

Comptroller's Directive No. 2-24
Attachment HE-11
Schedule of Cash, Cash Equivalents, and Investments as of June 30

Purpose

This attachment is used to gather uniform financial reporting information for the Annual Comprehensive Financial Report 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*. This attachment is a supplement to the Attachment HE-10. This is similar to the prior year's Attachment HE-11.

Applicable institutions

All institutions that are completing Attachment HE-10 that have the following must complete this attachment:

- Cash, cash equivalents, and investments not held with the Treasurer of Virginia (including restricted amounts); and/or
- SNAP individual portfolios

Due date

Various*

***Note:** There are staggered due dates for this submission as follows:

Staggered due dates	HEI acronyms
September 19	IALR, JMU, UMW, NCI, RU, RHEA, SVHEC, SWVHEC
September 21	CNU, GMU, LU, NSU, ODU, VMI, VPI&SU, VSU
September 23	CWM, UVA, VCU, VCCS

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Certification

The **Certification** tab requires all preparers and reviewers to answer questions, type their name, and check the applicable boxes 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 are certifying they were not the same individual for any tab; and the preparer and reviewer are certifying they have read and understood the instructions for the attachment.

Submission requirements

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

After downloading the Excel file, rename the file using the Institution Number-Institution Acronym followed by Attachment HE-11-FY24. The Institution Number-Institution Acronym should be the same as shown on the first tab in the attachment. For example, VCCS should rename the Attachment HE-11.xlsx file as 260-VCCS Attachment HE-11-FY24.xlsx.

Please include the **Institution Number-Institution Acronym** and **Attachment Number** in the **subject line** of the submission e-mail.

Submit the Excel file electronically to Finrept-HE@doa.virginia.gov.

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

Do **not** submit paper copies of this spreadsheet.

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**Errors
discovered after
submission**

If you identify a submission that needs a revision, please contact the AttachmentAnalyst@doa.virginia.gov mailbox for guidance prior to submission. If a resubmission is approved, please follow the instructions below.

HEIs must ensure that all efforts have been made to submit a complete and accurate Attachment HE-11. However, if the HEI discovers an unexpected error and attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the [Revision Control Log](#) tab in the Excel file attachment.**

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

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

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

Each time a revision is submitted the [Certification](#) tab should be updated with new signatures and dates.

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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, and monies in the State Non-Arbitrage Program (SNAP) fund*, 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:** SNAP Individual Portfolios may include cash equivalents and/or investments depending on what makes up the portfolio. This is why there is a Restricted SNAP Individual Portfolio – cash equivalent and a Restricted SNAP Individual Portfolio – investment line item.

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**Directions for
the "Detail" tab**

Below are instructions as to the proper completion of the **Detail** tab in the Excel Attachment HE-11.

Part	Instruction
1a	<p>Report the institution's total cash not held with the Treasurer of VA. <i>This amount must include restricted cash not with the Treasurer of VA and it must agree to the total of Attachment HE-10, Tab 1A, Part 2.</i></p> <p>Note: Certificates of deposit (CDs) should NOT 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:</p> <p>For reporting on the financial statement template:</p> <ul style="list-style-type: none"> • 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. <p>For GASBS 3/40 disclosures:</p> <ul style="list-style-type: none"> • Nonnegotiable CDs should be treated as "deposits" and included in the Detail tab to obtain deposit disclosures. • Negotiable CDs should be treated as "investments" and included in the Cash Equiv. & Inv. Not w Tr tab to obtain investment GASBS 3/40 disclosures. <p>Note: Funds held in money-market accounts offered by financial institutions (i.e., banks, savings and loan associations, and credit unions) which are similar to demand deposits 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 Securities Exchange Commission) qualify as deposits, and therefore are classified as cash instead of investments.</p>
1b	For the total cash not held with the Treasurer of VA reported above, provide the total balance of all accounts as reported by the financial institutions where the funds are on deposit as of June 30.
1c	Provide an explanation if the reported amount is negative.
1.1a	Report the institution's nonnegotiable CDs not held with the Treasurer of VA. <i>These amounts must include restricted nonnegotiable CDs not with the Treasurer of VA.</i>
1.1b	For the nonnegotiable CDs not held with the Treasurer of VA reported above, provide the total balances of all accounts as reported by the financial institutions where the funds are on deposit as of June 30.
1.2	Sums the amounts in Part 1b and Part 1.1b. No action necessary.

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Directions for the “Detail” tab, continued

Part	Instruction
2a	Of the amount reported in Part 1.2, provide the amount that is insured by the federal depository insurance. The Federal Deposit Insurance Corporation (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 www.fdic.gov for FDIC coverage information and definitions.
2b	Of the amount reported in Part 1.2, provide the amount that is covered by the Security for Public Deposits Act (SPDA) (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 deposit insurance (Part 2a). The most current listing of qualified depositories is available on the Department of Treasury’s website at www.trsvirginia.gov . An institution 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. <u>Note:</u> If all cash and nonnegotiable CDs not held with the Treasurer of Virginia are included in Part 2a and Part 2b, do not complete Part 2c. If not, the remaining amount should be classified in Part 2c.
2c	If any cash or nonnegotiable CDs NOT held with the Treasurer of Virginia are NOT covered by the FDIC or the Security for Public Deposits Act, provide the amount reported in Part 1.2 for all applicable options below: <ul style="list-style-type: none"> i) Uncollateralized ii) Collateralized with securities held by the pledging financial institution. iii) Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor-government’s name. <p>The total of the amounts provided must agree to the total amount in Part 1.2.</p>
2d	Provide an explanation if the amount reported in Part 2a is greater than \$250,000.

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Directions for the “Detail” tab, continued

Part	Instruction
3a	<p>Report the amount of cash equivalents and investments NOT held with the Treasurer of Virginia and restricted SNAP Individual Portfolio amounts, excluding nonnegotiable CDs reported in Part 1.1. This amount must include restricted cash equivalents and investments not held with the Treasurer of Virginia, excluding nonnegotiable CDs reported in Part 1.1, and it must agree to the total of Attachment HE-10, Tab 1A, Part 3.</p> <p>Note: <u>This amount should also agree to the sum of all amounts in the “Reported Amount” column on the Cash Equiv. & Inv. Not w Tr tab of the spreadsheet.</u></p>
3b	<p>Report the amount and investment type category for any investment derivative instruments, as defined in GASBS No. 53, that are included in the amount reported in Part 3a above.</p>
4	<p>List the total fair value of cash equivalents/investments not held with the Treasurer of Virginia (including restricted amounts) and restricted 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.</p> <p>In addition, list the total deposit amounts included in cash not held with the Treasurer of Virginia (including restricted amounts) subject to foreign exchange risk.</p> <p>The total of fair value of cash equivalents/investments not held with the Treasurer of Virginia (including restricted amounts) plus deposit amounts subject to foreign exchange risk must equal the total of the amount in the Foreign Currency Inv tab of the spreadsheet.</p>

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Directions for the “Detail” tab, continued

Part	Instruction
5a	Indicate if the sum of cash equivalents not held with the Treasurer of Virginia (including restricted amount) and Restricted SNAP Individual Portfolio - Cash Equivalent amounts on Attachment HE-10 Tab 1A Part 3 is greater than the sum of “Less Than 1 Year” column on the Cash Equiv. & Inv. Not w Tr tab. If yes, DOA may contact the institution to obtain an explanation.
5b	Indicate if nonnegotiable CDs not held with the Treasurer of VA are properly reported on the Attachment HE-10’s FST tab on an applicable cash equivalent, restricted cash equivalent, investment, or restricted investment FST line item depending on the length of maturity. An explanation must be provided if the answer is “no” and DOA may contact you for additional information.
5c	The information provided in this attachment should agree to the institution's separately issued financial statements. Any differences must be explained.
6	Are any of the institution's cash equivalents or investments not held with the Treasurer of VA (including restricted amounts) and restricted 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 institution marked a “Yes”, please provide an explanation as to why these investments are highly sensitive and the fair value at June 30 by investment type.
7	GASBS No. 40 states it is the institution’s responsibility “to update the custodial credit risk disclosure requirements addressing other common risks of the deposits and investments of state and local governments.” With this in mind, please provide a description of any other type of risk to cash, cash equivalents, and investments not covered elsewhere in this attachment.
8	GASBS No. 40 requires the institution to briefly describe the formally adopted investment policy for the institution’s deposits and/or investments exposed to credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. Submit the institution’s investment policy along with this attachment in the e-mail to finrept-HE@doa.virginia.gov . This is the investment policy that will officially be on record with the Department of Accounts. If the institution does have cash, cash equivalents, and investments NOT with the Treasurer of Virginia and DOES NOT have an investment policy, please provide an explanation.

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Directions for the “Detail” tab, continued

Part	Instruction
9a	For cash equivalents/investments not held with the Treasurer of Virginia (including restricted amounts) and restricted SNAP Individual Portfolio amounts that are subject to the reporting requirements of the <u>GASBS No. 72</u> , answer whether the items are measured at fair value. If they are reported using the fair value hierarchy (Level 1, Level 2, and Level 3) on the <u>Cash Equiv. & Inv. NOT w Tr</u> tab, then provide a general description of these items and valuation techniques used for the fair value measurement for each level.
9b	For valuation techniques provided in the fair value measurement for each level of fair value hierarchy in Part 9a above, if there has been a change in the valuation techniques from the previous year then provide the change in valuation techniques and the reasons for making the change.
9c	For cash equivalents/investments not held with the Treasurer of Virginia (including restricted amounts) and restricted SNAP Individual Portfolio amounts that are subject to the reporting requirements of the <u>GASBS No. 72</u> and fair value is established, answer whether the items are reported using the Net Asset Value (NAV) per Share (or its equivalent) on the <u>Cash Equiv. & Inv. Not w Tr</u> tab. If they are reported at NAV, then provide a general description of these items. Additionally, provide required footnote disclosures pursuant to <u>GASBS No. 72</u> in a separate Word document accompanying this attachment.
9d	For the cash equivalents/investments not held with the Treasurer of Virginia (including restricted amounts) and restricted SNAP Individual Portfolio amounts that are subject to the reporting requirements of the <u>GASBS No. 72</u> , answer whether the items are measured at fair value on a recurring basis. If they are not valued on a recurring basis, then provide the reasons for the nonrecurring fair value measurements. <u>GASBS No. 72</u> , paragraph 81, explains recurring and nonrecurring fair value measurement of items.

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**Directions for
the “Cash
Equiv. & Inv.
Not w Tr” tab**

Institutions that have cash equivalents/investments not held with the Treasurer of Virginia (including restricted amounts) and restricted SNAP Individual Portfolio amounts 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 Annual Comprehensive Financial Report to comply with **GASBS Nos. 40 and 72**.

The **Cash Equiv & Inv. Not w Tr** tab is not password-protected so that institutions 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, Q, Y, Z, and columns AF through AI.

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 Equity 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. Institutions 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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(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 **Cash Equiv. & 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.moody.com, will indicate whether the debt instrument is unsecured or collateralized by some type of asset.

Example: For the *Common and Preferred Stocks* category, the institution would list each issuer, such as General Electric Corp. The institution 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 institution would then classify the custodial credit risk for this security.

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**Directions for
the “Cash
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(continued)**

Credit Rating – Moody’s/ Standard & Poor’s/ Fitch columns: Report amounts in applicable credit rating columns by investment categories for the institution’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. Institutions 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+), institutions should disregard such credit quality modifiers when reporting amounts for the credit risk disclosure.

Note: In instances where different credit quality ratings are given to a debt security by more than one NRSRO and the institution is aware of the different ratings, the amount for the rating indicative of the greatest degree of credit risk should be disclosed. That is, the institution should report amounts for the most conservative credit quality rating applicable to debt securities.

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(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, institutions 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.

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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 institutions provide, by amount and issuer, the maturity of their debt investments.

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 custodial credit risk section (see below).

Custodial credit risk:

Per **GASBS No. 40**, the requirement to disclose cash equivalents and investments as categories 1 and 2 is not 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
- Is held by either the counterparty or the counterparty’s trust department or agent, but not in the name of the government.

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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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 3a in the **Detail** tab of the spreadsheet. If it does not, an “Error” message will appear in the **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 added 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 **Recordation** tab.

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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
the “Foreign
Currency Inv”
tab**

List the **fair value** of **each** cash equivalent/investment type 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 fair value plus deposit amounts must agree to Part 4 in the **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 institution’s investment policy related to foreign currency deposit or investment. In addition, provide a brief explanation if the institution does not have such investment policy.

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**Directions for
the Recordation
tab**

Complete this tab to ensure cash equivalents and investments reported on the **Cash Equiv. & Inv. Not w Tr** tab 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 (Treasury). Per Treasury, the LGIP should be reported at amortized cost and the LGIP EM should be reported at fair value.

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Appendix: [GASBS No. 72, Fair Value Measurement and Application](#)

Overview

GASBS No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. One purpose of this statement is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. A summary of some of the requirements follow; however, this is not authoritative. Refer to **GASBS No. 72** for authoritative and detailed guidance.

GASBS No. 72 revised the **GASBS No. 31** definition of investments as a security or other asset that:

- a) a government holds primarily for the purpose of income or profit, and
- b) has present service capacity based solely on its ability to generate cash or to be sold to generate cash.

The investment designation would be made at acquisition and would remain for the life of the asset, even if usage changes over time. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment. If an investment does not have a readily determinable fair value, the statement permits, in certain circumstances, to establish fair value by using the net asset value per share (or its equivalent) of the investment.

GASBS No. 72 also revised the definition of fair value 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.

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Appendix: [GASBS No. 72, Fair Value Measurement and Application](#), Continued

**Fair Value:
Valuation
Techniques &
Approaches
Overview**

Fair value is determined using valuation techniques consistent with one or more of the following three approaches:

- **Market approach:** Uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or groups of assets and liabilities
- **Cost approach:** Reflects the amount that would be required currently to replace the service capacity of an asset
- **Income approach:** Converts future amounts (for example, cash flows or income and expenses) to a single current (discounted) amount

Valuation techniques should be used that are appropriate under the circumstances and for which sufficient data are available, maximize the use of relevant observable inputs and minimize use of unobservable inputs.

Valuation techniques should be consistently applied from period to period. However, a change is appropriate if it results in a measurement more representative of fair value (i.e., new markets develop, new information becomes available, previously used information is no longer available, valuation techniques improve, market conditions change). A revision resulting from a change in valuation technique, or its application should be accounted for as a change in accounting estimate.

GASBS No. 72 does not prioritize the three approaches for valuation techniques; however, it does prioritize inputs to the valuation techniques using a hierarchy with three categories – Level 1, Level 2, and Level 3. The fair value hierarchy gives highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

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Appendix: [GASBS No. 72, Fair Value Measurement and Application](#), Continued

**Fair Value:
Valuation
Techniques &
Approaches
Overview,
continued**

Fair Value Hierarchy

- **Level 1 inputs:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date. Examples of markets which might be observable include exchange markets, dealer markets, brokered markets, and principal-to-principal markets.

- **Level 2 inputs:** Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability, such as: 1) Interest rates and yield curves observable at commonly quoted intervals 2) Implied volatilities, and 3) Credit spreads
 - Market-corroborated inputs

- **Level 3 inputs:** Unobservable inputs for an asset or liability. Level 3 inputs should be used only when relevant Level 1 and Level 2 inputs are unavailable. Governments may use their own data to develop unobservable inputs if there is no information available without undue cost and effort.

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Appendix: [GASBS No. 72, Fair Value Measurement and Application](#), Continued

Liabilities

Measurement of the fair value of a liability (i.e., interest rate swap in a liability position) assumes the following:

- Liability is transferred to a market participant at the measurement date.
- Liability would remain outstanding and the market participant transferee would be required to fulfill the obligation.
- Liability would not be settled with the counterparty or otherwise extinguished on the measurement date.

If the liability is held by other parties as assets, the statement provides guidance regarding measuring the fair value of the liability.

Net Asset Value (NAV) Per Share (or its equivalent)

A government is permitted to establish the fair value of an investment in a nongovernmental entity that does not have a readily determinable fair value by using the net asset value per share (or its equivalent). This method of determining fair value is permitted if the NAV per share (or its equivalent) of the investment is calculated as of the government's measurement date generally in a manner consistent with the FASB's measurement principles for investment companies. Otherwise, an adjustment to the most recent NAV per share (or its equivalent) may be required.

Investments measured at NAV per share (or its equivalent) would be excluded from the fair value hierarchy (Level 1, 2 or 3). The NAV per share (or its equivalent) is not permitted for valuation if it is probable the government will sell the investment at a different amount from the NAV per share (or its equivalent). The statement outlines the criteria that must be met for a probable sale.

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Appendix: [GASBS No. 72, Fair Value Measurement and Application](#), Continued

**Acquisition
Value**

GASBS No. 72 requires the following types of items received to be reported at acquisition value:

- Donated capital assets
- Donated works of art, historical treasures, and similar assets
- Capital assets received in a service concession arrangement

Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction or the amount for which a liability could be liquidated with the counterparty at the acquisition date. GASB believes, for the above assets, an entry-price measurement is more appropriate than an exit-price measurement because a) the transaction represents the government acquiring the asset and b) it would result in a similar measurement as if the government had purchased the asset.

Exception: **GASBS No. 72** did not amend **GASBS No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues**; therefore, capital assets transferred, purchased, or donated from an entity within the same financial reporting entity (intra-entity) should continue to be reported at the carrying value of the transferor. For a listing of the [GASBS No. 48 Commonwealth of Virginia Intra-Entity Reporting List](#), go to DOA's website and click on the "Financial Statement Directives" link.

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Appendix: [GASBS No. 72, Fair Value Measurement and Application](#), Continued

**Investment
Measurements
Per Other
Statements**

The following investments would be measured in accordance with existing literature rather than at fair value:

- Investments in nonparticipating interest-earning investment contracts using a cost-based measure per **GASBS No. 31**,
- Investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of **GASBS No. 31** and **GASBS No. 59**,
- Per **GASBS No. 72**, as amended by **GASBS No. 85**, *Omnibus 2017*, money market investments and participating interest-earning investment contracts that have remaining maturity at time of purchase of one year or less and are held by governments other than external investment pools may be measured at amortized cost to the extent permitted by **GASBS No. 31**,
- External investment pools that meet **GASBS No. 79*** requirements to report all investments at amortized cost,
- Investments in external investment pools that meet **GASBS No. 79*** requirements to report all investments at amortized cost,
- Synthetic guaranteed investment contracts that are fully benefit-responsive should be measured at contract value per **GASBS No. 53**, and
- Investments in life insurance contracts that do not meet the definition of a life settlement contract should be measured at cash surrender value.

***Note:** **GASBS No. 79**, *Certain External Investment Pools and Pool Participants*, includes amendments to **GASBS No. 72**. If an external investment pool meets all criteria in **GASBS No. 79** to report all investments at amortized cost and does report all investments at amortized costs, the pool's participants must also measure their investment in the external investment pool at amortized cost.

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**Equity Interests
in Common
Stock**

Equity interests in common stock as described in GASBS No. 62 and meeting certain criteria in GASBS No. 62 should be reported using the equity method of accounting **except** for the following:

- 1) Common stock held by:
 - External investment pools
 - Pension or other postemployment benefit plans
 - Internal Revenue Code Section 457 deferred compensation plans
 - Endowments (including permanent and term endowments) or permanent funds
- 2) Investments in certain entities that calculate net asset value per share (or its equivalent) as provided in GASBS No. 72 and previously discussed
- 3) Equity interest ownership in joint ventures or component units as provided in GASBS No. 14, as amended.

Equity interests in common stock that do not meet both the definition of an investment and the criteria in GASBS No. 62 for using the equity method should be accounted for using the cost method as provided in GASBS No. 62.

Disclosures

Disclosures should be organized by type of asset or liability and the statement provides guidance on what to consider when determining the level of detail and disaggregation, and how much emphasis to place on each disclosure requirement. Recurring fair value measurements of assets or liabilities are those other statements require or permit at the end of each reporting period. Nonrecurring fair value measurements of assets or liabilities are those that other statements require or permit in particular circumstances. The following disclosures are required:

For recurring and nonrecurring fair value measurements:

- Fair value measurement at the end of the reporting period,
- Level of fair value hierarchy – Level 1, Level 2, Level 3 (excluding any investments measured at NAV per share or its equivalent),
- A description of the valuation techniques used in the fair value measurement, and
- If there has been a change in valuation technique that has a significant impact on the result, that change and the reason(s) for making it.

For nonrecurring fair value measurements:

- Reason(s) for the measurement.

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Appendix: GASBS No. 72, Fair Value Measurement and Application, Continued

**Additional
Disclosures**

Additional disclosures are required for investments in entities that meet all of the following criteria: (a) calculate the NAV per share (or its equivalent), regardless of whether the method of determining fair value in GASBS No. 72, paragraph 71, has been applied; (b) do not have a readily determinable fair value; and (c) are measured at fair value on a recurring or nonrecurring basis during the period. These disclosures are to address the nature and risks of these investments and whether such investments are likely to be sold at an amount different from NAV per share (or its equivalent). Additional disclosures for each type of investment include:

- Fair value measurement of the investment type and a description of the significant investment strategies of the investee(s) in that type,
 - For investments that can never be redeemed with the investees, but a government receives distributions through the liquidation of the underlying assets of the investees: the government's estimate of the period over which the underlying assets are expected to be liquidated by the investees,
 - Amount of unfunded commitments related to that investment type,
 - General description of the redemption terms and conditions,
 - Circumstances in which an otherwise redeemable investment in the type (or a portion thereof) might not be redeemable,
 - For otherwise redeemable investments that are restricted from redemption as of the measurement date: the estimate of when the restriction from redemption might lapse; if an estimate cannot be made, disclose that fact and how long the restriction has been in effect,
 - Any other significant selling restrictions,
 - Fair value of investments for any probable sales at an amount different from NAV per share (or its equivalent) and any remaining actions required to complete the sale, and
 - If a sale is planned but not all assets have been identified, the government's plans to sell and any remaining actions required to complete the sale.
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