

Comptroller's Directive No. 1-17
Attachment 14
Capital Asset Accounting and Control System (FAACS) Analysis

Purpose This attachment is used to obtain information on capital assets recorded in fund **1500** in FAACS and 15000 in Cardinal.

This attachment is similar to the prior year's Attachment 14.

Applicable agencies Agencies that account for capital assets in **Fund 1500** in FAACS and 15000 in Cardinal.

Exemptions: The following agencies provide a financial statement template or supplemental information and do not need to submit this attachment:

- Department of Environmental Quality
 - Department of Game and Inland Fisheries
 - Department of Medical Assistance Services
 - Department of Mines, Minerals and Energy
 - Department of Rail and Public Transportation
 - Department of Transportation
 - Virginia Correctional Enterprises
 - Virginia Employment Commission
 - Virginia Information Technologies Agency
 - Wilson Workforce and Rehabilitation Center
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Questions For questions or to request detailed training from an analyst, please contact: FAACS@doa.virginia.gov.

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

Due date **August 10, 2017**

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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.**

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.**

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**Submission
requirements**

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

After downloading the files, rename the spreadsheet file using the agency number followed by Att14. For example, agency 151 should rename its Attachment 14.xlsx file as 151Att14.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 the Excel attachment.

For your convenience, the contact information in all but the first tab in each attachment/template has been unlocked and shaded yellow. The contact information 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.

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

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**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log tab in the attachment Excel file.**

Enter the revision date, applicable Excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

Include “**REVISED – date**” in the **subject line** of the submission e-mail as well as in the **file name**. Resubmit the revised attachment; and ensure that the **Revision Control Log** tab has been completed.

Each time a revision is submitted the Certification tab should be updated with new signatures and dates.

**CAPP Topic
30325**

CAPP Topic No. 30325, *Software and Other Intangible Assets*, addresses the requirements of **GASBS No. 51**.

Note: Individuals completing this attachment should ensure that the most recent update to CAPP Topic No. 30325 has been reviewed and understood. Contact DOA if you have any questions.

**Other
Authoritative
Guidance**

The Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates on DOA’s website at www.doa.virginia.gov provides additional guidance for reporting capital assets including intangible assets.

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**Materiality
scope for Part 1**

Explain variances that are greater than or equal to 10% of the difference between the fiscal year 2016 and fiscal year 2017 GLA amounts **AND** \$1.0 million.

**Completing
Part 1**

Part 1 contains the format for the fluctuation analysis. Information populated by agency and control agency should agree with the FAC 736/767 reports.

Note: All amounts are rounded to the nearest dollar.

Step	Action
1	<p>Each agency should click on the down arrow in the “Control Agency” column. Scroll to the appropriate agency and click on it. Most agencies and control agencies are the same; however, there are some agencies (e.g. Behavioral Health, Corrections) that control numerous agencies.</p> <p>Performing this step will allow only the applicable agency or agencies to display. All other agencies will be hidden by Excel.</p>
2	<p>In the “Beginning Balance” column, verify the amount agrees to the FAC 736/767 reports as of July 1, 2016, for each category (i.e., Land, Buildings, Infrastructure, Equipment, Construction-in-Progress, and Accumulated Depreciation for Buildings, Infrastructure and Equipment). If more detailed information is needed for Construction-in-Progress, the agency can use the FAC 751 report.</p>
3	<p>Verify the acquisitions/additions of capital assets. Included in the amount is Construction-in-Progress (CIP) completed during the fiscal year and capitalized as a depreciable asset. Agencies will need to review additions to other asset categories and deductions from CIP for reasonableness. Agencies will still inform DOA of the reclassification activity in Step 6.</p> <p><u>Note:</u> The project number, description and amount of additions to CIP should be documented on the CIP Analysis tab – Part 4.</p>

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Completing
Part 1,
continued

Step	Action
4	Verify the deductions of capital assets. These amounts should agree to the decreases (credits) for the current fiscal year on the FAC 736 report and the decreases (debits) for the current fiscal year on the FAC 767 report. Included in the amount is Construction-in-Progress (CIP) completed during the fiscal year and capitalized as a depreciable asset. Agencies will need to review additions to other asset categories and deductions from CIP for reasonableness. Agencies will still inform DOA of the reclassification activity in Step 6.
5	This column has formulas. Agree amounts to the FAC 736/767 reports as of June 30, 2017, for fund 1500 by GLA. For amounts that do not agree, recheck amounts and formulas.
6	Record the amount that represents CIP completed and added to another category. Verify the amount agrees with the increase in other asset categories (1-4) and the decrease shown in CIP (category 5). The GLA’s showing increases are 365, 366, 368 and 370. The GLA showing the decrease is 372. <u>Note:</u> Provide the FAACS ID numbers, tag numbers and descriptions of additions to capital assets (buildings/infrastructure) that are a result of decreases to CIP in the CIP Analysis tab – Part 5 . If more detailed information is needed for Construction-in-Progress, the agency can use the FAC 751 report.

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**Completing
Part 1,
continued**

Step	Action
7 – 9b	<p>Review GLAs with significant variances. Explain variances that are greater than or equal to 10% of the difference between the fiscal year 2016 and fiscal year 2017 GLA amounts AND \$1.0 million. Step 9a will automatically test each GLA balance and identify any GLA where the variance exceeds the above thresholds by populating a “yes” or “no.” Provide an explanation in Step 9b for any GLA variance where a “yes” is shown in Step 9a.</p> <p>Review changes for each asset category separately. Consider increases and decreases separately when analyzing the changes.</p> <p>To help, use the following guidelines:</p> <ul style="list-style-type: none"> • <u>Land, Buildings, or Infrastructure</u>: Identify the tract of land, building, or infrastructure for significant changes. • <u>Construction-in-Progress (CIP)</u>: Identify the project code for significant changes. • <u>Equipment</u>: Provide a general description of changes.

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Capital Asset Accounting and Control System (FAACS) Analysis

**Completing
Part 2**

This questionnaire assists in analyzing capital asset information and documenting that ending balances on the fluctuation analysis (part 1) agree to FAACS.

Step	Action
1	<p>A) If balances on the fluctuation analysis (part 1, step 5) do not agree to the FAC 736/767 reports as of June 30, 2017, explain the differences.</p> <p>B) If the amounts on the fluctuation analysis (part 1, step 5) are not correct, explain the differences.</p> <p>C) Confirm that Capital Lease Obligations are not recorded in FAACS.</p> <p>D) Confirm that the balances reported in the Prior Year Energy Contract Cumulative Asset Balance by Agency List is correct. If the listing is incorrect, provide an explanation.</p>
2	<p>Sale/Disposal of Capital Assets For the sale/disposal of capital assets, were there any sales/disposals of land, buildings and/or infrastructure with a historical cost greater than or equal to \$100,000 or equipment with a historical cost greater than or equal to \$50,000 for fiscal year 2017? If yes, provide asset and coding information required in the table.</p>
3	<p>Trade-ins State whether there were any disposals of capital assets during fiscal year ended June 30, 2017, that were used for trade-ins on new capital assets recorded in FAACS. If there were, complete the table. On the left side state the asset that was traded-in (noting the value received), and on the right state the corresponding asset that was purchased.</p>
4	<p>Intangible Assets Complete questions 4a through 4i and provide the requested information for any intangible assets. Project costs associated with internally developed software projects where the Application Development Stage may take several months or years to complete should be first recorded as construction-in-progress (CIP). Upon completion of the project, the CIP should be reversed and the software intangible asset should be recorded as a separate asset.</p> <p>Note: Question 4d requests information related to multi-year licensing agreements. Please ensure that maintenance contracts are excluded from this section</p>

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**Completing
Part 2**
(continued)

Step	Action
5	<p>Donated Capital Assets, Works of Art, or Capital Assets Received through a Service Concession Arrangement.</p> <p>Complete questions 5a through 5c and provide the requested information for any of the agency’s donated capital assets, donated works of art, historical treasures or similar assets or capital assets received through a service concession arrangement received during FY 2017. For service concession arrangements also provide a description of the service concession arrangement assets received.</p> <p>Depending upon your answers, DOA may contact you for additional information.</p>
6	<p>Payables Owed at June 30 but Paid After June 30 That Result in Capital Asset(s) Other Than CIP.</p> <p>An expenditure that is recorded as a payable owed at June 30 but paid after June 30 for an asset other than CIP must be recorded as an asset on the Government-wide financial statements if the asset was received and placed in service by June 30, 2017, even if the corresponding invoice had neither been received nor paid by the fiscal year-end close. Report only payables where the asset was not entered in FAACS by the 2017 year-end close date.</p> <p>Please provide the following information:</p> <p>Use the drop-down menus for the “Month” and “Asset Category” fields when completing questions 6a and 6b.</p> <p>a) List any payable owed at June 30 that will be paid after June 30 for program 998000 that will result in an asset other than CIP. Provide the month (select July or August), Cardinal Payment ID number, Asset Category, Cardinal Payment ID total, the date the asset was received and accepted by the agency, and the amount that will be recorded as additions to Non-CIP asset categories (land, building, infrastructure or equipment).</p>

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**Completing
Part 2**
(continued)

Step	Action
6 cont.	<p>b) List any payable owed at June 30 that will be paid after June 30 for other programs that will result in an asset other than CIP. Provide the month (select July or August), program number, asset category, Cardinal Payment ID number, Cardinal Payment ID total, the date the asset was received and accepted by the agency, asset useful life (in years), acquisition date, and the amount that will be recorded as additions to Non-CIP asset categories (land, building, infrastructure or equipment).</p> <p><u>Note:</u> The amounts entered in 6a and/or 6b should not be included in other amounts on this attachment or already entered into FAACS by the FY 2017 year-end close date.</p>

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**Completing
Part 3**

This questionnaire assists in the analysis of the amounts reported for Construction-in-Progress (CIP) on a cash and accrual basis. Steps 1 and 2 request CIP information on a cash basis and Step 3 requests CIP information on an accrual basis.

Step	Action
1a	<p>Cash Basis Additions – CIP</p> <ul style="list-style-type: none"> • Enter the amount recorded on Cardinal as expenditures for program code 998000, Capital Projects, for fiscal year ended June 30, 2017. • Enter the amount included in the expenditure total that represents maintenance reserve expenditures, if any, that will not be capitalized as CIP. • Enter the amount of expenditures, if any, recorded in a program other than 998000 (including software development projects) that should be recorded as CIP. • Enter the amount of expenditures, if any, from Energy Performance Contracts that should be recorded as CIP.
1b	<ul style="list-style-type: none"> • Enter the amount of current year additions (included in part 1, step 3) recorded in FAACS for CIP. • Explain differences in these amounts.
1c	<ul style="list-style-type: none"> • Enter the amount of current year additions to CIP related to Pollution Remediation.
2	<p>Cash Basis CIP Beginning Balance, Additions, Deductions, and Ending Balances</p> <p>Record the proper, accurate and correct beginning balance of CIP per internal records. If a difference was noted in Step 1 or the amounts recorded in FAACS for CIP are not correct enter the correct balances. Make sure the differences are explained in the dialogue box noted in step 1b.</p> <ul style="list-style-type: none"> • CIP Beginning Balance – this amount should include prior year expenditures that are recorded in FAACS in the current year. • CIP Additions – this amount should be based on current year expenditures that will eventually be reported as a capital asset. • CIP Deductions – this amount should relate to corresponding increases in another asset category unless impairment of the CIP project occurs. If an impairment occurs, Attachment 14A must be completed.

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**Completing
Part 3**
(continued)

Step	Action
2 (cont.)	CIP Ending Balance – this amount is calculated on the sheet and should agree to internal records, unless an impairment has occurred. Refer to Attachment 14A , Impairment of Capital Assets.
3a	<p>Accrual Basis Additions – CIP An expenditure that is recorded as a payable owed at June 30 that will be paid after June 30 for CIP must be recorded as an asset (CIP) on the Government-wide financial statements. Therefore, please provide the following information:</p> <ul style="list-style-type: none"> List any payable owed at June 30 that will be paid after June 30 for program 998000 that will result in CIP. Provide the month (select July or August), payable Cardinal Payment ID number, Cardinal Payment ID total, and the amount that will be recorded as additions to CIP.
3b	<ul style="list-style-type: none"> List any payable owed at June 30 but that will be paid after June 30 for other programs that will result in CIP. Provide the month (select July or August), program number, Cardinal Payment ID number, Cardinal Payment ID total, and the amount that will be recorded as additions to CIP.
3c	<ul style="list-style-type: none"> List any disbursements made after June 30 for amounts owed as of June 30 for energy performance contracts that will result in CIP. <p>Note: Neither of the amounts in 3a and/or 3b should be included in other amounts on this template or in FAACS. If they are, contact DOA immediately.</p>

**Completing
Part 4**

This questionnaire assists agencies reporting the details related to increases for Construction-in-Progress on a **cash basis**.

- The total increases reported in Part 4 should agree to the amount reported for CIP Additions in Part 3, Question 2.
- Select from the drop-down menu whether current year CIP increases were energy performance contracts, or were related to Pollution Remediation, or were related to an Intangible Asset or Capital Projects.

Note: Provide the project number, FAACS ID number, description, and the amount of the increase for each item.

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**Completing
Part 5**

This questionnaire assists agencies reporting the details related to decreases for Construction-in-Progress on a **cash basis**.

- The total decreases reported in Part 5 should agree to the amount reported for CIP Deductions in Part 3, Question 2.
- The asset categories of Land and Equipment are available for Part 5 (please note, while possible in certain circumstances, Land is typically not part of CIP). These categories were added so agencies could account for those reclassifications along with building and infrastructure. The decrease in CIP and total offsetting increase should equal. If not, provide an explanation for the difference in the first textbox shown on Part 5.
- Select type of Asset current year CIP increases were related to: Energy Performance Contracts, Pollution Remediation, Intangible Asset, or Capital Projects.
- If Intangible Asset select from the drop-down menu the type of Intangible Asset.
- The total increases for Land, Building, Infrastructure, and Equipment in Part 5 should agree to the amount reported in Part 1, Step 6. If not, provide an explanation for the difference in the second textbox shown on Part 5.

Note: Provide the project number, FAACS ID number, description, and the amount of the decrease for each item.

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**Completing
Part 6**

This questionnaire assists in the analysis of inventory and fully depreciated assets.

Action
<p>Answer the following questions.</p> <p>a) Has the agency completed an inventory of capital assets in FY 2017? If no, then state the year the last inventory was completed.</p> <p>b) When will the next inventory of capital assets be completed? For certification purposes, type the name, title, phone number, and e-mail address of the agency representative who ensures such an inventory has been conducted.</p> <p>Note: Agencies should review all assets in use to ensure that the current useful life is appropriate. Useful life adjustments should be made to reflect the actual agency usage of an asset. See CAPP Topic No. 30605 for guidance.</p> <p>c) Provide a description of the useful life methodology that has been developed.</p>
