Comptroller's Directive No. 1-15
Attachment 4
2014 Off-Balance Sheet Financial Obligations Update

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. As can be seen in the text, the term off-balance sheet financial obligation is utilized. Given the general nature of this terminology, a broad examination of the Commonwealth's financial commitments is appropriate.

This attachment is to confirm whether or not there have been any changes to the amounts submitted in January 2015 for FY 2014.

Applicable agencies

Agencies with changes to prior year **Attachment 33** **must** complete this attachment.

Questions

For questions or to request detailed training from an analyst, please contact: **AttachmentAnalyst@doa.virginia.gov**

Please reference the attachment number in the subject line of the e-mail.

Due date

July 16, 2015

Data entry

Only cells highlighted in yellow allow for data entry. Error messages in cells are intended to alert preparers that established parameters are not being followed. **Failure to correct Errors or provide answers to all required questions prior to submission will prohibit acceptance of the attachment. Selected cells requiring a response will be populated with an "Answer Required" message until a response is entered.**

Continued on the next page

Comptroller's Directive No. 1-15
Attachment 4
2014 Off-Balance Sheet Financial Obligations Update

Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. **By typing a name, the preparer is certifying that all of the questions have been completed and are accurate; the reviewer is certifying that the attachment has been reviewed and is complete and accurate; the preparer and reviewer were not the same individual for any tab; and the preparer and reviewer have read and understood the instructions for the attachment. If agency staffing does not allow for a different preparer and reviewer, please contact DOA.**

Submission requirements

Contact DOA if the agency has any problems with the spreadsheets.

After downloading the files, rename the spreadsheet file using the agency number followed by Att4. For example, agency 151 should rename its Attachment 4.xlsx file as 151Att4.xlsx.*

Submit the Excel spreadsheet electronically to finrept-agyatt@doa.virginia.gov.

Please include **Agency Number** and **Attachment Number** in the **subject line** of the submission e-mail.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of these Excel spreadsheets.

***Note: The attachment is in the Excel 2007 version (.xlsx). If the agency has an earlier version of Excel, the file can be saved in the earlier version (.xls). If the agency has an earlier version of Excel and has problems opening the file, DOA can provide the attachment saved in an earlier version of Excel (.xls).**

Continued on next page

Comptroller's Directive No. 1-15
Attachment 4
2014 Off-Balance Sheet Financial Obligations Update

Definitions

Balance Sheet – For purposes of this attachment, balance sheet is referring to the amounts that were reported in the Comprehensive Annual Financial Report (CAFR) as of June 30, 2014. This information was obtained from CARS reports and directive submissions (attachments and supplemental information) and does not need to be resubmitted.

Off-Balance Sheet Financial Obligations – For purposes of this attachment, any amount for which the Commonwealth is committed to disburse funds or pledge revenues in future periods as of June 30, 2014. While these amounts do not meet the accounting definition of a liability and are excluded from the balance sheet, they do represent financial obligations of the Commonwealth for future periods. The obligations reported should not represent the normal, on-going future costs of performing the agency's functions.

Approach

DOA has identified different categories of off-balance sheet financial obligations that require consideration for inclusion in the report. Certain categories are evidenced by a signed agreement for which the Commonwealth has agreed to pay for goods or services to be provided in the future (i.e., operating leases and construction commitments) and are disclosed in the financial statement notes. These amounts are generally obtained through statewide financial systems or supplemental directive reporting requirements from selected agencies. These amounts should only be included in this attachment if they are not otherwise reported in the directive.

In other instances, the Commonwealth is committed to pay for future outflows, but these amounts have not been reported in the financial statement notes because they have not met the accounting definition for financial statement disclosure (i.e., federal match requirements). These amounts should be included on this attachment.

Other obligations fall into the ongoing operations category. Public education, Medicaid, TANF, prisoner incarceration, and many other programs throughout the state budget represent ongoing obligations of state government. This includes six-year budget plans submitted to DPB. DOA will attempt to meet the reporting requirements for these “obligations” through use of information obtained from central agencies like DPB and DGS.

Continued on next page

Additional considerations

As mentioned previously, DOA will use information available centrally to identify as many off-balance sheet financial obligations as possible. DOA has identified certain off-balance sheet financial obligations for which agency input is required. A listing of the types of obligations DOA has identified follows. Please be aware that this list may not be all-inclusive, and agencies should include any additional items deemed necessary based on the **Definitions** and **Approach** described previously.

- Operating Leases (only include amounts not reported in LAS or via directive submissions as of June 30, 2014)
- Construction or other commitment contracts - legal or other formal arrangement exists (only include amounts not reported via directive submissions as of June 30, 2014)
- Other project commitments - agency is committed to a project, but no formal agreement exists
- Public-private Partnership Agreements not reported pursuant to **GASBS No. 60**
- Federal match requirements (amounts charged to federal programs that have been determined unallowable)
- Questioned Federal Costs
- Potential legal case settlements - likelihood that the Commonwealth will have to pay out funds once the case is settled
- Court-ordered requirements - court orders that require the Commonwealth to take action that would likely have monetary implications

Continued on next page

Completing the attachment

Cells that require input are shaded in light yellow.

Step	Action
1	Enter the agency number and the agency name will appear. In addition, other agencies that the agency is responsible for will populate.
2	Item numbers are provided as a control number for each entry made by the agency. If additional lines and item numbers are needed, contact DOA.
3 & 4	Type in or use the drop-down list to choose an agency number, the name will appear after choosing an agency number.
5	Provide the type of off-balance sheet financial obligation. Refer to the **Additional Considerations** section of these instructions.
6	Provide a description for the off-balance sheet financial obligation.
7	Provide the source for the amounts provided.
8A	Enter the **originally submitted** amount of the off-balance sheet financial obligation.
8B	Enter the **revised** amount of the off-balance sheet financial obligation.
8C	Provide an explanation for the revision.
9	Since this survey is to obtain off-balance sheet financial obligations, this question is to ensure that total obligations reported in step 8 do represent off-balance sheet amounts. The anticipated answer to this question is "no" because the step 8 amounts should represent amounts that are not required by GAAP to be reported as a liability as of June 30, 2014.
10	In the event that an obligation is identified that was recorded as a GAAP liability, the obligation amount needs to be identified to prevent duplication of information in the CAFR and the off-balance sheet obligation report.
11	If a liability is identified, this information will assist DOA in the compilation process.
12	If an off-balance sheet obligation exists, but the amount cannot be readily determined, please provide a brief explanation for why the amount cannot be quantified.

This Page Intentionally Left Blank