The Financial State of Virginia
As of June 30, 2011

This is especially true in relation to employee compensation costs, which include retirement benefits. Because pension and other retirement benefits are not immediately payable in cash, most of these compensation costs are ignored when calculating balanced budgets. Furthermore, the State has set aside only 60 cents to pay for each dollar of retirement benefits promised.

Truthful budgetary accounting would include the portion of retirement benefits employees earn in current compensation costs every year they work.

Accurate accounting requires all real and certain expenses be reported in the State budget and financial statements when incurred, not when paid.

The state of Virginia has $81 billion in assets, but most of these assets are not available to pay State bills.

The $36.4 billion of capital assets, such as roads, buildings and land, should not be sold to pay bills. The use of $12 billion of the assets is restricted by law or contract.

That leaves $32.6 billion of State’s assets available to pay $40.6 billion of bills as they come due.

The $7.9 billion shortfall represents compensation and other costs incurred in prior years that should have been paid in those prior years. Instead these costs have been shifted to future taxpayers.

Today Each Taxpayer Owes $3,100

Truth in Accounting’s detailed analysis discovered retirement benefits totaling $11.1 billion have been promised, but not funded. However, because of the confusing way the State does its accounting, only $2.8 billion of these liabilities are on Virginia’s balance sheet.

75% of Retirement Liabilities Are Not Clearly Disclosed

To knowledgeably interact with—and cast informed votes for—their leaders, citizens need transparency and accurate financial information. The antiquated ways the State budget and financial report are calculated do not provide citizens with the financial information needed to determine government accountability.

State Data Lab

Data is derived from the state of Virginia’s June 30, 2011 audited Comprehensive Annual Financial Report and retirement plans’ actuarial reports.

*Based on the number of Virginia federal tax filers with a tax liability.