

Component Unit Year-End Reporting Memorandum – FY 2009
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 Commercial Space Flight 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
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Due date

September 22, 2009

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. By typing a name, the individual is certifying that all tabs of this attachment have been reviewed; the information is both complete and accurate; the preparer and reviewer were not the same individual for any tab; and that they have read and understand the instructions for the attachment.

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Attachment CU10 - Instructions
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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

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.

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Attachment CU10 - Instructions
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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
- Contributions to Term and Permanent Endowments
- 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.

Statement of Activities – Investment Earnings

Investment earnings represent interest, dividends, unrealized gains/losses on investments, realized gains/losses, and other investment earnings on investments that **do not** meet the definition of program revenue. For example, investment earnings on permanent or term endowments should be reported as program revenue if restricted to a program or programs specifically identified in the endowment agreement or contract. Investment earnings not meeting the definition of program revenues should be reported as General Revenue – Investment Earnings (see **GASBS No. 34**, paragraph 51 & 52). **Based on this definition, investment earnings may be reported on more than one financial statement template line item.**

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**Statement of
Activities –
Contributions
to Term and
Permanent
Endowments**

Contributions to permanent endowments represents funds with respect to which donors or other outside agencies have stipulated that the principal be maintained in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to the principal.

Contributions to term endowments are similar to permanent endowments except that upon passage of a stated period of time or the happening of a particular event, all or a part of the principal may be expended. Donors' temporary restrictions may require that resources be used in a later period or after a specified date (time restriction), or that resources be used for a specified purpose (purpose restrictions), or both. Term endowments have **both time and** purpose restrictions.

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Attachment CU10 - Instructions
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**Program
revenue**

The following are descriptions of the classifications of program revenue.

- **Charges for Services** – This represents exchange or exchange-like transactions. These revenues arise from charges to customers, applicants or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services. Charges for services are reported as program revenue of the function in which they are generated, even if used for some other purpose (see **GASBS No. 34**, **GASBS No. 37**, paragraph 13 which amends **GASBS No. 34**, paragraph 49).
- **Operating Grants and Contributions** – This represents revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for either operating or capital purposes (see **GASBS No. 34**, paragraph 50).
- **Capital Grants and Contributions** – This represents revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for capital purposes.

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.

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Component Unit Year-End Reporting Memorandum – FY 2009
Attachment CU10 - Instructions
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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	<ul style="list-style-type: none"> • 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 decreases of value of split-interest agreements as a non-operating expense.
6	Record tax revenues and type of tax.

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Component Unit Year-End Reporting Memorandum – FY 2009
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Spreadsheet instructions, (continued)

Step	Action
7	Record other General Revenues, including the revenue from Securities Lending transactions. <u>Note</u> : Capital payments from the Commonwealth should be reported as Program Revenues (Capital Grants and Contracts).
8	<ul style="list-style-type: none">• Record contributions to permanent endowments.• Record contributions to term endowments.
9	<ul style="list-style-type: none">• Record increase in value of split-interest agreements.• Record decrease in value of split-interest agreements.
10	Record any special and / or extraordinary items.
11	Record the beginning net asset amount.

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