

Commonwealth of Virginia
Department of Accounts
Report of Off-Balance Sheet Financial Obligations
As of June 30, 2020

Purpose: During the 2007 General Assembly Session, legislation was passed (*Code of Virginia*, §[2.2-813.2](#)) requiring the State Comptroller to report off-balance sheet financial obligations of the Commonwealth. For purposes of this report, the balance sheet is defined as the Comprehensive Annual Financial Report (Annual Report). The Annual Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes both financial statements and notes to the financial statements, both of which contain information concerning the Commonwealth's financial obligations. The report is available on the Department of Account's webpage at <https://www.doa.virginia.gov/reports.shtml#CAFReport>. The Annual Report amounts reflected below include state agencies, institutions and component units. The component unit amounts exclude Higher Education foundations.

On-Balance Sheet Financial Obligations Defined: In order for the report of off-balance sheet financial obligations to provide meaningful information, it is important for readers to understand the extensive amount of information concerning the Commonwealth's financial obligations already reported on-balance sheet. Some of the more clearly understood of these on-balance sheet financial obligations include the following:

- Bonded debt (\$28.3 billion)
- Accounts payable (\$2.9 billion)
- Notes payable (\$2.0 billion)
- Tax refunds payable (\$408.1 million)

Other obligations that may be less understood include the following:

- Net Pension Liability (\$7.5 billion)
- Highway project commitments (\$5.7 billion)
- Other Post-Employment Benefits (\$2.4 billion)
- Capital lease obligations (\$2.4 billion)
- Tuition benefits payable (\$1.8 billion)
- Medicaid payable (\$1.6 billion)
- Higher education construction commitments (\$1.5 billion)
- Virginia Department of Transportation contractual commitments (\$1.1 billion)
- Operating leases (\$856.3 million)
- Information Technology Infrastructure (\$710.9 million)
- Compensated absences (\$701.1 million)
- Virginia Port Authority construction contracts (\$517.4 million)
- Mass Transit project commitments (\$376.9 million)
- Department of General Services construction commitments (\$334.9 million)
- Car tax refund payable (\$263.0 million)
- Virginia College Savings Plan private equity commitments (\$227.2 million)
- Department of Corrections contractual and non-contractual commitments (\$226.7 million)
- Installment purchases (\$217.1 million)
- Department of Veterans Services construction commitments (\$141.4 million)
- Lottery prizes (\$119.9 million)
- Department of Behavioral Health and Developmental Services contractual commitments (\$115.8 million)
- Department of Behavioral Health and Developmental Services construction commitments (\$95.7 million)
- Virginia Department of Health contractual commitments (\$82.6 million)
- Virginia Wireless E-911 outstanding grants awarded (\$57.7 million)
- Department of Motor Vehicles contractual commitments (\$37.5 million)

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- Enterprise Applications (Internal Service Fund) (\$26.4 million)
- Department of Military Affairs construction commitments (\$16.6 million)
- Virginia Employment Commission commitments (\$16.0 million)
- Department of Forensic Science construction commitments (\$10.1 million)
- Wastewater Treatment Projects (\$10.1 million)
- Pollution Remediation Obligations (\$9.5 million)
- Department of Conservation and Recreation construction commitments (\$7.8 million)

Comprehensive information concerning these on-balance sheet financial obligations is reported in the Annual Report.

Off-Balance Sheet Financial Obligations Defined: Certain financial obligations are off-balance sheet (i.e., not included in the Annual Report) because they do not meet GAAP liability reporting requirements. To obtain information about these obligations, DOA asked each agency and institution to analyze their financial obligations and provide a listing of such obligations that were excluded from the FY 2020 Annual Report. While acknowledging that the list was not all-inclusive, to stimulate agency analyses and elicit the most comprehensive list of off-balance sheet financial obligations possible, agencies and institutions were requested to consider the following list of potential off-balance sheet obligations:

- Construction or other commitment contracts – with or without formal agreements;
- Public-Private Partnership Agreements;
- Federal match requirements;
- Questioned Federal Costs;
- Potential legal case settlements; and
- Court-ordered requirements

Off-Balance Sheet Financial Obligation Exclusions: In order to make this reporting process as efficient as possible, DOA established the following reporting parameters designed to prevent the redundant reporting of information already reported by other central service agencies and to focus the off-balance sheet financial obligations report on unusual or infrequent financial transactions instead of ongoing government operations. First, DOA requested that agencies and institutions exclude financial obligations falling within the *ongoing operations* category. This category includes the Commonwealth's financial obligations stemming from the historical provision of state funding to support services conducted for citizens by state or local government. That is, the financial obligations stemming from the fact that the Commonwealth has historically borne all, or a portion, of the operating cost of government programs such as public education, state prisoner incarceration, and Medicaid, to name but a few, are excluded from the list of off-balance sheet financial obligations reported. These ongoing government programs are included in the Commonwealth's "Six Year Financial Plan," available from the Department of Planning and Budget. Second, DOA requested that agencies and institutions exclude the obligations associated with *deferred maintenance costs*. The Department of General Services (DGS) reports \$4.7 million in deferred maintenance costs associated with DGS's facilities as of September 15, 2021.

In January 2012, the Department of Behavioral Health and Developmental Services (DBHDS) reached a settlement agreement with the United States Department of Justice (DOJ) involving the latter's investigation of the Commonwealth's training centers for the intellectually disabled. The agreement involved the closing of four training centers over an eight year period. It remains a possibility that DBHDS could be named in litigation resulting from the implementation of the settlement agreement. At this time, any estimate of potential liability cannot be determined or provided. Presently, all four training

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centers (Central Virginia Training Center, Northern Virginia Training Center, Southside Virginia Training Center and Southwestern Virginia Training Center) have been closed. Only the land where Northern Virginia Training Center in Falls Church, Virginia once stood has been sold. DBHDS continues to incur costs associated with maintaining the property at the remaining closed training centers. With the exception of Southside Virginia Training Center (this property was transferred to Central State Hospital), all remaining training centers have been declared surplus and efforts to sell these properties are underway.

Commonwealth Off-Balance Sheet Obligations: The off-balance sheet financial obligations reported by Commonwealth agencies and institutions as of June 30, 2020 total \$370,082,149. **Table A** summarizes the off-balance sheet financial obligations reported by all agencies and institutions. Individual agency and institution totals are provided in the **Table B**. Due to the reporting technicalities associated with the Annual Report, **Table A** and **Table B** include clarifying notes for selected items.

Acknowledgments: DOA acknowledges the hard-work and dedication of the agency fiscal staffs that provided information essential in the preparation of this report of off-balance sheet obligations. Since no financial reporting standards exist for off-balance sheet financial obligations, DOA anticipates that the off-balance sheet reporting process will be refined as future reports are prepared after benefiting from constructive comments by users of the report.

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 Report of Off-Balance Sheet Financial Obligations
 Summary by Category
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Table A

Type of Off-Balance Sheet Obligation	Off-Balance Sheet Obligation Amount as of June 30, 2020
Liabilities to Foundations that were Eliminated	351,217,094
Federal Match Requirements	11,158,022
Contracts	2,977,306
Non-Federal Match Requirements	2,590,467
Other Commitment Contracts	932,502
Legal Cases	628,045
Right of Way Obligations	578,713
Grand Total	370,082,149

Note 1: For Annual Report purposes, the financial activity for the higher education institution and the related foundations is combined into one column. In order to prevent duplication, the significant activity between the higher education institution and the related foundations is excluded from the report. These amounts are being included in this schedule.

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 Detail by Agency
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Table B

Agency Number	Agency Name	Type of Off-Balance Sheet Obligation	Description	Off-Balance Sheet Obligation Amount as of June 30, 2020
140	DEPARTMENT OF CRIMINAL JUSTICE SERVICES	Federal Match Requirements	RSAT Grants	1,228
140 Total				1,228
154	DEPARTMENT OF MOTOR VEHICLES	Legal Cases	Stultz Case (Federal Litigation) \$326,250 for Lost Future Income & Fringe Benefits	190,250
154 Total				190,250
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FM-MCG-0528-20-01-00	1,236,287
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FM-MCG-0451-19-01-00	497,090
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FM6OT-2020-50078-20078	265,642
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FSC-2020-50091-20091	227,668
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant 2019-RU-BX-K004	85,572
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FM2HVE-2020-50090-20090	83,173
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant 2018-RU-BX-K015	29,527
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant 2015-RU-BX-K019	3,789
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant 2014-RU-BX-K033	3,593

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Agency Number	Agency Name	Type of Off-Balance Sheet Obligation	Description	Off-Balance Sheet Obligation Amount as of June 30, 2020
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant 2016-RU-BX-K022	3,406
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant 2017-RU-BX-K002	51
156 Total				2,435,798
199	DEPARTMENT OF CONSERVATION AND RECREATION	Federal Match Requirements	Community Assistance Program State Support Services	54,786
199 Total				54,786
201	DEPARTMENT OF EDUCATION, CENTRAL OFFICE OPERATIONS	Federal Match Requirements	Children Nutrition Program State Administrative Expense	68,295
201 Total				68,295
204	THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA (including CWM, RBC and VIMS)	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	20,861,172
204 Total				20,861,172
207	UNIVERSITY OF VIRGINIA (including UVA, UVA Medical Center and UVA's College at Wise)	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	62,320,585
207 Total				62,320,585
208	VIRGINIA POLYTECHNIC INSTITUTE & STATE UNIVERSITY (including VPI&SU & VPI&SU-COOP Ext & AG Experiment Div.)	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	72,325,000
208 Total				72,325,000
211	VIRGINIA MILITARY INSTITUTE	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	30,355

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211 Total				30,355
212	VIRGINIA STATE UNIVERSITY (including VSU & Coop Ext/Agricultural Research Service)	Federal match requirements	Federal Grants	10,686
212 Total				10,686
215	UNIVERSITY OF MARY WASHINGTON	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	365,773
215	UNIVERSITY OF MARY WASHINGTON	Federal match requirements	Small Business Development, SEOG, FCWS, NEH Monroe Papers	200,380
215 Total				566,153
216	JAMES MADISON UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	5,885,736
216 Total				5,885,736
217	RADFORD UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	26,524,731
217 Total				26,524,731
221	OLD DOMINION UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	4,707,765
221 Total				4,707,765
226	BOARD OF ACCOUNTANCY	Other Commitment Contracts	As of June 30, 2020, the Board had contractual commitments of approximately \$149,500. These remaining commitments represent the unperformed portion of a contract related to an information technology project and, as such, have not been accrued as expenses or liabilities on the Board's financial statements.	149,500

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Agency Number	Agency Name	Type of Off-Balance Sheet Obligation	Description	Off-Balance Sheet Obligation Amount as of June 30, 2020
226 Total				149,500
236	VIRGINIA COMMONWEALTH UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	46,723,187
236 Total				46,723,187
242	CHRISTOPHER NEWPORT UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	1,058,738
242 Total				1,058,738
247	GEORGE MASON UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for reporting	110,414,052
247	GEORGE MASON UNIVERSITY	Federal match requirements	Cost sharing commitments on signed federal grants	2,900,873
247	GEORGE MASON UNIVERSITY	Non-Federal Match Requirements	Cost sharing commitments on signed non-federal grants	2,590,467
247 Total				115,905,392
262	DEPARTMENT FOR AGING AND REHABILITATIVE SERVICES	Federal Match Requirements	Remaining MOE amount	5,401,543
262 Total				5,401,543
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	SWRF - 864 Restoration of SAV Habitat in Chesapeake Bay	91,676
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	WSFR - 537 WB-SF Trawl Survey, Seg 24 F104-R24	42,245
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	WSFR - 538 WB-SF American Shad, Seg 23 F116-R23	26,902

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402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	MIF - 764 Predation Impacts of Blue Catfish on Blue Crabs	23,283
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	SWRF - 838 Quantifying the Economic/Behavioral Effects of VA Recreational Cobia	18,058
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	SWRF - 873 Monitoring Relative Abundance of YOY American Eel, Yr 19	13,480
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	SWRF - 868 Boat Scarring effects on SAV in VA Yr 19	11,000
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	MIF - 868 Boat Scarring Effects on SAV in VA, Yr19	11,000
402 Total				237,644
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide and install HVAC equipment for Jamestown Settlement Visitor Services Wing	163,800
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide construction services for Gallery Refresh	95,932
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide demolition and installation services for Jamestown Settlement Remodel	50,905
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide audio visual equipment and installation services for Gallery Refresh	42,613
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide films and special effects equipment for Jamestown Galleries	25,781
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide design services for HVAC equipment at Jamestown Settlement Visitor Services Wing	20,149
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide computer interactives for Jamestown Galleries	17,533
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide design services Gallery Refresh	10,948

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Agency Number	Agency Name	Type of Off-Balance Sheet Obligation	Description	Off-Balance Sheet Obligation Amount as of June 30, 2020
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Fabricate 18th century reproduction desk	6,314
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide design and inspection services for dock repair	6,000
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide and install carpet for JS Orientation Theater	4,470
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide design services for exhibit labels	4,451
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide and install building automation system equipment for Jamestown Settlement Visitor Services Wing	3,900
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide and install carpet for Gift Shop Offices	3,795
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide design services for Jamestown Restroom remodel	2,187
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Repair of smoke detector in Jamestown Settlement restrooms	236
425 Total				459,014
501	DEPARTMENT OF TRANSPORTATION	Right of Way Obligations	Pending Payments for Construction RW	578,713
501	DEPARTMENT OF TRANSPORTATION	Legal Cases	Payments & Pending Payments for claims against VDOT	412,749
501	DEPARTMENT OF TRANSPORTATION	Legal Cases	Payments & Pending Payments for claims against VDOT	25,046
501 Total				1,016,508
601	DEPARTMENT OF HEALTH	Federal Match Requirements	Federal Grant CFDA 15.616 Clean Vessel Act Award 10/1/17 - 10/31/20	82,694

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601	DEPARTMENT OF HEALTH	Federal Match Requirements	Federal Grant CFDA 15.622 Big Tier I Monitoring of Big Projects Award 9/1/18- 8/31/22	1,739
601 Total				84,433
706	WESTERN STATE HOSPITAL	Other Commitment Contracts	Automated Pharmacy System Maintenance	545,358
706 Total				545,358
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Moseley Architects - A&E Srvcs for new JCC Facility	2,246,579
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Atlantic Constructors - Bon Air School Chiller Replacement	128,704
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	JTS, LLC - Project Management Services for Tidewater JCC Facility	97,729
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Say Consulting Group - Emergency Domestic Water Heater Replacement at Bon Air Expansion Admin Design	11,220
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Draper Aden Associates - Bon Air MS4 Chesapeake Bay TMDL Compliance	9,646
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Cornerstone Architects - VPSTC Smyth Hall ADA Bathroom Renovation	6,136
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Say Consulting Group - Design Services for Old Cedar Lodge Boiler/Fire Alarm Replacement	5,100
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Say Consulting Group - Bon Air Upper Campus Chiller Replacement Design	4,110
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	France Environmental - Asbestos and Lead Testing and Abatement Design for Bon Air State House	4,072
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Cornerstone Architects - Staff House Roof Replacement Design at VPSTC	2,079

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777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Old Dominion Roofing and Construction Inc - Roof Repairs at Bon Air Q-Hut and Expansion	1,870
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Cornerstone Architects - Bon Air State House Window Replacement	1,047
777 Total				2,518,292
Grand Total				370,082,149

Note 1: For Annual Report purposes, the financial activity for the higher education institution and the related foundations is combined into one column. In order to prevent duplication, the significant activity between the higher education institution and related foundations is excluded from the report. These amounts are being included in this schedule.