

**Component Unit Year-End Reporting Memorandum – FY 2020**  
**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. If the entity's separately issued financial statements must include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position pursuant to **GASBS No. 84**, those amounts should NOT be included in the Attachment CU4 based on GASB Implementation Guide No. 2015-1, question 4.28.11.

**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 13, 2020:**

- Assistive Technology Loan Fund Authority
- Southwest Virginia Energy Research and Development 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 Small Business Financing Authority (Agency 350)
- Virginia Solar Energy Development and Energy Storage Authority (Agency 409)

**The following entities have a due date of September 10, 2020:**

- 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 AttCU4.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 AttCU4.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.

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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 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**, *Deposit and Investment Risk Disclosures*, and **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.
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 P, X, Y, and columns AE through AH. Nonnegotiable CDs should be treated as “deposits” for GASBS 3/40 disclosures and should **not** be included in this tab **but** they should be included in the **Tab 1A – Detail** to obtain deposit disclosures.
4. When completing the financial statement template, 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, as appropriate.
5. Ensure that all of the footnote tabs applicable to the data entered on the statements are completed.
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 2019 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 20 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.
9. Based on **GASBS No. 62** paragraphs 183 to 187, premiums or discounts on **taxable** debt should be calculated using the effective interest method rather than the straight-line method.
10. For advance refundings that took place during FY 2020, interest accrued on the old debt up until the date of the refunding should be expensed in accordance with the Implementation Guide No. 2015-1 question Z.23.1.

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

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**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, and monies in the State Non-Arbitrage Program (SNAP), and the 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 are (a) held primarily for the purpose of obtaining income or profit and (b) have 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.

**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 Attachment CU4.

<b>Part</b>	<b>Instruction</b>
1	<p>Total <b>unrestricted</b> cash held with the Treasurer of Virginia and <b>restricted</b> cash held with the Treasurer of Virginia. This part is linked to the Component Unit Template Unrestricted cash held with the Treasurer of Virginia and Restricted cash held with the Treasurer of Virginia line items. 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>Total <b>unrestricted</b> cash not held with the Treasurer of Virginia. (Do not include <b>restricted</b> cash.). This part is linked to the Component Unit Template Unrestricted cash not held with the Treasurer of Virginia line item.</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 applicable Implementation Guide issued by GASB: 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 be treated as “deposits” for GASB 3/40 disclosures and included in the Tab 1A – Detail tab.</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	For the unrestricted cash not held with the Treasurer of Virginia reported above, provide total balance of all bank accounts as reported by the financial institutions 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	For the nonnegotiable CDs not held with the Treasurer of Virginia reported above, provide total balance of all bank accounts as reported by the financial institutions as of June 30.
2.2	This part sums the amounts in Part 2b and Part 2.1b for cash and nonnegotiable CDs. No action necessary.
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">www.fdic.gov</a> for FDIC coverage information and definitions.
3b	Of the amount reported in Part 2.2, provide the amount that is covered by the Security for Public Deposits Act (Section 2.2-4400 et seq. 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">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 and nonnegotiable CDs not held with the Treasurer of Virginia are included in Part 3a and Part 3b, do not complete Part 3c. If not, the remaining amount should be classified in Part 3c.

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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 or nonnegotiable CDs <b>NOT</b> with the Treasurer of Virginia are NOT covered by the FDIC or the Security for Public Deposits Act, provide the amount reported in Part 2.2 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 Part 2.2 above.</p>
3d	<p>Provide an explanation if the amount reported in Part 3a is greater than \$250,000.</p>
4a	<p>Total <b>restricted</b> cash not held with the Treasurer of Virginia. This part is linked to the Component Unit Template Restricted cash not held with the Treasurer of Virginia line item.</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 applicable Implementation Guide issued by GASB: 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 be treated as “deposits” for GASB 3/40 disclosures and included in the <b>Tab 1A – Detail</b> tab.</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>

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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>
4b	For the restricted cash not with the Treasurer of Virginia reported in Part 4a above, provide the total balance of all bank accounts as reported by the financial institutions as of June 30.
4c	Provide an explanation if the reported amount is negative.
4.1a	Report the entity’s nonnegotiable CDs not held with the Treasurer of Virginia.
4.1b	For the nonnegotiable CDs not held with the Treasurer of Virginia reported above, provide total balance of all bank accounts as reported by the financial institution as of June 30.
4.2	This part sums the amounts in Part 4b and Part 4.1b for cash and nonnegotiable CDs. No action necessary.
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="http://www.fdic.gov">www.fdic.gov</a> for FDIC coverage information and definitions.
5b	Of the amount reported in Part 4.2, provide the amount that is covered by the Security for Public Deposits Act (Section 2.2-4400 et seq. of the <i>Code of Virginia</i> ).  <b>Note:</b> If all restricted cash and nonnegotiable CDs not held with the Treasurer of Virginia are included in Part 5a and Part 5b above, do not complete Part 5c. If not, the remaining amount should be classified in Part 5c.

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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>
5c	<p>If any restricted cash or nonnegotiable CDs <b>NOT</b> with the Treasurer of Virginia are NOT covered by the FDIC or the Security for Public Deposits Act, provide the amount reported in Part 4.2 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 Part 4.2 above.</p>
5d	<p>Provide an explanation if the amount reported in Part 5a is greater than \$250,000.</p>
6	<p>This part automatically calculates the sum of amounts in Part 2a and Part 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 part also automatically calculates the sum of amounts in Part 2b and Part 4b (total bank balance for unrestricted and restricted cash not held with the Treasurer of Virginia).</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>
7a	This part is linked to corresponding financial statement template line items on the <b>Component Unit Template</b> 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 Individual Portfolio ( <u>excluding SNAP Pool amounts as they are considered WITH the Treasurer and will be reported in part 10a</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 Individual Portfolio must agree to <u>the sum of all amounts in the “Reported Amount” column on the <b>Tab 1B-Cash Eq. &amp; Inv. NOT w Tr</b> tab of the spreadsheet.</u>
7b	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.
8a & b	Unrestricted Cash Equivalents held with Treasurer of Virginia and restricted Cash Equivalents held with Treasurer of Virginia (excluding any LGIP and/or SNAP).  List all cash equivalents held with the Treasurer of Virginia. Provide a description and amount.
8c & d	Unrestricted Investments held with Treasurer of Virginia and restricted Investments held with Treasurer of Virginia (excluding any LGIP and/or SNAP).  <u>Provide unrestricted LGIP EM amount and restricted LGIP EM amount.</u> List all other investments held with the Treasurer of Virginia. Provide a description and amount.

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**Component Unit Year-End Reporting Memorandum – FY 2020**  
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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>
9a & b	For restricted <u>LGIP</u> and/or <u>LGIP EM</u> , provide the account number and amount ( <b>the amount listed for each account must come from the LGIP/LGIP EM statement</b> ). DOA reconciles this information to information provided by the Treasury.
10a	For any restricted Cash Equivalents held with Treasurer of Virginia in the <u>SNAP pool account</u> , provide the SNAP account number and amount ( <b>the amount listed for each account must come from the SNAP statement</b> ). DOA reconciles this information to information provided by the Treasury.
10b	For restricted <u>SNAP individual portfolio</u> , provide the SNAP account number and amount ( <b>the amount listed for each account must come from the SNAP statement</b> ). DOA reconciles this information to information provided by the Treasury.
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 provided on <b>Tab 1A-Detail, Tab 1B - Cash Eq. &amp; Inv. Not w Tr., Tab 1C-Foreign Currency Inv,</b> and <b>Tab 1D-Recordation</b> should agree to the entity's separately issued financial statements. Any differences must be explained.

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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>
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.
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 applicable Implementation Guide issued by GASB. If the entity marked a “Yes,” the entity will need to provide an explanation as to why these investments are considered highly sensitive.
14	<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.
15	<b><u>GASBS No. 40</u></b> requires the entity to briefly describe the formally adopted investment policy for the entity’s deposits and/or investments exposed to credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. Submit the entity's formally adopted deposit and/or 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 a formally adopted deposit and/or investment policy, the entity should provide an explanation.

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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>
16	<p>This question requests information needed to satisfy the concentration of credit risk disclosure requirement of <b><u>GASBS No. 40</u></b>.</p> <p>Concentration of credit risk is the risk of potential loss when a government’s investments are concentrated in one issuer. According to <b><u>GASBS No. 40</u></b>, an issuer is the entity that has the authority to distribute a security or other investment. A bond issuer is the entity that is legally obligated to make principal and interest payments to bond holders.</p> <p>For the unrestricted/restricted cash equivalents and/or investments not held with the Treasurer of Virginia and unrestricted/restricted SNAP Individual Portfolio reported on the <b>Tab 1B - Cash Eq. &amp; Inv. Not w Tr</b> tab, answer whether the entity has investments in any one issuer that represent 5% or more of the entity’s total investments. If answered “yes”, then provide the investment type by selecting from the drop-down list, any pertinent description of the investment, the name of the issuer and any other issuer information, and amount that is exposed to the concentration of credit risk.</p> <p><b>Note:</b> The 5% concentration risk threshold does not apply to investments issued or <b><u>explicitly</u></b> guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments because they are considered to have minimal credit risk. However, the 5% concentration risk threshold must be applied if the agency has investments issued and <i>implicitly</i> guaranteed by the U.S. government. For example, some government-sponsored enterprises (GSEs), such as Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC), issue securities that have federal government’s <i>implicit</i> guarantee. Investments in such securities should be evaluated for the 5% concentration risk threshold.</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** and **GASBS No. 72**.

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 P, X, Y, and columns AE through AH.

**List cash equivalent or investment by type (Debt or Equity) and investment category:**

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 Committee on Uniform Securities Identification Procedures (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**.

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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*.

Investment in debt securities, such as bonds and notes, issued by supranational or non-U.S. governmental entities should be included in the *Supranational and Non-U.S. Government Bonds and Notes* category.

Securities that are collateralized by other assets, such as mortgage or other consumer loans, should be categorized in the *Asset Backed Securities* category. 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. Information as to whether a security is asset-backed 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.

For the *Common and Preferred Stocks* category, 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 or interest rate risk disclosures would need to be given. The entity would then classify the custodial credit 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**

**Credit Quality Rating (AAA, BB, NR, etc.) of investments in debt securities:**

**Note:** The format to collect the credit quality rating disclosures in the **Tab 1B - Cash Eq. & Inv. Not w Tr** tab has been revised. The entity will need to report the amount of investments by credit ratings in an appropriate credit rating column for each debt investment. The drop-down listings to select rating agencies and credit ratings have been eliminated.

**Credit Rating – Moody’s/ Standard & Poor’s/ Fitch columns:** Report amounts in applicable credit rating columns by investment categories for the entity’s cash equivalents and/or investments in debt securities (i.e., corporate bonds, corporate notes, etc.). Each credit rating column is labeled with commonly used ratings of nationally recognized statistical rating organizations (NRSROs) (i.e., Moody’s, Standard & Poor’s, and Fitch) that must be disclosed.

The credit rating columns provided are in the order of short-term (i.e., P-1/A-1/F1) to long-term (i.e., Baa/BBB/BBB) credit ratings. The credit ratings within each column are in the order of Moody’s, Standard & Poor (S&P), and Fitch ratings. Entities may also refer to these three rating agencies’ websites for explanations of the ratings and the standardized rating symbols.

If securities’ credit ratings are appended by numerical modifiers 1, 2, and 3 for Moody’s (i.e., Aa1, A2, Baa3) or by an addition of a plus (+) or a minus (-) sign for S&P (i.e., AA+, A, BBB-) and Fitch (i.e., AA+, A, BBB-, F1+), the entity should disregard such credit quality modifiers when reporting amounts for the credit risk disclosure.

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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**

**Ba and below/ BB and below/ BB and below (Less than Investment Grade) column:** For debt securities with assigned long-term credit ratings of Ba to C for Moody's; BB to D for S&P; and BB to D for Fitch, report amounts in the "Ba and below/BB and below/BB and below (Less than Investment Grade)" column. As mentioned earlier, entities should disregard credit quality modifiers when reporting amounts for the credit risk disclosure.

**Unrated column:** Report amounts in the "Unrated" column, if

- a credit quality disclosure is required and
- a debt security is unrated or a rating of not rated is given by any of the rating agencies.

**Not Subject to Credit Risk Disclosure per GASBS No. 40 column:**

- 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. Amounts for these obligations should be reported in the "Not Subject to Credit Risk Disclosure per GASBS No. 40" column.
- Repurchase agreements are exempt from credit quality ratings **only** if the underlying securities are explicitly guaranteed by the U.S. Government. In such a case, report the amount for repurchase agreements in the "Not Subject to Credit Risk Disclosure per GASBS No. 40" column.
- 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 and therefore should not be included in the "Not Subject to Credit Risk Disclosure per GASBS No. 40" 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.

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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**

**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.

**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 but not in the government’s name.

**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 in the applicable “Held by Counterparty” or “Held by Counterparty’s Trust Department or Agent but not in Government’s Name” columns and the amount that is uncategorized (remaining amount) in the “Uncategorized” column for each issuer. For debt securities, the total of these three 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**

**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 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 – Recordation**.

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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.

The total amount reported for debt securities under the credit risk section; interest rate risk and custodial credit risk section; and fair value measurement using (per GASBS No. 72) (including Not applicable to fair value measurement per GASBS No. 72 column) section must agree. If it does not, an “error” message will appear.

**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.

List the deposit amounts subject to foreign exchange risk in the Deposits column. 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 -  
Recordation  
tab**

Complete this tab to ensure cash equivalents and investments not held by the Treasurer of Virginia are properly reported in accordance with **GASBS No. 31**, 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. LGIP amounts should be reported at amortized cost and LGIP EM amounts should be reported at fair value.

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**Directions for  
Part 8 and Part  
15, 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 applicable Implementation Guide issued by GASB.

Complete Part 15 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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**Appendix 3: Revenue Classifications**

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**Revenue classifications**

Revenue amounts must be analyzed to determine the proper reporting on the Component Unit Template in accordance with **GASBS No. 34**. See also **GASBS No. 37** and the applicable Implementation Guides for additional guidance. Below is a brief description of the revenue line items:

- **Program Revenues – Charges for Services:** This includes 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. 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** and **GASBS No. 37**, paragraph 13, which amends **GASBS No. 34**, paragraph 49)
- **Program Revenues – Operating Grants and Contributions** (program-specific operating grants & contributions): This represents revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Also, if a program specific grant and/or contribution can be used for operating and capital purposes, they should be reported as Program Revenue-Operating Grants and Contribution. (see **GASBS No. 34**, paragraph 50)
- **Program Revenues – Capital Grants and Contributions:** This has the same definition as operating grants and contributions except the restriction is for capital purposes (see **GASBS No. 34**, paragraph 50).
- **Unrestricted Grants and Contributions:** (nonspecific grants & contributions): This represents grants and/or contributions that do not meet the definitions of program revenues (see **GASBS No. 34**, paragraph 50).

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**Appendix 3: Revenue Classifications, Continued**

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**General revenue-investment earnings**

**Investment earnings:** This represents 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 Revenues - Investment Earnings (see **GASBS No. 34**, paragraphs 51 & 52). **Based on this definition, investment earnings may be reported on more than one Component Unit Template line item.**

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**General revenue - miscellaneous revenue**

**Miscellaneous revenue:** Represents revenue amounts that do not fall under any other financial statement template line item definition.

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**Contributions to permanent & term endowments**

The Contributions to Permanent and Term Endowments line item should include the following:

- **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:** 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.

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