

Comptroller's Directive No. 2-24
Attachment HE-15
FY 2024 Off-Balance Sheet Financial Obligations

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 is similar to prior year's Attachment HE-15.

Applicable institutions

All institutions, excluding the Virginia Commonwealth University Health System Authority, **must** complete this attachment. This attachment does not apply to obligations of the foundations that are a discrete component unit of the institution as required by **GASBS No. 39**.

Due date

January 12, 2025

Certification

The **Certification** tab requires all preparers and reviewers to answer questions, type their name, and check applicable boxes 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 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 are certifying they were not the same individual for any tab; and the preparer and reviewer are certifying they have read and understood the instructions for the attachment.

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**Submission
requirements**

Contact DOA if the institution has any problems with the files.

After downloading the Excel file, rename the file using the Institution Number-Institution Acronym followed by Attachment HE-15-FY24. The Institution Number-Institution Acronym should be the same as shown on the first tab in the attachment. For example, VCCS should rename the Attachment HE-15.xlsx file as 260-VCCS Attachment HE-15-FY24.xlsx.

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

Submit the Excel file electronically to finrept-HE@doa.virginia.gov.

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

Do **not** submit paper copies of this spreadsheet.

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Definitions

Balance Sheet – For purposes of this attachment, balance sheet is referring to the amounts that were reported in the Commonwealth’s Annual Comprehensive Financial Report as of June 30, 2024. This information was obtained from the institution’s Statement of Net Position that was reported on the FST tab within the Attachment HE-10, Financial Statement Template, as of June 30, 2024, and does not need to be resubmitted. In addition, it is **only** referring to the higher education institution (HEI) amounts and **not the foundation amounts**.

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, 2024. 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, ongoing future costs of performing the agency's functions.

Deferred Maintenance – For purpose of this attachment, the amount of maintenance on institution owned assets that an institution has elected to postpone due to cost cutting or budgetary reasons. This excludes amounts for DGS owned assets.

Short-term leases – For purpose of this attachment, short-term leases are leases that have a calculated asset value of less than the institution’s capitalization threshold or a lease period of 12 months or less, including all renewal options regardless of the likelihood of the options being exercised. If the institution uses LAS Plus, the capitalization threshold is \$50,000.

Short-term subscription-based information technology arrangements – For purpose of this attachment, short-term SBITAs that have a calculated asset value of less than the institution’s capitalization threshold or a subscription period of 12 months or less, including all renewal options regardless of the likelihood of the options being exercised. If the institution uses LAS Plus, the capitalization threshold is \$5,000.

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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., construction commitments) and are disclosed in the financial statement notes. For higher education institutions, these amounts are generally obtained through the Attachment HE-10 submission. (Note: After the institution number-institution acronym is selected, certain commitment amounts reported on the Attachment HE-10 for the HEI will appear. These amounts should be revised if needed. In addition, include any additional off-balance sheet financial obligations not otherwise reported on the Survey tab after the institution number-institution acronym is selected.)

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 in 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 on-going obligations of state government. This includes information provided in an institution's six-year plan submitted to DPB. DOA will attempt to meet the reporting requirements for these "obligations" through use of information obtained from central agencies like DPB.

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Additional considerations

As mentioned above, 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 institution 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 institutions should include any additional items deemed necessary based on the definitions and approach described previously.

- Short-term leases
- Short-term SBITAs
- Construction or other commitment contracts - legal or other formal arrangement exists
- Other project commitments - agency is committed to a project, but no formal agreement exists
- Federal match requirements
- Questioned Federal Costs (amounts charged to federal programs that have been determined unallowable)
- 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
- Institution-based Deferred Maintenance

Tabs

The Attachment HE-15 contains the following tabs:

- **Instructions** – This tab provides instructions for steps 1 to 13.
 - **Survey** – This tab is to provide the off-balance sheet financial obligation information. After selecting the institution number-institution acronym on the Survey tab, certain commitment/other selected amounts reported on the FY 2024 Attachment HE-10 submission will appear. Revise these amounts, if needed. In addition, provide any additional off-balance sheet financial obligation amounts as of June 30, 2024, that are not already provided.
 - **Certification** – This tab must be completed after the Survey tab is completed.
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