

Frequently Asked Questions

General Questions

Q1: Is it necessary to read attachment instructions?

A1: Attachments are often modified to meet changing reporting requirements. In order to appropriately complete a directive attachment, it is imperative that you read the related instructions. By typing your name in the Certification tab of directive attachments, you are certifying that the preparer and reviewer were not the same and you have read and understood the instructions for completing this attachment.

Q2: What is the purpose of a **Glossary**?

A2: The **Glossary** is a compilation of accounting terms taken from the CAPP Manual, the Commonwealth's CAFR, various sections of the Comptroller's Directives, the GAAFR, and various GASB and FASB statements. Its purpose is to provide clarification of terms and concepts relevant to the Commonwealth's financial reporting requirements.

Q3: Where can you find **Authoritative Literature** and **Guidance** for preparation of GAAP Basis Fund Financial Statement Templates?

A3: **Authoritative Literature / Guidance for preparation of GAAP Basis Fund Financial Statement Templates** can be found on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link.

Q4: What is the Goods/Services Received Date in Cardinal?

A4: The goods and services receipt date is the date goods were received from a vendor or services were completed. For accrual reporting, this date should be June 30th or prior for all expenditures (or revenue refunds) paid in July, August, or September that relate to activity for the prior fiscal year.

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Questions by Attachment

Attachment 1

- Q1: Do amounts reported in **Attachment 1** require inclusion in the Off-Balance Sheet Obligation attachment?
- A1: **No**, amounts reported in **Attachment 1** are available to DOA and should not be reported in the Off-Balance Sheet Obligation attachment.
- Q2: What is the purpose of the questions in the General Information section of this attachment?
- A2: The questions in the General Information section are designed to gather information that will assist DOA in implementing various GASB Statements.
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Attachment 5

- Q1: What is the purpose of the **Prior Year Energy Performance Contract Cumulative Asset Balance by Agency List**, published on DOA's website?
- A1: The purpose of this list is to obtain agency confirmation that it is accurate. The list includes the original contract proceeds, CAFR threshold level assets recorded, assets below CAFR threshold level recorded on FAACS, noncapitalizable expenditures, and construction-in-progress (CIP) balance.
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Questions by Attachment, Continued

Attachments 6A, 6B and 6C

Q1: What is **leave liability**?

A1: Leave Liability is the monetary value of the agency staff's leave balances at fiscal year-end.

Q2: What is **current leave**?

A2: Current leave is the portion of the total leave liability due to employees who terminated prior to fiscal year-end but were paid after fiscal year-end, usually in July or August.

Q3: Should **Executive Leave** be included on this attachment?

A3: **No**, Executive Leave should be excluded since it does not accrue or carry over to the following year.

Q4: At June 30, if the agency is no longer a CIPPS leave user, what leave reports are created from CIPPS?

A4: No reports are generated from CIPPS for Non-CIPPS users for leave liability purposes.

Q5: If the agency converted from CIPPS leave to TAL during FY 2018, what information is provided by CIPPS for leave liability purposes?

A5: Since TAL is a Non-CIPPS leave system, no reports are generated from CIPPS for leave liability purposes.

Q6: If the agency uses CIPPS or TAL for some employees, but not for ALL employees, which leave attachment should be completed?

A6: These agencies, which are considered "hybrid" agencies, should complete **Attachment 6C – Leave Liability Statement – Non-CIPPS, Non-TAL, and Hybrid Users**.

Q7: If the agency payroll is processed by the Payroll Service Bureau and the agency is a Non-CIPPS user for leave purposes, will the Payroll Service Bureau complete the leave liability schedules?

A7: **No**, the Payroll Service Bureau cannot prepare leave liability schedules for Non-CIPPS leave system users. As such, the agency must complete the leave liability schedules.

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Questions by Attachment, Continued

Attachment 8

Q1: How should **donated inventory** received be reported?

A1: If inventory was donated to the agency (inventory received by and will be distributed by the Commonwealth) and is **not** reported on a financial statement template (**Attachments 9-12**), it must be excluded from **Tab 1 – Inventory**, and included in **Tab 3 – Donated Inventory**.

Q2: Is any donated inventory exempt from reporting?

A2: **Yes.** Donated inventory that the agency took physical custody of and that was, or will be, distributed by the agency if it is **not** reported on a financial statement template (**Attachments 9-12**) should be **included** on this attachment. However, donated inventory in which the agency only acts in an administrative capacity should be **excluded** from the attachment.

Attachments 9 through 13

Q1: Why am I required to complete a financial statement template (**Attachments 9-13**)?

A1: Generally, financial statement templates are used when information is either not available in Cardinal or full accrual information for stand-alone funds is required to prepare the Comprehensive Annual Financial Report (CAFR). The Governmental Fund Financial Statement Template is intended to obtain financial statement and footnote information for governmental funds with off-Cardinal activity. The Enterprise Fund and Internal Service Fund Financial Statement Templates are intended to obtain full accrual financial statement and footnote information for proprietary funds, which account for the Commonwealth's business-type activities. The Private-purpose Trust Fund and Agency Fund Financial Statement Templates are intended to obtain financial statement and footnote information for fiduciary funds.

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Questions by Attachment, Continued

Attachment 14

- Q1: What is the purpose of the **Prior Year Reported Intangible Balances By Agency and Category** list published on DOA's website?
- A1: The purpose of this list is to obtain agency confirmation that the intangible assets reported by the agency as of the prior year by category are accurate. The categories include Water Rights & Easements, Software, and other intangibles.
- Q2: Should the acquisition cost associated with Land be reported on **Attachment 14** – Capital Asset Accounting and Control System (FAACS) Analysis, part 5, CIP Analysis?
- A2: Typically, land should be recorded as land; however, if the final acquisition cost is unknown, then it would be appropriate to report land as CIP until the actual cost is known. It would be expected that this would occur very infrequently.
- Q3: Is software the only type of intangible asset addressed by **GASBS No. 51**?
- A3: **No.** **GASBS No. 51**, *Accounting and Financial Reporting for Intangible Assets*, identifies numerous types of assets as intangibles. Some of these other assets are easements, water rights, timber rights, patents and trademarks.
- Q4: How can additional information about intangible assets and the Commonwealth's reporting requirements be obtained?
- A4: Refer to the **GASBS No. 51** section of the **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates** and CAPP Topic No. 30325, *Software and Other Intangible Assets*, on DOA's website at www.doa.virginia.gov.
- Q5: Should capital lease assets be reported on **Attachment 14** – Capital Asset Accounting and Control System (FAACS) Analysis?
- A5: **No.** All capital lease activity should be captured in the LAS system, unless it is activity that has been transferred to the Division of Real Estate Services (DRES) at DGS. DRES will provide the necessary information for all DRES-administered leases.
- Q6: Should maintenance contract payments be reported as multi-year licensing agreements?
- A6: **No.** Payments made for maintenance contracts are not considered multi-year licensing agreements.

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Questions by Attachment, Continued

Attachment 15

Q1: What is an other identifying number?

A1: An other identifying number is a number assigned by the pass-through entity to identify a grant. This number would not be supplied by the Federal grantor or awarding agency, but provided specifically by the pass-through entity. The other identifying number would be entered on the **Disbursed to Nonstate** and/or the **Received from Nonstate** tabs of the Federal Schedules template. Federal Audit Clearing house (FAC) guidelines require other identifying numbers to be provided for pass-through expenditures. This number may be used as search criteria within the FAC and assists with identification of grants provided by the pass-through entity.

Q2: What do I do if there is no other identifying number?

A2: Contact the pass-through entity to ensure a number has not been assigned. If they confirm no number, then leave the column blank.

Q3: How does the agency report information when there is more than one other identifying number?

A3: If more than one other identifying number is assigned by the pass-through entity, please supply all of the numbers in the appropriate column of the federal schedules template on the appropriate tab for each CFDA number.

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Questions by Attachment, Continued

Attachment 17

Q1: Does **Attachment 17** – Short-term Debt, need to be completed if the agency does not have an outstanding balance of short-term debt at fiscal year-end?

A1: **Yes.** If the agency had short-term debt outstanding to a party external to the Commonwealth during the fiscal year, and paid the loan off prior to fiscal year-end, **Attachment 17** must still be provided so that the beginning balance and increases and decreases of the activity are included in the required footnote disclosure in the Commonwealth's annual report. Refer to the [GASBS No. 48 Commonwealth of Virginia Intra-Entity Reporting List](#) on DOA's website at www.doa.virginia.gov for additional information on external parties.

Attachment 21

Q1: Should a federal receivable always be reported for a federal payable?

A1: A federal receivable should be reported for federal expenditure payables owed as of June 30 that did not have the offsetting cash on hand (applicable to the specific grant) as of June 30. This should include all modified and full accrual Federal payables that are reported in accordance with the **2018 Fiscal Year End Closing Procedures and Authoritative Literature / Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**; any other federal payable (i.e. salaries or wages) processed in July and August; and/or any amount to be included on **Attachment 29** – Government-wide Payables and Other Accruals as of June 30, that did not have the offsetting cash on hand (applicable to the specific grant) as of June 30.

Q2: Should a federal receivable always be reported for a federal payable in a pass-through scenario on **Attachment 21** – Receivables as of June 30?

A2: For federal grants in which the recipient (original source) will pass the funding on to a sub-recipient to complete the stipulations of the grant, a revenue receivable should be reported on **Attachment 21** – Receivables as of June 30 for amounts owed at June 30 by the recipient to sub-recipient(s) if the recipient did not have offsetting cash on hand (applicable to the specific grant) at June 30 for each grant. The sub-recipient should only include an interagency receivable on the **Reconciliation** tab of **Attachment 21** for the amount they are owed by the recipient agency.

Q3: How are **travel advances** reported?

A3: Travel advances should be reported on the Quarterly Receivable report and reported on **Attachment 21** on the **Reconciliation** tab.

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Questions by Attachment, Continued

Attachment 23

- Q1: Should **petty cash advances** be reported on **Attachment 23** – Schedule of Cash, Cash Equivalents, and Investments as of June 30?
- A1: No.
- Q2: How does an agency report derivatives in compliance with **GASBS No. 53, *Accounting and Financial Reporting for Derivative Instruments***, as amended by **GASBS No. 72, *Fair Value Measurement and Application***?
- A2: Contact DOA to determine the proper procedure for reporting derivatives.
- Q3: LGIP is my agency’s only investment in an external investment pool. How do I answer question 1E on the **Recordation** tab?
- A3: Virginia Department of the Treasury (Treasury) manages LGIP in accordance with **GASBS No. 79, *Certain External Investment Pools and Pool Participants***, and reports LGIP at amortized cost. Therefore, if the agency receives LGIP information from Treasury, the agency should answer “yes” to this question. However, if the investment is in the LGIP Extended Maturity (LGIP EM) rather than the LGIP, the answer to question 1e would be N/A and the answer to question 1j should be “yes” because the LGIP EM should be reported at fair value.
- Q4: Investments that are highly sensitive to interest rate changes require additional disclosure of investment type, terms that make the investment highly sensitive to interest rate changes, and fair value of the investment. What are examples of cash equivalents or investments in debt securities that are highly sensitive to interest rate changes?
- A4: Two examples are a variable-rate investment with a multiplier, or a variable-rate investment with a coupon that varies inversely with a benchmark index. Additional examples of highly sensitive investments can be found in the applicable Implementation Guide issued by GASB. The Implementation Guide can be obtained at www.gasb.org.

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Questions by Attachment, Continued

Attachment 23, Continued

- Q5: How does **Attachment 23** accommodate the requirements of **GASBS No. 72**, *Fair Value Measurement and Application*?
- A5: The **Cash Equiv. & Inv. Not w Tr** tab includes four columns to capture certain information regarding amounts reported at fair value. These columns require an indication of the level of the fair value hierarchy within which the fair value measurements are categorized (Level 1, Level 2, Level 3), or established using Net Asset Value per Share (or its equivalent) per **GASBS No. 72**., The **Recordation** tab includes a row for investments permitted to be reported at net asset value in accordance with **GASBS No. 72**.
- Q6: An agency has investments that are reported at fair value. How are these investments classified into a fair value hierarchy level (Level 1, Level 2, or Level 3) on the **Cash Equiv. & Inv. Not w Tr** tab pursuant to the requirements of **GASBS No. 72**?
- A6: An investment is categorized into a fair value hierarchy level based on the inputs to valuation techniques used to measure its fair value. **GASBS No. 72**, paragraphs 32 through 43, provide information related to fair value hierarchy levels. Furthermore, such information can be obtained from the investment manager or custodian handling this investment. The agency and not DOA makes the determination as to the classification of an investment into an appropriate fair value hierarchy level.
- Q7: An agency has investments in a Local Government Investment Pool (LGIP) or an external investment pool that meets the requirements of **GASBS No. 79** to report all investments at amortized cost. How are these investments classified into a fair value hierarchy level (Level 1, Level 2, or Level 3) on the **Cash Equiv. & Inv. Not w Tr** tab pursuant to the requirement of **GASBS No. 72**?
- A7: Investments that are not measured at fair value should be reported in the “Not applicable to fair value measurement per **GASBS No. 72**” column on the **Cash Equiv. & Inv. Not w Tr** tab.

Note: If the agency has investments in the LGIP EM, those investments must be reported at fair value rather than amortized cost.

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Questions by Attachment, Continued

Attachment 24

- Q1: When completing **Attachment 24** – Donor Restricted Endowments, should investment income be included in the amounts of net appreciation on investments of donor-restricted endowments that are available for authorization for expenditure by the governing board?
- A1: **No**, net appreciation on investments of donor-restricted endowments does not include dividends or interest income.
- Q2: Should negative amounts be entered in the net appreciation column on the attachment?
- A2: **No**, enter zero.
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Attachment 25

- Q1: What constitutes a **termination benefit**?
- A1: **Termination benefits** are benefits provided to a terminated employee as a result of their termination that would not otherwise have been provided. Examples include severance pay or early retirement incentive benefits. Accrued leave payouts that were earned as a result of services rendered are **not** considered termination benefits.
- Q2: What is a good source for obtaining termination benefit information for the agency?
- A2: Termination benefits are the result of an authorized plan of termination which requires approval by those at the agency with the authority to commit the agency to the plan. A good source for this information is the agency **Human Resources Office** since after approval of a termination plan, the Human Resources Office is usually responsible for carrying out the details of the plan.
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Questions by Attachment, Continued

Attachment 27

- Q1: Does **Attachment 27 – GASBS No. 33** – Federal Fund Analysis – Non-reimbursement Grants, have to be completed if the agency only has reimbursement based grants and does not have any advance funded grants?
- A1: **Yes**, all agencies with federal funds must complete this attachment.
- Q2: Should the modified and full accrual receivables amounts agree to any other attachment?
- A2: **Yes**, they should agree to amounts entered on **Attachment 21** – Receivables as of June 30, for the specific grant(s).
- Q3: Should the total other full accrual entry amounts agree to any other attachment or Cardinal report?
- A3: **Yes**, they should agree to amounts entered on **Attachment 29** – Government-wide Payables and Other Accruals as of June 30, for the specific grant(s). Additionally, this should include full accruals paid in September 2018 in accordance with the **Authoritative Literature / Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**.
- Q4: Should a federal receivable always be reported for a federal payable?
- A4: A federal receivable should be reported for federal expenditure payables owed as of June 30 if sufficient cash specific to the grant was not available at June 30. This should include all modified and full accrual federal payables that are reported in accordance with the **2018 Fiscal Year End Closing Procedures** and **Authoritative Literature / Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**; any other federal payable (i.e. salaries or wages) processed in July and August; and/or any amount to be included on **Attachment 29** that did not have the offsetting cash on hand (applicable to the specific grant) as of June 30
- Q5: Should Account 205025 be included in the Ending Fund Balance?
- A5: **Yes**. The Ending Balance per Cardinal column (step 7) should include assets minus liabilities, which would include Account 205025.

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Questions by Attachment, Continued

Attachment 34

- Q1: Since all agencies are required to submit **Attachment 34** – 2018 Off-Balance Sheet Financial Obligations, how should the agency report to DOA if there are no off-balance sheet obligations?
- A1: If the agency determines there are no off-balance sheet obligations that require inclusion in **Attachment 34**, the agency should use the drop-down to answer “no,” complete the Certification tab, and submit.
- Q2: Should contracts with localities be reported on **Attachment 34**?
- A2: It depends on the nature of the contract. DOA is trying to use information available from central service agencies to the extent possible. If the contract with the locality represents a normal, recurring operational cost included in the 6-year plan submitted to DPB, it does not require inclusion in **Attachment 34**. If it is not included in the 6-year plan and the Commonwealth is committed to future outflows, it should be included in **Attachment 34**.
- Q3: If the Commonwealth receives a grant but the grant is solely reimbursement-based (i.e., the Commonwealth has spent the money and is being reimbursed), should this be reported on **Attachment 34**?
- A3: **No**, the Commonwealth is not committed to a future outflow of funds.
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