

**Component Unit Year-End Reporting Memorandum – FY 2017**  
**Attachment CU4 – Instructions**  
**Financial Statement Template (FST)**

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**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.

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**Due dates & applicable entities**

**The following entities have a due date of August 17, 2017:**

- Assistive Technology Loan Fund Authority
- Virginia Arts Foundation (Agency 148)
- Virginia Foundation for Healthy Youth (Agency 852)
- Virginia Health Workforce Development Authority
- Virginia Land Conservation Foundation (Agency 199)
- Virginia Offshore Wind Development Authority
- Virginia School for the Deaf and Blind Foundation (Agency 218)
- Virginia Sesquicentennial of the American Civil War Foundation (Agency 859)
- Virginia Small Business Financing Authority (Agency 350)
- Virginia Solar Energy Development Authority

**The following entities have a due date of September 14, 2017:**

- A.L. Philpott Manufacturing Extension Partnership
- Fort Monroe Authority
- Hampton Roads Sanitation District Commission
- Tobacco Region Revitalization Commission (Agency 851)
- Virginia Biotechnology Research Partnership Authority including Virginia Biotechnology Research Park Corporation
- Virginia Commercial Space Flight Authority
- Virginia Economic Development Partnership (Agency 310)
- Virginia Housing Development Authority
- Virginia Outdoors Foundation
- Virginia Port Authority (Agency 407) including Virginia International Terminals, LLC (VIT)
- Virginia Public School Authority (Agency 152)
- Virginia Resources Authority
- Virginia Tourism Authority (Agency 320)

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**Questions**

For questions or to request detailed training from an analyst please contact:  
[AttachmentAnalyst@doa.virginia.gov](mailto:AttachmentAnalyst@doa.virginia.gov).  
Please reference the attachment number in the subject line of the email.

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**Data entry**

Only cells highlighted in yellow allow for data entry. Error messages in cells are intended to alert preparers that established parameters are not being followed. **Failure to correct Errors or provide answers to all required questions prior to submission will prohibit acceptance of the attachment. Selected cells requiring a response will be populated with an “Answer Required” message until a response is entered.**

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**Submission requirements**

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

**After downloading the file, rename the spreadsheet file using the entity’s acronym.** For example, the Virginia Resources Authority should rename its Attachment CU4.xlsx\* file as VRAAttCU4.xlsx\*. **If the entity does not have a well-known acronym** then spell the entire name of the entity followed by AttCU4. For example, Virginia Outdoors Foundation may rename its Attachment CU4.xlsx\* file as VirginiaOutdoorsFoundationAttCU4.xlsx\*.

**Note:** Remember to submit audited financial statements when available.

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**Submission requirements**  
*(continued)*

Submit the Excel spreadsheet electronically to [finrept-cu@doa.virginia.gov](mailto:finrept-cu@doa.virginia.gov).

Please include the **Entity's Acronym** and **Attachment number** in the **subject line** of the submission e-mail.

Copy APA via e-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do not submit paper copies of this spreadsheet.

For your convenience, it is only necessary to enter the contact information on the first tab. The contact information is linked to the remaining tabs; however, the contact information in the remaining tabs may be overwritten if necessary.

**\*Note:** If the entity has an earlier version of Excel and has problems opening the attachment file, DOA can provide the attachment saved in an earlier version of Excel (.xls).

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**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 preparer is certifying that all of the questions have been completed and are accurate; the reviewer is certifying that the attachment has been reviewed and is complete and accurate; the preparer and reviewer were not the same individual for any tab; and the preparer and reviewer have read and understood the instructions for the attachment. If entity staffing does not allow for a different preparer and reviewer, please contact DOA.**

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**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.

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**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 are included in the template. Cash, cash equivalent, and investment footnotes (**Tabs 1A, 1B, & 1C**) are designed to obtain information for **GASBS No. 40**, *Deposit and Investment Risk Disclosures*, as amended by **GASBS No. 59**, *Financial Instruments Omnibus*, **GASBS No. 72**, *Fair Value Measurement and Application*, and **GASBS No. 79**, *Certain External Investment Pools and Pool Participants*. Refer to the instructions in [Appendix 1](#) at the end of this document for additional guidance on completing these tabs.
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**General  
information**  
*(continued)*

3. **Tab 1B – Cash Eq. & Inv. Not w Tr** is not password protected so that entities may add additional rows when needed without having to contact DOA or may 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, O, P, V, W, and X. Nonnegotiable CDs should continue to be treated as “deposits” for GASBS 3/40 disclosures and should **not** be included on this tab **but** be included on **Tab 1A - Detail**.
4. When completing **Tab 3 – Capital Assets**, refer to the **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates** on DOA’s website at [www.doa.virginia.gov](http://www.doa.virginia.gov) for additional information.
5. Ensure that all of the footnote tabs applicable to the data entered on the statements are completed.

For additional information refer to the **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**, which can be found on DOA’s website at [www.doa.virginia.gov](http://www.doa.virginia.gov) by clicking on the “Financial Statement Directives” link.

6. If a template amount has a footnote number reference, the corresponding spreadsheet tab must be completed.

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**General  
information**  
*(continued)*

7. A fluctuation analysis for the component unit template comparing the current and prior year's financial statement template activity requires explanation. Significant variances must be explained. The fiscal year 2016 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" displays in the column titled "Is a fluctuation explanation required?", additional information is needed. For information regarding **Preparation of Fluctuation Analyses**, refer to page 19 of this directive. **If you provide audited financial statements the fluctuation analysis does not have to be completed.**
  
  8. Provide explanations for the fluctuation analysis on the **Template Flux** tab. In your explanations provide the underlying reasons (i.e. management decision, trend, event) for the change, do not just state the item increased or that the item increased because another item decreased.
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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments**

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**Recommended** It is recommended that each entity obtain copies of **GASBS No. 3**, **GASBS No. 40**, **GASBS No. 59**, **GASBS No. 31**, **GASBS No. 72**, **GASBS No. 79**, and Implementation Guide No. 2015-1 and 2016-1 issued by GASB to facilitate a thorough understanding of this attachment. For additional information regarding GASB Statements, refer to the GASB website at [www.gasb.org](http://www.gasb.org).

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**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 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 that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash with an original maturity greater than 90 days. This includes securities, which are transferable financial instruments that evidence ownership or creditorship.

**Note:** The definition of fair value was revised by **GASBS No. 72** as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Security** – A transferable financial instrument evidencing debt obligation of, or equity ownership in, a common enterprise. The term includes notes, stocks, bonds, debentures, or other forms of negotiable and non-negotiable instruments that evidence indebtedness or ownership.

**Note:** For investments that are derivatives, entities must provide additional footnote disclosures in a separate communication. Otherwise, entities will apply the disclosure requirements for investments set forth in **GASBS No. 40** and **GASBS No. 72**. DOA may request additional information regarding **GASBS No. 72** in a separate communication.

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, continued**

**Directions for  
 Tab 1A - Detail  
 tab**

Below are instructions as to the proper completion of the **Tab 1A- Detail** tab in the Excel spreadsheet. Please follow these instructions carefully.

<b>Part</b>	<b>Instruction</b>
1	<p>Report the entity’s <b>unrestricted</b> cash held with the Treasurer of Virginia and <b>restricted</b> cash held with the Treasurer of Virginia. The total of the reported amounts should agree to Cardinal Account 101010. Attach reconciliation if there is a variance.  <b>Do not include petty cash or advances.</b></p> <p>Provide an explanation if the reported amount is negative.</p>
2a	<p>Report the entity’s total <b>unrestricted</b> cash not held with the Treasurer of Virginia. (Do not include <b>restricted</b> cash.)</p> <p><b>Note:</b> Certificates of deposit (CDs) <b>should NOT</b> be reported as cash. The following guidance for reporting certificates of deposits is provided based on information in the Implementation Guide No. 2015-1: For reporting purposes, nonnegotiable and negotiable CDs should be reported on the applicable “cash equivalents” financial statement template line item if the original maturity is 90 days or less and they should be reported on the applicable “investment” financial statement template line item if the original maturity is greater than 90 days. Nonnegotiable CDs should continue to be treated as “deposits” for GASB 3/40 disclosures.</p> <p><b>Note:</b> 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 <b>cash</b> instead of investments.</p> <p><b>Note:</b> <b>DO NOT</b> report cash not held with the Treasurer of Virginia for which an advance is recorded on Cardinal, such as cash held in DOA-approved petty cash and travel advance accounts.</p>

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

**Directions for Tab 1A - Detail tab, continued**

<b>Part</b>	<b>Instruction</b>
2b	Enter total cash not held with the Treasurer of Virginia deposited at bank as of June 30.
2c	Provide an explanation if the reported amount is negative.
2.1a	Report the entity's nonnegotiable CDs not held with the Treasurer of Virginia.
2.1b	Enter total nonnegotiable CDs not held with the Treasurer of Virginia per the financial institution as of June 30.
2.2	The attachment sums the amounts in 2b and 2.1b for cash and nonnegotiable CD's on this line.
3a	Of the amount reported in Part 2.2, provide the amount that is insured by the federal depository insurance. (The FDIC coverage for public units is as follows: 1) up to \$250,000 for the combined amount of all time and savings accounts (including NOW accounts) and up to \$250,000 for all demand deposit accounts (interest-bearing and non-interest bearing) per in-state financial institution, and 2) up to \$250,000 for the combined total of all deposit accounts per out-of-state financial institution. Refer to the FDIC website at <a href="http://www.FDIC.gov/">http://www.FDIC.gov/</a> for FDIC coverage information and definitions.)
3b	Of the amount reported in 2.2 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 3a). The most current listing of qualified depositories is available on the Department of Treasury's website at <a href="http://www.trs.virginia.gov/">http://www.trs.virginia.gov/</a> . An entity can also contact the SPDA accountant at (804) 371-7987 to determine if their chosen financial institution has become a qualified public depository since the last update  <b>Note:</b> 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.

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

**Directions for Tab 1A - Detail tab, continued**

<b>Part</b>	<b>Instruction</b>
3c	<p>If any cash <b>NOT</b> with the Treasurer is NOT covered by the FDIC or the Security for Public Deposits Act, report the amount and bank balance for all applicable options below:</p> <ul style="list-style-type: none"> <li>i) Uncollateralized</li> <li>ii) Collateralized with securities held by the pledging financial institution</li> <li>iii) Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor-government’s name.</li> </ul> <p>The total of the amounts provided must agree to the total amount in step 2.2 above.</p>
3d	Provide an explanation if the amount reported in Part 3a) is greater than \$250,000.
4a	<p>Report the entity’s total <b>restricted</b> cash not held with the Treasurer of Virginia.</p> <p><b>Note:</b> Certificates of deposit (CDs) <b>should NOT</b> be reported as cash. The following guidance for reporting certificates of deposits is provided based on information in the Implementation Guide No. 2015-1: For reporting purposes, nonnegotiable and negotiable CDs should be reported on the applicable “cash equivalents” financial statement template line item if the original maturity is 90 days or less and they should be reported on the applicable “investment” financial statement line item if the original maturity is greater than 90 days. Nonnegotiable CDs should continue to be treated as “deposits” for GASB 3/40 disclosures.</p> <p><b>Note:</b> 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 <b>cash</b> instead of investments.</p>
4b	For the total <b>restricted</b> cash not with the Treasurer of Virginia reported in 4a above, provide the total bank balance as of June 30.
4c	Provide an explanation if the reported amount is negative.

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

**Directions for Tab 1A - Detail tab, continued**

<b>Part</b>	<b>Instruction</b>
4.1a	Report the entity's nonnegotiable CDs not held with the Treasurer of Virginia.
4.1b	Enter total nonnegotiable CDs not held with the Treasurer of Virginia per the financial institution as of June 30.
4.2	The attachment sums the amounts in 4b and 4.1b for cash and nonnegotiable CD's on this line.
5a	Of the amount reported in Part 4.2, provide the amount that is insured by the federal depository insurance. (The FDIC coverage for public units is as follows: 1) up to \$250,000 for the combined amount of all time and savings accounts (including NOW accounts) and up to \$250,000 for all demand deposit accounts (interest-bearing and non-interest bearing) per in-state financial institution, and 2) up to \$250,000 for the combined total of all deposit accounts per out-of-state financial institution. Refer to the FDIC website at <a href="https://www.fdic.gov/">https://www.fdic.gov/</a> for FDIC coverage information and definitions.)
5b	Of the amount reported in 4.2 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> ).  <b>Note:</b> If all restricted 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	If any restricted cash <b>NOT</b> with the Treasurer is <b>NOT</b> covered by the FDIC or the Security for Public Deposits Act, report the amount and bank balance for all applicable options below: <ul style="list-style-type: none"> <li>i) Uncollateralized</li> <li>ii) Collateralized with securities held by the pledging financial institution</li> <li>iii) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.</li> </ul> The total of the amounts provided must agree to the total amount in step 4.2 above.
5d	Provide an explanation if the amount reported in Part 5a) is greater than \$250,000.

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

**Directions for Tab 1A - Detail tab, continued**

<b>Part</b>	<b>Instruction</b>
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>
7a	<p>This step is linked to corresponding financial statement line items on the <a href="#">Component Unit Template</a> tab and reports <u>in each listed category</u> the amounts for cash equivalent and investment <b>not</b> with the Treasurer of Virginia, both restricted and unrestricted, and SNAP <b>Individual Portfolio</b> (<u>excluding SNAP Pool amounts 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 <b>not</b> with the Treasurer of Virginia, both restricted and unrestricted, and SNAP <b>Individual Portfolio</b> must agree to <u>the sum of all amounts in the “Reported Amount” column on the <a href="#">Tab 1B-Cash Eq. &amp; Inv. NOT w Tr</a> tab of the spreadsheet.</u></p>
7b	<p>Report the amount and investment type category for any <b>investment derivative instruments</b>, as defined in <b>GASBS No. 53</b>, that are included in the amount reported in Part 7a above.</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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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

**Directions for Tab 1A - Detail tab, continued**

<b>Part</b>	<b>Instruction</b>
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 investments 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 &amp; Investments held with Treasurer of Virginia and/or restricted Cash Equivalents &amp; Investments held with Treasurer of Virginia <u>in the LGIP</u>, provide the LGIP account number 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 <u>in the SNAP pool account</u>, provide the SNAP account number 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 number 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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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

**Directions for Tab 1A - Detail tab, continued**

<b>Part</b>	<b>Instruction</b>
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 reported in Part 7a is greater than the sum of Less Than 1 year on <b>Tab 1B - Cash Eq. &amp; Inv. Not w Tr.</b> tab plus Nonnegotiable Certificate of Deposit reported as cash equivalents in Part 2.1 and Part 4.1.
11b	Indicate if nonnegotiable CDs not held with the Treasurer of Virginia are properly reported on the <b>Component Unit Template</b> tab on an applicable cash equivalent, restricted cash equivalent, investment, or restricted investment line item depending on the length of maturity. Provide an explanation if the answer is “no” and DOA may contact the entity for additional information.
11c	The information on <b>Tab 1B - Cash Eq. &amp; Inv. Not w Tr.</b> tab should agree to the entity's individually published financial statements. Any differences must be explained.
12	List the total <b>fair value</b> 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 <b>Tab 1C - Foreign Currency Inv</b> tab of the spreadsheet.

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

**Directions for Tab 1A - Detail tab, continued**

<b>Part</b>	<b>Instruction</b>
13	<p>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 Implementation Guide No. 2015-1 and 2016-1 issued by GASB.</p> <p>If the entity marked a “Yes,” the entity will need to provide an explanation as to why these investments are considered highly sensitive.</p>
14	<p><b><u>GASBS No. 40</u></b> 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.” The entity should provide a description of any other type of risk to cash, cash equivalents, and investments not covered elsewhere on this attachment.</p>
15	<p>Submit the entity's investment policy along with this Attachment in the e-mail to <a href="mailto:finrept-cu@doa.virginia.gov">finrept-cu@doa.virginia.gov</a>. 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 <b>DOES NOT</b> have an investment policy, the entity should provide an explanation.</p>

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

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**Directions for  
Tab 1B - Cash  
Eq. & Inv. Not  
w Tr tab**

Entities 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 to comply with **GASBS No. 40**.

The **Tab 1B - Cash Eq. & Inv. Not w Tr** tab is not password-protected so that entities 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, O, P, V, W, and X.

**List cash equivalent or investment by type and issuer:**

Sections are provided for common investment types and categories. If a category for a specific investment is not provided, place it in the Other Debt Securities or Other Equities Securities section, as appropriate. Specify the issuer of the investment in the Description field. The individual investment issue must also be identified. For equity investments, the issue is usually identified by a ticker symbol. For debt investments, the issue is identified by a CUSIP number. Entities must provide ticker symbol or CUSIP number information for all investments. This information is needed in order to satisfy the concentration of credit risk disclosure requirement of **GASBS No. 40**.

**Note:** Beginning with fiscal year 2017, a new debt security investment category of “Supranational and Non-U.S. Government Bonds and Notes” is added to the **Tab 1B-Cash Equiv. & Inv. Not w Tr**. Investment in debt securities issued by supranational or Non-U.S. governmental entities should be included under this new investment category, as appropriate.

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

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**Directions for Tab 1B - Cash Eq. & Inv. Not w Tr tab, continued**

**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 **Tab 1B - Cash Eq. & Inv. Not w Tr** tab and **NOT** in the “Asset-Backed Securities” section. If there is doubt as to whether a security is asset-backed, this information can be obtained from a variety of sources, including the investment prospectus, the issuer, credit rating agencies, or the financial institution that processed the purchase transaction. For example, a search of the investment by CUSIP number at the website of the credit rating agency, Moody’s, [www.moodys.com](http://www.moodys.com), will indicate whether the debt instrument is unsecured or collateralized by some type of asset.

**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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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

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**Directions for Tab 1B - Cash Eq. & Inv. Not w Tr tab, continued**

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**Credit Quality Rating (AAA, BB, NR, 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 (NRSROs) 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. Nonnegotiable 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 a rating of not rated is given by any rating agency, the disclosure should indicate the fact that the investment is Not Rated (NR). Under no circumstance, should the rating information for any investment be left blank.**

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

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**Directions for Tab 1B - Cash Eq. & Inv. Not w Tr tab, continued**

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DOA’s rating drop-down list in the **Tab 1B - Cash Eq. & Inv. Not w Tr** tab provides standardized symbols for commonly used ratings of Standard & Poor, Moody’s, and Fitch. Entities 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” must be selected for both the rating agency and the rating.

**Note:** A new completeness check column is added to **Tab 1B-Cash Eq. & Inv. Not w Tr** tab to ensure both rating agency and credit rating columns are completed as applicable. If either rating agency or credit rating column is not completed, an “Answer Required” message will appear in this column.

**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 entities 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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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

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**Directions for Tab 1B - Cash Eq. & Inv. Not w Tr tab, continued**

**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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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

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**Directions for Tab 1B - Cash Eq. & Inv. Not w Tr tab, continued**

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**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 7a in the **Tab 1A - Detail** tab of the spreadsheet. If it does not, an “ERROR” message will appear in the **Tab 1A - Detail** tab.

**Reported Amounts at Fair Value:**

**GASBS No. 72**, *Fair Value Measurement and Application*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes inputs of valuation techniques used to determine fair value. There are columns to indicate the level of the fair value hierarchy within which the fair value measurements are categorized (Level 1, Level 2, Level 3), or established using Net Asset Value per Share (or its equivalent) per **GASBS No. 72**.

**Level 1 inputs** are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

**Level 2 inputs** are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

**Level 3 inputs** are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

**Not applicable to fair value measurement per GASBS No. 72 column:** If the reported amount does not represent the fair value amount measured per **GASBS No. 72**, record the reported amount in the Not applicable to fair value measurement per GASBS No. 72 column. Examples of some items that do not represent fair value amounts measured per **GASBS No. 72** are the items 1a to 1h listed on the **Tab 1D – GASBS 31, 52, 59**.

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

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**Directions for  
Tab 1B-Cash  
Eq. & Inv. Not  
w Tr tab,  
continued**

**Fair Value Measurement using (per GASBS No. 72) columns:** If the reported amount is the fair value amount measured in accordance with GASBS No. 72 using the fair value hierarchy or established using the net asset value per share (or its equivalent), record the fair value amount in the applicable four GASBS No. 72 fair value measurement columns.

The total of the four “Fair Value Measurement using (per GASBS No. 72)” columns plus the “Not applicable to fair value measurement per GASBS No. 72” column should agree to the corresponding Reported Amount column. If it does not, then an “Error” message will appear.

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**Directions for  
Tab 1C -  
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 **Tab 1A - Detail** tab.

For the listed cash equivalent/investment or deposit amounts subject to foreign exchange risk, GASBS No. 40 requires disclosure of investment policy related to foreign currency deposit or investment. Briefly explain entity’s investment policy related to foreign currency deposit or investment. In addition, provide a brief explanation if the entity does not have such investment policy.

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**Appendix 1, Schedule of Cash, Cash Equivalents, and Investments, Continued**

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**Directions for  
Tab 1D -  
GASBS 31, 52,  
59 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**, **GASBS No. 52** as amended by **GASBS No. 59**, **GASBS No. 72**, and **GASBS No. 79**.

**Note:** **GASBS No. 72** amended the definitions of fair value and investments and provides guidance regarding the measurement and application of fair value.

**GASBS No. 79** amendments include necessary criteria for an external investment pool to measure for financial reporting purposes all investments at amortized cost. If the external investment pool meets the criteria to report all investments at amortized cost and reports all investments at amortized cost, the pool's participants must also measure their investment in the external investment pool at amortized cost. An example of an external investment pool that is managed in accordance with **GASBS No. 79** is a Local Government Investment Pool (LGIP) managed by the Virginia Department of the Treasury.

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**Directions for  
Part 8 and Part  
19, Tab 8-  
Miscellaneous  
tab**

Complete Part 8 of 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 Implementation Guide No. 2015-1 and 2016-1.

Complete Part 19 regarding **GASBS No. 72** for footnote disclosure purposes. For additional information refer to **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**, which can be found on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov). Click on the "Financial Statement Directives" link.

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**Appendix 2 – Impairment of Capital Assets**

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**Directions for  
Tab 9 –  
Imprmnt. of  
Cap Assets tab**

**Instructions: Part 1**

This part is to identify potential impairments as follows:

- A) **Possible Impairment of Capital Assets:** As of June 30, 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 6 of **Tab 8 – Miscellaneous** and provide a description, the amount, and the financial statement line item if applicable.

**\*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 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 6 of **Tab 8 - Miscellaneous** and provide a description, the amount, and the financial statement line item if applicable.

**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.

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**Appendix 2, Impairment of Capital Assets, continued**

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**Directions for Tab 9 – Imprmnt. of Cap Assets tab, continued**

**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, then go to part 2. If **yes**, provide the impairment loss, insurance recoveries, and financial statement line item this activity is reported on.

**Note:** 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 the current fiscal year must be reported 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 position 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, **GASBS No. 42** paragraph 17 - footnote 6 provides guidance for insured impairments that result in an accounting gain.

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**Appendix 2, Impairment of Capital Assets, continued**

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**Directions for Tab 9 – Imprmnt. of Cap Assets tab, continued**

**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 6, Tab 8 – Miscellaneous**

Answer “Yes” or “No” whether the entity recognized any insurance recoveries during the fiscal year, not already reported in Part 1D of **Tab 9 – Imprmnt of cap assets**. If yes, for any insurance recoveries that are not reported in Part 1D of **Tab 9 – Imprmnt of cap assets**, provide a description, the amount, and the financial statement line item in Part 6 of **Tab 8 - Miscellaneous**.

**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 as program revenue-operating grants & contributions or extraordinary item. Use professional judgment to determine the appropriate line item as outlined in **GASBS No. 42**.

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