

## 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, 2011  
(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	\$ 9,587,700	\$ 9,746,200	\$ 9,944,370	\$ 198,170	
<b>Sales and Use</b>	<b>3,089,700</b>	<b>3,186,200</b>	<b>3,216,406</b>	<b>30,206</b>	
Corporation Income	792,800	766,600	822,259	55,659	
<b>Motor Fuel</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Motor Vehicle Sales and Use	-	-	-	-	
Communications Sales and Use	448,900	448,900	442,455	(6,445)	
Deeds, Contracts, Wills, and Suits	323,100	283,100	299,967	16,867	
Premiums of Insurance Companies	274,400	277,700	281,563	3,863	
Alcoholic Beverage Sales	178,000	177,200	178,937	1,737	
Tobacco Products	174,300	171,000	173,731	2,731	
Estate	-	4,000	2,713	(1,287)	
Public Service Corporations	94,200	96,400	93,777	(2,623)	
Other Taxes	18,600	27,156	21,808	(5,348)	
<b>Rights and Privileges</b>	<b>91,137</b>	<b>88,545</b>	<b>73,283</b>	<b>(15,262)</b>	
Sales of Property and Commodities	50,357	11,935	28,005	16,070	
Assessments and Receipts for Support of Special Services	2,343	2,025	2,777	752	
Institutional Revenue	39,942	38,912	40,122	1,210	
Interest, Dividends, and Rents	114,739	75,288	90,905	15,617	
Fines, Forfeitures, Court Fees, Penalties, and Escheats	226,504	219,580	222,256	2,676	
<b>Federal Grants and Contracts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Receipts from Cities, Counties, and Towns	16,010	14,969	16,340	1,371	
Private Donations, Gifts and Contracts	638	453	4,595	4,142	
Tobacco Master Settlement	57,881	52,134	48,185	(3,949)	
<b>Other</b>	<b>124,234</b>	<b>100,766</b>	<b>204,033</b>	<b>103,267</b>	
Total Revenues	15,705,485	15,789,063	16,208,487	419,424	
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	2,141,025	2,224,688	2,149,242	75,446	
<b>Education</b>	<b>7,009,529</b>	<b>7,021,369</b>	<b>6,931,515</b>	<b>89,854</b>	
Transportation	30	585	516	69	
Resources and Economic Development	365,669	416,856	306,970	109,886	
Individual and Family Services	4,506,412	4,540,334	4,449,683	90,651	
Administration of Justice	2,306,591	2,367,326	2,247,447	119,879	
Capital Outlay	16,558	19,358	6,144	13,214	
<b>Total Expenditures</b>	<b>16,345,814</b>	<b>16,590,516</b>	<b>16,091,517</b>	<b>498,999</b>	
Revenues Over (Under) Expenditures	(640,329)	(801,453)	116,970	918,423	
<b>Other Financing Sources (Uses):</b>					
<b>Transfers:</b>					
Transfers In	642,601	645,516	693,750	48,234	
<b>Transfers Out</b>	<b>(441,184)</b>	<b>(467,055)</b>	<b>(487,991)</b>	<b>(20,936)</b>	
Bonds Issued	-	-	-	-	
Premium on Debt Issuance	-	-	-	-	
Total Other Financing Sources (Uses)	201,417	178,461	205,759	27,298	
<b>Revenues and Other Sources Over (Under)</b>	<b>Expenditures and Other Uses</b>	(438,912)	(622,992)	322,729	945,721
<b>Fund Balance, July 1, as restated</b>	<b>974,831</b>	<b>974,831</b>	<b>974,831</b>	<b>-</b>	
<b>Fund Balance, June 30</b>	<b>\$ 535,919</b>	<b>\$ 351,839</b>	<b>\$ 1,297,560</b>	<b>\$ 945,721</b>	

See notes on page 177 in this section.

**Special Revenue Funds**

**Commonwealth Transportation Fund**

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -
496,600	478,100	457,421	(20,679)
-	-	-	-
874,529	906,818	870,501	(36,317)
422,000	475,000	495,435	20,435
-	-	-	-
33,500	32,200	34,984	2,784
128,200	130,300	130,327	27
-	-	-	-
-	-	-	-
-	-	-	-
30,600	37,847	38,186	339
594,679	517,921	539,687	21,766
556	556	4,011	3,455
18,779	17,372	18,015	643
-	-	-	-
45,032	105,509	29,629	(75,880)
11,702	11,872	12,183	311
1,073,528	1,153,965	1,131,978	(21,987)
60,289	60,289	55,946	(4,343)
-	1,105	28,355	27,250
-	-	-	-
30,460	67,940	13,753	(54,187)
3,820,454	3,996,794	3,860,411	(136,383)
2,273	2,343	1,919	424
2,414	2,414	2,404	10
3,523,567	5,014,510	3,832,040	1,182,470
16,061	14,095	12,316	1,779
-	-	-	-
10,373	9,650	9,425	225
30,789	32,920	20,221	12,699
3,585,477	5,075,932	3,878,325	1,197,607
234,977	(1,079,138)	(17,914)	1,061,224
22,350	55,050	95,502	40,452
(319,910)	(334,220)	(288,506)	45,714
600,000	600,000	600,000	-
50,394	50,394	50,394	-
352,834	371,224	457,390	86,166
587,811	(707,914)	439,476	1,147,390
1,891,538	1,891,538	1,891,538	-
\$ 2,479,349	\$ 1,183,624	\$ 2,331,014	\$ 1,147,390

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, 2011  
(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	\$ -	\$ -	\$ -	\$ -
<b>Sales and Use</b>	-	-	-	-
Corporation Income	-	-	-	-
<b>Motor Fuel</b>	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
<b>Communications Sales and Use</b>	-	-	-	-
Deeds, Contracts, Wills, and Suits	-	-	-	-
<b>Premiums of Insurance Companies</b>	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
<b>Tobacco Products</b>	-	-	-	-
Estate	-	-	-	-
<b>Public Service Corporations</b>	-	-	-	-
Other Taxes	-	-	-	-
<b>Rights and Privileges</b>	-	-	-	-
Sales of Property and Commodities	295	295	348	53
<b>Assessments and Receipts for Support of Special Services</b>	-	-	-	-
Institutional Revenue	-	-	-	-
<b>Interest, Dividends, and Rents</b>	2,342	1,076	1,516	440
Fines, Forfeitures, Court Fees, Penalties, and Escheats	247	16	53	37
<b>Federal Grants and Contracts</b>	6,789,075	9,421,836	9,761,714	339,878
Receipts from Cities, Counties, and Towns	-	-	-	-
<b>Private Donations, Gifts and Contracts</b>	-	-	-	-
Tobacco Master Settlement	-	-	-	-
<b>Other</b>	28,673	24,860	112,427	87,567
<b>Total Revenues</b>	<b>6,820,632</b>	<b>9,448,083</b>	<b>9,876,058</b>	<b>427,975</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	120,361	151,122	135,331	15,791
<b>Education</b>	<b>1,042,029</b>	<b>1,860,639</b>	<b>1,487,650</b>	<b>372,989</b>
Transportation	34,937	23,365	16,886	6,479
<b>Resources and Economic Development</b>	<b>176,010</b>	<b>385,955</b>	<b>269,494</b>	<b>116,461</b>
Individual and Family Services	5,373,543	6,924,080	7,901,996	(977,916)
Administration of Justice	54,011	65,678	37,612	28,066
Capital Outlay	19,665	32,725	20,354	12,371
<b>Total Expenditures</b>	<b>6,820,556</b>	<b>9,443,564</b>	<b>9,869,323</b>	<b>(425,759)</b>
Revenues Over (Under) Expenditures	76	4,519	6,735	2,216
<b>Other Financing Sources (Uses):</b>				
<b>Transfers:</b>				
Transfers In	-	367	12,362	11,995
<b>Transfers Out</b>	<b>(76)</b>	<b>(4,886)</b>	<b>(19,097)</b>	<b>(14,211)</b>
Bonds Issued	-	-	-	-
<b>Premium on Debt Issuance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Financing Sources (Uses)</b>	<b>(76)</b>	<b>(4,519)</b>	<b>(6,735)</b>	<b>(2,216)</b>
<b>Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, July 1, as restated</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 177 in this section.

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

- As discussed on page 88, the Commonwealth implemented GASB Statement No. 54. Accordingly, the General and Commonwealth Transportation Funds have been restated by \$104.0 million, and (\$522 thousand), respectively.

**2. 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, 2011, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison Budgetary Basis to GAAP Basis			
<i>(Dollars in Thousands)</i>			
	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	\$ 1,297,560	\$ 2,331,014	\$ -
Adjustments from Budget to Modified Accrual:			
Accrued Revenues:			
Taxes	483,626	127,774	-
Tax Refunds	(423,383)	-	-
Other Revenue/Other Sources	69,606	150,260	548,207
Deferred Taxes (2)	(463,399)	-	-
Medicaid Payable	(228,941)	-	(233,500)
Accrued Expenditures/Other Uses	(793,846)	(174,518)	(287,076)
Fund Balance, Modified Accrual Basis	<u>\$ (58,777)</u>	<u>\$ 2,434,530</u>	<u>\$ 27,631</u>

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

**3. 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, 2011, except the Literary Fund which has no approved budget.

<i>(Dollars in Thousands)</i>			
	General Fund (9)	Commonwealth Transportation Fund	Federal Trust Fund (10)
Appropriations (1)	\$ 16,345,814	\$ 3,585,477	\$ 6,820,556
Supplemental Appropriations:			
Reappropriations (2)	95,901	44,010	31,709
Subsequent Executive (3)	507,698	1,346,107	1,612,371
Subsequent Legislative (4)	(244,130)	110,499	1,032,500
Capital Outlay and Operating Reversions (5)	(3,852)	(108)	(40)
Transfers (6)	(89,361)	45,691	(20,356)
Capital Outlay Adjustment (7)	(21,554)	(41,913)	(33,176)
Debt Service Adjustment (8)	-	(13,831)	-
Appropriations, as adjusted	<u>\$ 16,590,516</u>	<u>\$ 5,075,932</u>	<u>\$ 9,443,564</u>

- Represents the budget appropriated through Chapter 874, 2010 Acts of Assembly, as amended by Chapter 890, 2011 Acts of Assembly.
- Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
- 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).
- Actions taken by the Governor and the General Assembly to adjust the budget.
- Represents reversions of unexpended capital outlay and operating balances.
- Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately \$1.4 billion (General Fund) and \$4.5 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.
- 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.
- The Special Revenue Commonwealth Transportation Fund appropriations have been adjusted for debt service.
- Budgetary reductions totaling \$13.4 million are excluded since they were not available for disbursement during the current fiscal year.
- Appropriations do not include food stamp issuances of \$1.3 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>						
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%
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%)
<b>State Police Officers' Retirement System (SPORS)</b>						
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%
2002	508	595	87	85.4%	81	107.4%
2001	495	557	62	88.9%	83	74.7%
<b>Virginia Law Officers' Retirement System (VaLORS)</b>						
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%
2002	418	806	388	51.9%	306	126.8%
2001	393	628	235	62.6%	320	73.4%
<b>Judicial Retirement System (JRS)</b>						
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%
2002	281	352	71	79.8%	48	147.9%
2001	277	342	65	81.0%	47	138.3%

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

See Notes on following page.

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

---

Valuation Date:	June 30, 2010
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	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)	7.00%
Projected Salary Increases (1)	
State Employees	3.75% to 5.60%
Teachers	3.75% to 6.20%
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 Judges	3.50% to 4.75%
Judges	4.50%
Cost of Living Adjustments	2.50%

(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>				
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%
2003	450,766	67.61%	304,784	100.00%
2002	459,613	79.68%	366,239	100.00%
<b>State Police Officers' Retirement System (SPORS)</b>				
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%
2003	19,866	44.20%	8,781	100.00%
2002	20,190	50.00%	10,095	100.00%
<b>Virginia Law Officers' Retirement System (VaLORS)</b>				
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%
2003	72,699	48.00%	34,895	100.00%
2002	77,417	32.30%	25,006	100.00%
<b>Judicial Retirement System (JRS)</b>				
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%
2003	21,110	64.44%	13,604	100.00%
2002	21,282	50.00%	10,641	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)

<b>Actuarial Valuation Date June 30</b>	<b>Actuarial Value of Assets [a]</b>	<b>Actuarial Accrued Liability (AAL) [b]</b>	<b>Unfunded AAL (UAAL) [b-a]</b>	<b>Funded Ratio [a/b]</b>	<b>Covered Payroll [c]</b>	<b>UAAL as a Percentage of Covered Payroll [b-a]/[c]</b>
<b>Group Life Insurance Fund</b>						
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	751	1,436	685	52.3%	13,923	4.9%
<b>Retiree Health Insurance Credit Fund</b>						
2010	\$ 278	\$ 2,127	\$ 1,849	13.1%	\$ 13,474	13.7%
2009	294	1,976	1,682	14.9%	13,589	12.4%
2008	261	1,908	1,647	13.7%	12,986	12.7%
2007	198	1,814	1,616	10.9%	10,571	15.3%
* 2006	175	1,316	1,141	13.3%	9,965	11.5%
<b>Disability Insurance Trust Fund</b>						
2010	\$ 303	\$ 282	\$ (21)	107.3%	\$ 3,168	(0.7%)
2009	267	268	1	99.6%	4,080	-
2008	286	363	77	78.8%	4,111	1.9%
2007	264	451	187	58.5%	3,909	4.8%
* 2006	192	423	231	45.4%	3,716	6.2%
<b>Line of Duty Death and Disability</b>						
2010	\$ -	\$ 576	\$ 576	-	\$ N/A	-
2009	-	373	373	-	N/A	-
2008	3	185	182	1.6%	N/A	-
2007	-	146	146	-	N/A	-
* 2006	-	99	99	-	N/A	-
<b>Pre-Medicare Retiree Healthcare</b>						
** 2009	\$ -	\$ 1,298	\$ 1,298	-	\$ 3,297	39.4%
2009	-	1,218	1,218	-	3,170	38.4%
*** 2007	-	982	982	-	2,931	33.5%

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

\*\* This is projected data per the 2009 actuarial valuation.

\*\*\*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, 2010	June 30, 2010	June 30, 2010	June 30, 2010	July 01, 2009
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, 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	26 years	26 years	26 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)	7.00%	7.00%	7.00%	4.75%	4.30%
Projected Salary Increases (1)					
State Employees	3.75% to 5.60%	3.75% to 5.60%	3.75% to 5.60%	N/A	3.75% to 5.60%
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	3.50% to 4.75%
Judges	4.50%	4.50%	N/A	N/A	N/A

(1) Includes inflation at 2.50%.

**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><i>Group Life Insurance Fund</i></b>				
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><i>Retiree Health Insurance Credit Fund</i></b>				
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><i>Disability Insurance Trust Fund</i></b>				
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><i>Line of Duty Death and Disability (2)</i></b>				
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><i>Pre-Medicare Retiree Healthcare</i></b>				
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. Fiscal year 2011 activity was funded with a \$10.7 million loan that will be repaid in future periods with contributions received. This amount is reflected as both a receivable and a contribution in the accompanying statements.

## 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	2002	2003	2004	2005
1. Required contribution and investment revenue:				
Earned	\$ 5,936	\$ 5,740	\$ 5,279	\$ 5,788
Ceded (a)	-	-	-	-
Net earned	5,936	5,740	5,279	5,788
2. Unallocated expenses	902	918	1,209	1,068
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	4,110	3,488	2,861	2,791
Ceded (a)	-	-	-	-
Net incurred	4,110	3,488	2,861	2,791
4. Net paid (cumulative) as of:				
End of policy year	550	380	161	227
One year later	1,979	1,894	1,072	1,699
Two years later	2,291	2,181	1,420	2,079
Three years later	2,556	2,375	1,539	2,332
Four years later	2,864	2,435	1,559	2,438
Five years later	2,900	2,454	1,569	2,451
Six years later	3,054	2,455	1,569	2,455
Seven years later	3,054	2,455	1,594	
Eight years later	3,054	2,456		
Nine years later	3,054			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	4,110	3,488	2,861	2,791
One year later	4,458	3,237	3,302	3,563
Two years later	4,196	2,910	2,306	3,418
Three years later	3,734	2,619	1,700	3,204
Four years later	3,299	2,447	1,697	2,763
Five years later	3,566	2,467	1,648	2,736
Six years later	3,240	2,457	1,642	2,671
Seven years later	3,191	2,458	1,621	
Eight years later	3,191	2,456		
Nine years later	3,191			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	(919)	(1,032)	(1,240)	(120)

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 188 in this section.

	2006	2007	2008	2009	2010	2011
\$	6,166	\$ 6,560	\$ 6,759	\$ 6,197	\$ 5,485	\$ 4,131
	-	-	-	-	-	-
	6,166	6,560	6,759	6,197	5,485	4,131
	1,008	1,047	1,307	1,272	1,269	1,310
	1,539	2,060	3,330	3,681	3,282	3,102
	-	-	-	-	-	-
	1,539	2,060	3,330	3,681	3,282	3,102
	177	106	493	300	350	367
	745	1,051	1,697	1,858	2,139	
	1,421	2,436	3,476	2,690		
	2,087	2,631	3,753			
	2,176	2,662				
	2,554					
	-	-	-	-	-	-
	1,539	2,060	3,330	3,681	3,282	3,102
	2,168	3,316	3,928	3,742	5,845	
	2,494	3,224	5,420	3,943		
	2,872	2,887	5,309			
	2,820	2,730				
	2,591					
	1,052	670	1,979	262	2,563	-

## 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	2002	2003	2004	2005
1. Required contribution and investment revenue:				
Earned	\$ 100,836	\$ 118,825	\$ 137,582	\$ 157,959
Ceded (a)	-	-	-	-
Net earned	100,836	118,825	137,582	157,959
2. Unallocated expenses	6,225	6,171	6,271	10,655
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	95,860	104,453	124,887	144,976
Ceded (a)	-	-	-	-
Net incurred	95,860	104,453	124,887	144,976
4. Net paid (cumulative) as of:				
End of policy year	80,974	99,443	99,656	140,452
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	95,860	104,453	124,887	144,976
One year later	95,860	104,453	124,887	144,976
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	-	-	-	-

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 188 in this section.

	2006	2007	2008	2009	2010	2011
\$	184,360	\$ 202,366	\$ 211,034	\$ 222,498	\$ 240,305	\$ 246,730
	-	-	-	-	-	-
	184,360	202,366	211,034	222,498	240,305	246,730
	11,899	13,782	16,215	16,400	15,936	15,849
	152,289	163,787	185,117	214,411	215,376	213,694
	-	-	-	-	-	-
	152,289	163,787	185,117	214,411	215,376	213,694
	147,534	159,769	181,566	204,655	214,371	209,365
	-	-	-	-	-	-
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	-	-	-	-	-	-
	152,289	163,787	185,117	214,411	215,376	213,694
	152,289	163,787	185,117	214,411	215,376	
	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.