

Component Unit Year-End Reporting Memorandum – FY 2009
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. 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.

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

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 22, 2009

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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.

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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 non-negotiable certificate of deposit, money market fund, Treasury bill, monies in the State Non-Arbitrage Program (SNAP) and Local Government Investment Pool (LGIP). 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.

Questions

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**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: Funds held in money-market accounts offered 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.

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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 \$250,000 per financial institution for interest bearing and an additional \$250,000 for non-interest bearing accounts (i.e. demand deposits) may be insured by the FDIC].
3b	Of the amount reported in 1b above, provide the amount that is covered by the Security for Public Deposits Act (Section 2.2-4400 of the <i>Code of Virginia</i>). The amount covered is usually the amount deposited in a qualified public depository less the amount covered by federal depository insurance (part 2a). The most current listing of qualified depositories is available on the Department of Treasury's website at http://www.trsvirginia.gov/ . An agency can also contact the SPDA accountant at (804) 225-3249 to determine if their chosen financial institution has become a qualified public depository since the last update <u>Note:</u> 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 \$250,000.

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Directions for the Detail tab, continued

Part	Instruction
4a	<p>Report the entity's total restricted cash not held with the Treasurer of Virginia.</p> <p>Note: Certificates of deposit (CDs) should NOT be reported as cash. CDs should be reported as cash equivalents and / or investments.</p> <p>Note: Funds held in money-market accounts offered 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 inv.'s.</p>
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 \$250,000 per financial institution for interest bearing and an additional \$250,000 for non-interest bearing accounts (i.e. demand deposits) may be insured by the FDIC].
5b	<p>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 <i>Code of Virginia</i>).</p> <p>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.</p>
5c	<p>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:</p> <ul style="list-style-type: none"> 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. <p>The total of the amounts provided must agree to the total amount in step 4b above.</p>
5d	Provide an explanation if the amount reported in Part 5a) is greater than \$250,000.

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[Directions for the Detail tab, continued](#)

Part	Instruction
6	<p>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.</p> <p>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).</p>
7	<p>Report <u>in each listed category</u> the amounts for cash equivalent and investment not with the Treasurer of Virginia, both restricted and unrestricted, and SNAP Individual Portfolio (<u>do not include SNAP Pool amounts here as they are considered WITH the Treasurer and will be reported in parts 10a and 10b</u>). 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 <u>the sum of all amounts in the “Reported Amount” column on the Cash Equiv. & Inv. NOT w Tr tab of the spreadsheet.</u></p> <p>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.</p>
8a & b	<p>Unrestricted Cash Equivalents held with Treasurer of Virginia and restricted Cash Equivalents held with Treasurer of Virginia (excluding any SNAP and / or LGIP).</p> <p>List all cash equivalents held with the Treasurer of Virginia. Provide a description and amount.</p> <p>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.</p>

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[Directions for the Detail tab, continued](#)

Part	Instruction
8c & d	<p>Unrestricted Investments held with Treasurer of Virginia and restricted Investments held with Treasurer of Virginia (excluding any SNAP and/or LGIP).</p> <p>List all cash equivalents held with the Treasurer of Virginia. Provide a description and amount.</p> <p>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.</p>
9a & b	<p>For any unrestricted Cash Equivalents & Investment held with Treasurer of Virginia and / or restricted Cash Equivalents & Investments held with Treasurer of Virginia <u>in the LGIP</u>, provide the LGIP account # and amount. DOA reconciles this information to information provided by Treasury.</p> <p>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.</p>
10 a & b	<p>For any unrestricted Cash Equivalents held with Treasurer of Virginia and / or restricted Cash Equivalents held with Treasurer of Virginia in the <u>SNAP pool account</u>, provide the SNAP account # and amount. DOA reconciles this information to information provided by Treasury.</p> <p>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.</p>
10 c & d	<p>For any unrestricted and / or restricted <u>SNAP individual portfolio</u>, provide the SNAP account # and amount. DOA reconciles this information to information provided by Treasury.</p> <p>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.</p>

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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.
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 <u>GASBS No. 40</u> 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	<u>GASBS No. 40</u> 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.

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**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/or SNAP Individual Portfolio investments 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.

New for FY 2009: In response to agency requests, the **Cash Equiv. & Inv. Not w Tr** tab is no longer password-protected so that agencies may add additional rows when needed without having to contact DOA or copy and paste information into the sheet from their own records. In adding rows or copying information, care must be taken to preserve the existing spreadsheet layout and column and row labels. If rows are added, please also copy the “TYPE” and “INVESTMENT” descriptions at columns A and B and the formulas at columns N and P.

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.

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

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.

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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. Non-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, Moody's and Fitch's. Agencies may also refer to these three rating agencies' websites for explanations of the ratings and the standardized rating symbols. Once a rating agency is selected for the investment, the list of rating symbols that may be selected in the next column is restricted to only valid ratings symbols for that rating agency. If there is no rating agency for the investment, "N/A" may be selected for both the rating agency and the rating.

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.

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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.

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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, 2008.
