



# COMMONWEALTH of VIRGINIA

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Office of the Comptroller

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June 16, 2017

## **MEMORANDUM**

**TO:** Component Unit/Related Organization Contacts

**FROM:** David A. Von Moll

### **Component Unit Year-End Reporting Memorandum – FY 2017**

This document provides guidance for the preparation and submission of component unit and related organization financial statements/templates, attachments, and other supplemental information.

The **Component Units** and **Related Organizations** sections define component units and related organizations, identify applicable entities for the Commonwealth, and summarize financial submission requirements. Due dates vary based on the nature of each entity. A complete list of due dates for component units of the Commonwealth begins on page 9 and page 11 for related organizations.

The **Submission of Financial Statements/Templates and Attachments** section discusses the importance of due dates, outlines the means available to submit information to the Department of Accounts (DOA), lists the internet location of this document, and references contact information for individuals who can provide assistance.

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## Component Unit Year-End Reporting Memorandum – FY 2017, continued

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The **Preparation of Financial Statements/Templates and Attachments** section addresses GASB Statements effective for both this and future years. Additional guidance can be found in the **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates** document which can be found on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov) by clicking on the "Financial Statement Directives" link. The document includes information on the following GASB Statements:

- **GASBS No. 33** – *Nonexchange Transactions Overview*
- **GASBS No. 34** – *Financial Reporting Model Overview*
- **GASBS No. 42** – *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries Overview*
- **GASBS No. 49** – *Accounting and Financial Reporting for Pollution Remediation Obligations Overview*
- **GASBS No. 51** – *Accounting and Financial Reporting for Intangible Assets Overview*
- **GASBS No. 54** – *Fund Balance Reporting and Governmental Fund Type Definitions Overview*
- **GASBS No. 61** – *The Financial Reporting Entity: Omnibus Overview*
- **GASBS No. 62** – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements Overview*
- **GASBS No. 63** – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position Overview*
- **GASBS No. 65** – *Items Previously reported as Assets and Liabilities Overview*
- **GASBS No. 72** – *Fair Value Measurement and Application*

The **Supplemental Information** section outlines additional submission requirements for the component units.

The fluctuation analyses in the **Component Unit Template** tab of directive **Attachment CU4 and CU4 – FASB Foundations**, Financial Statement Template (FST), compares the current year's financial statement template activity to the prior year's financial statement template activity. Significant variances must be explained. The **Preparation of Fluctuation Analyses** section outlines the materiality requirements that must be met in order for an entity to complete a fluctuation analysis on the Component Unit Template.

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## Component Unit Year-End Reporting Memorandum – FY 2017, continued

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### SAS 122 & AU-C 265

Statement on Auditing Standards No. 122, *Statements on Auditing Standards: Clarification and Recodification (SAS 122)* and AU-C 265 *Communicating Internal Control Related Matters Identified in an Audit*, state that the identification by the auditors of a material misstatement, identification of fraud by senior management, and ineffective oversight of an entity's financial reporting are indicators 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 regardless of 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. Entities must ensure controls are in place to avoid material misstatements and/or misclassifications in the attachments and other financial information submitted to DOA.

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## Attachments with Changes

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### Attachment CU1, Entity Additional Information Survey

- Part 7 of this attachment has been amended to incorporate the requirements of **GASBS No. 80**, *Blending Requirements for Certain Component Units*
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### Attachment CU2, GASBS No. 14 Checklist Modified to Reflect GASBS Nos. 39, 61, and 80

- New question J4 has been added to this attachment to incorporate the requirements of **GASBS No. 80**, *Blending Requirements for Certain Component Units*
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## Component Unit Year-End Reporting Memorandum – FY 2017, continued

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### Attachments with Changes, continued

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**Attachment  
CU3, GASBS  
No. 14 Checklist**  
Modified to  
Reflect **GASBS  
Nos. 39, 61, and  
80**

- New question J4 has been added to this attachment to incorporate the requirements of **GASBS No. 80**, *Blending Requirements for Certain Component Units*

**Attachment  
CU4, Financial  
Statement  
Template (FST)**

- On **Tab 1A – Detail**, Part 7 was expanded to include a new sub-question Part 7b related to investment derivative instruments. Parts 9, 10, and 11b were revised.
- On **Tab 1B – Cash Eq. and Inv. Not w Tr**, a new debt investment type category “Supranational and Non-U.S. Government Bonds and Notes” was added to allow entities to classify debt investment holdings of supranational or non-U.S. government entities. A new column was added to ensure both Rating Agency and Credit Rating columns are completed as applicable.
- On **Tab 1C – Foreign Currency Inv**, a new question was added to obtain information related to foreign deposit or investment policy in accordance with **GASBS No. 40**.
- On **Tab 1D – GASBS 31, 52, 59**, new questions Part 1g and Part 1h were added related to investments that are reported at other than fair value.
- On **Tab 8 – Miscellaneous**, Part 19 was expanded to include two new questions, Part 19a and Part 19c, to obtain information in accordance with **GASBS No. 72**. Question 12 has been consolidated to one question, and any entities with derivative instruments will complete Supplemental Item 1. Parts 8, 9, 10, 15, 16, 17, and 18 were revised.
- A new **Template Flux** tab has been added on which to provide explanations for significant variances.

**Attachment  
CU4 – FASB  
Foundations,  
Financial  
Statement  
Template (FST)**

- On **Tab 1A – Detail Fdn**, revised Part 3 and Part 5 regarding FDIC coverage. Revised Parts 9 and 10. Removed Parts 3b-3d, 5b-5d, 12, and 13.
- On **Tab 1B – Cash Eq. & Inv. Not w Tr**, modified to eliminate columns that previously requested information pursuant to GASB statements.
- A new **Template Flux** tab has been added on which to provide explanations for significant variances.

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## Component Unit Year-End Reporting Memorandum – FY 2017, continued

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### Reason for submission requirements

Financial statements/templates, attachments, and supplemental information are required for the preparation of the Commonwealth's Comprehensive Annual Financial Report (CAFR). Bond rating agencies use the CAFR to determine Virginia's bond rating, and they require that parts of the CAFR are included in bond offering statements. Maintaining an unmodified opinion on the CAFR is critical to Virginia's retention of its AAA bond rating.

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### Peer review report submissions

The Generally Accepted Government Auditing Standards, commonly known as the Yellow Book, require auditors who are relying on another audit organization's work to request a copy of the audit organization's peer review report.

Those component units that are audited by an audit firm other than the Auditor of Public Accounts should be prepared to **have the auditors provide a copy of the most recent peer review report AND any accompanying letter of comment to the Auditor of Public Accounts.**

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### No early implementation of GASB statements

For consistency in reporting all entities in the CAFR, the Commonwealth's policy is **no early implementation** of any GASB statement. If an entity early implements any GASB statement in its individually published financial statements, the Attachment CU4 and Financial Statement Templates, **must exclude** the effects of any early implementations.

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### Thank you

Thank you in advance for assisting to successfully complete the Commonwealth of Virginia's *Comprehensive Annual Financial Report* for fiscal year 2017.

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## Component Units

### Definition

A component unit is a legally separate organization that is financially accountable to the primary government or has relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Commonwealth is required to incorporate the financial data of all component units in its financial statements.

### Entities and applicable guidance

Component unit submission requirements and additional guidance are provided in the following documents which are located on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov). Click on the "Financial Statement Directives" link.

- [Comptroller's Directive No. 1-17, Directive Compliance Guidelines for State Agencies](#)
- [Comptroller's Directive No. 2-17, Directive Compliance Guidelines for Higher Education Institutions](#)
- [Comptroller's Directive No. 3-17, Directive Requirements Listing for the Department of the Treasury](#) (provided directly to the Agency)
- [Frequently Asked Questions](#) (State Agency)
- [Component Unit Year-End Reporting Memorandum – FY 2017](#) (This Document)
- [Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates](#) and [Glossary](#) documents located in [Comptroller's Directive No. 1-17](#).
- [GASBS No. 48 Commonwealth of Virginia Intra-Entity Reporting List](#)

The following summarizes the Commonwealth's component units and their applicable guidance.

Component Unit	Applicable Directive/ Memorandum
A. L. Philpott Manufacturing Extension Partnership	<b>This Document</b>
Assistive Technology Loan Fund Authority	<b>This Document</b>
Danville Science Center, Inc. (SMV)	<b>This Document</b>
Fort Monroe Authority	<b>This Document</b>
Hampton Roads Sanitation District Commission	<b>This Document</b>
Higher Education Institutions (Including Foundations and other CU's)	<b>Higher Education</b>
Innovation and Entrepreneurship Investment Authority	<b>Higher Education</b>
Institute for Advanced Learning and Research	<b>Higher Education</b>
Library of Virginia Foundation (LVA)	<b>This Document</b>

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## Component Units, continued

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### Entities and applicable guidance, continued

<b>Component Unit</b>	<b>Applicable Directive/ Memorandum</b>
New College Institute	<b>Higher Education</b>
Roanoke Higher Education Authority	<b>Higher Education</b>
Science Museum of Virginia Foundation, Inc. (SMV)	<b>This Document</b>
Southern Virginia Higher Education Center	<b>Higher Education</b>
Southwest Virginia Higher Education Center	<b>Higher Education</b>
Tobacco Region Revitalization Commission	<b>This Document</b>
Virginia Arts Foundation (VCA)	<b>This Document</b>
Virginia Biotechnology Research Partnership Authority including Virginia Biotechnology Research Park Corporation	<b>This Document</b>
Virginia College Building Authority	<b>Treasury</b>
Virginia Commercial Space Flight Authority	<b>This Document</b>
Virginia Economic Development Partnership	<b>This Document</b>
Virginia Foundation for Healthy Youth	<b>This Document</b>
Virginia Health Workforce Development Authority	<b>This Document</b>
Virginia Housing Development Authority	<b>This Document</b>
Virginia Land Conservation Foundation (DCR)	<b>This Document</b>
Virginia Museum of Fine Arts Foundation (VMFA)	<b>This Document</b>
Virginia Offshore Wind Development Authority (DMME)	<b>This Document</b>
Virginia Outdoors Foundation	<b>This Document</b>
Virginia Port Authority including Virginia International Terminals, LLC	<b>This Document</b>
Virginia Public Building Authority	<b>Treasury</b>
Virginia Public School Authority	<b>Treasury</b>
Virginia Resources Authority	<b>This Document</b>
Virginia School for the Deaf and Blind Foundation	<b>This Document</b>
Virginia Sesquicentennial of the American Civil War Foundation	<b>This Document</b>
Virginia Small Business Financing Authority (DSBSD)	<b>This Document</b>
Virginia Solar Energy Development Authority	<b>This Document</b>
Virginia Tourism Authority	<b>This Document</b>

### Training

Online training on various topics related to the Component Unit Year-End Reporting Memorandum is available in the Learning Center at: <https://covlc.virginia.gov>. Click on the “Training Catalog” link. Search using the keyword “Directive” and then click the course reference link.

If you have difficulty accessing the training or need an electronic copy of training material, contact [doatraining@doa.virginia.gov](mailto:doatraining@doa.virginia.gov).

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## Component Units, continued

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### Required submissions

A list of required submissions for component units covered by this document follows. See “Entities and Applicable Guidance” in the previous section for identification of entities covered by this document.

- Financial Statements (selected component units)
- Supplemental Information (all component units)
- **Attachment CU1** - Entity Additional Information Survey
- **Attachment CU2 - GASBS No. 14** Checklist Modified to Reflect **GASBS Nos. 39, 61, and 80**

**Note:** The entity will complete this for itself.

- **Attachment CU3 - GASBS No. 14** Checklist Modified to Reflect **GASBS Nos. 39, 61, and 80**

**Note:** The entity will complete this for any organizations, foundations, or component units related to it.

- **Attachment CU4** - Financial Statement Template (FST)
- **Attachment CU4 - FASB Foundations:** Financial Statement Template for FASB Foundations
- **Attachment CU5** - Federal Schedules
- **Attachment CU6** - Intrafund Activity
- **Attachment CU7** - Subsequent Events

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## Component Units, continued

### Due dates

**Submission due dates for component units covered by this document are as follows.** (See “Entities and Applicable Guidance”)

All entities must complete CU1-CU5, CU7, and Supplemental Information.

Attachment CU6 is applicable to component units that include foundations and/or discrete component units as part of the reporting entity. The due date for the CU6 is **September 14, 2017**.

All Entities Attachments CU1 – CU3	All Entities Supplemental Information	All Entities Attachment CU7
<b>July 13</b>	<b>Varies</b> (see Supplemental Section)	<b>November 13</b>

**Attachments CU4 and CU5 are due by August 17 for the following entities:**

Assistive Technology Loan Fund Authority
Virginia Arts Foundation
Virginia Foundation for Healthy Youth
Virginia Health Workforce Development Authority
Virginia Land Conservation Foundation
Virginia Offshore Wind Development Authority
Virginia School for the Deaf and Blind Foundation
Virginia Sesquicentennial of the American Civil War Foundation
Virginia Small Business Financing Authority
Virginia Solar Energy Development Authority

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## Component Units, continued

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### Due Dates, continued

<b>Attachments CU4, CU5 and audited financial statements are due by September 14 for the following entities:</b>
A.L. Philpott Manufacturing Extension Partnership
Fort Monroe Authority
Hampton Roads Sanitation District Commission
Tobacco Region Revitalization Commission
Virginia Biotechnology Research Partnership Authority including Virginia Biotechnology Research Park Corporation
Virginia Commercial Space Flight Authority
Virginia Economic Development Partnership
Virginia Housing Development Authority
Virginia Outdoors Foundation
Virginia Port Authority including Virginia International Terminals, LLC
Virginia Resources Authority
Virginia Tourism Authority

**Note:** If a component unit's financial statement submission is unaudited, see page 19 for fluctuation analysis requirements.

<b>Attachments CU4 - FASB Foundations, CU5 and audited financial statements are due by September 14 for the following entities</b>
Danville Science Center, Inc.
Library of Virginia Foundation
Science Museum of Virginia Foundation, Inc.
Virginia Museum of Fine Arts Foundation

**Note:** If a component unit's financial statement submission is unaudited, see page 19 for fluctuation analysis requirements.

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## Related Organizations

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### Definition

A related organization is an organization for which the elected officials of the Commonwealth are accountable because they appoint a voting majority of the board, but are not financially accountable. The Commonwealth is required to disclose the nature of its accountability for related organizations in the notes to the financial statements.

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### Entities

Related organization submission requirements are provided in this document

The following summarizes the Commonwealth's related organizations:

- Center for Rural Virginia
  - Chesapeake Bay Bridge and Tunnel Commission
  - Jamestown-Yorktown Educational Trust
  - Jamestown-Yorktown Foundation, Inc.
  - Tobacco Settlement Financing Corporation
  - Virginia Birth-Related Neurological Injury Compensation Program
  - Virginia Nuclear Energy Consortium
  - Virginia Recreational Facilities Authority
  - Virginia Tourist Train Development Authority
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### Required submissions and due dates

The following submissions are required from related organizations. Attachment information is due **July 13, 2017**.

- **Attachment CU1** - Entity Additional Information Survey
- **Attachment CU2** - **GASBS No. 14** Checklist Modified to Reflect **GASBS Nos. 39, 61, and 80**  
**Note:** The entity will complete this for itself.

**Financial Statements are due September 14, 2017.**

The DOA may contact related organizations with questions regarding the financial information submitted.

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## Submission of Financial Statements/Templates and Attachments

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**Due dates** To avoid delays in preparing the CAFR, it is imperative that DOA receives the entity's information on or before the established deadlines. Please communicate these requirements and due dates to the entity's auditors to ensure the timely completion of the audit.

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**Submitting financial material** Entities should send the required materials by **ONE** of the following methods:  
**E-mail:** [finrept-CU@doa.virginia.gov](mailto:finrept-CU@doa.virginia.gov)

**OR**

**Mail:** Sharon Lawrence  
Director – Financial Reporting  
Department of Accounts  
P.O. Box 1971  
Richmond, VA 23218-1971

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**Availability** **Component Unit Year-End Reporting Memorandum – FY 2017** and the attachments are available on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov). Click on the "Financial Statement Directives" link.

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**Questions** John J. Sotos  
Assistant Director – Financial Statements  
Voice: (804) 225-2111  
E-mail: [John.Sotos@doa.virginia.gov](mailto:John.Sotos@doa.virginia.gov)

Sharon H. Lawrence  
Director – Financial Reporting  
Voice: (804) 225-2414  
E-mail: [Sharon.Lawrence@doa.virginia.gov](mailto:Sharon.Lawrence@doa.virginia.gov)

For specific questions regarding attachments or training, contact:  
Attachment Analyst  
E-mail: [AttachmentAnalyst@doa.virginia.gov](mailto:AttachmentAnalyst@doa.virginia.gov)

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## Preparation of Financial Statements/Templates and Attachments

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**Introduction** This section addresses GASB Statements effective for both this and future years. Additional guidance can be found in the **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates** document which can be found on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov) by clicking on the "Financial Statement Directives" link.

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### GASB Statements Effective for Fiscal Year 2017

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**GASBS No. 73** **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 and Financial Reporting for Pensions*.

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**GASBS No. 74** **GASBS No. 74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces **GASBS No. 43**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and **GASBS No. 57**, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The Statement also establishes requirements for defined contribution OPEB plans that replace the requirements for those plans in **GASBS No. 25**, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, **GASBS No. 43** and **GASBS No. 50**, *Pension Disclosures*.

The Statement addresses accounting and financial reporting requirements for OPEB plans, defined benefit and defined contribution, administered through trusts that meet specific criteria. The Statement also provides guidance on financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that *are not* administered through trusts that meet specified criteria.

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## Preparation of Financial Statements/Templates and Attachments, continued

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### GASB Statements Effective for Fiscal Year 2017, continued

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**GASBS No. 77** **GASBS No. 77**, *Tax Abatement Disclosures*, provides guidance on tax abatement disclosure requirements as state and local governments frequently enter into tax abatement agreements to encourage economic development.

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**GASBS No. 78** **GASBS No. 78**, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, amends the scope and applicability of **GASBS No. 68**, *Accounting and Financial Reporting for Pensions*, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meets specified criteria established in the Statement. The Statement further establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions thereof.

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**GASBS No. 79** **GASBS No. 79**, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes, and for pool participants thereof. The specific criteria that must be met as established in the Statement address (1) how the external investment pool transacts with pool participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; (3) calculation and requirements of a shadow price.

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**GASBS No. 80** **GASBS No. 80**, *Blending Requirements for Certain Component Units*, provides clarification on financial statements presentation requirements for certain component units previously established by **GASBS No. 14**, *The Financial Reporting Entity*, paragraph 53. The Statement creates an additional blending requirement that becomes the third requirement for the financial statement presentation of component units and applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member.

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## Preparation of Financial Statements/Templates and Attachments, continued

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### Upcoming GASB Statements

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**GASBS No. 75** **GASBS No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of **GASBS No. 45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and **GASBS No. 57**, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. **GASBS No. 74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The provisions of **GASBS No. 75** are effective for fiscal year 2018.

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**GASBS No. 81** **GASBS No. 81**, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The provisions of **GASBS No. 81** are effective for fiscal year 2018.

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**GASBS No. 85** **GASBS No. 85**, *Omnibus 2017*, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The provisions of **GASBS No. 85** are effective for fiscal year 2018.

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**GASBS No. 86** **GASBS No. 86**, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for certain debt extinguishments by establishing standards for certain in-substance defeasance transactions and prepaid insurance associated with extinguished debt. It also establishes an additional disclosure related to debt that is defeased in substance. The provisions of **GASBS No. 86** are effective for fiscal year 2018.

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## Preparation of Financial Statements/Templates and Attachments, continued

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### Supplemental Information

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**Hampton  
Roads  
Sanitation  
District  
Commission**

When providing **Attachment CU4**, ensure that “property and casualty insurance” and “hospitalization insurance” are reported separately on **Attachment CU4, Tab 4 – LT Liabilities**, as “other”.

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**Tobacco Region  
Revitalization  
Commission**

Please provide investment information to DOA by **November 13, 2017, only** if requested by DOA in a separate communication.

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**Virginia  
Commercial  
Space Flight  
Authority**

Please provide adjusting journal entries for the Old Dominion University’s Attachment HE -10 Combining FST for the ODU Research Foundation and the entity’s Attachment CU4 for CAFR reporting by **September 14, 2017**, so assets will not be overstated and due tos/due froms in the CAFR will equal.

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**Virginia  
Housing  
Development  
Authority**

Please provide the breakdown of unrestricted and restricted accounts receivable (mortgage and loan, interest, etc.), current and non-current notes payable, bonds payable and other liabilities, and accounts payable by **September 14, 2017**.

Please provide investment information to DOA by **November 13, 2017, only** if requested by DOA in a separate communication.

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## Preparation of Financial Statements/Templates and Attachments, continued

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### Supplemental Information, continued

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#### Virginia Port Authority

Please provide the following information by **September 14, 2017**:

1. Asset classifications to support total restricted assets for use in the Restricted asset footnote in the CAFR.
2. If the total of the net receivable amount reported in the entity's financial statements plus other receivable/due from amounts for the entity **excluding** Virginia International Terminals, LLC does not agree to the net receivables reported in DOA's accounts receivable system as of June 30, a reconciliation must be provided. This reconciliation is a separate Excel file that will be provided in a separate communication. This must be submitted along with the Attachment CU4 submission. As a reminder, accounts receivable data must be entered into DOA's accounts receivable system by the Attachment CU4 due date.

**Note that any amounts reported by the entity on any submission should be consolidated with financial data of Virginia International Terminals, LLC. All intrafund transactions between the entity and Virginia International Terminals, LLC should be eliminated in the preparation of the submission in accordance with GASBS No. 34.**

Please be sure to copy the Auditor of Public Accounts (APA) on all e-mail submissions at: [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

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#### Virginia Resources Authority

Please provide investment information to DOA by **November 13, 2017, only** if requested by DOA in a separate communication.

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## Preparation of Financial Statements/Templates and Attachments, continued

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### Supplemental Information, continued

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**All component units** Provide description, fund, revenue account or expense program, and amount to DOA by **September 14, 2017**, if the entity received any of the following that offset the cost of goods and services purchased by the entity during fiscal year 2017: 1) purchase discounts, 2) rebates or allowances, 3) recoveries or indemnities on losses, 4) insurance refunds or rebates, or 5) adjustments of overpayments or erroneous charges\*.

**\*Note:** Contact Penny Williams at (804) 225-3804 or [Penny.Williams@doa.virginia.gov](mailto:Penny.Williams@doa.virginia.gov) if you have any questions regarding this supplemental information.

Any entities with derivative instruments must complete Supplemental Item 1 and include with the **Attachment CU4 – Financial Statement Template (FST)**.

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## Preparation of Fluctuation Analyses

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**Requirements** The fluctuation analysis included in the component unit template file (Attachments CU4 & CU4 – FASB Foundations) compares the current year’s financial statement template activity to the prior year’s financial statement template activity. Significant variances must be explained as well as line items which have a current year amount, but the prior year amount was zero or line items that have a prior year amount, but the current year amount is zero.

For the prior year amounts to display, the component unit must first select the entity’s name from the drop-down list. Prior year financial statement template amounts for the component unit will display in the prior year column. There are also columns to show dollar and percentage variances. In addition, for those financial statement line items that meet the materiality scopes listed below, a column titled “Is a fluctuation explanation required?” has been added. If a “yes” appears in the “Is a fluctuation explanation required?” column, the explanation should be provided on the [Template Flux](#) tab.

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**Materiality scopes** The materiality scopes for component units that submit a template are the following:

- Increases or decreases greater than 10% and \$7.9 million or
  - Increases or decreases greater than \$15.8 million
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**Review of fluctuation analyses** Ensure the explanations for the fluctuation analysis are reviewed and approved by the appropriate individual. The reviewers should consider whether significant variances should be discussed with the entity head or designee.

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**Additional explanations** DOA may request explanations for other variances that are not explained or additional information as needed.

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