



COMMONWEALTH of VIRGINIA

DAVID A. VON MOLL, CPA
COMPTROLLER

Office of the Comptroller

P. O. BOX 1971
RICHMOND, VIRGINIA 23218-1971

June 17, 2020

MEMORANDUM

TO: Component Unit/Related Organization Contacts

FROM: David A. Von Moll

Component Unit Year-End Reporting Memorandum – FY 2020

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.

Continued on next page

Component Unit Year-End Reporting Memorandum – FY 2020, continued

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 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*
- **GASBS No. 87** – *Leases Overview*

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.

Continued on next page

Component Unit Year-End Reporting Memorandum – FY 2020, continued

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.

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.

Continued on next page

Component Unit Year-End Reporting Memorandum – FY 2020, continued

Attachments with Changes

Attachment CU1, Entity Additional Information Survey

- Added part 10 relating to **GASBS No. 84**, fiduciary activities
-

Attachment CU2, GASBS No. 14 Modified Checklist and CU3, GASBS No.14 Modified Checklist

- The **GASBS No. 14** Checklist Modified to Reflect **GASBS Nos. 39, 61, 80, and 85** has been renamed and revised to include **GASBS No. 84** and **GASBS No. 90** modifications.
 - Questions were added regarding the financial benefit/burden relationship, majority equity interests in a legally separate organization, and fiduciary component unit.
-

Attachment CU4, Financial Statement Template (FST)

- If the entity’s separately issued financial statements must include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position pursuant to **GASBS No. 84**, those amounts should NOT be included in the **Attachment CU4** based on GASB Implementation Guide No. 2015-1, question 4.28.11
 - On the **Component Unit Template Tab**, a new line item ‘Due to Other Governments (ie. Federal/Local Govts.)’ was added to the Liabilities section and Contributions to Permanent Endowments and Contributions to Term Endowments were combined into one line item.
 - Added new requirements for bonds payable to better address **GASBS No. 88** requirements on the LT Debt Tab of the **Attachment CU4** only
 - On the Tab 1A-Detail tab, removed unrestricted SNAP lines
 - On Tab 5 added a question regarding contracts where the entity is the Lessor
-

Attachment CU4 – FASB Foundations, Financial Statement Template

- On the **Component Unit Template Tab**, Page 2 a new line item ‘Due to Other Governments (ie. Federal/Local Govts.)’ was added to the Liabilities section.
 - Component Unit Template tab - Contributions to Permanent Endowments and Contributions to Term Endowments were combined into one line item.
-

Continued on next page

Component Unit Year-End Reporting Memorandum – FY 2020, continued

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.

All Component Units who are not audited by the Auditor of Public Accounts should engage auditors that receive a required periodic peer review and those peer reviews should be shared with the Auditor of Public Accounts. 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.

Early implementation of GASB statements

There will be no early implementation of any GASB statement for Comprehensive Annual Financial Report (CAFR) reporting purposes except as noted below. Any entity that plans early implementation of any other GASB statement should notify Sharon Lawrence, Director – Financial Reporting, immediately at sharon.lawrence@doa.virginia.gov.

NOTE: While the GASB has extended the effective dates due to the impact of new implementations on governments addressing COVID 19 and related staffing limitations, the Commonwealth will proceed with implementing **GASBS No. 84** and **GASBS No. 90**, effective for FY 2020 as originally scheduled.

Thank you

Thank you in advance for assisting to successfully complete the Commonwealth of Virginia's *Comprehensive Annual Financial Report* for fiscal year 2020.

Component Units

Definition

A component unit is a legally separate organization, **excluding fiduciary component units**, of the entity that the primary government is financially accountable for 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. Click on the “Financial Statement Directives” link.

- **Comptroller’s Directive No. 1-20, 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. 2-20, Directive Compliance Guidelines for Higher Education Institutions**
- **Comptroller’s Directive No. 3-20, 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 2020** (This Document)

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

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

Continued on next page

Component Units, continued

Entities and applicable guidance, continued

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

Training

Online training on various topics related to the Component Unit Year-End Reporting Memorandum is available in the Learning Center (COVLC) at <https://covlc.virginia.gov>. Click on the “Catalog” link and search using the keyword “**DOA Directive.**” Click the course/reference you wish to access. If the agency has difficulty accessing the training, contact your entity COVLC site administrator, or e-mail doatraining@doa.virginia.gov for guidance. Please note that if an entity is not a member of the Learning Center, users will not be able to access the training. However, a PDF copy of the PowerPoint slides can be made available to those entities.

Continued on next page

Component Units, continued

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 through **GASBS No. 90**

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 through **GASBS No. 90**

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

Continued on next page

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 and Hampton Roads Transportation Accountability Commission must complete Attachments CU1, CU4 or CU4F, CU5, CU7, and Supplemental Information.

Virginia Alcoholic Beverage Control Authority and Hampton Roads Transportation Accountability Commission 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 10, 2020**.

All Entities	All Entities	All Entities
Attachments CU1 – CU3	Supplemental Information	Attachment CU7
July 9	Varies (see Supplemental Section)	November 10

Attachments CU4 and CU5 are due by August 13 for the following entities:
Assistive Technology Loan Fund Authority
Southwest Virginia Energy Research and Development 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

Continued on next page

Component Units, continued

Due Dates, continued

Attachments CU4, CU5 and audited financial statements are due by September 10 for the following entities:
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 20 for fluctuation analysis requirements.

Attachments CU4 - FASB Foundations, CU5 and audited financial statements are due by September 10 for the following entities
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 20 for fluctuation analysis requirements.

Related Organizations

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.

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
 - Tobacco Settlement Financing Corporation
 - Virginia Birth-Related Neurological Injury Compensation Program
 - Virginia Coalfields Expressway Authority
 - Virginia Nuclear Energy Consortium Authority
 - Virginia Recreational Facilities Authority
 - Tourist Train Development Authority
-

Required submissions and due dates

The following submissions are required from related organizations. Attachment information is due **July 9, 2020**.

- **Attachment CU1** - Entity Additional Information Survey
- **Attachment CU2** - **GASBS No. 14** Checklist Modified through **GASBS No. 90**

Note: The entity will complete the CU2 for itself if required based on answers provided on CU1, Part 5a.

Financial Statements are due September 10, 2020.

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

Submission of Financial Statements/Templates and Attachments

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.

Submitting financial material

Entities should send the required materials by **ONE** of the following methods:

E-mail: finrept-CU@doa.virginia.gov

And copy APA via e-mail at APAFinRept@apa.virginia.gov

Availability

Component Unit Year-End Reporting Memorandum – FY 2020 and the attachments are available on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link.

continued next page

Submission of Financial Statements/Templates and Attachments, continued

Questions

For specific questions regarding attachments or training, contact:

Attachment Analyst

E-mail: AttachmentAnalyst@doa.virginia.gov

John J. Sotos

Assistant Director – Financial Statements

E-mail: John.Sotos@doa.virginia.gov

Sharon H. Lawrence

Director – Financial Reporting

E-mail: Sharon.Lawrence@doa.virginia.gov

PeiChi Hockaday

CU-5 questions

E-mail: Peichi.hockaday@doa.virginia.gov

Barry Faison

Chief Financial Officer

Virginia Retirement System

GASBS No. 68 and **GASBS No. 75** VRS entries questions

E-mail: bfaison@varetire.org

Jian Martin

Fiscal Officer

Department of Human Resource Management

GASBS No. 75 DHRM entries questions

E-mail: Jian.Martin@dhrm.virginia.gov

Preparation of Financial Statements/Templates and Attachments

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 for information regarding GASB statements.

GASB Statements Effective for Fiscal Year 2020 and Thereafter

Early implementation of GASB statements There will be **no** early implementation of any GASB statement for Comprehensive Annual Financial Report (CAFR) reporting purposes except as noted below. Any entity that plans early implementation of any other GASB statement should notify Sharon Lawrence, Director – Financial Reporting, immediately at sharon.lawrence@doa.virginia.gov.

Note: While the GASB has extended the effective dates due to the impact of new implementations on governments addressing COVID 19 and related staffing limitations, the Commonwealth will proceed with implementing **GASBS No. 84** and **GASBS No. 90**, effective for FY 2020 as originally scheduled.

Current year implementations The following Governmental Accounting Standards Board (GASB) statements are effective for the Commonwealth for fiscal year 2020 and thereafter:

- **GASBS No. 84**, *Fiduciary Activities*;
 - **GASBS No. 90**, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61*.
 - **GASBS No. 92**, *Omnibus 2020*, only paragraphs 11 and 13 effective upon issuance - January 2020.
-

GASB Statements Effective for Fiscal Year 2020 and Thereafter, continued

Future implementations

As noted above, the GASB has extended the effective dates for numerous GASB statements. Since the Commonwealth is adhering to the original effective date for **GASBS No. 84** and **GASBS. No. 90**, there will be the following implementation for fiscal year 2021.

- **GASBS No. 93**, *Replacement of Interbank Offered Rates* (Exception: Paragraphs 11b, 13, 14 – effective for fiscal year 2022)

Entities are strongly encouraged to continue preparation efforts to implement the following statements effective for fiscal year 2022:

- **GASBS No. 87**, *Leases*,
- **GASBS No. 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and
- **GASBS No. 92**, *Omnibus 2020* (Exception: Paragraphs 11, 13 – effective upon issuance).

Note: **GASBS No. 87** dramatically modifies lease requirements. For additional information, refer to the **GASBS No. 87 – Leases Overview** section in the **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**, which can be found on DOA’s website at www.doa.virginia.gov.

Supplemental Information

Fort Monroe Authority

Please provide the following information by **September 10, 2020**:

1. Submit **GASBS No. 68** – Supplemental Submission adjusting entries
 2. Submit **GASBS No. 75** – Supplemental Submission adjusting entries
-

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”.

Hampton Roads Transportation Accountability Commission

Submit the following by **October 1, 2020**:

1. Capital Projects – Debt Service Supplemental Templates for HRTAC
 2. Final statements for Hampton Road Transportation Accountability Commission
-

Tobacco Region Revitalization Commission

Please provide investment information to DOA by **November 10, 2020**, **only** if requested by DOA in a separate communication.

Virginia Alcoholic Beverage Control Authority

Submit the following by **August 20, 2020**:

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 27, 2020**:

5. Amount of malt beverage tax collected in July 2020
 6. Full accrual basis receivable amount as of June 30, 2020, 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 \$205,000 **or** a variance greater than \$410,000 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
-

Continued on next page

Supplemental Information, continued

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 10, 2020**, so assets will not be overstated and due tos/due froms in the CAFR will equal.

Virginia Economic Development Partnership

Please provide the following information by **September 10, 2020**:

1. Submit **GASBS No. 68** – Supplemental Submission adjusting entries
2. Submit **GASBS No. 75** – Supplemental Submission adjusting entries

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 10, 2020**.
 2. Please provide investment information to DOA by **November 10, 2020**, **only** if requested by DOA in a separate communication.
-

Virginia Outdoors Foundation

Please provide the following information by **September 10, 2020**:

1. Submit **GASBS No. 75** – Supplemental Submission adjusting entries

Continued on next page

Supplemental Information, continued

Virginia Port Authority

Please provide the following information by **September 10, 2020**:

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 **GASBS No. 68** – Supplemental Submission adjusting entries
4. Submit **GASBS No. 75** – Supplemental Submission adjusting entries
5. Provide a cash reconciliation of activity reported on the template to Cardinal cash balances **including** any reimbursements submitted to Treasury.

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.

Continued on next page

Supplemental Information, continued

Virginia Resources Authority

Please provide investment information to DOA by **November 10, 2020, only** if requested by DOA in a separate communication.

Virginia Tourism Authority

Please provide the following information by **September 10, 2020**:

1. Submit **GASBS No. 68** – Supplemental Submission adjusting entries
 2. Submit **GASBS No. 75** – Supplemental Submission adjusting entries
-

All component units

Provide description, fund, revenue account or expense program, and amount to DOA by **September 10, 2020**, if the entity received any of the following that offset the cost of goods and services purchased by the entity during fiscal year 2020: 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 PeiChi Hockaday at (804) 786-0246 or PeiChi.Hockaday@doa.virginia.gov if you have any questions regarding this supplemental information.

Preparation of Fluctuation Analyses

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.

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

- Increases or decreases greater than 10% and \$9.3 million or
 - Increases or decreases greater than \$18.6 million
-

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.

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

This Page Intentionally Left Blank