

Commonwealth of Virginia
Department of Accounts
Report of Off-Balance Sheet Financial Obligations
As of June 30, 2021

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 Annual Comprehensive Financial Report (ACFR). The ACFR 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 ACFR is available on the Department of Account's webpage at <https://www.doa.virginia.gov/reports.shtml#ACFRReport>. The ACFR 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 (\$30.4 billion)
- Accounts payable (\$3.6 billion)
- Notes payable (\$1.8 billion)
- Tax refunds payable (\$481.5 million)

Other obligations that may be less understood include the following:

- Net Pension Liability (\$8.6 billion)
- Highway project commitments (\$5.0 billion)
- Other Post-Employment Benefits (\$2.4 billion)
- Capital lease obligations (\$2.4 billion)
- Medicaid payable (\$1.9 billion)
- Educational benefits payable (\$1.7 billion)
- Higher education construction commitments (\$1.6 billion)
- Virginia Department of Transportation contractual commitments (\$984.9 million)
- Operating leases (\$895.9 million)
- Compensated absences (\$751.7 million)
- Information Technology Infrastructure (\$578.0 million)
- Virginia College Savings Plan private equity commitments (\$263.1 million)
- Car tax refund payable (\$263.0 million)
- Department of Corrections contractual and non-contractual commitments (\$239.3 million)
- Mass Transit project commitments (\$234.0 million)
- Installment purchases (\$224.8 million)
- Department of General Services construction commitments (\$151.4 million)
- Lottery prizes (\$116.9 million)
- Virginia Port Authority construction contracts (\$73.5 million)
- Department of Veterans Services construction commitments (\$72.9 million)
- Department of Behavioral Health and Developmental Services contractual commitments (\$62.8 million)
- Virginia Wireless E-911 outstanding grants awarded (\$59.4 million)

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- Department of Behavioral Health and Developmental Services construction commitments (\$34.5 million)
- Virginia Employment Commission commitments (\$34.0 million)
- Department of Motor Vehicles contractual commitments (\$31.6 million)
- Virginia Department of Health contractual commitments (\$31.4 million)
- Department of Military Affairs construction commitments (\$12.2 million)
- Enterprise Applications (Internal Service Fund) (\$11.1 million)
- Virginia School for the Deaf and Blind construction commitments (\$10.0 million)
- Pollution Remediation Obligations (\$9.1 million)
- Wastewater Treatment Projects (\$8.6 million)
- Department of Conservation and Recreation construction commitments (\$7.9 million)
- Department of Forensic Science construction commitments (\$5.1 million)

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

Off-Balance Sheet Financial Obligations Defined: Certain financial obligations are off-balance sheet (i.e., not included in the ACFR) 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 2021 ACFR. 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;
- Court-ordered requirements; and
- Agency-based Deferred Maintenance

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. The Department of General Services (DGS) reports \$2.6 million in deferred maintenance costs associated with DGS's facilities as of December 31, 2021.

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In January 2012, the Department of Behavioral Health and Developmental Services (DBHDS) reached a settlement agreement with the U.S Department of Justice 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 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, 2021 total \$343,724,440. **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 ACFR, **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, 2021
Liabilities to Foundations that were Eliminated	313,764,681
Federal Match Requirements	19,791,043
Legal Cases	5,874,152
Contracts	1,325,829
Other Commitment Contracts	1,289,196
Non-Federal Match Requirements	1,101,726
Right of Way Obligations	577,813
Grand Total	343,724,440

Note 1: For ACFR reporting 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 ACFR. 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, 2021
140	DEPARTMENT OF CRIMINAL JUSTICE SERVICES	Federal Match Requirements	JJDP Grants	12,874
140	DEPARTMENT OF CRIMINAL JUSTICE SERVICES	Federal Match Requirements	RSAT Grants	87
140 Total				12,961
154	DEPARTMENT OF MOTOR VEHICLES	Legal Cases	Stultz Case (Federal Litigation) \$326,250 for Lost Future Income & Fringe Benefits	122,250
154 Total				122,250
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FM-MCG-0609-21-01-00	1,198,750
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FM-MCG-0528-20-01-00	515,120
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FM6OT-2021-51056-21056	270,896
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant 2020-RU-BX-002	203,639
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FSC-2021-51078-21078	183,092
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant FM2HVE-2021-51073-21073	56,393
156	DEPARTMENT OF STATE POLICE	Federal Match Requirements	Agency Match requirement for Grant 2019-RU-BX-K004	44,748
156 Total				2,472,638

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Agency Number	Agency Name	Type of Off-Balance Sheet Obligation	Description	Off-Balance Sheet Obligation Amount as of June 30, 2021
199	DEPARTMENT OF CONSERVATION AND RECREATION	Federal Match Requirements	Community Assistance Program State Support Services	59,332
199	DEPARTMENT OF CONSERVATION AND RECREATION	Federal Match Requirements	Aquatic Invasive Species	11,925
199 Total				71,257
201	DEPARTMENT OF EDUCATION, CENTRAL OFFICE OPERATIONS	Federal Match Requirements	School 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 the Annual Comprehensive Financial Report	20,074,547
204 Total				20,074,547
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 the Annual Comprehensive Financial Report	68,876,549
207 Total				68,876,549
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 the Annual Comprehensive Financial Report	69,069,000
208 Total				69,069,000
211	VIRGINIA MILITARY INSTITUTE	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for the Annual Comprehensive Financial Report	22,525
211 Total				22,525
212	VIRGINIA STATE UNIVERSITY (including VSU & Coop Ext/Agricultural Research Service)	Federal match requirements	Federal Grants	26,271

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Agency Number	Agency Name	Type of Off-Balance Sheet Obligation	Description	Off-Balance Sheet Obligation Amount as of June 30, 2021
212 Total				26,271
215	UNIVERSITY OF MARY WASHINGTON	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for the Annual Comprehensive Financial Report	348,716
215	UNIVERSITY OF MARY WASHINGTON	Federal match requirements	Federal Grants	201,821
215 Total				550,537
216	JAMES MADISON UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for the Annual Comprehensive Financial Report	8,150,516
216 Total				8,150,516
217	RADFORD UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for the Annual Comprehensive Financial Report	382,774
217 Total				382,774
236	VIRGINIA COMMONWEALTH UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for the Annual Comprehensive Financial Report	42,823,780
236 Total				42,823,780
242	CHRISTOPHER NEWPORT UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for the Annual Comprehensive Financial Report	1,020,000
242 Total				1,020,000
247	GEORGE MASON UNIVERSITY	Liabilities to foundations that were eliminated	Significant intrafund liabilities with foundations were eliminated for the Annual Comprehensive Financial Report	102,996,274
247	GEORGE MASON UNIVERSITY	Federal match requirements	Cost sharing commitments on signed federal grants	12,138,846

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Agency Number	Agency Name	Type of Off-Balance Sheet Obligation	Description	Off-Balance Sheet Obligation Amount as of June 30, 2021
247	GEORGE MASON UNIVERSITY	Non-Federal Match Requirements	Cost sharing commitments on signed non-federal grants	1,101,726
247 Total				116,236,846
262	DEPARTMENT FOR AGING AND REHABILITATIVE SERVICES	Federal Match Requirements	Remaining MOE Amount	4,021,344
262 Total				4,021,344
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	WSFR - ChesMMA Seg 17 F130-R17	56,120
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	SWRF - Virginia Game Fish tagging, Yr 26	52,491
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	SWRF - MPCBP Severn River Fish Pier	50,000
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	SWRF - Restoration of SAV Habitat in Chesapeake Bay	46,365
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	WSFR - American Shad, Seg 24 F116-R24	46,147
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	WSFR - Mark Recapture, Seg 34 F77-R34	25,878
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	WSFR - Juvenile Striped Bass, Seg 33 F87-R33	19,243
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	WSFR - Juvenile Trawl Survey, Seg 25 F104-R25	16,173
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	SWRF - Monitoring Relative Abundance of YOY American Eel, Yr 20	13,488
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	MIF - Monitoring Relative Abundance of YOY American Eel, Yr 19	13,488

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402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	MIF - Boat Scarring Effects on SAV in VA, Yr 19	11,000
402	MARINE RESOURCES COMMISSION	Other Commitment Contracts	SWRF - Recreational Game Fish Tagging Program 2020 Yr 26	234
402 Total				350,627
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Installation svcs for condensing units at Jamestown Settlement	191,876
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Construction svcs-steel walkway at Jamestown Settlement	63,494
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Engineering and design for pier shelter at Jamestown Settlement	50,170
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide parking lot repair services	21,726
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Installation svcs for fan coil units at Jamestown Settlement	21,505
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	A/E svcs for reroofing project at Jamestown Settlement	16,930
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide parts a labor to install HVAC control system	13,200
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide and install theatre equipment	9,788
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	A/E svcs for restroom remodel at Jamestown Settlement	8,716
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide commissioning svcs for Jamestown Settlement condensing units	6,200
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide design svcs for parking lot repair	3,402

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425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide ship maintenance svcs	1,556
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	A/E svcs for condensing units at Jamestown Settlement	550
425	JAMESTOWN-YORKTOWN FOUNDATION	Contracts	Provide artifact conservation svcs	400
425 Total				409,513
501	DEPARTMENT OF TRANSPORTATION	Legal Cases	Payments & Pending Payments for claims against VDOT	5,696,487
501	DEPARTMENT OF TRANSPORTATION	Right of Way Obligations	Pending Payments for Construction R/W	577,813
501 Total				6,274,300
601	DEPARTMENT OF HEALTH	Federal Match Requirements	Federal Grant CFDA 66.468 Safe Drinking Water FFY 2020 Award Period 7/1/20-6/30/27	548,494
601	DEPARTMENT OF HEALTH	Other Commitment Contracts	Renovation	513,286
601	DEPARTMENT OF HEALTH	Federal Match Requirements	Federal Grant CFDA 15.616 Clean Vessel Act Award 7/2019 - 7/2022	226,667
601	DEPARTMENT OF HEALTH	Other Commitment Contracts	Contract to install video system	18,093
601	DEPARTMENT OF HEALTH	Federal Match Requirements	Federal Grant CFDA 15.622 Big Tier I Admin Grant Award 9/1/18 - 8/31/22	2,449
601 Total				1,308,989
602	DEPARTMENT OF MEDICAL ASSISTANCE SERVICES	Legal Cases	retroactive payment per agreement	55,415

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602 Total				55,415
706	WESTERN STATE HOSPITAL	Other Commitment Contracts	Automated Pharmacy System Maintenance	407,190
706 Total				407,190
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Moseley Architects - A&E Services for new JCC Facility	656,234
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Ebenezer Electric - Bon Air State House Generator	64,554
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	JTS Inc. - Project Management	58,145
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Ebenezer Electric - Bon Air Add Card Reader to Personnel & Add Security System	33,041
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Roof Consulting Services - Bon Air Roof Inspection Service at Expansion Bldg.	24,000
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Draper Aden - Natural Bridge JCC Waste Water Treatment Plant - Closure Design	23,600
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Marshall Craft Associates formally K O P Architects - Bon Air Expansion Roof	17,684
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Say Consulting Group - Bon Air Boiler Plant Design	7,655
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Frances Environmental - Barrett JCC Underground Storage Tank	4,550
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Frances Environmental - Lead/Asbestos Bon Air State House & Old Personnel	4,072
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Draper Aden - Land Use / BA Stormwater Permit Support	3,906

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777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Draper Aden - VPSTC/B&G Water Infiltration Eval	3,858
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Say Consulting Group - State House Generator Design	3,290
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Draper Aden - Land Use/BA Fisher Jackson	2,604
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Draper Aden - CAS Area Re-Paving Design	2,300
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Cornerstone Architects - VPSTC Smyth Hall Reno/Water Treatment	2,218
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Draper Aden - Bon Air MS4 Ches Bay TMDL Compliance Design	1,800
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Say Consulting Group - Design Svcs for Old Cedar Lodge/New boiler gas piping, UST Closure and New Fire Alarm System	1,650
777	DEPARTMENT OF JUVENILE JUSTICE	Contracts	Roof Consulting Services - BA JCC State House & VPSTC Staff House Roof	1,155
777 Total				916,316
Grand Total				343,724,440

Note 1: For ACFR reporting 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 ACFR. These amounts are being included in this schedule.