4,081)
Transfers (6)	(45,151)	23,090	(37,861)
Capital Outlay Adjustment (7)	(12,693)	(39,297)	(27,330)
Debt Service Adjustment (8)	-	(3,443)	-
Appropriations, as adjusted	<u>\$ 18,546,037</u>	<u>\$ 5,817,560</u>	<u>\$ 7,625,265</u>

1. Represents the budget appropriated through Chapter 3, 2012 Acts of Assembly, as amended by Chapter 806, 2013 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 transfers required by the Appropriation Act. Transfers out are reduced by approximately \$1.6 billion (General Fund) and \$3.8 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.
7. 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.
8. The Special Revenue Commonwealth Transportation Fund appropriations have been adjusted for debt service.
9. Budgetary reductions totaling \$6.9 million are excluded since they were not available for disbursement during the current fiscal year.
10. Appropriations do not include food stamp issuances of \$1.4 billion 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]
<b>Virginia Retirement System (VRS)</b>						
2012	\$ 51,212	\$ 77,859	\$ 26,647	65.8%	\$ 14,880	179.1%
2011	52,559	75,185	22,626	69.9%	14,709	153.8%
2010	52,729	72,801	20,072	72.4%	14,758	136.0%
* 2009	53,185	66,323	13,138	80.2%	14,948	87.9%
2008	52,548	62,554	10,006	84.0%	14,559	68.7%
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%
<b>State Police Officers' Retirement System (SPORS)</b>						
2012	\$ 587	\$ 1,013	\$ 426	57.9%	\$ 104	409.0%
2011	617	986	369	62.6%	100	370.3%
2010	634	949	315	66.8%	98	321.4%
* 2009	647	879	232	73.6%	101	229.7%
2008	646	844	198	76.5%	103	192.2%
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	77.7%	82	178.0%
2003	509	616	107	82.6%	79	135.4%
<b>Virginia Law Officers' Retirement System (VaLORS)</b>						
2012	\$ 909	\$ 1,753	\$ 844	51.9%	\$ 345	244.8%
2011	926	1,683	757	55.0%	356	212.5%
2010	925	1,579	654	58.6%	346	189.0%
* 2009	913	1,412	499	64.7%	359	139.0%
2008	873	1,281	408	68.1%	368	110.9%
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%
<b>Judicial Retirement System (JRS)</b>						
2012	\$ 361	\$ 582	\$ 221	62.0%	\$ 57	388.6%
2011	371	569	198	65.2%	59	336.8%
2010	372	560	188	66.4%	61	308.2%
* 2009	378	521	143	72.6%	63	227.0%
2008	374	495	121	75.6%	61	198.4%
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%

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

See Notes on following page.

**Notes for Funding Progress for Defined Benefit Pension Plans**

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Valuation Date:		June 30, 2012
Actuarial Cost Method:		Entry Age Normal
Amortization Method:		
State Employees		Level percent, open
Teachers		Level percent, open
Political Subdivision Employees		Level percent, open
State Police/VA Law Officers/Judges		Level percent, open
Payroll Growth Rate:		
State Employees		3.00%
Teachers		3.00%
Political Subdivision Employees		3.00%
State Police/VA Law Officers/Judges		3.00%
Remaining Amortization Period:		
State Employees		9 and 29 years
Teachers		9 and 29 years
Political Subdivision Employees		29 years
State Police/VA Law Officers/Judges		9 and 29 years
Asset Valuation Method:		5 year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return (1)		7.00%
Projected Salary Increases (1)		
State Employees		3.75% to 5.60%
Teachers		3.75% to 6.20%
(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		4.50%
Cost of Living Adjustments	Plan 1	2.50%
	Plan 2	2.25%

(1) Includes inflation at 2.50%.

**Schedule of Employer Contributions – Defined Benefit Pension Plans (1)**

(Dollars in Thousands)

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Statutory Required Contribution</u>	<u>Percentage Contributed</u>
<b>Virginia Retirement System (VRS)</b>				
2013	\$ 2,227,090	75.79%	\$ 1,687,865	100.00%
2012	1,614,464	59.56%	961,653	100.00%
2011	1,577,131	46.73%	736,950	100.00%
2010	1,489,124	66.57%	991,334	100.00%
2009	1,501,018	81.25%	1,219,645	100.00%
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%
<b>State Police Officers' Retirement System (SPORS)</b>				
2013	\$ 34,535	75.84%	\$ 26,193	100.00%
2012	26,250	43.58%	11,441	100.00%
2011	24,570	30.36%	7,460	100.00%
2010	23,791	66.05%	15,714	100.00%
2009	24,241	83.23%	20,175	100.00%
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%
<b>Virginia Law Officers' Retirement System (VaLORS)</b>				
2013	\$ 66,463	75.82%	\$ 50,392	100.00%
2012	55,306	44.27%	24,481	100.00%
2011	53,686	32.14%	17,255	100.00%
2010	57,894	67.41%	39,027	100.00%
2009	60,059	84.80%	50,932	100.00%
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%
<b>Judicial Retirement System (JRS)</b>				
2013	\$ 32,185	83.98%	\$ 27,028	100.00%
2012	27,631	68.43%	18,907	100.00%
2011	28,101	61.57%	17,303	100.00%
2010	23,638	72.20%	17,065	100.00%
2009	23,148	90.72%	21,000	100.00%
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%

(1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

## Funding Progress for Other Postemployment 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]
<b>Group Life Insurance Fund</b>						
2012	\$ 756	\$ 2,458	\$ 1,702	30.7%	\$ 16,697	10.2%
2011	852	2,359	1,507	36.1%	16,543	9.1%
2010	929	2,245	1,316	41.4%	16,526	8.0%
2009	967	1,995	1,028	48.5%	16,728	6.1%
2008	975	1,772	797	55.0%	16,267	4.9%
2007	880	1,552	672	56.7%	14,822	4.5%
2006 (1)	751	1,436	685	52.3%	13,923	4.9%
<b>Retiree Health Insurance Credit Fund</b>						
2012	\$ 130	\$ 2,258	\$ 2,128	5.8%	\$ 14,211	15.0%
2011	213	2,195	1,982	9.7%	14,111	14.0%
2010 (2)	281	2,162	1,881	13.0%	14,220	13.2%
2009 (2)	296	2,007	1,711	14.8%	14,339	11.9%
2008 (2)	264	1,943	1,679	13.6%	13,686	12.3%
2007 (2)	207	1,883	1,676	11.0%	11,935	14.0%
<b>Disability Insurance Trust Fund</b>						
2012	\$ 305	\$ 262	\$ (43)	116.6%	\$ 3,433	(1.3%)
2011	369	296	(73)	124.6%	3,372	(2.2%)
2010 (3)	336	311	(25)	108.0%	3,168	(0.8%)
2009 (3)	290	291	1	99.7%	4,080	-
2008 (3)	313	392	79	79.9%	4,111	1.9%
2007	264	451	187	58.5%	3,909	4.8%
2006 (1)	192	423	231	45.4%	3,716	6.2%
<b>Line of Duty Death and Disability</b>						
2012	\$ 6	\$ 226	\$ 220	2.7%	\$ N/A	-
2011	-	399	399	-	N/A	-
2010 (4)	-	576	576	-	N/A	-
2009	-	373	373	-	N/A	-
2008	3	185	182	1.6%	N/A	-
2007	-	146	146	-	N/A	-
2006 (1)	-	99	99	-	N/A	-
<b>Pre-Medicare Retiree Healthcare</b>						
2012	\$ -	\$ 1,351	\$ 1,351	-	\$ 3,709	36.4%
2011	-	1,269	1,269	-	3,566	35.6%
2010 (3)	-	1,298	1,298	-	3,297	39.4%
2009	-	1,218	1,218	-	3,170	38.4%
2007 (5)	-	982	982	-	2,931	33.5%

- (1) 2006 was the first actuarial valuation prepared using the required parameters of GASB Statement No. 43.
- (2) Data for 2007-2010 has been restated to include the state-funded Retiree Health Insurance Credit benefit for local employees. Similar information for 2006 was not available so that year has been excluded.
- (3) Data for 2008-2010 has been restated to include state-funded Long-Term Care program. Prior years were funded by premiums paid to insurance carrier and the insurance carrier was responsible for the liability.
- (4) Contributions into the Line of Duty Act Trust Fund are based on the number of participants in the program using a per capita based contribution versus a payroll based contribution.
- (5) 2007 was the first actuarial valuation prepared for Pre-Medicare Retiree Healthcare.

See Notes on following page.

**Notes for Funding Progress for Other Postemployment Benefit Plans**

	<b>Group Life Insurance Fund</b>	<b>Retiree Health Insurance Credit Fund</b>	<b>Disability Insurance Trust Fund</b>	<b>Line of Duty Death and Disability</b>	<b>Pre-Medicare Retiree Healthcare</b>
Valuation Date	June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012	July 01, 2012
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Pay, Open	Level Percent of Pay, Open	Level Percent of Pay, Open	Level Percent of Pay, Open	Level dollar, Open
Payroll Growth Rate:					
State Employees	3.00%	3.00%	3.00%	3.00%	3.00%
Teachers	3.00%	3.00%	N/A	N/A	N/A
Political Subdivision Employees	3.00%	3.00%	N/A	3.00%	N/A
State Police / Virginia Law Officers	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	4 and 30 years	30 years
Asset Valuation Method					
State Employees and Teachers	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value	Market Value	Market Value
Political Subdivision Employees and State-Funded Local Employees	5-Year, Smoothed Market	Market Value	N/A	Market Value	Market Value
Actuarial Assumptions:					
Investment Rate of Return (1)	7.00%	7.00%	7.00%	4.75% and 7.00%	4.00%
Projected Salary Increases (1)					
State Employees	3.75% to 5.60%	3.75% to 5.60%	3.75% to 5.60%	N/A	4.00%
Teachers	3.75% to 6.20%	3.75% to 6.20%	N/A	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty Employees)	3.75% to 5.60%	3.75% to 5.60%	N/A	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.50% to 4.75%	3.50% to 4.75%	N/A	N/A	N/A
State Police / Virginia Law Officers	3.50% to 4.75%	3.50% to 4.75%	3.50% to 4.75%	N/A	4.00%
Judges	4.50%	4.50%	N/A	N/A	N/A
Medical Trend Assumptions (Under Age 65)	N/A	N/A	N/A	9.50% to 5.00%	
Medical Trend Assumptions (Ages 65 and Older)	N/A	N/A	N/A	7.00% to 5.00%	
Year of Ultimate Trend Rate	N/A	N/A	N/A	2019	

(1) Includes inflation rate of 2.5 percent.

## Schedule of Employer Contributions – Other Postemployment Benefit Plans (1)

(Dollars in Thousands)

<u>Year Ended June 30</u>		<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>		<u>Statutory Required Contribution</u>	<u>Percentage Contributed</u>
<b>Group Life Insurance Fund</b>						
2013	\$	221,622	90.15%	\$	199,796	100.00%
2012		181,527	26.05%		47,293	100.00%
2011		177,378	25.23%		44,744	100.00%
2010		145,228	65.54%		95,185	100.00%
2009		146,545	92.13%		135,019	100.00%
2008		158,740	100.00%		158,740	100.00%
<b>Retiree Health Insurance Credit Fund</b>						
2013	\$	145,416	95.09%	\$	138,282	100.00%
2012		138,195	37.54%		51,882	100.00%
2011		133,655	36.46%		48,736	100.00%
2010		148,956	66.70%		99,356	100.00%
2009		150,048	96.63%		144,989	100.00%
2008		147,524	100.00%		147,524	100.00%
<b>Disability Insurance Trust Fund</b>						
2013	\$	21,032	81.03%	\$	17,043	100.00%
2012		30,285	3.62%		1,096	100.00%
2011		28,646	-		-	-
2010		76,530	40.32%		30,861	100.00%
2009		78,120	91.33%		71,344	100.00%
2008		97,975	80.00%		78,380	100.00%
<b>Line of Duty Death and Disability (2)</b>						
2013	\$	21,895	42.66%	\$	9,341	100.00%
2012		25,033	33.25%		8,323	100.00%
2011		-	-		-	-
2010		16,901	53.75%		9,084	100.00%
2009		16,523	51.51%		8,511	100.00%
2008		9,786	102.45%		10,026	100.00%
<b>Pre-Medicare Retiree Healthcare</b>						
2013	\$	182,970	8.48%	\$	-	-
2012		172,910	21.21%		-	-
2011		166,984	17.75%		-	-
2010		136,710	17.43%		-	-
2009		131,925	23.34%		-	-
2008		127,426	25.21%		-	-

(1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

(2) Line of Duty Death and Disability became a cost sharing plan effective July 1, 2010. Accordingly, the net OPEB obligation at the beginning of the transition period has been reduced to zero.

## 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	2004	2005	2006	2007
1. Required contribution and investment revenue:				
Earned	\$ 5,279	\$ 5,788	\$ 6,166	\$ 6,560
Ceded (a)	-	-	-	-
Net earned	5,279	5,788	6,166	6,560
2. Unallocated expenses	1,209	1,068	1,008	1,047
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	2,861	2,791	1,539	2,060
Ceded (a)	-	-	-	-
Net incurred	2,861	2,791	1,539	2,060
4. Net paid (cumulative) as of:				
End of policy year	161	227	177	106
One year later	1,072	1,699	745	1,051
Two years later	1,420	2,079	1,421	2,436
Three years later	1,539	2,332	2,087	2,631
Four years later	1,559	2,438	2,176	2,662
Five years later	1,569	2,451	2,554	2,671
Six years later	1,569	2,455	2,591	2,671
Seven years later	1,594	2,474	2,630	
Eight years later	1,649	2,679		
Nine years later	1,671			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	2,861	2,791	1,539	2,060
One year later	3,302	3,563	2,168	3,316
Two years later	2,306	3,418	2,494	3,224
Three years later	1,700	3,204	2,872	2,887
Four years later	1,697	2,763	2,820	2,730
Five years later	1,648	2,736	2,591	2,731
Six years later	1,642	2,671	2,676	2,731
Seven years later	1,621	2,746	2,698	
Eight years later	1,691	2,758		
Nine years later	1,671			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	(1,190)	(33)	1,159	671

The Commonwealth, through the Department of the Treasury, Division of Risk Management, provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units, which went into effect in fiscal year 1987.

See Notes on page 190 in this section.

	2008	2009	2010	2011	2012	2013
\$	6,759	\$ 6,197	\$ 5,485	\$ 4,131	\$ 5,019	\$ 5,043
	-	-	-	-	-	-
	6,759	6,197	5,485	4,131	5,019	5,043
	1,307	1,272	1,269	1,310	1,382	1,273
	3,330	3,681	3,404	3,213	5,390	3,394
	-	-	-	-	-	-
	3,330	3,681	3,404	3,213	5,390	3,394
	493	300	412	396	1,677	335
	1,697	1,858	2,236	1,940	4,468	
	3,476	2,690	5,237	3,943		
	3,753	3,679	6,744			
	3,834	3,867				
	5,065					
	-	-	-	-	-	-
	3,330	3,681	3,404	3,213	5,390	3,394
	3,928	3,742	6,096	3,919	8,704	
	5,420	3,943	8,428	4,523		
	5,309	4,721	8,640			
	5,094	4,555				
	6,065					
	2,735	874	5,236	1,310	3,314	-

## 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	2004	2005	2006	2007
1. Required contribution and investment revenue:				
Earned	\$ 137,582	\$ 157,959	\$ 184,360	\$ 202,366
Ceded (a)	-	-	-	-
Net earned	137,582	157,959	184,360	202,366
2. Unallocated expenses	6,271	10,655	11,899	13,782
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	124,887	144,976	152,289	163,787
Ceded (a)	-	-	-	-
Net incurred	124,887	144,976	152,289	163,787
4. Net paid (cumulative) as of:				
End of policy year	99,656	140,452	147,534	159,769
One year later	N/A	N/A	N/A	N/A
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	N/A
Eight years later	N/A	N/A	N/A	N/A
Nine years later	N/A	N/A	N/A	N/A
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	124,887	144,976	152,289	163,787
One year later	124,887	144,976	152,289	163,787
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	N/A
Eight years later	N/A	N/A	N/A	N/A
Nine years later	N/A	N/A	N/A	N/A
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	-	-	-	-

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 190 in this section.

	2008	2009	2010	2011	2012	2013
\$	211,034	\$ 222,498	\$ 240,305	\$ 246,730	\$ 259,135	\$ 284,526
	-	-	-	-	-	-
	211,034	222,498	240,305	246,730	259,135	284,526
	16,215	16,400	15,936	15,849	16,701	18,781
	185,117	214,411	215,376	213,694	250,019	277,455
	-	-	-	-	-	-
	185,117	214,411	215,376	213,694	250,019	277,455
	181,566	204,655	214,371	209,365	235,058	267,256
	N/A	N/A	N/A	N/A	N/A	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	-	-	-	-	-	-
	185,117	214,411	215,376	213,694	250,019	277,455
	185,117	214,411	215,376	213,694	250,019	
	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

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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.