

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-16
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

If the information requested in the supplemental section is also provided on an attachment, contact the individuals listed in the Questions section of this Directive.

General

- The Directive is formatted to facilitate identification of specific agency requirements. Informational authoritative literature/guidance and the glossary are provided as a web link on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link. In addition, a frequently asked questions (FAQ) document has been prepared and provided.
- If an agency has an earlier version of Microsoft Excel or Microsoft Word and has problems opening a file, DOA can provide the attachment in an earlier version. Please contact those listed in the Questions section.
- Agencies must comply with the requirements contained in the [Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates](#), which can be found on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link.
- Any questions related to the Directive should be addressed to the following individuals:
 - John Sotos, Assistant Director – Financial Statements, (804) 225-2111 or john.sotos@doa.virginia.gov
 - Susan Jones, Assistant Director – Financial Statements, (804) 225-4426 or susan.jones@doa.virginia.gov
 - Sharon Lawrence, Director of Financial Reporting, (804) 225-2414 or sharon.lawrence@doa.virginia.gov
 - Attachment Analyst - AttachmentAnalyst@doa.virginia.gov
- The Comptroller's Directive No. 1-16, Directive Compliance Guidelines for State Agencies, replaces and rescinds the prior year's Comptroller's Directive No. 1-15.

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General, Continued

- Statement on Auditing Standards No. 122, *Statements on Auditing Standards: Clarification and Recodification (SAS 122)*, states that the identification by the auditors of a material misstatement is an indicator of a material weakness in internal control. This also includes restatements of previously issued financial statements to reflect a correction of a material misstatement. This applies to whether the auditors or the agency discovers the restatement.

Note: This does not apply to a change in accounting principle to comply with a new accounting principle or a justifiable voluntary change from one GAAP to another. Agencies must ensure controls are in place to avoid material misstatements and/or misclassifications in the attachments and other financial information submitted to DOA.

- Online training on this directive is available at no charge to agencies. Several directive training modules are available to meet the diverse experience levels of agency fiscal staff. Participation **is strongly encouraged** for agencies that must complete information contained in this Directive. To register for any of the training modules, login to the **Knowledge Center** at <https://covkc.virginia.gov>, click on the “Learning Center” link, and then click the “Course Catalog” link. Search using the keyword “Directive” and click the course/reference you wish to access. If you have difficulty accessing the training, contact doatraining@doa.virginia.gov for guidance.

Note: Some agencies are not members of the Knowledge Center and will be unable to access this online training. The training can be provided on a CD for those nonmember agencies.

- DOA will have open training in July for any agencies that are interested in more detailed training or have specific questions. This training will be available for all agencies that would like to attend for additional, in-person guidance on specific attachments and open Q&A. Additional information will be provided at a later date.

- Agencies will be notified within a few days of submission due dates if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised due date will be provided. Original submissions should be materially correct. Multiple submissions and/or failure to provide corrected information within the specified time frame may result in a citation in the Comptroller’s *Quarterly Report on Statewide Financial Management and Compliance*.

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General, Continued

- As in previous years, e-mail submissions are required for all submissions unless an individual submission indicates otherwise. Agencies should only submit **one** copy of each submission to DOA. Please note the e-mail addresses below:
 - For attachments only – finrept-agyatt@doa.virginia.gov
 - For supplemental information only – finrept-agysupp@doa.virginia.gov
 - For questions or detailed directive training - AttachmentAnalyst@doa.virginia.gov
 - All other correspondence – finrept@doa.virginia.gov

Agencies should remember to copy the Auditor of Public Accounts (APA) on all e-mail submissions at: APAFinRept@apa.virginia.gov.

- The **Supplemental Information** requirements are numbered for each agency. When submitting the required information, the subject line of the e-mail should include the agency number, due date of the submission, and item number. For example, if the Department of Accounts is submitting items due on July 7, then the subject line would read “**Agy 151, Due Date July 7, 2016, Submissions, Item #.**”
 - When naming the actual file, include the Item # in the file name.
 - **DO NOT include different due date submissions within the same e-mail.**
 - When submitting revisions, include “**REVISED – date**” in the **subject line** of the e-mail as well as in the **file name**.
 - If revisions are made to previously submitted supplemental information, submit a completed **Attachment 32 – Supplemental Information – Revision Control Log**.
 - A fluctuation analysis is required for all supplemental submissions. For additional information, please see the **Supplemental Information** section of the Directive.
- For your convenience, the contact information in all but the first tab in each attachment/template continues to be auto filled with the information from the first tab, but the cells remain unlocked to allow for more than one preparer to complete the attachment.
- 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. All cells requiring a response will be populated with an “Answer Required” message until a response is entered.**

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General, Continued

- **Certification** is required for most submissions. This certification step requires the names of all preparers and reviewers to be included on all applicable submissions. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any submission. **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.**

- Revision control logs are included in the majority of the attachment workbooks. These logs require the agency to identify the specific worksheets and tabs that have been modified **after** DOA's original acceptance. These logs should also provide a cumulative listing of changes to each attachment. The individual attachment instructions indicate whether the revision control log is applicable. **Failure to adhere to the revision instructions specified for each attachment will prohibit acceptance of revisions. Include "REVISED – date" in the subject line of the e-mail as well as in the file name.** Each time a revision is submitted, the **Certification** tab should be updated with new signatures and dates. DOA will notify agencies if problems are encountered with revision submissions.

- For CAFR reporting purposes, the Commonwealth capitalizes all equipment that has a cost or value greater than or equal to \$50,000 and an expected useful life of greater than two years. In addition, for CAFR reporting purposes, the Commonwealth capitalizes all other assets that have a cost or value greater than or equal to \$100,000 and an expected useful life of greater than two years. Proprietary agencies/funds will be able to specify the fund's individual capitalization limits in the financial statement template capital asset footnote tab.

- As a reminder, DRES administered leases are reported by the Department of General Services (DGS) and not the line agency.

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General, Continued

- If an agency is required to prepare financial statements for purposes other than the Comptroller's Directive, the affected agencies will still have to prepare those financial statements. However, unless otherwise specified in the **Supplemental Information** section of the Directive, these financial statements will not have to be submitted to DOA. For those agencies that are audited by the APA, the APA will audit the template for CAFR purposes.

- The following GASB statements are effective for the Commonwealth for FY 2016:
 - **GASBS No. 72**, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. This Statement defines fair value and provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

 - **GASBS No. 73**, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for accounting and financial reporting by employers and governmental nonemployer contributing entities for defined benefit pensions and defined contribution pensions that **are not** within the scope of **GASBS No. 68**, *Accounting Financial Reporting for Pensions*.

The requirements of **GASBS No. 73** for pension plans that are within the scope of **GASBS No. 67** or for pensions that are within the scope of **GASBS No. 68**, as well as the requirements that address financial reporting for assets accumulated for purposes of providing pensions that are not within the scope of **GASBS No. 68** are effective for fiscal year 2016.

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General, Continued

- **GASBS No. 76**, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, supersedes **GASBS No. 55**, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and amends certain provisions of **GASBS No. 62**, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*. The Statement simplifies the structure of the hierarchy of GAAP that state and local governments follow when preparing financial statements in conformity with GAAP and outlines the order of priority for pronouncements to which a government should look for guidance. The provisions of **GASBS No. 76** are applied retroactively.

 - **GASBS No.79**, *Certain External Investment Pools and Pool Participants*, establishes criteria, for an external investment pool, that must be met to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualifying external investment pools and their participants that measure all of their investments at amortized cost for financial reporting purposes. The provisions of **GASBS No. 79** are effective for fiscal year 2016, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for fiscal year 2017.
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Attachments with Changes

Selected Attachments:

- **Nonnegotiable Certificates of Deposit:** Revised guidance is included in the instructions to **Attachment 23** – Schedule of Cash, Cash Equivalents, and Investments as of June 30, regarding nonnegotiable certificates of deposit (CD) based on changes in the Implementation Guide No. 2015-1. Nonnegotiable CDs should be reported on the applicable “cash equivalents” financial statement template line item if the original maturity is 90 days or less and they should be reported on the applicable “investment” financial statement template line item if the original maturity is greater than 90 days. Nonnegotiable CDs should continue to be treated as “deposits” for **GASBS No. 3/40** disclosures. No changes were made regarding negotiable certificates of deposit. These instructions should also be used by agencies completing the financial statement templates (**Attachments 9-13**) and selected supplemental submissions.
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Attachment 1, Checklist to Determine Information Required by Comptroller's Directive:

- On **Checklist** tab, combined the previous **Attachment 28A** – Government-wide Payables and Other Accruals as of June 30 - CARS Users and previous **Attachment 28B** – Government-wide Payables and Other Accruals as of June 30 - Cardinal Users into **Attachment 29** – Government-wide Payables and Other Accruals as of June 30.
 - On **Checklist** tab, modified questions related to General Information 11- **GASBS No. 65**, *Items Previously Reported as Assets and Liabilities* to identify any **new** deferred outflows of resources and deferred inflows of resources reported by the agencies as required by **GASBS No. 65** for FY 2016.
 - On **Checklist** tab, modified questions related to **Attachment 20** – Schedule of Prepayments as of June 30 to identify prior year prepayments.
 - Removed **Termination Benefits** tab and added a question related to new **Attachment 25** – Termination Benefits on **Checklist** tab. Accordingly, some attachments have been renumbered. See **Office of the Comptroller Directive 1-16**, page 11, for details.
 - On **Checklist** tab, modified General Information question 12 to clarify required information in associated with commitments.
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Attachments with Changes, Continued

Attachment 9, Governmental Fund Financial Statement Template:

- **Tab 1D-GASB 31**, N/A option was removed from Question 1E (related to LGIP), a new question (1g) was added that relates to **GASBS No. 72**, and guidance to ensure investments are reported in compliance with **GASBS No. 79** was added.
 - **Tab 1A-GASB 3-40**, Part 9 was expanded with a table to obtain information regarding investments that are highly sensitive to interest rate changes.
 - New columns have been added to **Tab 1B-CE & Inv Not W Treas** to obtain information regarding fair value measurement per **GASBS No. 72**.
 - **Tab 3 - Due to & From**, New columns for Cardinal coding were added.
 - **Tab 4-Miscellaneous**, New question 15 was added regarding **GASBS No. 72**, and questions 11 and 12 were revised for **GASBS No. 72**.
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Attachment 10, Enterprise Fund Financial Statement Template:

- **Tab 1D-GASB 31**, N/A option was removed from Question 1E (related to LGIP), a new question (1g) was added that relates to **GASBS No. 72**, and guidance to ensure investments are reported in compliance with **GASBS No. 79** was added.
 - **Tab 1A-GASB 3-40**, Part 9 was expanded with a table to obtain information regarding investments that are highly sensitive to interest rate changes.
 - New columns have been added to **Tab 1B-CE.&Inv. Not w Tr** to obtain information regarding fair value measurement per **GASBS No. 72**.
 - **Tab 3-Capital Assets**, Part 2 was revised and part 4 was added for **GASBS No. 72**.
 - **Tab 4-Due to Other Agy or Funds**, New columns for Cardinal coding were added.
 - **Tab 7-Miscellaneous**, New question 16 was added regarding **GASBS No. 72**, and questions 12 and 13 were revised for **GASBS No. 72**.
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Attachments with Changes, Continued

Attachment 11, Internal Service Fund Financial Statement Template:

- **Tab 1D-GASB 31**, N/A option was removed from Question 1E (related to LGIP), a new question (1g) was added that relates to **GASBS No. 72**, and guidance to ensure investments are reported in compliance with **GASBS No. 79** was added.
 - **Tab 1A-GASB 3-40**, Part 9 was expanded with a table to obtain information regarding investments that are highly sensitive to interest rate changes.
 - New columns have been added to **Tab 1B-CE.&Inv. Not w Tr** to obtain information regarding fair value measurement per **GASBS No. 72**.
 - **Tab 3-Capital Assets**, Part 2 was revised and part 4 was added for **GASBS No. 72**.
 - **Tab 4-Due to**, New columns for Cardinal coding were added.
 - **Tab 7-Miscellaneous**, New question 16 was added regarding **GASBS No. 72**, and questions 12 and 13 were revised for **GASBS No. 72**.
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Attachment 12, Private-purpose Fund Financial Statement Template:

- **Tab 1D-GASB 31**, N/A option was removed from Question 1E (related to LGIP), a new question (1g) was added that relates to **GASBS No. 72**, and guidance to ensure investments are reported in compliance with **GASBS No. 79** was added.
 - **Tab 1A-GASB 3-40**, Part 9 was expanded with a table to obtain information regarding investments that are highly sensitive to interest rate changes.
 - New columns have been added to **Tab 1B-CE & Inv Not w Treas** to obtain information regarding fair value measurement per **GASBS No. 72**.
 - **Tab 3-Miscellaneous**, New question 14 was added regarding **GASBS No. 72**, and questions 10 and 11 were revised for **GASBS 72**.
 - A new **Tab 6-Capital Assets** was added.
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Attachments with Changes, Continued

Attachment 13, Agency Fund Financial Statement Template:

- **Tab 1D-GASB 31**, N/A option was removed from Question 1E (related to LGIP), a new question (1g) was added that relates to **GASBS No. 72**, and guidance to ensure investments are reported in compliance with **GASBS No. 79** was added.
 - **Tab 1A-GASB 3-40**, Part 9 was expanded with a table to obtain information regarding investments that are highly sensitive to interest rate changes and parts 12a, 12b, 12c, and 12d were added for **GASBS No. 72**.
 - New columns have been added to **Tab 1B-CE & Inv Not w Treas** to obtain information regarding fair value measurement per **GASBS No. 72**
 - **Tab 3 - Due to & From**, New columns for Cardinal coding were added.
-

Attachment 16, GASBS No. 33 Expenditure and Revenue Analysis:

- Classifications will now auto populate using the revenue classification table located at http://www.doa.virginia.gov/Financial_Reporting/Directives/Directives_Main.cfm.
 - Additionally the classification will need to be verified and a new classification provided with an explanation of the activity for any items that appear incorrect or that populate as 910-No Year-End Balance, 920-Coding Errors to be Corrected by Agys and for any new or unclassified revenue.
-

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Attachments with Changes, Continued

Attachment 18, Insurance Recoveries:

- Classifications will now auto populate using the revenue classification table located at [http://www.doa.virginia.gov/Financial Reporting/Directives/Directives Main.cfm](http://www.doa.virginia.gov/Financial_Reporting/Directives/Directives_Main.cfm).
 - Additionally the classification will need to be verified and a new classification provided with an explanation of the activity for any items that appear incorrect or that populate as 910-No Year-End Balance, 920-Coding Errors to be Corrected by Agys and for any new or unclassified revenue.
-

Attachment 19, Internal Service Funds – Conversion to Government-wide Statement of Activities:

- In fiscal year 2015, this attachment was **Attachment 20**.
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Attachment 20, Schedule of Prepayments as of June 30:

- In fiscal year 2015, this attachment was **Attachment 21**.
 - For reporting purposes, the attachment has been split in two. Instead of reporting all prepayments on one tab, users will report Internal Service prepayments **ONLY** on the Prepayments – Internal Service tab and all other prepayments on the Prepayments – Other tab. Questions have been added on a line-by-line basis to prepayments to internal service funds to ensure users have reconciled items to the Prepayments to Internal Service Fund spreadsheet on DOA's website.
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Attachment 21, Receivables as of June 30:

- In fiscal year 2015, this attachment was **Attachment 22**.
 - Federal questions have been removed from the individual receivable tabs, and only appear on the reconciliation tab.
 - The attachment now asks for Cardinal coding
 - Classifications will now auto populate using the revenue classification table located at [http://www.doa.virginia.gov/Financial Reporting/Directives/Directives Main.cfm](http://www.doa.virginia.gov/Financial_Reporting/Directives/Directives_Main.cfm).
 - Additionally the classification will need to be verified and a new classification provided with an explanation of the activity for any items that appear incorrect or that populate as 910-No Year-End Balance, 920-Coding Errors to be Corrected by Agys and for any new or unclassified revenue.
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Attachments with Changes, Continued

Attachment 22, Schedule of Retainage Payable:

- In fiscal year 2015, this attachment was **Attachment 23**.
-

Attachment 23, Schedule of Cash, Cash Equivalents, and Investments as of June 30:

- In fiscal year 2015, this attachment was **Attachment 24**.
 - **Recordation** tab, N/A option was removed from Question 1D (related to LGIP), a new question (1g) was added that relates to **GASBS No. 72**, and guidance to ensure investments are reported in compliance with **GASBS No. 79** was added.
 - **Detail** tab, Part 9 was expanded with a table to obtain information regarding investments that are highly sensitive to interest rate changes and parts 11a and 11b were added for **GASBS No. 72**.
 - New columns have been added to **Cash Equiv. & Inv. Not w Tr** tab to obtain information regarding fair value measurement per **GASBS No. 72**.
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Attachment 24, Donor-restricted Endowments:

- In fiscal year 2015, this attachment was **Attachment 25**.
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Attachment 25, Termination Benefits:

- New Attachment.
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Attachment 26, Pollution Remediation:

- In fiscal year 2015, this attachment was **Attachment 19**.
 - Due date extended to September 8
 - **Tab 2 - Measurement**, 3 additional columns related to Cardinal fund were added. Agency needs to confirm if the Cardinal Fund populated is accurate. If the Cardinal Fund populated is inaccurate, provide the accurate one with a brief explanation.
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Attachments with Changes, Continued

Attachment 27, GASBS No. 33 Federal Fund Analysis – Nonreimbursement Grants:

- In fiscal year 2015, this attachment was Attachment 26
 - Classifications will now auto populate using the revenue classification table located at http://www.doa.virginia.gov/Financial_Reporting/Directives/Directives_Main.cfm.
 - Additionally the classification will need to be verified and a new classification provided with an explanation of the activity for any items that appear incorrect or that populate as 910-No Year-End Balance, 920-Coding Errors to be Corrected by Agys and for any new or unclassified revenue.
 - Column added for auto populate Cardinal Fund based on the CARS information in the preceding column.
 - Column added for explanation of potential inaccurate Cardinal Fund.
 - Removed all Wave 1 and 2 instructions and separated columns for accrual.
 - Added column subtotals.
-

Attachment 28, Direct Billed Central Services:

- In fiscal year 2015, this attachment was **Attachment 27**.
-

Attachment 29, Government-wide Payables and Other Accruals as of June 30:

- In fiscal year 2015, this attachment was **Attachment 28A and 28B**.
 - Classifications will now auto populate using the revenue classification table located at http://www.doa.virginia.gov/Financial_Reporting/Directives/Directives_Main.cfm.
 - Additionally the classification will need to be verified and a new classification provided with an explanation of the activity for any items that appear incorrect or that populate as 910-No Year-End Balance, 920-Coding Errors to be Corrected by Agys and for any new or unclassified revenue.
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Attachment 30, Adjustments:

- In fiscal year 2015, this attachment was **Attachment 29**.
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Attachment 31, Report of Financial Condition:

- In fiscal year 2015, this attachment was **Attachment 30**.
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Attachments with Changes, Continued

Attachment 32, Supplemental Information – Revision Control Log:

- In fiscal year 2015, this attachment was **Attachment 31**.
-

Attachment 33, Subsequent Events:

- In fiscal year 2015, this attachment was **Attachment 32**.
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Attachment 34, 2016 Off-Balance Sheet Financial Obligations:

- In fiscal year 2015, this attachment was **Attachment 33**.
-