



# COMMONWEALTH of VIRGINIA

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June 15, 2018

## **MEMORANDUM**

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

**FROM:** David A. Von Moll

## **Component Unit Year-End Reporting Memorandum – FY 2018**

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 2018, 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** – *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 **Template Flux** 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 2018, continued

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### AU-C 265

AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*, states 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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### 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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## Attachments with Changes

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### Attachment CU1, Entity Additional Information Survey

- Part 3 of this attachment has been amended to incorporate the categories related to of **GASBS No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and **GASBS No. 81**, *Irrevocable Split-Interest Agreements*.
  - Part 4 of this attachment has been added for entities to provide the Cardinal business units, funds, and projects that will be included on the entity's Attachment CU4 or CU4 – FASB Foundations, if applicable.
  - Part 5 of this attachment has been modified to assist entities in determining whether they must submit an Attachment CU2 or CU3.
  - Parts 8 and 9 of this attachment have been added to collect information on entities' majority equity interest in legally separate organizations and irrevocable split-interest agreements, respectively.
  - Questions related to **GASBS Nos. 58, 69, and 72** have been removed.
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## Component Unit Year-End Reporting Memorandum – FY 2018, continued

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### Attachments with Changes, continued

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

- On **Tab 1A – Detail**, Parts 8c, 8d, 9a, and 9b were modified to include information related to LGIP Extended Maturity (EM).
  - On **Tab 4 – LT Liabilities**, Part 4 has been revised to include a section in which entities must provide a breakdown between tax supported (paid from state appropriations) and non-tax supported capital lease obligation amounts.
  - On **Tab 4A – Short-term Debt**, the schedule has been simplified.
  - On **Tab 8 – Miscellaneous**, Part 16 was added to obtain information in accordance with **GASBS No. 75**, as amended by **GASBS No. 85**, and several questions were streamlined for easier completion.
  - Questions related to **GASBS No. 51, 61, 65, and 69** were removed.
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#### Attachment CU4 – FASB Foundations, Financial Statement Template (FST)

- On **Tab 1A – Detail Fdn**, eliminated questions related to Nonnegotiable Certificates of Deposit pursuant to FASB requirements. Parts 8c, 8d, 9a, and 9b were modified to include LGIP Extended Maturity (EM) information.
  - On **Tab 4A – Short-term Debt**, the schedule has been simplified.
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## Component Unit Year-End Reporting Memorandum – FY 2018, continued

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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.**

Please be aware that each entity **must ensure** that its outside auditor responds to APA communications and provides all required information to the APA within specified timeframes.

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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 separately issued 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 2018.

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## Component Units

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### 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.

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### 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. 1-18, Directive Compliance Guidelines for State Agencies**
  - **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**
  - **GASBS No. 48 Commonwealth of Virginia Intra-Entity Reporting List**
  - **Glossary**
- **Comptroller's Directive No. 2-18, Directive Compliance Guidelines for Higher Education Institutions**
- **Comptroller's Directive No. 3-18, 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 2018** (This Document)

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

<b>Component Unit</b>	<b>Applicable Directive/Memorandum</b>
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

### 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 Alcoholic Beverage Control Authority	<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 (VSDBF)	<b>This Document</b>
Virginia Small Business Financing Authority (DSBSD)	<b>This Document</b>
Virginia Solar Energy Development and Energy Storage Authority (DMME)	<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, 80, and 85**  
**Note:** The entity will complete this for itself if required based on answers provided on CU1, Part 5a.
- **Attachment CU3 - GASBS No. 14** Checklist Modified to Reflect **GASBS Nos. 39, 61, 80, and 85**  
**Note:** The entity will complete this for any organizations, foundations, or component units related to it if required based on answers provided on CU1, Part 5b.
- **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 with the exception of Virginia Alcoholic Beverage Control Authority must complete Attachments CU1, CU4 or CU4F, CU5, CU7, and Supplemental Information.

Virginia Alcoholic Beverage Control Authority must complete Attachments 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 13, 2018**.

<b>All Entities</b>	<b>All Entities</b>	<b>All Entities</b>
<b>Attachments CU1 – CU3</b>	<b>Supplemental Information</b>	<b>Attachment CU7</b>
<b>July 12</b>	<b>Varies (see Supplemental Section)</b>	<b>November 13</b>

<b>Attachments CU4 and CU5 are due by August 16 for the following entities:</b>
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 Small Business Financing Authority
Virginia Solar Energy Development and Energy Storage 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 <a href="#">September 13</a> 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 21 for fluctuation analysis requirements.

<b>Attachments CU4 - FASB Foundations, CU5 and audited financial statements are due by <a href="#">September 13</a> 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 21 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 Coalfields Expressway Authority
  - Virginia Nuclear Energy Consortium Authority
  - 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 12, 2018**.

- **Attachment CU1** - Entity Additional Information Survey
- **Attachment CU2** - **GASBS No. 14** Checklist Modified to Reflect **GASBS Nos. 39, 61, 80, and 85**

**Note:** The entity will complete this for itself if required based on answers provided on CU1, Part 5a.

**Financial Statements are due September 13, 2018.**

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)

And copy APA via e-mail at [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.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 2018** 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

For specific questions regarding attachments or training, contact:

Attachment Analyst  
E-mail: [AttachmentAnalyst@doa.virginia.gov](mailto:AttachmentAnalyst@doa.virginia.gov)

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)

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## Preparation of Financial Statements/Templates and Attachments

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**Introduction** This section lists GASB Statements effective for both this and future years. All entities should refer to the GASB website at [www.gasb.org](http://www.gasb.org) for information regarding GASB statements.

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## GASB Statements Effective for Fiscal Year 2018 and Thereafter

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**Current year implementations** The following Governmental Accounting Standards Board (GASB) statements are effective for the Commonwealth for fiscal year 2018 and thereafter:

- **GASBS No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*;
  - **GASBS No. 81**, *Irrevocable Split-Interest Agreements*;
  - **GASBS No. 85**, *Omnibus 2017*; and
  - **GASBS No. 86**, *Certain Debt Extinguishment Issues*.
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**Future implementations** The following GASB statements are effective for future years:

- **GASBS No. 83**, *Certain Asset Retirement Obligations*: effective fiscal year 2019 and thereafter;
- **GASBS No. 84**, *Fiduciary Activities*: effective fiscal year 2020 and thereafter;
- **GASBS No. 87**, *Leases*: effective fiscal year 2021 and thereafter; and
- **GASBS No. 88**, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: effective fiscal year 2019 and thereafter.

**Note:** As a reminder, 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 separately issued financial statements, all attachments **must exclude** the effects of any early implementations.

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## Supplemental Information

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### Fort Monroe Authority

Please provide the following information by **September 13, 2018**:

1. Submit **Supplemental Item 3, GASBS No. 68** adjusting entries
  2. Submit **Supplemental Item 4, GASBS No. 75** adjusting entries
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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, 2018, only** if requested by DOA in a separate communication.

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### Virginia Alcoholic Beverage Control Authority

Submit the following by **August 9, 2018**:

1. Submit **Attachment 10** – Enterprise Fund Financial Statement Template
2. Amount and line item where seized assets are reported on **Attachment 10**
3. Detailed information for **GASBS No. 68** entries included on **Attachment 10** – Enterprise Fund Financial Statement Template, in a separate communication provided by DOA.
4. Detailed information for **GASBS No. 75** entries included on **Attachment 10** – Enterprise Fund Financial Statement Template, in a separate communication provided by DOA.

Submit the following by **August 30, 2018**:

5. Amount of malt beverage tax collected in July 2018
  6. Full accrual basis receivable amount as of June 30, 2018, for the malt beverage tax, **including** a fluctuation analysis which compares the current year and prior year amounts. Provide explanations for variances greater than 10% and \$200,000 **or** a variance greater than \$400,000 regardless of the percentage change.
  7. Cardinal revenue account that represents the malt beverage tax
  8. Amount that is due to the Literary Fund related to the sale of confiscated liquor and confiscated assets
  9. Amount of bailment inventory for the ABC Enterprise Fund.
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## Supplemental Information, continued

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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 13, 2018**, so assets will not be overstated and due tos/due froms in the CAFR will equal.

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**Virginia  
Economic  
Development  
Partnership**

Please provide the following information by **September 13, 2018**:

1. Submit **Supplemental Item 3, GASBS No. 68** adjusting entries
  2. Submit **Supplemental Item 4, GASBS No. 75** adjusting entries
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**Virginia  
Housing  
Development  
Authority**

1. 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 13, 2018**.
  2. Please provide investment information to DOA by **November 13, 2018**, **only** if requested by DOA in a separate communication.
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**Virginia  
Outdoors  
Foundation**

Please provide the following information by **September 13, 2018**:

1. Submit **Supplemental Item 4, GASBS No. 75** adjusting entries
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## Supplemental Information, continued

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### Virginia Port Authority

Please provide the following information by **September 13, 2018**:

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.
3. Submit **Supplemental Item 3, GASBS No. 68** adjusting entries
4. Submit **Supplemental Item 4, GASBS No. 75** adjusting entries

**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, 2018, only** if requested by DOA in a separate communication.

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### Virginia Tourism Authority

Please provide the following information by **September 13, 2018**:

1. Submit **Supplemental Item 3, GASBS No. 68** adjusting entries
  2. Submit **Supplemental Item 4, GASBS No. 75** adjusting entries
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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 13, 2018**, if the entity received any of the following that offset the cost of goods and services purchased by the entity during fiscal year 2018: 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 \$9.2 million or
  - Increases or decreases greater than \$18.4 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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