



# Cash and Investments

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# Cash and Investments

For state level reporting purposes, cash and cash equivalents are defined as currency on hand, demand deposits with banks and other financial institutions, and short-term, high liquid investments with maturity dates within three months of the date acquired.

Deposits and investment note disclosures are required by ***GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements, as amended by GASB Statement No. 40, Deposit and investment Risk Disclosures.***

These statements require that certain information about holdings included in the financial statements be disclosed in the notes to the financial statements. As the notes to the financial statements are designed to add additional clarity and value to the reader of these statements, it should be noted that not all general ledger cash and cash equivalents are deposits and not all general ledger investments are footnote investments.

# Deposits & Investment Schedules within AFR Model include:

**Note 2. Backup – Deposit Analysis**

**Note 2. Backup – Deposit Reconciliation**

**Note 2. Backup – Investment Reconciliation**

**Note 2. Backup – Investment Analysis**

**Note 2. Investment Matrix**

**Note 2. Backup – Cash and Cash Equivalent Reconciliation (NEW)**

**Note 2. Deposits and Investments Schedule**

# Note 2 Backup

## Part A. Deposit Analysis

			See Separate file for instructions
Back up for Note 2			
Entity Code:			
Entity Name: PEACHTREE STATE UNIVERSITY			
GEORGIA			
COMPREHENSIVE ANNUAL FINANCIAL REPORT		LEFT SIDE OF SCHEDULE	
NOTE DISCLOSURE INFORMATION			
DEPOSIT ANALYSIS / RECONCILIATION TO CASH AND CASH EQUIVALENTS			
PART A: DEPOSIT ANALYSIS			CARRYING VALUE
			GENERAL
			LEDGER
			Note
			TOTAL
GL Acct. No.	GL Account Name	Financial Institution Acct. No.	(ALL FUNDS)
Bank Name 1:			
Interest Bearing Accounts			
			0.00
Non-Interest Bearing Accounts			
			0.00
			0.00
			0.00

### Purpose:

To provide a reconciliation of cash and cash equivalents to the general ledger.

"TOTAL DEPOSITS" to Part B	0.00
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# Note 2 Backup

## Deposit Analysis/ Reconciliation to Cash and Cash Equivalents

Back up for Note 2					
Entity Code:					
Entity Name: PEACHTREE STATE UNIVERSITY					
GEORGIA					
COMPREHENSIVE ANNUAL FINANCIAL REPORT RIGHT SIDE OF SCHEDULE					
NOTE DISCLOSURE INFORMATION					
DEPOSIT ANALYSIS / RECONCILIATION TO CASH AND CASH EQUIVALENTS					
BANK BALANCE					
CUSTODIAL CREDIT RISK CATEGORIES					
TOTAL	INSURED 1	No Exposure 2	Exposed to Credit Risk 3 4 5		
0.00					
0.00					
0.00					
0.00					
0.00					
0.00	0.00	0.00	0.00	0.00	0.00
0.00					
0.00					
0.00					
0.00					
0.00					
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00

### Purpose:

To provide collateralization information for the required note disclosures for the Institution's financial report, the USG Consolidated Annual Report and the State of Georgia's Consolidated Annual Financial Report (CAFR)

Check point: Total column must equal sum of columns I, J, K, L and M:

Total from above:	0.00
Custodial Credit Risk for Deposits Cat. 1	0.00
Custodial Credit Risk for Deposits Cat. 2	0.00
Custodial Credit Risk for Deposits Cat. 3	0.00
Custodial Credit Risk for Deposits Cat. 4	0.00
Custodial Credit Risk for Deposits Cat. 5	0.00
	0.00
Should be -0-	0.00

# Custodial Credit Risk Categories

## Category 1

Accounts with balances of \$250,000 or less are 100% FDIC insured.

## Category 2

Accounts with balances collateralized with Financial Institution's trust department or agent by pledging of investments held for the State organization or the State of Georgia. ***Pledging to the State organization or the State of Georgia must be referenced by collateralization information provided by the Financial Institution.***

## Category 3

Accounts with balances collateralized with Financial Institution's Trust Department or Agent by pledging of investments, but Not specifically held for the State organization or the State of Georgia. If the Financial Institution cannot provide specific reference that the collateral is being held for the State or the State of Georgia then collateral must be categorized as Category 3.

## Category 4

Accounts with deposits collateralized under pledging of investments held with the Financial Institution

## Category 5

Accounts with no collateral provided.

# Category 1 - FDIC Insurance

The Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States government that protects the funds depositors place in banks and savings associations. FDIC insurance is backed by the full faith and credit of the United States government.

Government accounts also known as **public funds accounts** include deposit accounts owned by the United States, any state, county, municipality (or a Subdivision of any state, county, or municipality), the District of Columbia, Puerto Rico, and the other U.S. government possesses and U.S. territories, as well as deposit accounts owned by federally recognized Indian Tribal Entities.

The FDIC insures the deposits of governmental accounts on a per Official Custodian basis.

**Official Custodian:** An officer, employee, or agent of a public unit having official custody of public funds and lawfully depositing the funds in an insured institution. In order to qualify as an Official Custodian, a person must have plenary authority – including control – over the funds. Control of public funds includes possession as well as the authority to establish accounts in insured depository institutions and to make deposits, withdrawals and disbursements.

# Category 1 - FDIC Insurance

The FDIC insures the deposits of governmental accounts on a **per Official Custodian per bank** basis as follows:

## In-State Accounts

- The aggregate or combined balances in demand deposit accounts of all interest and noninterest bearing accounts up to \$250,000 per Official Custodian.
- The aggregate or combined balances of all time and savings accounts (including NOW accounts) up to \$250,000 per Official Custodian.

## Out-of-State Accounts

- The aggregate or combined balances in **time, savings, & demand** deposit accounts up to \$250,000 per Official Custodian



# Category 1 - FDIC Insurance

## **The FDIC Covers:**

- Checking accounts
- Negotiable Order of Withdrawal (NOW) accounts
- Savings Accounts
- Money market deposit accounts (MMDA)
- Time deposits such as certificates of deposit (CDs)
- Cashier's checks, money orders, and other official items issued by a bank

## **The FDIC Does Not Cover:**

- Stock Investments
- Bond Investments
- Mutual Funds
- Life Insurance Policies
- Annuities
- Municipal Securities
- Safe deposit boxes or their contents
- U.S. Treasury bills, bonds, or notes

# Category 1 - FDIC Insurance

**\*\*\* REMINDER\*\*\***

## **Wells Fargo**

The amount of FDIC insurance that can be claimed corresponds with the number of custodians listed on an Institution's Account.

For example, the University System Office has a Wells Fargo account which lists four custodians. The amount of FDIC insurance that can be claimed is \$1,000,000.

# 2016 Year-End Reporting Update

## FDIC Insurance

In prior years, only one Institution with deposits at one of banks listed below could claim the \$250,000 FDIC insurance.

- Bank of America
- SunTrust
- CB&T (no longer a member)
- BB&T

Effective with the 2016 reporting cycle, all institutions with accounts at these banks which are members of the Georgia State Pledging Pool Program should:

1. Claim FDIC insurance of \$250,000
2. Select Category 2 for the Custodial Credit Risk

# Georgia State Pledging Pool Program

- Administered by The Georgia Bankers Association Services, Inc. (GBASI) which is a wholly-owned subsidiary of the Georgia Bankers Association for the State of Georgia.
- GBASI selected by the Office of State Treasurer (OTS) to administer the pledging pool program.
- Requires banks to collateralize 110% of deposits
- Collateral held by various custodians
- Collateral is pledged to the State of Georgia in the State's name.

[https://ost.georgia.gov/sites/ost.georgia.gov/files/related\\_files/document/Pooled\\_Method\\_Disclosure\\_Circular.pdf](https://ost.georgia.gov/sites/ost.georgia.gov/files/related_files/document/Pooled_Method_Disclosure_Circular.pdf)

## Participating Banks associated with USG Institutions in Georgia State Pledging Pool as of April 2016

- Ameris
- United Community Banks
- Northeast GA Bank
- Synovus
- Queensborough National Bank & Trust Co.
- Bank of America
- BB&T Funds Management
- SunTrust Bank, NA
- First State Bank
- Planters & Citizens Bank
- Georgia Bank & Trust
- PNC Bank
- South State Bank, NA
- Brand Bank
- Commercial Banking Company
- Persons Banking Company
- ServisFIRST
- Hamilton State Bank
- American Commerce Bank
- Wilcox County State Bank

# 2016 Year-End Reporting Update

## Georgia Pledging Pool Program Banks

Institutions with deposits at banks that are members of the Georgia Pledging Pool Program should report the bank balance less FDIC insurance as:

Category 2 - Custodial Credit Risk

### ***Category 2***

Accounts with balances collateralized with Financial Institution's trust department or agent by pledging of investments held for the State organization or the State of Georgia. **Pledging to the State organization or the State of Georgia must be referenced by collateralization information provided by the Financial Institution.**

**DEPOSIT ANALYSIS / RECONCILIATION TO CASH AND CASH EQUIVALENTS**  
**NOTE DISCLOSURE INFORMATION**  
**DEPOSIT ANALYSIS / RECONCILIATION TO CASH AND CASH EQUIVALENTS**

PART B: RECONCILIATION OF DEPOSITS TO CASH AND CASH EQUIVALENTS

**"TOTAL DEPOSITS" - From Part A (should agree with carrying value of deposits in Note 2)** \$0.00 (A)

**RECONCILING ITEMS**

**(1) ADD** amounts reported as **cash equivalents** on the general ledger, but which are included in the **investment** footnote (e.g., GFund1, commercial paper, money market funds, banker's acceptances)

GL Acct No	GL Account Name	Amount
		(+) <u>0.00</u> (1)

**(2) ADD** other cash on hand (e.g. petty cash)

GL Acct No	GL Account Name	Amount
		(+) <u>0.00</u> (2)

**(3) DELETE** amounts reported as **investments** on the general ledger, but which are included in the **deposits** footnote (e.g., nonnegotiable CD's with maturities greater than 3 months)

GL Acct No	GL Account Name	Amount
		(-) <u>0.00</u> (3)

**(4) ADD/DELETE** Other

	Amount
Provide a description of any 'Other' reconciling items	
	(+/-) <u>0.00</u> (4)

**TOTAL CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION**  
**GENERAL LEDGER - ALL FUNDS (Cash and Cash Equivalents and Non-Current Cash and Cash E** \$0.00  
(A) + (1) + (2) - (3) +/- (4)

Total Cash and Cash Equivalents per Deposit Reconciliation	\$0.00
Cash and Cash Equivalents per SNP	0.00
Non-current Cash per SNP	0.00
Should be 0-	\$0.00

## Note 2 Backup Investment Reconciliation

**Back up for Note 2**

Entity Code:

Entity Name:

PEACHTREE STATE UNIVERSITY

**GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**NOTE DISCLOSURE INFORMATION**  
**INVESTMENT ANALYSIS AND DISCLOSURE OF RISKS**

**PART B: RECONCILIATION OF FOOTNOTE INVESTMENTS TO GENERAL LEDGER INVESTMENTS**

**"TOTAL FOOTNOTE INVESTMENTS" - From Part A (should agree with investment section of Note 2)** \$0.00 (A)

## RECONCILING ITEMS

(1) ADD amounts reported as **Investments** on the general ledger, but which are included in the **deposits** footnote (e.g., nonnegotiable CD's with maturities greater than 3 months)

GL Acct No	GL Account Name	Amount
		(+) 0.00 (1)

(2) DELETE amounts reported as **cash equivalents** on the general ledger or financial statements, but which are included in the **Investment** footnote (e.g., GFund1, commercial paper, money market funds, bankers acceptances)

GL Acct No	GL Account Name	Amount
		(-) 0.00 (2)

**(3) ADD/DELETE Other**

ADD/DELETE Other	Amount
	(+/-)
	0.00 (3)

**TOTAL INVESTMENTS PER CONSOLIDATED GENERAL LEDGER - ALL FUNDS**

\$0.00

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(A) + (1) - (2) +/- (3)

### Purpose:

To reconcile data reported on this form for footnote disclosure purposes to amounts reported on the institution's general ledger to investments.

Total Investments per Investment Reconciliation	\$0.00
Short-term investments (current) per SNP	0.00
Short-term investments (noncurrent) per SNP	0.00
Investments per SNP	0.00
Should be -0-	\$0.00



# Note 2 Backup - Investment Analysis

[illegible]

### Purpose:

To reconcile data reported on this form for footnote disclosure purposes to amounts reported on the institution's general ledger by account.

# Investment Matrix

RISK MATRIX FOR INVESTMENT NOTE DISCLOSURE									
This Risk Matrix is not all inclusive, but it should cover most investments encountered at University System Institutions. The "X" indicates that the investment type on the left is subject to that risk and requires disclosure. If you encounter any difficulties in applying this matrix to your investments, please contact the AFR support group at the Central Office.									
INVESTMENT TYPE	Fair Value	Interest Rate Risk	Investment Maturity for Interest Rate Risk		Credit Quality Risk	Custodial Credit Risk	Concentration of Credit Risk	Foreign Currency Risk (2)	
			Segmented Time Dist.	Weighted Average Maturity					
Debt Securities									
U. S. Treasuries	X	X	X			X			
U. S. Agencies									
Explicitly Guaranteed Obligations of the U. S. Government	X	X	X			X			
Government National Mortgage Association (GNMA)	X	X	X			X			
Export-Import Bank (EXIMBANK)	X	X	X			X			
Small Business Administration (SBA)	X	X	X			X			
Implicitly Guaranteed Obligations of the U.S. Government							Concentration		
Federal National Mortgage Association (FNMA)	X	X	X		X	X	ation		
Federal Home Loan Banks (FHLB)	X	X	X		X	X	Credit		
Federal Home Loan Mortgage Corporation (FHLMC)	X	X	X		X	X	Risk		
Federal Farm Credit Banks (FFCB)	X	X	X		X	X	must be		
Student Loan Marketing Association (SLMA)	X	X	X		X	X	disclose		
Certificates of Deposit	X	X	X		X	X	d if any		
Corporate Bonds	X	X	X		X	X	investme		
Corporate Debt	X	X	X		X	X	nt in one		
Municipal Bonds	X	X	X		X	X	issuer		
Commercial Paper	X	X	X		X	X	represent		
Bond Mutual Funds (Open End and Closed End)	X	X		X		X	ts 5		
Repurchase Agreements	X	X	X		X	X	percent		
Reverse Repurchase Agreements	X		X		(3)		or more		
General Obligation Bonds	X	X	X		X	X	of the		(3)
Mortgage Based Securities - Commercial	X	X	X		X	X			
Other Debt Securities	X	X	X		X	X			
Equity Securities									
Bond Income	X					X			
Equity Mutual Funds (Closed End)	X					X		X	
Open Ended Mutual Funds ( of Equity Securities)	X								
Open Ended Mutual Funds ( of fixed income securities)	X	X	X		X				
Equity Securities - Domestic									
Common Stock	X					X (1)			
Preferred Stock	X					X (1)			
Equity Securities - International	X					X (1)			
Real Estate Held for Investment Purposes	X								
Investment Pools									
Board of Regents									
Short Term Fund	X	X		X					
Diversified Fund	X	X		X					
Legal Fund	X	X		X					
Balanced Income Fund	X	X		X					
Total Return Fund	X	X		X					
Office of Treasury and Fiscal Services									
Georgia Fund 1	X	X		X					
Georgia Extended Asset Pool	X	X		X					
(1) If held in entity's name or registered in the entity's name. Not Applicable.									
(2) If a government's deposits or investments are exposed to foreign currency risk, the govt should disclose the U.S. Dollar balances of such investments.									
(3) Depends on the underlying investments									

Risk Matrix – SAO

Investment Matrix – Board of Regents/DOAA

## New for 2016 Year-End Reporting – New Schedule

# Recon of Cash and Cash Equivalents Balances to Carrying Value of Deposits Carrying Value of Deposits Schedule

### RECONCILIATION OF CASH AND CASH EQUIVALENTS BALANCES TO CARRYING VALUE OF DEPOSITS:

Business-type Activities		<b>LEGEND</b>
Statement of Net Position		
Cash and Cash Equivalents	0	Statement of Net Position - Cash & Cash Equivalents
Non-Cash and Cash Equivalents	0	Statement of Net Position - Non-Current Cash
Fiduciary Fund		
Pension and Other Post Employment Benefit Trust Funds		
Statement of Fiduciary Net Pension		
Cash and Cash Equivalents		Fiduciary Statement of Net Position - Cash and Cash Equivalents (if applicable)
Total Cash and Cash Equivalents	0	
<b>Add:</b>		
Deposits with original maturity over 90 days reported as Investments	0	Note 2 Backup Inv. Recon - Reconciling Item #1
<b>Less:</b>		
Cash on Hand	0	Note 2 Backup Deposit Recon - Reconciling Item #2
Investments with original maturity less than 90 days reported as Cash and Cash Equivalents		Note 2 Backup Inv. Recon - Reconciling Item #2
Investment pool reported as Cash and Cash Equivalents		
Board of Regents Short-Term Fund	0	SunTrust - Short Term Fund
Georgia Fund 1	0	Office of State Treasurer - Georgia Fund 1
<b>Total Carrying Value of Deposits - June 30, 2016</b>	\$ -	
<b>Checkpoint: Total Carrying Value of Deposits- June 30, 2016 less Footnote 2 Deposits and Investments Carrying Value</b>	\$ -	

# Note 2 Backup

## Deposits and Investments

### (Interest Rate Risk Section – Debt Securities)

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of a instrument. The State Accounting Office (SAO) uses the Segmented Time Distribution. Debt investments held are grouped by maturity periods to disclose interest rate exposure.

<u>Interest Rate Risk</u>						
	Fair Value	Less Than 3 Months	4-12 Months	1-5 Years	6-10 Years	More Than 10 Years
Investment type						
Debt Securities						
U.S. Treasuries	\$ -	\$ -				
U.S. Agencies						
Explicitly Guaranteed	-					
Implicitly Guaranteed	-					
Bond Securities	-					
Corporate Debt	-					
General Obligation Bonds	-					
Money Market Mutual Funds	-					
Municipal Obligations	-					
Mutual Bond Funds	-					
Repurchase Agreements	-					
		\$ -	\$ -	\$ -	\$ -	\$ -

# Note 2 Backup

## Deposits and Investments

### (Interest Rate Risk - Other Investments Section)

Other Investments	
Cash Surrender Value	
Equity Mutual Funds - Domestic	
Equity Mutual Funds - International	
Equity Securities - Domestic	
Equity Securities - International	
Real Estate Held for Investment Purposes	
Real Estate Investment Trusts	
Investment Pools	
Board of Regents	
Short-Term Fund	
Legal Fund	
Balanced Income Fund	
Total Return Fund	
Diversified Fund	
Office of the State Treasurer	
Georgia Fund 1	
Georgia Extended Asset Pool	
Total Investments	\$ -

**STANDARDIZED  
CATEGORIES**

# Note 2 Backup

## Deposits and Investments

### (Interest rate risk - Investment Pools Section)

**Investment Pools ONLY - IF INSTITUTION HAS ONLY INVESTMENT POOL BALANCES TO REPORT, COMPLETE THE SECTION BELOW INSTEAD OF THE SECTION ABOVE; DISREGARD CKPOINT ABOVE**

Investment Pools	
Board of Regents	
Short-Term Fund	
Legal Fund	
Balanced Income Fund	
Total Return Fund	
Diversified Fund	
Sub Total	-
Office of the State Treasurer	
Georgia Fund 1	
Georgia Extended Asset Pool	
Sub Total	-
Total Investment Pools	\$ -

**\$0.00** Ckpoint: Total Investments per Note 2 equals Total Investments per "Note 2 Backup-Invest Analysis" tab

- Report reconciled Investment Pool balances at 6/30.
- Balances should tie to SunTrust, Georgia Fund 1, and GEAP year-end reports.

# Credit Quality Risk

Credit Quality Risk – Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit ratings from a nationally recognized rating agency must be provided for all investments with debt securities. Whether the credit ratings are short-term or long-term must also be indicated.

## Credit Quality Risk

	Fair Value	AAA	AA	A	BBB	Unrated
Related Debt Investments						
U. S. Agency Securities	-					
Bond Securities	-					
Corporate Bonds	-					
Corporate Debt	-					
General Obligation Bonds	-					
Money Market Mutual Fund	-					
Municipal Obligation	-					
Mutual Bond Fund	-					
Repurchase Agreements	-					
	\$ -	\$0	\$0	\$0	\$0	\$0

\$0.00

Ckpoint: Total Credit Quality Risk detailed should equal Debt Securities total minus U.S. Treasury and Explicitly Guaranteed U.S. Agency amounts.  
Note: Check point may be out if a portion of the underlying investments from Repurchase Agreements are explicitly guaranteed.

# Credit Quality Risk

**Credit Quality Risk is not required for Explicitly Guaranteed debt investments which includes:**

- US Treasuries
- US Agencies-Explicitly Guaranteed
  - Export-Import Bank (EXIMBANK)
  - Government National Mortgage Assoc. (GNMA)
  - Small Business Administration (SBA)

**Credit Quality Risk is reported for Implicitly Guaranteed investments which includes:**

- US Agencies – Implicitly Guaranteed
- Federal Farm Credit Banks (FFCB)
- Federal Home Loan Banks (FHLB)
- Federal Home Loan Mortgage Corp. (FHLMC)
- Federal National Mortgage Association (FNMA)
- Student Loan Marketing Association (SLMA)



# Credit Quality Risk/Ratings

## Change in 2016 Reporting

Implementation Guide No. 2015-1

### 1.9 Credit Risk

- Q. 1.9.1 Do the rating agencies of all Nationally Rated Statistical Rating Organizations (NRSROs) need to be disclosed? That is, NRSROs issued different ratings on the same security. What credit quality disclosures should be made?
- A. There are several recognized NRSROs at this time... *Further down in text.* When multiple ratings exist and the government is aware of the different ratings, the rating indicative of the greatest degree of risk should be presented.

**In the CAFR, the State Accounting Office uses the S&P's rating scale to report credit ratings.**

**In cases where multiple ratings have been reported , SAO chooses the lowest rating reported and then cross-references it using S&P's rating scale that is equivalent to whatever the rating of another agency's rating is (if S&P's rating isn't the lowest).**

# Money Market Funds and Credit Ratings on US Treasury Securities - Rating Scale - Update for 2016 Reporting

The following table shows how these major credit rating agencies align their long-term and short-term ratings, and which short-term ratings constitute first tier and second tier:

Money market fund category		Moody's		Standard & Poor's		Fitch	
		Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Eligible securities	First Tier	Aaa Aa1 Aa2 Aa3 A1 A2* A3*	P-1	AAA AA+ AA AA-  A+ A*	A-1+	AAA AA+ AA AA- A+*	F-1+
	Second Tier	A2* A3* Baa1 Baa2*	P-2	A* A- BBB+ BBB*	A-2	A- BBB+ BBB	F-2
Ineligible securities	Third Tier	Baa2* Baa3	P-3	BBB* BBB- BB+*	A-3	BBB* BBB-	F-3
	Non-investment grade	Ba1 to B3 Caa1 to Ca	Not Prime	BB+* to CCC* B* to CC	B C	BB+ to B- CCC to C	B C
	In default	C	Not Prime	SD, D	SD, D	RD, D	RD, D

\*All three agencies allow some overlap in rating categories.

Sources: Moody's Investor Services, Standard & Poor's Global Credit Portal, Fitch Ratings, Bank for International Settlements

As the table shows, short-term rating bands are broader and contain fewer rating "steps" than long-term ratings. An issuer whose long-term rating was downgraded from AAA to AA would still be rated A-1+ and, hence, first tier for short-term debt.

# Credit Quality Risk/Ratings

## Update for 2016 Reporting

### Implementation Guide No. 2015-1

#### 1.9 Credit Risk

Q. 1.9.5 Should credit quality disclosures include such detail as modifiers?

A. Credit quality modifiers are not a required disclosure.

**The State Accounting Office does not report credit quality modifiers.**

**Therefore you will no longer have to report the 1, 2, 3, + or - modifier following the rating. For example, A-1+ report now as A, A-2 report now as A-3, report now as A.**

# Using the Credit Rating Agencies

## Comparative Scale

### (Example)

**Scenario:** The lowest rating on a particular investment being reported is a “**Baa1**” rating from Moody’s.

Rating Schedule					
Moody’s		Standard & Poor’s		Fitch	
Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
Baa1		BBB+		BBB	

Per the Rating Scale, S&P does not use “Baa”. The S&P equivalent for Moody’s **Baa1** rating is **BBB**. Thus, the State Accounting Office would report the investment holding as having a **BBB** rating.

# Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, an organization will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. This risk applies only to investments that are evidenced by securities that exist in physical or book entry form.

## Not Exposed to Custodial Credit Risk

- Insured or registered in the organization's name
- Held by the counterparty's trust department or agent in the organization's name

## Exposed to Custodial Credit Risk

- Held by the counterparty (not its trust department or agent)
- Held by the counterparty's trust department or agent, but not in the organization's name.

# Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an institution's investment in a single investment. Holdings of investments in any one issue in concentrations of greater than 5% of total investments held must be disclosed.

Concentration risk for holdings does not apply to US government agencies investments that are explicitly guaranteed.

	<b>"TOTAL FOOTNOTE INVESTMENTS" to Part B</b>		<b>0.00</b>
	Concentration of Credit Risk Threshold (5%)		<b>0.00</b>
	Investments subject to Concentration of Credit risk that exceed 5%:		
	Investment Name	Amount	% of Total Investment
		\$0.00	0.0%
		\$0.00	0.0%
		\$0.00	0.0%
		\$0.00	0.0%

# Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The value in US dollars of holdings denominated in a foreign currency must be provided by the institution.

<b>Foreign Currency Risk</b>				
Currency	Short-Term	Debt	Equity	Total
Argentine peso	\$ -	\$ -	\$ -	\$ -
Aruban guilder				-
Australian dollar				-
Total Securities subject to foreign currency risk	0	0	0	-
United States dollars (securities held by International investment managers)				-
Total international investment securities	\$ -	\$ -	\$ -	\$ -



Theresa L. Jackson  
University System of Georgia  
Office of Fiscal Affairs, Accounting & Reporting  
[Theresa.Jackson@usg.edu](mailto:Theresa.Jackson@usg.edu)  
404-962-3207