# Derivatives Reporting Form

# *Please complete this form for each department and return to the address referenced above.*

|  |  |
| --- | --- |
| Name: | |
| Phone: | |
| Fax: | E-mail: |

***Department Name***

***Dept ID(s)***

**Background / How Derivatives will be Reported**

**Purpose / Objective:**

To capture and properly record derivative instruments entered into (intentionally or incidentally) in accordance with Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53).

**What is a derivative?**

A derivative is a contract between two parties that specifies certain conditions under which payments are to be exchanged. They allow price risk of an underlying product or asset to be transferred from one party to another.

**Examples of a Reportable Derivative:**

* A department signs a contract to buy 500 bushels of corn for $500.

**Non-reportable situation:** Department receives 500 bushels of corn and uses all of it to feed its livestock.

**Reportable situation:** Department receives 100 bushels of corn to feed its livestock and resells the remaining 400 bushels for a profit.

* A department has a fall study abroad program in England and locks into a contract to purchase British Pounds in the fall.

**Non-reportable situation:** Department has worked with Office of Investment & Banking on this contract.

**Reportable situation:** Department has negotiated this contract with the institution sponsoring the study abroad program.

**Threshold:**

No threshold. Please report any potential derivative contracts.

**Measurement / Valuation:**

Accounting Services will evaluate the contract and determine the appropriate valuation.

**Questions to be Answered by Department**

Some asset/product examples (not limited to) to keep in mind when answering the questions below:

* Cattle
* Corn
* Electricity
* Foreign Currencies
* Metals
* Natural Gas
* Pigs
* Wheat

1. Has your department signed a purchasing contract for certain goods or services and subsequently entered into another contract (no goods or services to be delivered) to protect against price increases?

Yes:  No:

1. Has your department locked into any contracts where the University is contractually obligated to either purchase a particular asset/product and after-the-fact doesn't take 100% physical delivery of the asset/product?

Yes:  No:

1. Does your department ever take delivery of a certain product over and above the specified quantity at the contract price with the intent of reselling it for a profit/gain?

Yes:  No:

If your department can answer "yes" to any of the above questions, please provide the following information:

* Provide contract(s) associated with the particular question.
* Indicate what your department's overall intent is with the contractual arrangement(s) (e.g., protect against price increases).
* Any other pieces of information that will be helpful in evaluating the overall contractual arrangement.