COMMONWEALTH of VIRGINIA

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June 24, 2008

MEMORANDUM

TO: Component Unit / Related Organization Contacts

FROM: David A. Von Moll

Component Unit Year-End Reporting Memorandum – FY 2008

Summary

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

The **Introduction** section explains the reason submissions to the Department of Accounts are required, outlines necessary peer review report submissions, and discusses the early implementation of GASB pronouncements.

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 is located on page 7 and for related organizations on page 9.

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, lists the internet location of this document, and references contact information for individuals who can provide assistance.

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Summary (continued)

The **Preparation of Financial Statements / Templates and Attachments** section addresses selected GASB Statements, Technical Bulletins, and Interpretations. The **GASBS No. 33 – Nonexchange Transactions Overview** and **GASBS No. 34, Financial Reporting Model Overview** sections provide additional reporting guidance.

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

A fluctuation analyses has been added to the component unit template file (Attachment CU4) to compare the current year's financial statement template activity to the prior year's financial statement template activity. Material 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.

New Attachment

Attachment CU14, **GASB No. 48**, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*

Attachments with Changes

Attachment CU2, GASBS No. 14 Checklist Modified to Reflect GASBS No. 39

- Applicable entities section changed to only include any component unit that **has** been evaluated in prior years; however, a change has occurred that might affect its classification.

Attachment CU3, GASBS No. 14 Checklist Modified to Reflect GASBS No. 39

- Applicable entities section changed to include any component unit that has a potential component unit that has **not** been previously evaluated and any component unit that has a component unit that **has** been evaluated in prior years, but a changed occurred that might affect its classification.

Attachment CU4, Financial Statement Template For Selected Component Units

- A fluctuation analysis has been added to the **Component Unit Template** tab.
- A section was added to the **Cash Equiv. & Inv. Not w Tr** tab for unsecured bonds and notes.
- **Tab 7 – Inventory** was changed to provide a section for entities to report inventory that is pledged or has a lien against it to ensure compliance with **GASBS 48.**
- **Tab 8 – Miscellaneous** has been changed to provide a section for entities to answer whether restricted cash, cash equivalents, and investments were properly classified.
- **Tab 8 – Miscellaneous** has been changed to provide a section on **GASBS No. 48**, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.
- **Tab 8 – Miscellaneous** was changed to provide a section for entities to report on business-type activity to ensure compliance with **GASBS No. 20**.
- **Tab 8 – Miscellaneous** was changed to provide a section for **GASBS No. 49**, *Accounting and Financial Reporting for Pollution Remediation Obligations*.
- **Tab 10 – Inv in CA, Net of Debt** was added to assist with the reconcilation of capital assets.

Attachment CU6, Schedule of Cash, Cash Equivalents, and Investments at June 30

- A section was added to the **Cash Equiv. & Inv. Not w Tr** tab for unsecured bonds and notes.

Attachment CU9, Asset and Liability Disclosures

- A column was added on the **Assets** tab for other noncurrent assets.

Introduction

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 unqualified opinion on the CAFR is critical to Virginia's retention of its AAA bond rating.

Peer review report submissions

The 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**.

Early implementation of GASB statements

There will be **no** early implementation of any GASB statement for CAFR reporting purposes. Any entity that plans early implementation of any GASB statement should notify Sharon Lawrence, Director of Financial Reporting, immediately at (804) 225-2414.

Thank you

Thank you in advance for assisting to successfully complete the *Comprehensive Annual Financial Report* for fiscal year 2008.

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 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. 2-08, Financial Statement Template Preparation for Higher Education Institutions** (Higher Education)
- **Comptroller's Directive No. 3-08, Directive Compliance Guidelines for State Agencies** (State Agency)
- **Component Unit Year-End Reporting Memorandum – FY 2008** (This Document)

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

Component Unit	Applicable Directive/ Memorandum
Advantage Virginia Incentive Program Foundation (VEC)	State Agency
A. L. Philpott Manufacturing Extension Partnership	This Document
Assistive Technology Loan Fund Authority	This Document
Belmont Bay Science Center Foundation (SMV)	State Agency
Danville Science Center, Inc. (SMV)	State Agency
Fort Monroe Federal Area Development Authority (DHCD)	This Document
Hampton Roads Sanitation District Commission	This Document
Higher Education Institutions	Higher Education
Innovative Technology Authority	Higher Education
Institute for Advanced Learning and Research	Higher Education
Library of Virginia Foundation (LVA)	State Agency
New College Institute	Higher Education
Roanoke Higher Education Authority	Higher Education
Science Museum of Virginia Foundation, Inc. (SMV)	State Agency
Small Business Financing Authority	This Document
Southern Virginia Higher Education Center	Higher Education
Southwest Virginia Higher Education Center	Higher Education
Tobacco Indemnification and Community Revitalization Commission	This Document
Virginia Arts Foundation (VCA)	State Agency
Virginia Biotechnology Research Partnership Authority	This Document
Virginia Coalfield Coalition Authority (VDOT)	State Agency
Virginia College Building Authority	Higher Education
Virginia Economic Development Partnership	This Document

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Entities and applicable guidance (continued)

Component Unit	Applicable Directive/ Memorandum
Virginia Horse Center Foundation	This Document
Virginia Housing Development Authority	This Document
Virginia Land Conservation Foundation (DCR)	State Agency
Virginia Museum of Fine Arts Foundation (VMFA)	State Agency
Virginia National Defense Industrial Authority	This Document
Virginia Outdoors Foundation	This Document
Virginia Port Authority and Virginia International Terminals	This Document
Virginia Public Building Authority (Treasury)	State Agency
Virginia Public School Authority (Treasury)	State Agency
Virginia Resources Authority	This Document
Virginia Schools for the Deaf and Blind Foundation (DOE)	State Agency
Virginia Tobacco Settlement Foundation	This Document
Virginia Tourism Authority	This Document

Required submissions

A list of required submissions for component units covered by this document follows. See "Entities and Applicable Guidance" above 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 No. 39**
  NOTE: The entity will complete this for itself.
- Attachment CU3: **GASBS No. 14** Checklist Modified to Reflect **GASBS No. 39**
  NOTE: The entity will complete this for any organizations, foundations, or component units related to it.
- Attachment CU4: Financial Statement Template For Selected Component Units
- Attachment CU5: Federal Schedules
- Attachment CU6: Schedule of Cash, Cash Equivalents, and Investments at June 30
- Attachment CU7: **GASBS No. 20** for Proprietary Funds
- Attachment CU8: Capital Asset Disclosures
- Attachment CU9: Asset and Liability Disclosures
- Attachment CU10: Proprietary Funds – Conversion to Statement of Activities
- Attachment CU11: Short-term Debt
- Attachment CU12: Intrafund Activity
- Attachment CU13: **GASBS No. 42**, Impairment of Capital Assets and Insurance Recoveries
- Attachment CU14: **GASBS No. 48**, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues

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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")

Attachments CU1 – CU3	Attachment CU4 (Template)	Attachment CU5 (Federal Schedules)	Financial Statements	Attachments CU6 – CU11	Attachment CU12 (Intrafund Activity)	Attachment CU13 (Impairment of Cap Assets)	Attachment CU14 (Sales and Pledges Receivables and Future Revenues)	Supplemental Information
July 31	August 29	August 29	September 23	September 23	September 23	September 23	September 23	September 23

Component Unit	Applicable Attachments
A.L. Philpott Manufacturing Extension Partnership	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Assistive Technology Loan Fund Authority	CU1-CU3, CU4, CU5, Supplemental Information
Belmont Bay Science Center Foundation	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Danville Science Center, Inc.	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Fort Monroe Federal Area Development Authority	CU1-CU3, CU4, CU5, Supplemental Information
Hampton Roads Sanitation District Commission	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Library of Virginia Foundation	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Science Museum of Virginia Foundation	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Small Business Financing Authority	CU1-CU3, CU4, CU5, Supplemental Information
Tobacco Indemnification and Community Revitalization Commission	CU1-CU3, CU4, CU5, Supplemental Information
Virginia Arts Foundation	CU1-CU3, CU4, CU5, Supplemental Information
Virginia Biotechnology Research Partnership Authority	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Virginia Coalfield Coalition Authority	CU1-CU3, CU4, CU5, Supplemental Information
Virginia Economic Development Partnership	CU1-CU3, CU4, CU5, Supplemental Information
Virginia Horse Center Foundation	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14
Virginia Housing Development Authority	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information

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Component Units, Continued

Component Unit	Applicable Attachments
Virginia Land Conservation Foundation	CU1-CU3, CU4, CU5, Supplemental Information
Virginia Museum of Fine Arts Foundation	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Virginia National Defense Industrial Authority	CU1-CU3, CU4, CU5, Supplemental Information
Virginia Outdoors Foundation	CU1-CU3, CU4, CU5, Supplemental Information
Virginia Port Authority and Virginia International Terminals	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU12, CU13, CU14, Supplemental Information
Virginia Public School Authority	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Virginia Resources Authority	CU1-CU3, CU5, Financial Statements, CU6-CU11, CU13, CU14, Supplemental Information
Virginia Schools for the Deaf and Blind Foundation	CU1-CU3, CU4, CU5, Supplemental Information
Virginia Tobacco Settlement Foundation	CU1-CU3, CU4, CU5, Supplemental Information
Virginia Tourism Authority	CU1-CU3, CU4, CU5, Supplemental Information

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 the **Component Unit Year-End Reporting Memorandum – FY 2008** which is located on DOA's website at **www.doa.virginia.gov**. Click on the "Financial Statement Directives" link.

The following summarizes the Commonwealth's related organizations:

- Center for Rural Virginia
- Chesapeake Bay Bridge and Tunnel Commission
- Foundation for Virginia's Natural Resources
- Hampton Roads Sports Facility Authority
- Jamestown-Yorktown Educational Trust
- Jamestown-Yorktown Foundation, Inc.
- Rural Virginia Development Foundation
- Tobacco Settlement Financing Corporation
- Tourist Train Development Authority
- Virginia Birth-Related Neurological Injury Compensation Program
- Virginia Capital Preservation Foundation
- Virginia Commercial Space Flight Authority
- Virginia Recreational Facilities Authority

Required submissions and due dates

The following submissions are required from related organizations. All information is due **September 23, 2008**. The Department of Accounts (DOA) may contact Related Organizations with questions regarding the financial information submitted.

- Financial Statements
- Attachment CU1: Entity Additional Information Survey
- Attachment CU2: **GASBS No. 14** Checklist Modified to Reflect **GASBS No. 39**
  NOTE: The entity will complete this for itself.

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**

OR

Fax: (804) 225-2430

OR

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

Availability

Component Unit Year-End Reporting Memorandum – FY 2008 and the attachments are available on the Internet at **www.doa.virginia.gov**. Click on the "Financial Statement Directives" link.

Questions

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Preparation of Financial Statements / Templates and Attachments

Introduction

This section provides an overview of select existing and future GASB Statements, Interpretations, and Technical Bulletins to be considered when preparing financial statements / templates and data.

GASBS No. 7 and GASBS No. 23 disclosures

GASBS No. 7 provides guidance on required disclosures for refunding of debt for all governmental entities.

- At a minimum, the disclosures should include the difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding, and the economic gain or loss resulting from the refunding.

- Please ensure this information is included in the entity's notes to the financial statements.

GASBS No. 23 establishes standards of accounting and financial reporting for current refundings and advance refundings resulting in defeasance of debt reported by proprietary activities.

GASBS No. 27 net pension obligation entries

The Virginia Economic Development Partnership (VEDP), the Virginia Tourism Authority (VTA), the Virginia Outdoors Foundation (VOF), and the Virginia National Defense Industrial Authority (VNDIA) **are required** to record a Net Pension Obligation (NPO) in the individual financial statements to comply with **GASBS No. 27**. The VEDP, VTA, VOF, and VNDIA NPO is calculated as part of the Commonwealth's pension liability (a separate actuarial valuation is not done for VEDP, VTA, VOF or VNDIA), but the Commonwealth is not considered the employer for VEDP, VTA, VOF or VNDIA.

DOA will provide any applicable information in a separate communication. Other entities that need to record a NPO are responsible for computing the amount.

GASBS No. 28 securities lending entries

DOA will provide asset, liability, income, and expense amounts for each entity's share of securities lending transactions, if any, held in the General Account of the Commonwealth. This information and guidance on where these amounts should be recorded in the financial statements will be provided in a separate communication.

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GASBS No. 33 and GASBS No. 36	Nonexchange transactions must be reported in accordance with **GASBS No. 33** and **GASBS No. 36** (see also **GASBS No. 33 – Nonexchange Transactions Overview** section in this document).
GASBS No. 34 / GASBS No. 37 / Interpretation No. 6	**GASBS No. 34**, **GASBS No. 37**, and **GASB Interpretation No. 6** establish the financial reporting model (see also **GASBS No. 34 – Financial Reporting Model Overview** section in this document).
GASBS No. 38	**GASBS No. 38**, *Certain Financial Statement Note Disclosures*, establishes and modifies disclosure requirements related to the summary of significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions, debt and lease obligations, short-term debt, disaggregation of receivable and payable balances, and interfund balances and transfers.
GASBS No. 39	**GASBS No. 39**, *Determining Whether Certain Organizations Are Component Units*, amends **GASBS No. 14** by providing criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. **GASBS No. 39** also provides reporting requirements for such organizations.
GASBS No. 40	**GASBS No. 40**, *Deposit and Investment Risk Disclosures*, amends **GASBS No. 3** by updating the custodial credit risk disclosure requirements and establishing more comprehensive disclosure requirements for other common risks of deposits and investments.

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GASBS No. 42

GASBS No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, requires evaluation of events and circumstances that might impair the value of capital assets. It also provides guidance on reporting permanently impaired capital assets and all insurance recoveries.

Attachments CU4 – Tab 9 – Imprmnt. of Cap. Assets and Attachment CU13 gather this information for CAFR reporting. Component Units that may have material impaired capital assets should read and understand the requirements of **GASBS No. 42** and ensure it is properly reflected in the financial statements.

GASBS No. 43

GASBS No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes uniform standards of financial reporting by state and local governmental entities for other postemployment benefit plans.

GASBS No. 45

GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes uniform standards of financial reporting by state and local governmental entities for other postemployment benefit plans. This statement is being implemented this fiscal year.

DOA will provide any applicable entry information in a separate communication.

GASBS No. 46

GASBS No. 46, *Net Assets Restricted by Enabling Legislation*, provides additional clarification and reporting guidance on net assets that are restricted as a result of enabling legislation.

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GASBS No. 47

GASBS No. 47, *Accounting for Termination Benefits*, provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated.

Attachment CU4, Tab 8, requests information on the impact of **GASBS No. 47**.

GASBS No. 48

GASBS No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* requires a transaction in which a government receives or is entitled to resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues to be reported as a collateralized borrowing resulting in a liability rather than as a sale unless the specific criteria for reporting as a sale are met [GASB-S48:5-18]. Also, this statement requires governments to report transfers or donations of capital assets or financial assets within a financial reporting entity at the carrying value at the time of transfer.

Attachment CU4, Tab 8 and Attachment CU14 requests information on the impact of **GASBS No. 48**.

GASBS No. 50

GASBS No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

GASB Technical Bulletin 2003-1

GASB Technical Bulletin 2003-1, *Disclosure Requirements for Derivatives Not Presented at Fair Value on the Statement of Net Assets*, provides guidance on derivative disclosures.

GASB Technical Bulletin 2004-2

GASB Technical Bulletin 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures / Expense and Liabilities by Cost-Sharing Employers*, provides guidance on pension and other postemployment benefit disclosures.

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SOP 98-1 Internal use computer software costs

SOP 98-1, ***"Capitalization of Software Costs,"*** issued by the AICPA, provides the requirements for capitalizing costs of software developed or obtained for internal use. The Commonwealth has elected to follow **SOP 98-1**. Any inquiries may be addressed to those listed in the **Questions** section of the document.

Other interpretations to consider

Interpretation No. 2, *Disclosure of Conduit Debt Obligations*

Interpretation No. 3, *Financial Reporting for Reverse Repurchase Agreements*

Interpretation No. 4, *Accounting and Financial Reporting for Capitalization Contributions to Public Entity Risk Pools*

Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

Upcoming GASB Statements

GASBS No. 49

GASBS No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups.

GASBS No. 51

GASBS No. 51, *Accounting and Financial Reporting for Intangible Assets*, requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. **GASBS No. 51** also provides authoritative guidance that specifically addresses the nature of these intangible assets.

GASBS No. 52

GASBS No. 52, *Land and Other Real Estate Held as Investments by Endowments*, establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities.

GASBS No. 33 – Nonexchange Transactions Overview

Definition of nonexchange transactions

Nonexchange transactions are those transactions where a government gives (or receives) value **without** directly receiving (or giving) equal value in return. **GASBS No. 33**, *Accounting and Financial Reporting for Nonexchange Transactions*, and **GASBS No. 36**, *Recipient Reporting for Certain Shared Nonexchange Revenues*, provide guidance on reporting nonexchange transactions. The four types of nonexchange transactions are as follows:

Derived Tax Revenues – assessments imposed by governments on exchange transactions.

Imposed Nonexchange Transactions – assessments by governments on nongovernmental entities, including individuals, other than assessments on exchange transactions.

Government-mandated Nonexchange Transactions – a government at one level provides resources to a government at another level and requires that government to use the resources for a specific purpose or purposes established by the provider's enabling legislation.

Voluntary Nonexchange Transactions – result from legislative or contractual agreements, other than exchanges, entered into willingly by two parties.

Derived tax revenue – recognition requirements

Examples: sales taxes, personal and corporate income taxes, motor fuel taxes, and similar taxes on earnings or consumption

Asset Recognition:
Period when underlying exchange has occurred or when resources are received, whichever is first.

Revenue Recognition:
Period when underlying exchange has occurred. (Report advance receipts as unearned revenues.) When modified accrual accounting is used, resources also should be available.

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GASBS No. 33 – Nonexchange Transactions Overview,
Continued

Imposed nonexchange transactions – recognition requirements

Examples: property taxes, most fines and forfeitures

Asset Recognition:
Period when an enforceable legal claim has arisen or when resources are received, whichever is first.

Revenue Recognition:
Period when resources are required to be used or first period that use is permitted. When modified accrual accounting is used, resources also should be available.

Government-mandated / voluntary nonexchange transactions – recognition requirements

Examples: government-mandated nonexchange transactions – federal government mandates on state and local governments / voluntary nonexchange transactions – certain grants and entitlements, most donations

Asset and Liability Recognition:
Period when all eligibility requirements have been met or (for asset recognition) when resources are received, whichever is first.

Revenue and Expenditure / Expense Recognition:
Period when all eligibility requirements have been met. (Report advance receipts or payments for use in the following period as unearned revenues or advances, respectively.) When modified accrual accounting is used for revenue recognition, resources also should be available.

NOTE: Eligibility requirements are discussed on the following page.

Overall recognition requirements

Revenue transactions that do not meet the revenue recognition requirements in **GASBS No. 33** and **GASBS No. 36** must be reclassified as unearned revenue. Expenditure / expense transactions that do not meet the expenditure / expense recognition requirements in **GASBS No. 33** must be reclassified as an advance. That is, until those requirements are met, the provider does not have a liability or recognize an expenditure / expense.

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GASBS No. 33 – Nonexchange Transactions Overview,
Continued

Eligibility requirements

The eligibility requirements are conditions established by enabling legislation or by the provider that must be met before a **nonexchange** transaction can occur. The eligibility requirements are:

- Required characteristics of recipients: The recipient has the characteristics specified by the provider. (For example: Under a certain federal program, recipients are required to be states & secondary recipients are required to be school districts.)

- Time requirements: Time requirements specified by enabling legislation or by the provider have been met. (For example: The period when the resources are required to be used, or when use may begin.)

- Reimbursements: The provider offers resources on a reimbursement (expenditure driven) basis, and the recipient has incurred allowable costs under the applicable program.

- Contingencies (applies only to voluntary nonexchange transactions): The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

GASBS No. 33 footnote disclosure

GASBS No. 33, paragraph 11, states that under either basis of accounting (modified accrual or accrual) recognition of transactions is only required if measurable (reasonably estimable) and probable of collection.
GASBS No. 33 requires footnote disclosure of transactions that are not recognizable because they are not measurable.

GASBS No. 33 / GASBS No. 36

GASBS No. 33 and **GASBS No. 36** requirements must be followed when preparing GAAP basis financial statements or financial statement templates (Attachment CU4).

Refer to **GASBS No. 33** and **GASBS No. 36** for additional guidance and examples of nonexchange transactions and eligibility requirements.

GASBS No. 34, Financial Reporting Model Overview

Background

GASBS No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* modified the financial reporting requirements for governmental entities. **GASB Interpretation No. 6**, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements,* clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or could arise, in interpretation and practice. **GASBS No. 37**, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus,* clarifies certain provisions in **GASBS No. 34**.

For additional guidance regarding **GASBS No. 34**, please refer to the most current Comprehensive Implementation Guide issued by GASB in 2007.

Resources

Resources can be accessed as follows:

Resource	Source
GASB Statements and related Implementation Guides	**www.gasb.org**
Governmental Accounting, Auditing, and Financial Reporting Using the GASB 34 Model, 2005 edition by Steven Gauthier and related supplement	**www.gfoa.org**

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Statement of Net Assets – overview

Assets and liabilities must be in order of relative liquidity or presented in a classified format to identify current (converted to cash within one year / due within one year) and noncurrent assets and liabilities (converted to cash in greater than one year / due in greater than one year). If the classified format is not used, liabilities with average maturities greater than one year must be reported separately as amounts due within one year and amounts due in greater than one year. **Proprietary funds must use the classified format**.

Cash and cash equivalents (original maturity of 90 days or less) must be reported separately from investments (original maturity of greater than 90 days). Distinguish between Cash and Cash Equivalents with the Treasurer, Cash and Cash Equivalents not with the Treasurer, Investments with the Treasurer, and Investments not with the Treasurer.

Depreciable and nondepreciable capital assets must be reported on separate line items.

For the Statement of Net Assets, the fund balance / retained earnings and contributed capital are called net assets and must be displayed in three broad components:

1. **Invested in capital assets, net of related debt**
2. **Restricted (including a description of each type of restriction)**
3. **Unrestricted**

The following sections provide definitions of Invested in Capital Assets, Net of Related Debt, and Restricted Net Assets. **Unrestricted** net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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Statement of Net Assets – Invested in Capital Assets, Net of Related Debt

This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding debt (balances of any bonds, mortgages, notes, or other **borrowings**) that are attributable to the acquisition, construction, or improvement of those assets. It also includes the unspent proceeds on this debt that is related to the capital assets (Note A). It does not include investment earnings on those unspent proceeds which would most likely be reported on one of the restricted net asset line items. This component does not include accounts payable related to capital assets because an accounts payable is not considered a borrowing.

Note A: If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds should not be included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt should be included in the same net asset component as the unspent proceeds - for example, restricted for capital projects.

Statement of Net Assets – Restricted Net Assets

Restricted net assets should be reported as restricted, including a description of the restriction, when constraints placed on net asset use are either:

- Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments
- Imposed by law through constitutional provisions or enabling legislation

GASBS No. 34 1st Implementation Guide, question 95 states the following: "The basic concept is that restrictions are not unilaterally established by the reporting government itself and cannot be removed without the consent of those imposing the restrictions or through formal due process." **Any resources that are classified as program revenue – operating or capital grants & contributions are restricted**.

If restricted net assets include amounts related to permanent endowments or permanent fund principal, the expendable and nonexpendable components must be reported separately.

- See **GASBS No. 34** for further guidance on restricted net assets.

Note: DOA will contact entities, as needed, to obtain information to appropriately report restrictions in the Comprehensive Annual Financial Report.

Continued on next page

Statement of Activities – revenue classification

Revenue should be reported as one of the following on the Government-wide Statement of Activities:

- General Revenue
- Contributions to Term and Permanent Endowments and Contributions to Permanent Fund Principal
- Program Revenue – Charges for Goods / Services
- Program Revenue – Operating Grants and Contributions
- Program Revenue – Capital Grants and Contributions

Program revenue must also be classified by expenditure function. For CAFR reporting purposes, the function is the entity.

Statement of Activities – General Revenue

All revenues are general revenues unless the revenues are required to be reported as program revenues. General revenues consist of the following categories:

- Taxes (source codes 01xxx)
- Investment Earnings
- Grants & Contributions Not Restricted to Specific Programs
- Miscellaneous

All taxes, even those that are levied for a specific purpose (for example, sales tax, property tax, franchise tax, income tax) are general revenues. All other non-tax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

Statement of Activities – Contributions to Term and Permanent Endowments

Contributions to term and permanent endowments and contributions to permanent fund principal must be reported as a separate revenue line item. Permanent endowment and permanent fund principal is not expendable. Term endowment principal is not expendable until after a specified time period or after a designated event.

Continued on next page

Statement of Activities – Program Revenue

The following are descriptions of the classifications of program revenue.

- **Charges for Goods / Services** – includes revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use or directly benefit from the goods, services, or privileges provided, or otherwise directly affected by the services. Examples of this category are as follows: fees charged for specific services, licenses, permits, and other amounts charged to service recipients. In addition, fines and forfeitures are also included because they result from direct charges to those who are otherwise directly affected by the program or service even though they receive no benefit. (see **GASBS No. 34**, **GASBS No. 37**, paragraph 13 which amends **GASBS No. 34**, paragraph 49)
- **Operating Grants and Contributions** – includes revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government should be reported as Operating Grants and Contributions. (see **GASBS No. 34**, paragraph 50)
- **Capital Grants and Contributions** – includes revenues arising from mandatory and voluntary nonexchange transactions with the Commonwealth, other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes (to purchase, construct, or renovate capital assets associated with a specific program). These items should be reported as Capital Grants and Contributions. **Note**: Capital appropriations received from the Commonwealth should be reported as capital grants and contributions. (see **GASBS No. 34**, paragraph 50)

Multipurpose Grants (grants that provide financing for more than one program) – should be reported as program revenue if the amounts restricted to each program are specifically identified in either the grant award or the grant application. Multipurpose grants that do not provide for specific identification of the programs and amounts should be reported as General Revenues.

Earnings on endowments or permanent fund investments should be reported as program revenues if restricted to a program specifically identified in the endowment or permanent fund agreement or contract. However, these earnings should be reported as General Revenue if the earnings are used to finance general operating expenses. Earnings on investments not held by permanent funds also may be legally restricted to specific functions or programs. For example, interest earnings on State grants may be required to be used to support a specific program.

Supplemental Information

Danville Science Center, Inc.

Please provide the following information by **September 23, 2008**:

- The breakdown of unrestricted, restricted, and invested in capital assets, net of related debt amounts.

Hampton Roads Sanitation District Commission

Please provide the following information by **September 23, 2008**:

- Ensure that "property and casualty insurance" and "hospitalization insurance" are reported separately on **Attachment CU9, Asset and Liability Disclosures** as either "other liabilities" or "other long-term liabilities."
- The breakdown of cash balances (between book and bank balances) as of June 30, 2008.

Virginia Housing Development Authority

Please provide the following information by **September 23, 2008**:

- The breakdown between long-term liabilities due within one year and due in greater than one year for Notes Payable.
- A Schedule of Changes in Long-term Liabilities (beginning balance 7/1/07, additions, deletions, ending balance 6/30/08) for the following:
    - Current Escrows and Project Reserves, if applicable
    - Current Rebate Liability, if applicable
    - Non-current Rebate Liability, if applicable
- The breakdown of unrestricted and restricted cash amounts
- The breakdown of unrestricted and restricted cash equivalent amounts

Virginia Museum of Fine Arts Foundation

Please provide the following information by **September 23, 2008**:

- The breakdown of unrestricted, restricted, and invested in capital assets, net of related debt amounts.

Continued on next page

All Component Units

Provide the information listed below to DOA by **September 23, 2008** if the entity received any of the following that offset the cost of goods and services purchased by the institution during fiscal year 2008: 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*.

- Description
- Fund-fund detail
- Revenue source code or expense program
- Amount

* Note: Contact Penny Williams at (804) 225-3804 or Penny.Williams@doa.virginia.gov or Bobby Eddleton at (804) 225-2257 or Bobby.Eddleton@doa.virginia.gov if you have any questions regarding this supplemental information.

Applicable entities

For the following component units, please complete by **September 23, 2008** from the Comptroller's Directive No. 3-08, Directive Compliance Guidelines for State Agencies Attachment 4, **2007** Off-Balance Sheet Financial Obligations, which is located on the Internet at **www.doa.virginia.gov**. Click on the "Financial Statement Directives" link.

- Small Business Financing Authority
- Tobacco Indemnification and Community Revitalization Commission
- Virginia Arts Foundation
- Virginia Economic Development Partnership
- Virginia Land Conservation Foundation
- Virginia National Defense Industrial Authority
- Virginia Port Authority
- Virginia Tobacco Settlement Foundation
- Virginia Tourism Authority

Preparation of Fluctuation Analyses

Due date

All component unit entities that are required to submit a financial statement template (Attachment CU4) must provide a fluctuation analysis, which should be submitted electronically to the APA **and** DOA by **September 23, 2008**.

Requirements

A fluctuation analysis has been added to the component unit template file (Attachment CU4) to compare the current year's financial statement template activity to the prior year's financial statement template activity. Material variances must be explained as well as line items which have a current year amount, but prior year amount was zero or line items that have a prior year amount, but current year amount is zero. For the prior year amounts to appear, 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 appear in the prior year column and the #N/As will disappear. There are also columns to show dollar and percentage variances. In addition, for those financial statement line items that meet the materiality scopes 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 in a Microsoft Word document and submitted along with the template.

Note: During DOA's review of the attachment, additional fluctuations may require an explanation. The entity will be contacted if additional explanations are needed and/or if the explanations provided were not sufficient or do not seem reasonable.

Materiality scopes

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

- Increases or decreases greater than 10% and $2,220,000 or
- Increases or decreases greater than $7,400,000.

Review of fluctuation analyses

Each entity's fiscal officer should review the fluctuation analysis, and any significant fluctuations should be explained.

Additional explanations

DOA may request explanations for other variances that are not explained.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU1 – Instructions
Entity Additional Information Survey

Purpose

To report additional information that may not be provided through other Attachments.

Note: This attachment is similar to prior year's Attachment CU1.

Applicable entities

All component units and related organizations.

Due date

July 31, 2008

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym followed by AttCU1. For example, the Virginia Resources Authority should rename its Attachment CU1.xls file as VRAAttCU1.xls. **If the entity does not have a well known acronym** then spell the entire name of the entity followed by AttCU1. For example, Jamestown-Yorktown Education Trust may rename its Attachment CU1.xls file as JamestownYorktownEducationTrustAttCU1.xls.

Submit the Excel document electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU2 – Instructions
GASBS No. 14 Checklist Modified to Reflect GASBS No. 39

Purpose

This attachment is a checklist used to evaluate, based on **GASBS No. 14** and **GASBS No. 39** criteria, each organization, foundation, or commission within an entity for possible inclusion as a component unit in the CAFR.

The entity needs to complete this attachment for itself specifically as the entity relates to the Commonwealth of Virginia. The Commonwealth of Virginia is the primary government (PMG). This attachment will help DOA evaluate how to report the entity in the Commonwealth's Annual Financial Report.

Note: This attachment is similar to prior year's Attachment CU2.

Applicable entities

Any component unit that has been evaluated in prior years; however, a change **has** occurred that might affect its classification.

Due date

July 31, 2008

Certification

The **Certification** section requires the preparer and reviewer to type their name on this form. It is located at the end of the Checklist. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual. By typing a name, the individual is certifying that this attachment has been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same.

Continued on next page

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU2 – Instructions
GASBS No. 14 Checklist Modified to Reflect GASBS No. 39

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym or name followed by AttCU2. For example, the Virginia Resources Authority should rename its Attachment CU2.doc file as VRAAttCU2.doc. The Jamestown-Yorktown Education Trust may rename its Attachment CU2.doc file as JamestownYorktownEducationTrustAttCU2.doc.

Submit the Word document electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Word attachment.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU3 – Instructions
GASBS No. 14 Checklist Modified to Reflect GASBS No. 39

Purpose

This attachment is a checklist used to evaluate, based on **GASBS No. 14** and **GASBS No. 39** criteria, each organization, foundation, or commission within an entity for possible inclusion as a component unit in the CAFR.

The entity will need to evaluate any potential organizations, foundations, or commissions related to the entity. For this attachment, the entity (e.g. Virginia Biotechnology Research Partnership) is the primary government (PMG) and **NOT** the Commonwealth. This attachment will help the entity evaluate whether inclusion of the organization, foundation, or commission is required in its statements. If an organization, foundation, or commission is determined to be a component unit, the **GASBS No. 39** Reporting Entity Checklist is also used to evaluate the method of disclosure.

Note: This attachment is similar to prior year's Attachment CU3.

Applicable entities

- All component units that have a potential component unit that has **not** been previously evaluated using the **GASBS No. 39** checklist must complete this attachment.
- All component units that have a potential component unit that **has** been evaluated in prior years **if** a change has occurred that might affect its classification must complete this attachment.

Note: If this entity has any foundations or discrete component units, the entity must also complete Attachment CU12, Intrafund Activity. Blended component unit activity should be reported net of intrafund eliminations.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU3 – Instructions
GASBS No. 14 Checklist Modified to Reflect GASBS No. 39

Due date

July 31, 2008

Certification

The **Certification** section requires the preparer and reviewer to type their name on this form. It is located at the end of the Checklist. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual. By typing a name, the individual is certifying that this attachment has been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same.

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym or name, a dash, the potential organization's name, a dash, and the attachment number (AttCU3). For example, if the Virginia Resources Authority was submitting an attachment, the file name would be VRA-XXX-AttCU3.doc (where XXX is the potential organization's name).

If there is no potential organization to evaluate, complete the contact information and bold or highlight **DOES NOT** have any potential component units, foundations or related organizations to evaluate. Follow the submission instructions above.

Submit the Word document electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Word attachment.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU4 – Instructions
Financial Statement Template for Selected Component Units

Purpose

This attachment is used to obtain the financial statements and footnote information for selected component units.

Note: This attachment is similar to prior year's Attachment CU4.

Applicable entities

This attachment is applicable to the following agencies:

- Assistive Technology Loan Fund Authority (ATLFA)
- Fort Monroe Federal Area Development Authority (FMFADA)
- Small Business Financing Authority (SBFA)
- Tobacco Indemnification and Community Revitalization Commission (Agency 851)
- Virginia Arts Foundation (Agency 148)
- Virginia Coalfield Coalition Authority (VCCA)
- Virginia Economic Development Partnership (Agency 310)
- Virginia Land Conservation Foundation (Agency 199)
- Virginia National Defense Industrial Authority (Agency 311)
- Virginia Outdoors Foundation (VOF)
- Virginia Schools for the Deaf and Blind Foundation (VSDBF)
- Virginia Tobacco Settlement Foundation (Agency 852)
- Virginia Tourism Authority (Agency 320)

Due date

August 29, 2008

Submission requirements

Contact DOA if the Component Unit has any problems with the files.

After downloading the file, rename the spreadsheet file using the following naming convention:

Assistive Technology Loan Fund Authority	ATLFAAttCU4.xls
Fort Monroe Federal Area Development Authority	FMFADAAttCU4.xls
Small Business Financing Authority	325AttCU4.xls
Tobacco Indem. & Comm. Rev. Commission	851AttCU4.xls
Virginia Arts Foundation	148AttCU4.xls
Virginia Coalfield Coalition Authority	VCCAAttCU4.xls
Virginia Economic Development Partnership	310AttCU4.xls
Virginia Land Conservation Foundation	199AttCU4.xls
Virginia National Defense Industrial Authority	311AttCU4.xls
Virginia Outdoors Foundation	VOFAttCU4.xls
Virginia Schools for the Deaf and Blind Foundation	VSDBFAttCU4.xls
Virginia Tobacco Settlement Foundation	852AttCU4.xls
Virginia Tourism Authority	320AttCU4.xls

Submit the Excel spreadsheet electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

For your convenience, the contact information in all but the first tab has been unlocked and shaded yellow. The contact information continues to be auto filled with the information from the first tab but the cells remain unlocked to allow for more than one preparer to complete the attachment.

Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab.

Attachment revisions

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

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

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

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

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

General information

1. The template includes numerous features, including automated comments and validation messages, to assist in the preparation and review of financial data.
2. Detailed line items for cash, cash equivalents, and investments have been added to the template. This will give DOA the detail needed for **GASBS No. 40** requirements. Refer to the instructions for **Attachment CU6, Schedule of Cash, Cash Equivalents, and Investments at June 30**, for guidance on completing these tabs (tabs 1A, 1B, & 1C).
3. Ensure that all footnote tabs applicable to the data entered on the statements are completed. All component units must complete **Tab 4A – Short-term Debt, Tab 5 – Commitments, Tab 8 – Miscellaneous**, and **Tab 9 – Imprmnt. of Cap. Assets.** Refer to the instructions for **Attachment CU13 – GASBS No. 42, *Impairment of Capital Assets and Insurance Recoveries*** for guidance on completing Tab 9.
4. For information regarding **GASBS No. 33 – Nonexchange Transactions Overview**, refer to pages 16-18 of the **Component Unit Year-End Reporting Memorandum – FY 2008**.
5. For information regarding **GASBS No. 34, Financial Reporting Model Overview**, refer to pages 19-23 of the **Component Unit Year-End Reporting Memorandum – FY 2008**.
6. Contact those listed in the **Questions** section on page 10 of the **Component Unit Year-End Reporting Memorandum – FY 2008** if additional guidance is required.
7. Cells highlighted in yellow require data input.
8. If a template amount has a footnote number reference, the corresponding spreadsheet tab must be completed.
9. A fluctuation analyses has been added to the component unit template to compare the current year's financial statement template activity to the prior year's financial statement template activity. Material variances must be explained. The fiscal year 2007 amounts will automatically populate when the component unit entity selects its name from the drop-down list on the **Component Unit Template** tab. If a "yes" appears in the column titled "Is a fluctuation explanation required?", additional information is needed. For information regarding **Preparation of Fluctuation Analyses**, refer to page 28 of the **Component Unit Year-End Reporting Memorandum – FY 2008**.
10. Provide explanations for fluctuation analysis in a Microsoft Word document and submit with the template. In your explanations provide the underlying reasons (i.e. management decision, trend, event) for the change, don't just state the item increased or that the item increased because another item decreased.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU5 – Instructions
Federal Schedules

Purpose

This attachment is used to provide DOA with the Federal Schedules needed to prepare the statewide **Schedule of Expenditures of Federal Awards (SEFA)** for the Single Audit Report.

The Single Audit Report is required for compliance with the Single Audit Act Amendments of 1996 and OMB Circular A-133.

Note: This attachment is similar to prior year's Attachment CU5.

Applicable entities and requirements

All component units must submit the Questionnaire file to DOA:

- To identify the entity's auditor for FY 2008, and
- To certify **whether or not** the entity received or disbursed Federal funds in FY 2008

Each component unit receiving or disbursing federal funds must report its DUNS number as well as its EIN number on the Attachment file. DUNS number information is available at **http://www.smallbusiness.dnb.com**. Contact Rob Meinhard at (804) 371-7807 or by e-mail at **rob.meinhard@doa.virginia.gov** if you have questions.

If the Auditor of Public Accounts (APA) is the entity's auditor for FY 2008 **AND** if the entity received or disbursed Federal funds in FY 2008, the entity is **REQUIRED TO USE** the templates in the files listed below.

- Template – used to prepare the applicable federal schedules
- Reconciliation – used to reconcile the Schedule of Expenditures of Federal Awards to the applicable Attachment (CU4 or CU10).

Due date

All entities must submit by **August 29, 2008.**

Entities providing financial statements should submit the reconciliation by August 29, if possible. Otherwise, submit the reconciliation with the financial statements by September 23, 2008.

Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab. When completing the certification tab within the Questionnaire attachment you are also certifying for federal schedules, templates, and reconciliation attachments.

Submission requirements / templates

Contact DOA if the entity has any problems with the files. If an entity is required to complete the Federal schedule template and reconciliation template, and is NOT listed below with an assigned code, contact the individual listed in the **Questions** section.

Continued on next page

Submission requirements / templates, continued

Entities completing only the Attachment File: After downloading the file, rename the file to identify the entity. For example, the Virginia Outdoors Foundation should rename the Questionnaire file as VOFAttCU5.xls.

Entities completing the Questionnaire file, Template file, and the Reconciliation file listed on page 1 of this Attachment: After downloading the files, rename the files using the assigned code identified below followed by the identifying file name. For example the A. L. Philpott Manufacturing Extension Partnership should rename the files as follows:

1001AttCU5 attachment.xls (Questionnaire File)
1001AttCU5 Federal Schedules.xls (Template File)
1001AttCU5 recon-cu.xls (Reconciliation File)

Entity	Code
Virginia Economic Development Partnership	310
Virginia National Defense Industrial Authority	311
Virginia Tourism Authority	320
Virginia Port Authority	407
Tobacco Indemnification and Community Revitalization Commission	851
Virginia Tobacco Settlement Foundation	852
A. L. Philpott Manufacturing Extension Partnership	1001
Virginia Small Business Financing Authority	1002
Virginia Outdoors Foundation	1003
Virginia Biotechnology Research Partnership Authority	1004
Virginia Arts Foundation	1005
Virginia Land Conservation Foundation	1006
Assistive Technology Loan Fund Authority	1007
Belmont Bay Science Center Foundation	1008
Danville Science Center, Inc.	1009
Library of Virginia Foundation	1010
Hampton Roads Sanitation District Commission	1011
Science Museum of Virginia Foundation	1012
Virginia Coalfield Coalition Authority	1013
Virginia Horse Center Foundation	1014
Virginia Housing Development Authority	1015
Virginia Museum of Fine Arts Foundation	1016
Virginia Public School Authority	1017
Virginia Resources Authority	1018
Virginia Schools for the Deaf and Blind Foundation	1019
Fort Monroe Federal Area Development Authority	1020

Continued on next page

Submission requirements / templates (continued)

DOA will not accept any Federal schedules that are not in the formats required by this Directive. Agencies that fail to use the required formats will be asked to resubmit the schedules to DOA and may be cited for noncompliance in the *Report on Statewide Financial Management and Compliance (Quarterly Report)*.

Submit the files electronically to finrept-cu@doa.virginia.gov.

Copy the APA via e-mail to: APAFinRept@apa.virginia.gov.

Do not submit paper copies of the attachment.

Attachment revisions

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

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

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

Entities that believe revisions are necessary to the federal schedules after the initial submission to DOA must contact Penny Williams **BEFORE** sending the revisions to DOA. See the Questions section below for contact information.

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

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

Resolution of prior year findings

Entities will be required to submit information regarding resolution of prior year audit comments to the Comptroller. Specific reporting requirements and due dates will be forthcoming. Direct questions to Rob Meinhard, State Accounts Receivable Coordinator, at (804) 371-7807 or e-mail at **rob.meinhard@doa.virginia.gov**.

Questions

If the entity has any further questions about preparing the Federal schedules, contact Penny Williams, Indirect Cost Coordinator, at (804) 225-3804 or e-mail at **penny.williams@doa.virginia.gov**.

Federal schedules.xls template

The federal schedules.xls workbook includes six tabs with each tab representing a different federal schedule within the workbook. The tabs are located at the bottom of the screen. Clicking once on the desired tab will allow you to get to a specific federal schedule. An overview of the six tabs and what should be reported on each tab is discussed in the next section.

Note: Entities are required to report amounts related to unknown CFDA numbers on the appropriate tab(s). For amounts with unknown CFDA numbers, agencies are required to report the federal program name and other identifying number (such as the contract number) on the last column in each tab. Agencies are to combine any unknown CFDA numbers, program names, or contract numbers that are identical. Unknown CFDA numbers that have R&D expenditures and expenditures other than R&D or the names and numbers are not identical should be the only reasons to include more than one line. It is expected that this column will primarily be used for subrecipient and pass through entities. Agencies must perform reasonable steps to determine the actual CFDA number before electing to report any amounts with unknown CFDA numbers.

At a minimum, agencies must contact the disbursing entity to determine the actual CFDA number before entering amounts without known CFDA numbers. Agencies should make every effort to include any contract numbers if applicable. Agencies failing to perform this minimum level of due diligence for amounts without actual CFDA numbers, may be cited for noncompliance in the *Report on Statewide Financial Management and Compliance (Quarterly Report)*.

Continued on next page

Overview of federal schedules

All expenditures made from funds received directly from the Federal Government and federal expenditures / disbursements reported on all other tabs (except for the expenditures reported on the **RECEIVED FROM NONSTATE** tab) should be reported on the **SEFA** tab. **This distinction is made because expenditures reported on the RECEIVED FROM NONSTATE tab are classified as "Indirect" expenditures in the Statewide report and all other expenditures / disbursements are classified as "Direct" expenditures**.

Therefore, federal expenditures and / or disbursements reported on the **SEFA** tab plus the total federal expenditures and / or disbursements reported on the **RECEIVED FROM NONSTATE** tab should equal total federal expenditures for the entity. The individual tabs are discussed below:

1. **RECEIVED FROM STATE** tab – pass-through funds received from other state agencies / institutions should be reported on this tab. **ANY EXPENDITURE MADE FROM THESE FUNDS SHOULD BE INCLUDED ON THE SEFA TAB**.

2. **RECEIVED FROM NONSTATE** tab – pass-through funds received from Non-state entities (**See definition of Non-state entities on page 7)** and expenditures made from the funds received should be reported on this tab. **EXPENDITURE AMOUNTS REPORTED ON THE RECEIVED FROM NONSTATE TAB SHOULD NOT BE INCLUDED ON THE SEFA TAB.**

3. **DISBURSED TO STATE** tab – pass-through funds disbursed to other state agencies / institutions should be reported on this tab. **THESE DISBURSEMENTS SHOULD ALSO BE INCLUDED ON THE SEFA TAB**.

Continued on next page

Overview of federal schedules (continued)

4. **DISBURSED TO NONSTATE** tab – pass-through funds disbursed to non-state entities (**See definition of Non-state entities on page 7)** should be reported on this tab. **THESE DISBURSEMENTS SHOULD ALSO BE INCLUDED ON THE SEFA TAB**.

5. **SEFA** tab – all expenditures / disbursements made by the entity, **except for expenditures reported on the RECEIVED FROM NONSTATE tab**, should be included on this tab.

Important Items-General

- Use the **cash basis** of accounting.
- All attachment files **are designed so that you only need to fill in the yellow highlighted cells.**
- Enter **whole dollar amounts** in all files to prevent rounding errors.
- If N/A appears in any cell you have keyed, you have entered invalid data and you should recheck what has been keyed. Please do not submit schedules with N/A unless you have discussed it with DOA first.

Important Items-Federal schedules template

- If the CFDA number is entered and the incorrect Federal Program Name or Federal Program Grantor Name appears on any spreadsheet, **and you have verified the CFDA number is correct by checking the www.cfda.gov website**, please contact Penny Williams at (804) 225-3804 or e-mail at **penny.williams@doa.virginia.gov** for assistance.
- Unknown CFDA numbers are those numbers where the Federal grantor is known but the CFDA number is unknown. You must include the first two digits of the CFDA number. (For example, 10.000 would be used if the Federal Grantor is the U.S. Department of Agriculture, but the CFDA number is unknown.)
- **A column titled "Program Name - Unidentified CFDA Number" is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.**

Continued on next page

Important Items-Federal schedules template (continued)

- Use "@" to indicate research and development (R & D) expenditures on any spreadsheet tab applicable. CFDA numbers that have **both** R & D expenditures and expenditures other than R & D should be listed on the appropriate tab two times: once **with** the "@" to identify the R & D expenditures, and once **without** the "@" to identify the expenditures other than R & D.
- Running totals are located on each spreadsheet tab.
- Do not use "-" (dashes) to represent $0.00. You must use the number "0".
- Do not place the number "0" on any worksheets that do not contain federal expenditure data.
- Do not leave blank rows between rows of information within the spreadsheets when keying in data.
- The Federal Government is **not** a **Non-state entity.** **Non-state entities** are counties, cities, towns, local governments, local governmental authorities, regional governmental authorities, public or private foundations, institutes, museums, and corporations or similar organizations which are not units of State government or political subdivisions of the Commonwealth as established by general law or special act. (**DO NOT** report disbursements to or receipts from the Federal government on the **Disbursed to Non-state Entities** and / or **Received from Non-state Entities** tabs.) Community service boards and area agencies on aging should be reported as non-state agencies for reporting purposes. These agencies are not audited by the Auditor of Public Accounts and are not considered to be state agencies.

  Do not include Federal subagencies on disbursed/received from non-state tabs. Federal subagencies are listed on the following websites:

  http://www.nih.gov/icd/
  http://www.nasa.gov/about/sites/index.html
  http://www.energy.gov/organization/labs-techcenters.htm

- Pass-through disbursements to State or non-state entities should be reported as expenditures on the appropriate tab(s). **Do not eliminate any pass-through disbursements**. DOA eliminates pass-through transactions at a statewide level.
- Include indirect cost recoveries as expenditures on the SEFA tab.
- Refunds of Federal revenue should **not** be reported on any of the Federal Schedules.

Continued on next page

Important Items-Federal schedules template (continued)

- Combine grant expenditures and program income expenditures to report the total expenditures for each Catalog of Federal Domestic Assistance (CFDA) number.
- Add the value of nonmonetary disbursements to the monetary expenditures to determine the total expenditures for CFDA numbers that have both monetary and nonmonetary disbursements. If the entity has nonmonetary disbursements, contact the individual listed in the **Questions** section on page 4.
- Use the hard copy or on-line (**www.cfda.gov**) version of the Catalog to verify the CFDA numbers and program names.
- **Do not use CFDA number 00.000**. Contact the entity that provided the funds to determine the correct and complete CFDA number. At a minimum, each entity is required to identify the Federal grantor agency with the first two digits of the CFDA number (i.e., 10.000, 93.000).
- Do not report the expenditure detail for different grants within one CFDA number on the schedules. Instead, sum the expenditures and report the total expenditures for each CFDA number.
- OMB Circular A-133 defines research and development "as all research activities, both basic and applied, and all development activities that are performed by a non-profit organization."

  - Research is a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. Research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development.
  - Development is the systematic use of knowledge gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

Continued on next page

Important Items-Federal schedules template (continued)

Important Items-Pass-through schedules

Do not include payments to vendors under contract for the purchase of goods and services on the pass-through schedules.

The medium through which payment is rendered (IAT, check, etc.) does not determine whether the relationship is vendor or subrecipient.

A **subrecipient** is "A non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency."

A **vendor** is "a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the Federal program."

Consider the following characteristics to identify a subrecipient or vendor relationship.

Continued on next page

Important Items-Pass-through schedules (continued)

SUBRECIPIENT

- Determines who is eligible to receive Federal financial assistance.
- Has its performance measured by meeting the objectives of the Federal program.
- Has responsibility for programmatic decision making.
- Has responsibility for adherence to applicable Federal program compliance requirements.
- Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

VENDOR

- Provides the goods and services within normal business operations.
- Provides similar goods or services to many different purchasers.
- Operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the Federal program.
- Is not subject to compliance requirements of the Federal program.

DOA strongly encourages communication between entities exchanging Federal pass-through funds. Such communication ensures consistent reporting and reduces the time required for statewide compilation and audit. Contact Penny Williams at DOA if the entity needs assistance with identifying the Federal contacts at other agencies.

DOA will perform a variance analysis for pass-through funds received and pass-through funds disbursed among State agencies / institutions. DOA will investigate significant variances, and **State agencies / institutions will be required to explain these variances IN WRITING by a due date to be determined in future communications.**

Continued on next page

Important Items- Reporting loan programs

Report loan programs using criteria in the following table.

If the loan program is…	Then Federal Expenditures should be…
Campus based loan program (Perkins - #84.038, Health Professions Loans - #93.342, Nursing Student Loans - #93.364)	Loans receivable balances at year-end plus any administrative costs recovered.
Non-campus based loan program (Federal Family Education Loans - #84.032, Federal Direct Student Loans - #84.268, and #93.108 – Health Education Assistance Loans)	Value of loans disbursed during the fiscal year. Be sure to include subsidized and non-subsidized loan balances. Include PLUS loan balances if the university is the eligible lender (instead of the bank).
College Facilities Loan (#84.142)	Outstanding balances of loans payable at year-end.
Capitalization Grants for State Revolving Funds (#66.458) and Capitalization Grants for Drinking Water State Revolving Fund (#66.468)	Distributions to the Virginia Resources Authority for subsequent disbursements to subrecipients and administrative costs recovered.
Economic Adjustment Assistance Program (#11.307)	Cash on hand and outstanding balance of loans receivable from subrecipients at year-end.

Continued on next page

Preparing the federal schedules.xls template; RECEIVED FROM STATE tab

The **Received from State** tab identifies Federal assistance disbursed from other State agencies / institutions and received by the entity in a subrecipient relationship. The Federal assistance is listed by CFDA number and by State grantor agency / institution. **Report amounts related to unknown CFDA numbers that were received from state agencies / institutions on this tab and expenditures made from these funds on the SEFA tab.**

Instructions for preparing the **Received from State** tab are in the following table.

Step	Action
1	Click on the **RECEIVED FROM STATE** tab. Enter your assigned code in cell B2 (the first yellow highlighted cell). After you type in the assigned code, hit enter and your entity name should appear in cell B1, the cell directly above the assigned code. The assigned code and title are linked to the remaining tabs. Make sure your assigned code appears on all other spreadsheets. **ONLY include federal money received from a Virginia state agency / institution.**
2	In Column B, enter the State agency / institution number for the agency / institution that disbursed Federal pass-through funds to your entity beginning on line 8. **Fill in one line for each grantor agency / institution and CFDA.** When you hit enter, the assigned code should appear in Column A, and the grantor state agency / institution name should appear in Column C. Please ensure that the correct names appear to ensure you have keyed the correct number.
3	Key the CFDA numbers in numerical order in Column D. As each CFDA number is keyed, hit enter. The federal program name will appear in Column E. Please ensure this is the name of the program under which the funds were received. Report each CFDA number only **once** on the schedule **unless** the CFDA number has **both** research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column G to indicate R & D expenditures.

Continued on next page

Preparing the federal schedules.xls template; RECEIVED FROM STATE tab (continued)

Step	Action
4	In Column F, enter the total amount of pass-through funds received from other State agencies / institutions. Use the cash basis or the value of nonmonetary assistance to report these receipts. **Expenditures made from these funds should also be included on the SEFA tab**.
5	**A column titled "Program Name - Unidentified CFDA Number" is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name**.

Preparing the federal schedules.xls template; RECEIVED FROM NONSTATE tab

The **Received from Nonstate** tab identifies Federal assistance disbursed from non-state entities and received by the entity in a subrecipient relationship. **Also, this tab identifies the Federal expenditures made from the pass-through funds received from the non-state entities.** (See page 7 for the definition of non-state entities.) The Federal receipts and disbursements are listed by CFDA number **and** by non-state entity name. **Report amounts related to unknown CFDA numbers that were received from non-state entities and the related expenditures made from the pass-through funds received on this tab. DO NOT report expenditures made from the pass-through funds received on the SEFA tab.**

PLEASE NOTE: DO NOT ABBREVIATE THE NON-STATE ENTITY NAMES. DOA WILL NOT ACCEPT TEMPLATES THAT CONTAIN ABBREVIATIONS.

Instructions for preparing the **Received from Nonstate** tab are in the following table.

Continued on next page

Preparing the federal schedules.xls template; RECEIVED FROM NONSTATE tab (continued)

Step	Action
1	**Click on the RECEIVED FROM NONSTATE** tab**.** Do not enter the entity number and name. This information is linked to the **RECEIVED FROM STATE tab**. ONLY include federal money received by your entity from a non-state entity on this tab. **The Federal Government is not a non-state entity.**
2	Fill in the non-state entity grantor name **(DO NOT USE ABBREVIATIONS)** in Column B beginning on line 8. As each entity is keyed, hit enter. The assigned code for your entity will appear in Column A. **Fill in one line for each non-state entity grantor and CFDA.**
3	Key the CFDA numbers in numerical order in Column C. As each CFDA number is keyed, hit enter. The federal program name will appear in Column D. Please ensure this is the name of the program under which the funds were received. Report each CFDA number only **once** on the schedule **unless** the CFDA number has **both** research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column G to indicate R & D expenditures.
4	In Column E, enter the total dollar amount of Federal pass-through funds received from non-state entities for each CFDA number. Use the cash basis or the value of nonmonetary assistance to report the receipts.
5	In Column F, enter the total dollar amount of Federal expenditures made from the pass-through funds received from non-state entities. Enter a zero if no funds were expended, and report negative amounts if applicable. **Expenditures / disbursements made from these funds should NOT be reported on the SEFA tab**.
6	**A column titled "Program Name - Unidentified CFDA Number" is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.**

Preparing the federal schedules.xls template; DISBURSED TO STATE tab

The **Disbursed to State** tab identifies Federal assistance disbursed from the entity to subrecipient State agencies / institutions. The Federal disbursements are listed by CFDA number and by State receiving agency / institution. **Report amounts related to unknown CFDA numbers that were disbursed to state agencies / institutions on this tab. These amounts should also be included on the SEFA tab.**

Instructions for preparing the **Disbursed to State** tab are in the following table.

Step	Action
1	Click on the **DISBURSED TO STATE** tab. Do not enter the entity number and name. This information is linked to the **RECEIVED FROM STATE** tab**. ONLY include federal money disbursed from your entity to a Virginia state agency / institution on this tab.**
2	In Column B, enter the **State** agency / institution number for the agency / institution to which the entity disbursed Federal pass-through funds beginning on line 8. **Fill in one line for each grantor agency / institution and CFDA.** When you hit enter, the assigned code for your entity should appear in Column A, and the subrecipient state agency name should appear in Column C. Please ensure that the correct agency / institution names appear to ensure you have keyed the correct agency / institution number.
3	Key the CFDA numbers in numerical order in Column D. As each CFDA number is keyed, hit enter. The federal program name will appear in Column F. Please ensure this is the name of the program under which the funds were received. Report each CFDA number only **once** on the schedule **unless** the CFDA number has **both** research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column E to indicate R & D expenditures.
4	In Column G, enter the total amount of pass-through funds disbursed to other State agencies / institutions. Use the cash basis or the value of nonmonetary assistance to report the disbursements. **These disbursements should also be included on the SEFA tab**.

Continued on next page

Preparing the federal schedules.xls template; DISBURSED TO STATE tab (Continued)

Step	Action
5	**A column titled "Program Name - Unidentified CFDA Number" is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.**

Preparing the federal schedules.xls template; DISBURSED TO NONSTATE tab

The **Disbursed to Non-state tab** identifies Federal assistance disbursed from the entity to subrecipient non-state entities. (See page 7 for the definition of non-state entities.) The Federal disbursements are listed by CFDA number only. Do not report the names of the non-state entities. **Report amounts related to unknown CFDA numbers that were disbursed to non-state entities on this tab. These amounts should also be included on the SEFA tab.**

Instructions for preparing the **Disbursed to Non-state Entities tab** are in the following table.

Step	Action
1	Click on the **DISBURSED TO NONSTATE** tab. Do not enter the entity number and name. This information is linked to the **RECEIVED FROM STATE** tab**. ONLY include federal money disbursed from your entity to a non-state entity on this tab.**
2	Key the CFDA numbers in numerical order in Column B beginning on line 8. Fill in one line for each CFDA number. As each CFDA number is keyed, hit enter. The assigned code for your entity will appear in Column A, and the federal program name will appear in Column C. Please ensure this is the name of the program under which the funds were received. Report each CFDA number only **once** on the schedule **unless** the CFDA number has **both** research and development (R & D) expenditures and expenditures other than R & D. Key "@" in Column E to indicate R & D expenditures.

Continued on next page

Preparing the federal schedules.xls template; DISBURSED TO NONSTATE tab (continued)

Step	Action
3	In Column D, enter the total amount of Federal pass-through funds disbursed to non-state entities for each CFDA number. Use the cash basis or the value of nonmonetary assistance to report the disbursements. **These disbursements should also be included on the SEFA tab**.
4	**A column titled "Program Name - Unidentified CFDA Number" is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name.**

Preparing the federal schedules.xls template; SEFA tab

The **SEFA** tab should include all federal expenditures / disbursements, except for the expenditures / disbursements reported on the **RECEIVED FROM NONSTATE** tab**. Report all expenditure / disbursement amounts related to unknown CFDA numbers on this tab except those expenditures / disbursements reported on the RECEIVED FROM NONSTATE tab.**

Instructions for preparing the **SEFA** tab are in the table below.

Step	Action
1	Click on the **SEFA** tab. Do not enter the entity number and name. This information is linked to the **RECEIVED FROM STATE** tab.
2	In Column C, type in the appropriate CFDA number beginning on line 8. Hit Enter. The assigned code for your entity should automatically appear in Column A. The appropriate Federal grantor entity should automatically appear in Column B, and the Federal program name should automatically appear in Column E. Report each CFDA number only **once** on the schedule **unless** the CFDA number has **both** research and development (R & D) expenditures and expenditures other than R & D. Key "@" to indicate R & D expenditures.

Continued on next page

Preparing the federal schedules.xls template; SEFA tab (continued)

Step	Action
3	Report all Federal disbursements in Column F, **EXCEPT** expenditures / disbursements reported on the **RECEIVED FROM NONSTATE** tab.
4	**A column titled "Program Name - Unidentified CFDA Number" is included in each tab in the Federal Schedules.xls file. Enter the program name (if known) followed by a dash and then enter the other identifying number (such as the contract number) in this column if N/A appears in the program name column when the actual CFDA number is unknown. Otherwise enter the known and verified 5 digit CFDA number after the dash following the program name**.
5	Ensure the Federal program name is consistent throughout all applicable worksheets. If the name is unknown, use Other Assistance as the program name, only after you have verified there is no federal contract or program name applicable.

Reconciliation of the Schedule of Expenditures of Federal Awards

The **Reconciliation of the Schedule of Expenditures of Federal Awards** reconciles the expenditures reported on the **SEFA** tab plus the expenditures reported on the **Received from Nonstate** tab to the amount of Federal expenditures reported in the applicable Attachment (CU4 or CU10).

Incomplete or improper **Reconciliations of the Schedule of Expenditures of Federal Awards** will be returned to the entities. **These entities will be asked to resubmit the reconciliations and may be cited for noncompliance in the *Report on Statewide Financial Management and Compliance (Quarterly Report)***.

Preparing the recon-cu.xls template

Instructions for preparing the **Reconciliation of the Schedule of Expenditures of Federal Awards** to the applicable Attachment (CU4 or CU10) are in the following table.

Step	Action
1	Open the recon-cu.xls file.
2	Enter the contact information and date completed in the applicable cells highlighted in yellow.
3	In cell E13, enter the total Federal Expenditures amount as reported on the **SEFA** tab**.**
4	In cell E14, enter the total Federal Expenditures amount as reported on the **Received from Nonstate** tab.
5	List the total Federal Expenditures per the applicable Attachment (CU4 or CU10) by entering the following information: • Applicable Attachment (CU4 or CU10) in cell B19. • Total Federal Expenditures as reported on the applicable Attachment in cell E19.
6	The difference between the expenditures as reported on the **SEFA tab plus the expenditures reported on the Received from Nonstate tab** and the expenditures on the applicable Attachment (CU4 or CU10) will be calculated on line 22. **This difference should be completely reconciled before submission to DOA.**
7	Begin reconciling items on line 26.

Continued on next page

Preparing the recon-cu.xls template(continued)

Step	Action
8	Enter a brief description for each reconciling item in Column A. Enter the dollar amount in Column E. See the following examples: Perkins loan receivable $XXX Nursing student loan receivable $XXX Indirect Costs $XXX (The entity may or may not have the reconciling items listed above.)
9	The sum of the reconciling items must equal the difference between the expenditures on the **SEFA** tab plus the expenditures on the **Received from Nonstate** tab and the expenditures on the applicable Attachment (CU4 or CU10) (line 22). **If these amounts do not equal, further investigation is required because DOA will not accept incomplete or improper reconciliations.**
10	Do not send the supporting documents for the reconciliations to DOA. Only submit the reconciliations to DOA. A copy of the reconciliation and all supporting documents should remain at the entity for potential APA review.

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU6
Schedule of Cash, Cash Equivalents and Investments as of June 30

Purpose

This attachment is used to gather uniform financial reporting information for CAFR footnote disclosures required by **GASBS No. 3**, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, as amended by **GASBS No. 40**, *Deposits and Investment Risk Disclosures.*

Note: This attachment is similar to prior year's Attachment CU6.

Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab.

Applicable entities

- A.L. Philpott Manufacturing Extension Partnership
- Belmont Bay Science Center Foundation
- Danville Science Center, Inc.
- Hampton Roads Sanitation District Commission
- Library of Virginia Foundation
- Science Museum of Virginia Foundation
- Virginia Biotechnology Research Partnership Authority
- Virginia Horse Center Foundation
- Virginia Housing Development Authority
- Virginia Museum of Fine Arts Foundation
- Virginia Port Authority and Virginia International Terminals
- Virginia Public School Authority
- Virginia Resources Authority

Note: If the specific information requested in each tab is already included in the footnotes, then the entity must provide the footnote number and page number in the financial statements where the information is disclosed. If the specific information requested is not in the footnotes, enter "N/A" and complete the section or worksheet.

Due date

September 23, 2008

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU6
Schedule of Cash, Cash Equivalents and Investments as of June 30

Submission requirements

After downloading the file, rename the spreadsheet file using the entity's acronym followed by AttCU6. For example, the Virginia Resources Authority should rename its Attachment CU6.xls file as VRAAttCU6.xls.

Submit the Excel spreadsheet electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

For your convenience, the contact information in all but the first tab has been unlocked and shaded yellow. The contact information continues to be auto filled with the information from the first tab but the cells remain unlocked to allow for more than one preparer to complete the attachment.

Attachment revisions

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

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

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

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

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

Recommended

It is recommended that each entity obtain copies of **GASBS No. 3**, **GASBS No. 40**, and the **GASBS No. 40** Implementation Guide for better understanding of this attachment.

Definitions

Cash – the standard medium of exchange (paper currency) that must be readily available for the payment of current obligations, and it must be free from any contractual restriction that limits its use in satisfying debts.

Cash Equivalents – instruments or investments of such high liquidity (original maturity of 90 days or less) and low risk that they are virtually as good as cash. Examples are a nonnegotiable certificate of deposit, money market fund, Treasury bill, and monies in the State Non-Arbitrage Program (SNAP). Whether an asset is a cash equivalent is determined only once based on the length of the original maturity when the asset is first acquired.

Investments – securities and other assets acquired primarily for the purpose of obtaining income or profit with an original maturity greater than 90 days. This includes securities, which are transferable financial instruments that evidence ownership or creditorship.

Security – generally, an instrument evidencing debt of or equity in a common enterprise in which a person invests on the expectation of financial gain. The term includes notes, stocks, bonds, debentures or other forms of negotiable and nonnegotiable evidences of indebtedness or ownership.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU6
Schedule of Cash, Cash Equivalents and Investments as of June 30

Directions for the Detail tab

Below are instructions as to the proper completion of the **Detail** tab in the Excel Attachment CU6. Please follow these instructions carefully.

Part	Instruction
1	Report the entity's **unrestricted** cash held with the Treasurer of Virginia and **restricted** cash held with the Treasurer of Virginia. The total of the reported amounts should agree to CARS GLA 101. Attach reconciliation if there is a variance. **Do not include petty cash or advances.** Provide an explanation if the reported amount is negative.
2a	Report the entity's total **unrestricted** cash not held with the Treasurer of Virginia. (Do not include **restricted** cash.) **Note**: Certificates of deposit (CDs) **should NOT** be reported as cash. CDs should be reported as cash equivalents and / or investments. **Note**: Money market funds held by financial institutions (i.e. banks, savings and loan associations, and credit unions) versus a broker / dealer (any individual or firm in the business of buying and selling securities for itself and others; broker / dealers must register with the SEC) qualify as deposits, and therefore are classified as **cash** instead of investments. **Note:** **DO NOT** report cash not held with the Treasurer of Virginia for which an advance is recorded on CARS, such as cash held in DOA-approved petty cash and travel advance accounts.
2b	For the total **unrestricted** cash not with the Treasurer of Virginia reported above, provide the total bank balance as of June 30.
2c	Provide an explanation if the reported amount is negative.

Continued on next page

Directions for the Detail tab, continued

Part	Instruction
3a	Of the amount reported in 2b above, provide the amount that is insured by federal depository insurance [for public units - only a total of $100,000 per financial institution for interest bearing and an additional $100,000 for non-interest bearing accounts (i.e. demand deposits) may be insured by the FDIC].
3b	Of the amount reported in 2b above, provide the amount that is covered by the Security for Public Deposits Act (Section 2.2-4400 of the *Code of Virginia).* **Note**: If all cash not held with the Treasurer of Virginia is included in 3a and 3b above, do not complete step 3c below. If not, the remaining amount should be classified in 3c below.
3c	Is any cash **NOT** with the Treasurer NOT covered by the FDIC or the Security for Public Deposits Act? If so, report the amount and bank balance for all applicable options below: i) Uncollateralized ii) Collateralized with securities held by the pledging financial institution iii) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The total of the amounts provided must agree to the total amount in step 2b above.
3d	Provide an explanation if the amount reported in Part 3a) is greater than $100,000.
4a	Report the entity's total **restricted** cash not held with the Treasurer of Virginia. **Note**: Certificates of deposit (CDs) **should NOT** be reported as cash. CDs should be reported as cash equivalents and / or investments. **Note**: Money market funds held by financial institutions (i.e. banks, savings and loan associations, and credit unions) versus a broker / dealer (any individual or firm in the business of buying and selling securities for itself and others; broker / dealers must register with the SEC) qualify as deposits, and therefore are classified as **cash** instead of investments.

Continued on next page

Directions for the Detail tab, continued

Part	Instruction
4b	For the total **restricted** cash not with the Treasurer of Virginia reported above, provide the total bank balance as of June 30.
4c	Provide an explanation if the reported amount is negative.
5a	Of the amount reported in 4b above, provide the amount that is insured by the federal depository insurance corporation [for public units - only a total of $100,000 per financial institution for interest bearing and an additional $100,000 for non-interest bearing accounts (i.e. demand deposits) may be insured by the FDIC].
5b	Of the amount reported in 4b above, provide the amount that is covered by the Security for Public Deposits Act (Section 2.2-4400 of the *Code of Virginia).* **Note**: If all cash not held with the Treasurer of Virginia is included in 5a and 5b above, do not complete step 5c below. If not, the remaining amount should be classified in 5c below.
5c	Is any cash **NOT** with the Treasurer NOT covered by the FDIC or the Security for Public Deposits Act? If so, report the amount and bank balance for all applicable options below: i) Uncollateralized ii) Collateralized with securities held by the pledging financial institution iii) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The total of the amounts provided must agree to the total amount in step 4b above.
5d	Provide an explanation if the amount reported in Part 5a) is greater than $100,000.

Continued on next page

Directions for the Detail tab, continued

Part	Instruction
6	This step automatically calculates the sum of amounts in parts 2a and 4a (total unrestricted and restricted cash not with the Treasurer of Virginia). This total amount should agree to the amount reported on the entity's financial statement for cash not with the Treasurer of Virginia. This step also automatically calculates the sum of amounts in parts 2b and 4b (total bank balance for cash not held with the Treasurer of Virginia).
7	Report in each listed category the amounts for cash equivalent and investment not with the Treasurer of Virginia, both restricted and unrestricted, and SNAP Individual Portfolio (do not include SNAP Pool amounts here as they are considered WITH the Treasurer and will be reported in parts 10a and 10b). The sum of all amounts reported for cash equivalent and investment not with the Treasurer of Virginia, both restricted and unrestricted, and SNAP Individual Portfolio must agree to the sum of all amounts in the "Reported Amount" column on the **Cash Equiv. & Inv. NOT w Tr** tab of the spreadsheet. Also list the line items of the financial statement where the above amounts are included. This information will assist DOA to identify where the amount for each category is reported on the financial statement.
8a & b	Unrestricted Cash Equivalents held with Treasurer of Virginia and restricted Cash Equivalents held with Treasurer of Virginia (excluding any SNAP and / or LGIP). List all cash equivalents held with the Treasurer of Virginia. Provide a description and amount. Also list the line items of the financial statement where the above amounts are included. This information will assist DOA to identify where the amount for each category is reported on the financial statement.

Continued on next page

Directions for the Detail tab, continued

Part	Instruction
8c & d	Unrestricted Investments held with Treasurer of Virginia and restricted Investments held with Treasurer of Virginia (excluding any SNAP and/or LGIP). List all cash equivalents held with the Treasurer of Virginia. Provide a description and amount. Also list the line items of the financial statement where the above amounts are included. This information will assist DOA to identify where the amount for each category is reported on the financial statement.
9a & b	For any unrestricted Cash Equivalents & Investment held with Treasurer of Virginia and / or restricted Cash Equivalents & Investments held with Treasurer of Virginia in the LGIP, provide the LGIP account # and amount. DOA reconciles this information to information provided by Treasury. Also list the line items of the financial statement where the above amounts are included. This information will assist DOA to identify where the amount is reported on the financial statement.
10 a & b	For any unrestricted Cash Equivalents held with Treasurer of Virginia and / or restricted Cash Equivalents held with Treasurer of Virginia in the SNAP pool account, provide the SNAP account # and amount. DOA reconciles this information to information provided by Treasury. Also list the line items of the financial statement where the above amounts are included. This information will assist DOA to identify where the amount is reported on the financial statement.
10 c & d	For any unrestricted and / or restricted SNAP individual portfolio, provide the SNAP account # and amount. DOA reconciles this information to information provided by Treasury. Also list the line items of the financial statement where the above amounts are included. This information will assist DOA to identify where the amount is reported on the financial statement.

Continued on next page

Directions for the Detail tab, continued

Part	Instruction
11a	Provide an explanation if the sum of Unrestricted / Restricted Cash Equivalents Not held with the Treasurer of Virginia (excludes SNAP) and Unrestricted / Restricted SNAP Individual Portfolio - Cash Equivalents on the **Detail** tab Part 7 is greater than the sum of Less Than 1 year on **Cash Equiv. & Inv. Not w Tr.** tab.
11b	Provide an explanation if a Nonnegotiable CD on **Cash Equiv. & Inv. Not w Tr.** tab is Not reported as Unrestricted or Restricted Cash Equivalents Not held with the Treasurer of Virginia on the **Detail** tab Part 7.
11c	The information on **Cash Equiv. & Inv. Not w Tr.** tab should agree to the entity's individually published financial statements. Any differences must be explained.
11d	DOA should be contacted for adding rows on **Cash Equiv. & Inv. Not w Tr.** tab if additional rows are needed. All information for **GASBS No. 40** disclosure should be provided on DOA's attachments.
12	List the total **fair value** of cash equivalent / investment not held with the Treasurer of Virginia and SNAP Individual Portfolio amounts subject to foreign exchange risk. Foreign exchange risk is the risk of an investment's value changing due to changes in currency exchange rates and/or the risk that an investor will have to close out a long or short position in a foreign currency at a loss due to adverse movements in exchange rates. This amount must equal the total of the fair value amount in the **Foreign Currency Inv** tab of the spreadsheet.
13	Are any of the entity's cash equivalents or investments not with the Treasurer of Virginia and SNAP Individual Portfolio amounts in debt securities highly sensitive to interest rate changes? Some examples of these include a variable-rate investment with a multiplier, or a variable-rate investment with a coupon that varies inversely with a benchmark index. For further explanations of highly sensitive investments, refer to the **GASBS No. 40** Implementation Guide, questions 45 – 58. If the entity marked a "Yes", the entity will need to provide an explanation as to why these investments are considered highly sensitive.
14	**GASBS No. 40** states it is the entity's responsibility "to update the custodial credit risk disclosure requirements addressing other common risks of the deposits and investments of state and local governments." With this in mind, the entity should provide a description of any other type of risk to cash, cash equivalents, and investments not covered elsewhere on this attachment.
15	Submit the entity's investment policy along with this Attachment in the e-mail to **finrept-cu@doa.virginia.gov.** This is the investment policy that will officially be on record with the Department of Accounts. If the entity does have cash, cash equivalents, and investments NOT with the Treasurer of Virginia and **DOES NOT** have an investment policy, the entity should provide an explanation.

Continued on next page

Directions for the Cash Equiv. & Inv. NOT w Tr tab

According to **GASBS No. 40**, agencies that have cash equivalents and investments not with the Treasurer of Virginia and SNAP Individual Portfolio will need to report more detailed information about the risk of their cash equivalents and investments. This spreadsheet requests the necessary information DOA needs to properly report in the CAFR.

List cash equivalent or investment by type and issuer:
In prior years, entity's had to provide information by type of cash equivalent or investment. While DOA is continuing to request this information, DOA will also need each issuer (further broken by each issue) for most cash equivalent and investment types. This information is needed to satisfy the concentration of credit risk for **GASBS No. 40**. DOA is also requesting any applicable ticker symbol **and** CUSIP number for each issue. (The ticker symbol and CUSIP number are needed to help DOA in sorting all the issuers to ensure there is no one issuer greater than 5% of net assets or plan net assets for any particular fund.)

Note: **Ginnie Mae**, **EXIMBANK**, and **SBA** are the only asset backed securities that should be included with U.S. Treasury and Agency Securities. This is because they are explicitly backed by the U.S. Government. Securities such as those issued by the Federal National Mortgage Association (FNMA or **Fannie Mae), Student Loan Marketing Corporation (Sallie Mae),** and the **Federal Farm Credit Banks** are **NOT** explicitly backed by the U.S. Government and should not be included in U.S. Treasury and Agency Securities.

Note: Care should be taken when identifying securities as asset backed. Only securities that are collateralized by other assets, such as mortgage or other consumer loans, should be categorized as asset backed. Although entities such as Fannie Mae and Freddie Mac (Federal Home Loan Mortgage Corporation or FHLMC) issue many asset backed securities, they also issue unsecured debt in the form of bonds and notes. These unsecured debt issues should be listed in the "Agency Unsecured Bonds and Notes" section of the **Cash Equiv. & Inv. Not w Tr** tab and **NOT** in the "Asset Backed Securities" section.

Example: For the cash equivalent or investment type "Common and Preferred Stocks," the entity would list each issuer such as General Electric Corp. The entity would also list their ticker symbol "GE". Because it is an equity security, no credit quality rating would need to be given. The entity would then classify the custodial rate risk for this security.

Continued on next page

Directions for the Cash Equiv. & Inv. NOT w Tr tab, continued

Credit Quality Rating (AAA, BB, Unrated, etc.):
List the applicable credit quality rating. The credit quality ratings of cash equivalents and investments in debt securities (corporate bonds, corporate notes, etc) as described by nationally recognized statistical rating organizations (rating agencies) must be disclosed.

Obligations of the U.S. government or obligations **explicitly** guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. Negotiable certificates of deposit are also exempt from credit quality ratings. Repurchase agreements are exempt from credit quality ratings **only** if the underlying security is explicitly guaranteed by the U.S. government. The credit quality ratings of external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities should be disclosed. **If a credit quality disclosure is required and the investment is unrated or not rated by any rating agency, the disclosure should indicate that fact that the investment is Unrated. Under no circumstance, should the rating information for any investment be left blank.**

DOA's rating drop down list in the **Cash Equiv. & Inv. NOT w Tr** tab provides standardized symbols for commonly used ratings of Standard & Poor's and Moody's. Agencies may also refer to these two rating agencies' website for standardized rating symbols if certain ratings are not included in the drop down list. **In any case, correct and standardized rating symbols provided in DOA's drop down list or specified by the rating agencies if the ratings are not in the drop down list must be used. Entities should pay close attention to the rating symbols' letter case as a different letter case may symbolize different rating definition by different rating agencies.**

Interest rate risk (i.e. maturity) of each cash equivalent and investment:
The interest rate risk of debt investments must be disclosed by investment type and amount. DOA has selected the segmented time distribution method as outlined in **GASBS No. 40**. This requirement will require the agencies provide, by amount and issuer, the maturity of their debt investments.

GASBS No. 40 does not require separate disclosure for cash equivalents and investments. Therefore, cash equivalent and investment amounts should be listed in one of the investment column maturities (less than 1 year, 1-5 years, 6-10 years, greater than 10 years) depending on the investment securities that have maturities. Most equity type investments do not have a maturity and their total would only be reported in the "category 3" and / or "uncategorized" columns in the custodial credit risk section.

Continued on next page

Directions for the Cash Equiv. & Inv. NOT w Tr tab, continued

Negotiable certificates of deposit should be classified as cash equivalents or investments depending on the original maturity. Negotiable instruments are securities that are normally sold in $1 million units and that can be traded in a secondary market. **Non-negotiable certificates** of deposit should always be reported as cash equivalents in the "Less than 1 Year" column. Non-negotiable instruments are time deposits that are placed by depositors directly with financial institutions and that are generally subject to a penalty if redeemed before maturity.

Custodial credit risk:
Per **GASBS No. 40**, the requirement to disclose cash equivalents and investments as categories 1 and 2 is no longer necessary. These amounts should be reported in the uncategorized column. If the security, however, meets the following criteria, the security must still be reported as Category 3.

- Uninsured,
- Not registered in the name of the government, and
- Are held by either the counterparty or the counterparty's trust department or agent

Note: Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Securities underlying reverse repurchase agreements are not exposed because they are held by the buyer-lender.

List the total custodial credit risk that is considered category 3 and the amount that is uncategorized (remaining amount) for each issuer. For debt securities, the total of these two columns should equal the sum of the interest rate risk columns mentioned above or an error message will appear. Equity securities (common, preferred stock, index funds, equity index and pooled funds, and real estate) will not have a maturity, and their total would only be reported in the custodial credit risk section.

Continued on next page

Directions for the Cash Equiv. & Inv. NOT w Tr tab, continued

Total Reported Amount:
The reported amount column will automatically total from the amounts listed as category 3 and uncategorized in the custodial credit risk columns of the spreadsheet. **An "ERROR" message will appear for debt securities if this amount does not agree to the sum of the interest rate risk (maturity risk) amounts entered.** The overall total of category 3 and uncategorized cash equivalents and investments must agree to the amount reported at Part 7 in the **Detail** tab of the spreadsheet. If it does not, an "ERROR" message will appear in the **Detail** tab.

Directions for the Foreign Currency Inv tab

List the **fair value** of **each** cash equivalent / investment types subject to foreign exchange risk. Foreign exchange risk is the risk of an investment's value changing due to changes in currency exchange rates and / or the risk that an investor will have to close out a long or short position in a foreign currency at a loss due to adverse movements in exchange rates. The total amount must agree to Part 12 in the **Detail** tab.

Directions for the Recordation tab

Complete this tab to ensure cash equivalents and investments not held by the Treasurer of Virginia are appropriately valued in accordance with **GASBS No. 31**.

Directions for the Misc. tab

Complete this tab to ensure that the classification of restricted cash, cash equivalents, and investments have been properly reported on the Financial Statements in accordance with the Comprehensive Implementation Guide – Guides Issued through June 30, 2007.

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU7 – Instructions
GASBS No. 20 for Proprietary Funds

Purpose

To determine the **GASBS No. 20** reporting option the Component Unit uses to report its business-type activity.

Note: This attachment is similar to prior year's Attachment CU7.

Applicable entities

- A.L. Philpott Manufacturing Extension Partnership
- Belmont Bay Science Center Foundation
- Danville Science Center, Inc.
- Hampton Roads Sanitation District Commission
- Library of Virginia Foundation
- Science Museum of Virginia Foundation
- Virginia Biotechnology Research Partnership Authority
- Virginia Horse Center Foundation
- Virginia Housing Development Authority
- Virginia Museum of Fine Arts Foundation
- Virginia Port Authority and Virginia International Terminals
- Virginia Public School Authority
- Virginia Resources Authority

Due date

September 23, 2008

Certification

The **Certification** section requires the preparer and reviewer to type their name on this form. It is located at the end of the Attachment. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual. By typing a name, the individual is certifying that this attachment has been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same.

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym followed by AttCU7. For example, the Virginia Resources Authority should rename its Attachment CU7.doc file as VRAAttCU7.doc.

Submit the Word document electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Word attachment.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU7 – Instructions
GASBS No. 20 for Proprietary Funds

GASBS No. 20 requirements

GASBS No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, provides governments two options for reporting proprietary fund activities (including component units reporting business-type activity). The options are as follows:

- **Option 1**: Apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued **on or before** November 30, 1989, unless those conflict with or contradict GASB pronouncements.

- **Option 2**: Apply all of the above pronouncements and also apply all FASB Statements and Interpretations issued **after** November 30, 1989 except for those that conflict with or contradict GASB pronouncements. **GASBS No. 29**, *The Use of Not-for-Profit Accounting and Financial Reporting Principles by Governmental Entities*, limits the application of FASB Statements and Interpretations issued after November 30, 1989 to those that are developed primarily for business enterprises.

Options reported in the prior year

The chart below contains the options reported in the prior year. If a different option is selected for the current year, the entity must provide the required disclosures for a change in accounting principle.

Component Unit	Option
A. L. Philpott Manufacturing Extension Partnership	Option 2
Hampton Roads Sanitation District Commission	Option 1
Virginia Biotechnology Research Partnership Authority	Option 2
Virginia Horse Center Foundation	N/A
Virginia Housing Development Authority	Option 1
Virginia Port Authority and	N/A
Virginia International Terminals	Option 1
Virginia Public School Authority	Option 1
Virginia Resources Authority	Option 1

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU8 - Instructions
Capital Asset Disclosures

Purpose

GASBS No. 34, paragraph 20, requires depreciable capital assets and nondepreciable capital assets to be reported separately.

GASBS No. 34, paragraph 117, requires beginning and end-of-year balances with depreciation, capital acquisitions, and sales or other dispositions of major classes of capital assets to be disclosed. It also requires that current-period depreciation expense be reported with disclosure of the amounts charged to each of the functions in the statement of activities.

Note: This attachment accumulates the required capital asset information. This attachment is similar to prior year's Attachment CU8.

Applicable entities

- A.L. Philpott Manufacturing Extension Partnership
- Belmont Bay Science Center Foundation
- Danville Science Center, Inc.
- Hampton Roads Sanitation District Commission
- Library of Virginia Foundation
- Science Museum of Virginia Foundation
- Virginia Biotechnology Research Partnership Authority
- Virginia Horse Center Foundation
- Virginia Housing Development Authority
- Virginia Museum of Fine Arts Foundation
- Virginia Port Authority and Virginia International Terminals
- Virginia Public School Authority
- Virginia Resources Authority

Note: If the specific information requested in the **Capital Asset** tab is already included in the footnotes, then the entity must provide the footnote number and page number in the financial statements where the information is disclosed. If the specific information requested is not in the footnotes, enter "N/A" and complete the section or worksheet.

Due date

September 23, 2008

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU8 - Instructions
Capital Asset Disclosures

Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab.

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym followed by AttCU8. For example, the Virginia Resources Authority should rename its Attachment CU8.xls file as VRAAttCU8.xls.

Submit the Excel spreadsheet electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

Attachment revisions

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

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

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

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

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

Section 1 – Depreciation and Capital Assets

This section reports the changes in total net capital assets.

Nondepreciable Capital Assets and Depreciable Capital Assets:
Key in positive balances for "Balance as of July 1, 2007" and the "Increases" column. Key in negative amounts for the "Decreases" column. If the entity keys in a wrong sign, an error box will display stating that an incorrect sign has been entered. There is a formula that will automatically calculate the "Balance as of June 30, 2008."

Note: Total "Nondepreciable Capital Assets" per the footnote must agree to the "Total Nondepreciable Capital Assets" reported on the Statement of Net Assets.

Accumulated Depreciation
Just like above, key in positive amounts for "Balance as of July 1, 2007" and the "Increases" column, and key in negative amounts for the "Decreases" column. If the entity keys in a wrong sign, an error box will display stating that an incorrect sign has been entered. There is a formula that will automatically calculate the "Balance as of June 30, 2008."

Total Depreciable Capital Assets, Net & Total Capital Assets, Net
A formula will automatically calculate these two line items.

Note: Total "Depreciable Capital Assets, Net" per the footnote must agree to the "Total Depreciable Capital Assets, Net" reported on the Statement of Net Assets.

Verify the "Balance as of July 1, 2007" amounts agree to the ending balances reported in the prior year. If the amounts do not agree, provide an explanation.

Section 2 – Capital Asset Capitalization Policy

This section explains the Commonwealth's capital asset capitalization policy. If the entity's policies differ from that of the Commonwealth, key in the entity's capitalization policy.

Regardless of whether the entity's capitalization policy agrees with that of the Commonwealth, or if the entity follows its own policy, DOA requests that the entity complete the capitalization criteria in terms of dollars and the estimated lives of capital assets for:

- Buildings
- Equipment
- Infrastructure (historical approach)
- Improvements Other Than Buildings
- Works of Art / Historical Treasurers
- Library Books
- Construction-in-Progress

Section 3 – Works of Art / Historical Treasures

DOA needs to know if the entity has any works of art or historical treasurers that are not capitalized, and if so, a description of the items. In order for works of art or historical treasurers not to be capitalized, **ALL THREE** of the following criteria must be met.

- The assets are "held for public exhibition, education, or research in furtherance of public service rather than financial gain"
- The assets are "protected, kept unencumbered, cared for, and preserved," **AND**
- The assets are "subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections"

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU9 - Instructions
Asset and Liability Disclosures

Purpose

GASBS No. 34, paragraph 31, requires assets and liabilities to be reported in relative liquidity order. It also requires that long-term liabilities be reported in two components – the amount due within one year and the amount due in more than one year.

GASBS No. 34, paragraph 119, requires the changes in long-term liabilities be presented. This includes beginning balance, increases, decreases, and ending balances.

Note: This attachment accumulates required asset and liability disclosures and is similar to prior year's Attachment CU9.

Applicable entities

- A.L. Philpott Manufacturing Extension Partnership
- Belmont Bay Science Center Foundation
- Danville Science Center, Inc.
- Hampton Roads Sanitation District Commission
- Library of Virginia Foundation
- Science Museum of Virginia Foundation
- Virginia Biotechnology Research Partnership Authority
- Virginia Horse Center Foundation
- Virginia Housing Development Authority
- Virginia Museum of Fine Arts Foundation
- Virginia Port Authority and Virginia International Terminals
- Virginia Public School Authority
- Virginia Resources Authority

Note: If the specific information requested in each tab is already included in the footnotes, then the entity must provide the footnote number and page number in the financial statements where the information is disclosed. If the specific information requested is not in the footnotes, enter N/A and complete the section or worksheet.

Due date

September 23, 2008

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU9 - Instructions
Asset and Liability Disclosures

Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab.

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym followed by AttCU9. For example, the Virginia Resources Authority should rename its Attachment CU9.xls file as VRAAttCU9.xls.

Submit the Excel spreadsheet electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

For your convenience, the contact information in all but the first tab has been unlocked and shaded yellow. The contact information continues to be auto filled with the information from the first tab but the cells remain unlocked to allow for more than one preparer to complete the attachment.

Attachment revisions

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

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

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

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

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

Instructions for the Assets tab

Section	Instructions
1	Provide further detail of the entity's accounts receivable. For those line item receivables not listed, place them in the other receivable cells. Provide the gross and allowance amounts to be collected within one year and greater than one year as of June 30. If more rows need to be added, contact DOA.
2	Provide the current and noncurrent other asset amounts in the appropriate column and provide further detail of the entity's other asset line item. If more rows need to be added, contact DOA.

Instructions for the Liabilities tab

Section	Instructions
1	Provide further detail of the entity's accounts payable. For those line item payables not listed, place them in the other accounts payable cells. If more rows need to be added, contact DOA.
2	Provide further detail of the entity's other liabilities line item. If more rows need to be added, contact DOA. **Note**: These should not include other long-term liabilities.
3	Provide the changes in long-term liabilities (if applicable) for the debt below: • Bonds Payable* • Installment Purchases* • Capital Lease Obligations* • Notes Payable* • Compensated Absences • Pension Liability* • Other Post Employment Benefits* • Bond Anticipation Notes • Other* *The entity must give further detail in the following sections.
4	If the agency has bonds payable provide the following: • Future principal and interest payments • Whether the agency has defeased any debt on or before 2008, and if so how much • The lowest and highest rate of interest for the various issues of bonds payable outstanding • The oldest and newest issue date for the bonds payable outstanding • The amount of bonds payable that is considered moral obligation debt

Instructions for the Liabilities tab, continued

Section	Instructions
5	If the agency has installment purchase obligations provide the future principal and interest payments.
6	If the agency has capital lease payments provide the following: • Future principal payments, along with any applicable executory costs and total interest. • Gross capital assets amounts (for buildings and equipment) that were purchased under capital leases, and provide the accumulated depreciation for those assets.
7	If the agency has notes payable provide the principal and interest payments.
8	DOA is asking for any applicable pension disclosures for any pension plan other than with the Virginia Retirement System or a deferred compensation plan other than the Commonwealth's.
9	DOA is asking for any applicable other post employment benefit disclosures for any other post employment benefit not managed by the Commonwealth.
10	If there are any other long-term liabilities, provide a description.

Other Post Employment Benefits (OPEB's)

Currently the Commonwealth has five Other Post Employment Benefits (OPEB's) managed by three different agencies as described below.

- Pre-Medicare Retiree Healthcare Program, a program to provide a healthcare plan for retired employees who are not eligible to participate in Medicare. This program is managed by the Department of Human Resource Management.
- Retiree Health Insurance Credit Program, a program to provide a credit against the monthly health insurance premiums of eligible state retirees. This program is managed by the Virginia Retirement System.
- Line of Duty Death and Disability Program, a program to provide death and health benefits to the beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty. This program is managed by the Department of Accounts.
- Group Life Insurance, a program to provide life insurance for state employees, teachers, employees or political subdivisions, and other qualifying employees. This program is managed by the Virginia Retirement System.
- Virginia Sickness and Disability Program, a program to provide sickness and disability coverage to state employees. This program is managed by the Virginia Retirement System.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU10 - Instructions
Statement Entities – Conversion to Statement of Activities

Purpose

The Statement of Revenues, Expenses, and Changes in Fund Net Assets must be converted to the Government-wide Statement of Activities to be reported in the Commonwealth's Comprehensive Annual Financial Report (CAFR). This attachment provides a spreadsheet to complete the conversion.

Note: This attachment is similar to prior year's Attachment CU10.

Applicable entities

- A.L. Philpott Manufacturing Extension Partnership
- Belmont Bay Science Center Foundation
- Danville Science Center, Inc.
- Hampton Roads Sanitation District Commission
- Library of Virginia Foundation
- Science Museum of Virginia Foundation
- Virginia Biotechnology Research Partnership Authority
- Virginia Horse Center Foundation
- Virginia Housing Development Authority
- Virginia Museum of Fine Arts Foundation
- Virginia Port Authority and Virginia International Terminals
- Virginia Public School Authority
- Virginia Resources Authority

Note: This worksheet includes a question asking if the entity is providing a Statement of Activities to the Department of Accounts. Answer "Yes" or "No" in the yellow box to the right of the question. If yes, then the entity only needs to complete the contact information and submit the attachment. If no, the entity will need to complete the attachment.

Due date

September 23, 2007

Certification

The **Certification** tab requires all preparers and reviewers to type their name on this form. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed, the information is both complete and accurate, and the preparer and reviewer were not the same individual for any tab.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU10 - Instructions
Statement Entities – Conversion to Statement of Activities

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym followed by AttCU10. For example, the Virginia Resources Authority should rename its Attachment CU10.xls file as VRAAttCU10.xls.

Submit the Excel spreadsheet electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

For your convenience, the contact information in all but the first tab has been unlocked and shaded yellow. The contact information continues to be auto filled with the information from the first tab but the cells remain unlocked to allow for more than one preparer to complete the attachment.

Attachment revisions

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Revenue classification

GASBS No. 34 requires that revenue be classified as one of the following on the Government-wide Statement of Activities:

- General Revenue
- Program Revenues-Charges for Goods / Services
- Program Revenues-Operating Grants and Contributions
- Program Revenues-Capital Grants and Contributions

Program revenue must also be classified by expense segment.

Refer to **GASBS No. 34** and the Implementation Guides for further guidance.

Expense segments associated with program revenue

GASBS No. 34 requires that program revenues be presented as a reduction of the total expense of the benefiting segment; therefore, expense segments must be assigned to revenues. For **charges for services**, this is the segment that generates the revenue. For **grants and contributions**, this is the segment to which the revenues are restricted. For CAFR reporting purposes, the individual entities represent segments.

General revenue

All revenues are general revenues unless the revenues are required to be reported as program revenues. General revenues include taxes, investment earnings, and grants / contributions not restricted to specific programs.

Program revenue

The following are descriptions of the classifications of program revenue.

- **Charges for Goods / Services** – include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Examples of this category are as follows: fees charged for specific services, licenses, permits, and other amounts charged to service recipients. In addition, fines and forfeitures are also included because they result from direct charges to those who are otherwise directly affected by the program or service even though they receive no benefit. (see **GASBS No. 34**, **GASBS No. 37**, paragraph 13 which amends **GASBS No. 34**, paragraph 49)
- **Operating Grants and Contributions** – include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government should be reported as Operating Grants and Contributions. (see **GASBS No. 34**, paragraph 50)
- **Capital Grants and Contributions** – include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes (to purchase, construct, or renovate capital assets associated with a specific program). These items should be reported as Capital Grants and Contributions. **Note:** Capital appropriations received from the Commonwealth should be reported as capital grants and contributions. (see **GASBS No. 34**, paragraph 50)

Multipurpose Grants (grants that provide financing for more than one program) should be reported as program revenue if the amounts restricted to each program are specifically identified in either the grant award or the grant application. Multipurpose grants that do not provide for specific identification of the programs and amounts should be reported as General Revenues.

Continued on next page

Program revenue (continued)

Earnings on endowments or permanent fund investments should be reported as program revenues if restricted to a program specifically identified in the endowment or permanent fund agreement or contract. However, these earnings should be reported as General Revenue if the earnings are used to finance general operating expenses. Earnings on investments not held by permanent funds also may be legally restricted to specific segments or programs. For example, interest earnings on state grants may be required to be used to support a specific program.

Spreadsheet instructions

Step	Action
-	Record the entity's name and contact information.
1	• Enter the entity name in the Functions box. • Record the expenses and revenues related to each segment.
2	Record interest and charges on long-term debt that are considered indirect expenses. Interest and charges on long-term debt are considered direct expenses when it is essential to the creation or continuing existence of a program. Direct expenses should be included with the appropriate segment.
3	Record Securities Lending Transactions provided by the Department of Accounts (DOA), if applicable. The revenue should be recorded at Step 6.
4	Record loss on the sale, disposal, or impairment of capital assets.
5	Record tax revenues and type of tax.
6	Record other General Revenues, including the revenue from Securities Lending transactions. **Note**: Capital payments from the Commonwealth should be reported as Program Revenues (Capital Grants and Contracts).
7	• Record transfers in and where it is coming from. • Record transfers out and identify the recipient.
8	Record any special and / or extraordinary items.
9	Record the beginning net asset amount.

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU11 - Instructions
Short-term Debt

Purpose

This attachment is used to gather short-term debt information for footnote disclosures required by **GASBS No. 38**, *Certain Financial Statement Note Disclosures*.

Note: This attachment is similar to prior year's Attachment CU11.

Applicable entities

- A.L. Philpott Manufacturing Extension Partnership
- Belmont Bay Science Center Foundation
- Danville Science Center, Inc.
- Hampton Roads Sanitation District Commission
- Library of Virginia Foundation
- Science Museum of Virginia Foundation
- Virginia Biotechnology Research Partnership Authority
- Virginia Horse Center Foundation
- Virginia Housing Development Authority
- Virginia Museum of Fine Arts Foundation
- Virginia Port Authority and Virginia International Terminals
- Virginia Public School Authority
- Virginia Resources Authority

Note: The entity must answer the first question of the attachment to determine if the attachment must be completed.

Due date

September 23, 2007

Certification

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU11 - Instructions
Short-term Debt

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym followed by AttCU11. For example, the Virginia Resources Authority should rename its Attachment CU11.xls file as VRAAttCU11.xls.

Submit the Excel spreadsheet electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

Do not submit paper copies of the Excel attachment.

For your convenience, the contact information in all but the first tab has been unlocked and shaded yellow. The contact information continues to be auto filled with the information from the first tab but the cells remain unlocked to allow for more than one preparer to complete the attachment.

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU12 - Instructions
Intrafund Activity

Purpose

This attachment is applicable to component units that report foundations and / or component units as part of the entity. This attachment is used to determine if intrafund activity is reported in an entity's financial statements / template. If intrafund activity exists, this attachment is used to determine the entries to eliminate the activity.

Note: This attachment is similar to prior year's Attachment CU12.

Applicable entities

- Virginia Port Authority and Virginia International Terminals
- **Any other component unit that reports a DISCRETE component unit and / or foundation as part of its reporting entity.**

Note: **If a component unit reports a BLENDED component unit as part of its reporting entity, information should be reported net of intrafund eliminations; therefore, this attachment is not required.**

Note: The entity must answer the first question of the attachment to determine if the attachment must be completed.

Due date

September 23, 2008

Note: This attachment is due with the financial statements / template.

Certification

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU12 - Instructions
Intrafund Activity

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym followed by AttCU12. For example, the Virginia Port Authority should rename its Attachment CU12.xls file as VPAAttCU12.xls.

Submit the Excel spreadsheet electronically to finrept-cu@doa.virginia.gov.

Copy APA via e-mail to APAFinRept@apa.virginia.gov.

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU13
GASBS No. 42, Impairment of Capital Assets and Insurance Recoveries

Purpose

The purpose of **GASBS No. 42** is to provide reporting guidance for the following: impairment of capital assets, and all insurance recoveries (not just recoveries for impaired capital assets).

Note: This attachment is similar to prior year's Attachment CU13.

Due date

September 23, 2008

Certification

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Applicable entities

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- Belmont Bay Science Center Foundation
- Danville Science Center, Inc.
- Hampton Roads Sanitation District Commission
- Library of Virginia Foundation
- Science Museum of Virginia Foundation
- Virginia Biotechnology Research Partnership Authority
- Virginia Horse Center Foundation
- Virginia Housing Development Authority
- Virginia Museum of Fine Arts Foundation
- Virginia Port Authority and Virginia International Terminals
- Virginia Public School Authority
- Virginia Resources Authority

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU13
GASBS No. 42, Impairment of Capital Assets and Insurance Recoveries

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Questions?

Please direct all questions regarding this attachment to:

Bobby Eddleton Assistant Director, Financial Reporting	Phone: FAX: E-mail:	(804) 225-2257 (804) 225-2430 **bobby.eddleton@doa.virginia.gov**
Andrew Short Financial Reporting Analyst, Financial Reporting	Phone: FAX: E-mail:	(804) 225-2002 (804) 225-2430 **andrew.short@doa.virginia.gov**

Department of Accounts
P. O. Box 1971
Richmond, VA 23218-1971

Submission requirements

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

After downloading the file, rename the spreadsheet file using the entity's acronym followed by AttCU13. For example, the Virginia Resources Authority should rename its Attachment CU13.xls file as VRAAttCU13.xls.

Submit the Excel spreadsheet electronically to finrept-cu@doa.virginia.gov.

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU13
GASBS No. 42, Impairment of Capital Assets and Insurance Recoveries

Overview of Requirements

Financial Statement Template Reporting:

- **Recognize Impairment Loss: Capital assets permanently impaired during fiscal year 2008**: The capital asset must be written down by the impairment loss amount. Any insurance recoveries recognized during the year for the impaired capital asset must be netted with the impairment loss. These losses should be reported as program expense-loss on sale / disposal / impairment of capital assets, special item, or extraordinary item on Attachment CU10 – Conversion to Statement of Activities.

- **Insurance Recoveries**: For any insurance recoveries that are for prior year capital asset impairments and / or all other reasons (i.e. theft, embezzlement of cash, etc.), report these recoveries as program revenue-operating grants & contributions, program revenue – capital grants & contributions, or an extraordinary item on Attachment CU10 – Conversion to Statement of Activities.

Footnote Disclosures:

- **Impairment Losses**: The footnotes must include a general description, the amount, and the financial statement line item.

- **Idle Permanently and / or Temporarily Impaired Capital Assets**: The carrying amount of temporarily and / or permanently impaired capital assets that are idle as of year-end must be disclosed.

- **All Insurance Recoveries**: The footnotes must include the amount and financial statement line item for **all** insurance recoveries (not just for impaired capital assets).

Other Considerations:

- For any capital assets that do not meet the impairment test, the remaining useful life and salvage value may need to be reevaluated and changed on a prospective basis.

Note: Refer to **GASBS No. 42** for additional guidance.

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU13
GASBS No. 42, Impairment of Capital Assets and Insurance Recoveries

Instructions: Part 1

This part is to identify potential impairments as follows:

A) **Possible Impairment of Capital Assets**: As of June 30, 2008, did the entity have an event* or change in circumstances* that may indicate an impairment of a capital asset as described in **GASBS No. 42**? If yes, provide a description, month / year it took place, the possible impaired capital assets, and then go to B. If no, go to Part 3.

***Note**: This must be a prominent event or circumstance that is conspicuous or known to the entity. It is expected to have been discussed by the management, or media. Common indicators of impairment include the following:

- Physical damage (i.e. fire, flood)
- Enactment or approval of laws / regulations or other changes in environmental factors
- Technological development or evidence of obsolescence
- Change in the manner or expected duration of a capital asset
- Construction stoppages (i.e. lack of funding)

B) **Impairment Test**: If yes to A, is the decline in service utility of the capital asset significant **and** unexpected? If yes, go to C. If no, go to Part 3.

Note: If this test indicates an impairment has not occurred, the estimated useful life and salvage value may need to be reevaluated and changed. This should be accounted for on a prospective basis.

C) **Permanent Impairment**: If yes to A and B, is the impairment considered permanent? If yes, go to D. If no, go to Part 2.

Note: Generally, an impairment should be considered permanent; however, in some cases it may be considered temporary. If it is considered temporary, the capital asset should not be written down. See **GASBS No. 42** for additional guidance.

Continued on next page

Instructions: Part 1 (continued)

D) **Financial Statement Reporting & Footnote Disclosure**: If yes to A, B, and C, has the impairment loss and related insurance recoveries (if applicable) been properly reported on the financial statement in accordance with **GASBS No. 42**? If **no**, provide an explanation. If **yes**, provide the impairment loss, insurance recoveries, and financial statement line item this activity is reported on.

Notes: For **impaired capital assets that will continue to be used by the entity**, the impairment loss that should be written off should be measured by one of the following methods: restoration cost approach, service units approach, or deflated depreciation replacement cost approach. For **impaired capital assets that will no longer be used by the entity or capital assets impaired from construction stoppage**, they should be reported at the lower of carrying value or fair value.

Loss on capital assets that became permanently impaired during fiscal year 2008 must be reported on Attachment CU10 – Conversion to Statement of Assets as program expenses – loss on sale / disposal / impairment of capital assets, extraordinary item, or special item. If the impairment loss took place in prior years and not previously recognized, beginning net assets should be restated. Use professional judgment to determine the appropriate financial statement line item.

Also, per **GASBS No. 42** paragraph 21, if insurance recoveries are in the same year as the impairment loss, the impairment loss should be reported net of the associated insurance recovery. Also, per **GASBS No. 42** paragraph 17 - footnote 6, this guidance also applies to insured impairments that result in an accounting gain.

Part 2, Idle Capital Assets – Temporarily or Permanently Impaired

Any permanently and / or temporarily impaired capital assets that are idle as of year-end must be disclosed. Provide the carrying amount of any permanently and / or temporarily impaired capital assets as of year-end.

Part 3, Other Insurance Recoveries

For any insurance recoveries that are not reported in Part 1 D, provide the amount and financial statement line item. Also, provide a description.

Note: This includes current year insurance recoveries for capital assets impaired in prior years. It also includes all other insurance recoveries. (i.e. recoveries for embezzlement of cash, theft). Insurance recoveries should be reported on Attachment CU10 – Conversion to Statement of Activities as program revenue-operating grants & contributions, program revenue-capital grants & contributions, and / or extraordinary item. Use professional judgment to determine the appropriate line item.

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU14
GASBS No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues

Purpose

The purpose of **GASBS No. 48** is to provide reporting guidance in which a government receives or is entitled to resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues to be reported as a collateralized borrowing resulting in a liability rather than as a sale unless the specific criteria for reporting as a sale are met [GASB-S48:5-18]. Also, this statement requires governments to report transfers or donations of capital assets or financial assets within a financial reporting entity at the carrying value at the time of transfer.

Note: This attachment is new for fiscal year 2008.

Due date

September 23, 2008

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- Virginia Public School Authority
- Virginia Resources Authority

Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU14
GASBS No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues

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Submission requirements

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Component Unit Year-End Reporting Memorandum – FY 2008
Attachment CU14
GASBS No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues

GASBS No. 48 Rec. and Future Rev tab

Answer questions 1a through 1k on the **GASBS No. 48 Rec. and Future Rev** tab. If any question is answered with a yes, please give additional information in the yellow boxes provided.

Note: Refer to **GASBS No. 48** for additional guidance.

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