20CY GASB 14/39/61/80/90 Component Unit Questionnaire — Preview

Introduction

Thank you for taking time to complete this questionnaire, which pertains to the following Governmental Accounting Standards Board's (GASB) statement(s):

GASB Statement No. 14, *The Financial Reporting Entity*

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units — an amendment of GASB Statement No. 14*

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statement No. 14*

GASB Statement No. 80, *Blending Requirements for Certain Component Units — an amendment of GASB Statement No. 14*

GASB Statement No. 90, *Majority Equity Interests — an amendment of GASB Statements No. 14 and No. 61*

Each agency is required to **annually** review and disclose component unit information for:

- A newly identified potential component unit (PCU)
  –OR–
- Changes in the relationship with the existing component unit/related organization (for example, from a discretely presented component unit to a related organization)

Each agency **must submit this questionnaire** to serve as the "Acknowledgment of Review" of the agency's operations for component units.

Agencies with identified PCU(s) must:

1. Complete one questionnaire for **each** PCU.
2. Upload a copy of the PCU's bylaws and supporting documentation to the Component Unit & Related Organizations (CURO) web application.

Submit responses to this questionnaire by **Aug. 15, 20CY**.

For more information, see Component Units on the Reporting Requirements website.
If you have any questions, please contact your financial reporting analyst.

Background of GASB 14/39/61/80/90

An objective of GASB Statement No. 14, *The Financial Reporting Entity*, is that all entities associated with an agency are potential component units (PCUs) and should be evaluated for inclusion as part of the financial reporting agency.

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units — an amendment of GASB Statement No. 14*, amends GASB 14 to provide additional guidance for determining if certain organizations for which the agency is not financially accountable should be reported as component units (CUs) based on the nature and significance of their relationship with the agency. Generally, it requires reporting as a CU an organization that raises and holds economic resources for the direct benefit of a governmental unit.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and No. 34*, modifies existing requirements for the assessment of PCUs to better determine what should be included in the financial statements and note disclosures of the financial reporting agency.

GASB Statement No. 80, *Blending Requirements for Certain Component Units — an amendment of GASB Statement No. 14*, establishes an additional blending requirement.

GASB Statement No. 90, Majority Equity Interests — an amendment of GASB Statements No. 14 and No. 61, establishes criteria for reporting majority equity interests in legally separate organizations.

Definitions of Key Terms

Governing body of the agency — The state of Texas Legislature — including by extension the governing bodies (if applicable) of state agencies and universities.

Component Unit (CU) — A legally separate organization for which the agency's elected officials are financially accountable or an organization for which the nature and significance of its relationship with the primary government is such that exclusion would cause the financial reporting entity's financial statements to be misleading.

Potential Component Unit (PCU) — A legally separate organization that may have a relationship with an agency.

Financial reporting agency consists of:

- The agency
- Organizations for which the agency is financially accountable
- Other organizations for which the nature and significance of their relationship with the agency is such that exclusion would cause the financial reporting entity's financial statements to be misleading

Financially accountable — The agency appoints a majority of the PCU's board and either of the following is true:

- Can impose its will on the PCU
- There is a financial benefit/burden relationship between the agency and the PCU

Financial accountability can also occur if the PCU is fiscally dependent on the agency and there is a financial benefit/burden relationship between the agency and the PCU (regardless of whether the PCU has a separately elected governing board) a governing board appointed by a higher level of government or a jointly appointed board.

Financial Benefit/Burden Relationship — A PCU has the potential to provide specific financial benefits to (or to impose specific financial burdens on) the agency if (for example) any one of these conditions exists:

- The agency is legally entitled to or can otherwise access the organization's resources
- The agency is legally obligated or has otherwise assumed the obligation to finance the deficits of (or provide financial support to) the PCU
- The agency is obligated in some manner for the debt of the PCU

Exchange transactions (such as purchases or sales of goods or services) are not considered a financial benefit/ burden relationship.

Agency Information

Name: ____

Number: ____

Component Unit

1. Does your agency have... (Select only one answer.)

   - ☐ A newly identified component unit? (Continue to question 2)
   - ☐ Changes in the relationship to an existing component unit (such as your relationship with the component unit changes from a discretely presented to a related organization)? (Continue to question 2)
   - ☐ Changes to an existing component unit (Agency abolished, dissolved or transferred control of an existing component unit, address to obtain financial statement or number of appointed board of directors has changed)? (Skip to the end of the questionnaire)
   - ☐ A measurable right to the net resources of an organization that is based on an investment of financial or capital resources? (Continue to question 2)
   - ☐ An existing component unit with no changes? (Skip to the end of the questionnaire)
   - ☐ None of the above — my agency does not have any potential or existing component units. (No disclosure required, skip to the end of the questionnaire)

2. Enter the name of the PCU:

   ____

   Click **Next**. (Continue to question 3)

Legally Separate

According to *GASB 14, paragraph 15*, an organization is a legally separate from the agency if it is created as a body corporate (or a body corporate and politic) or if it possesses the corporate powers that would distinguish it as being legally separate from the agency. Having those corporate powers gives it the capacity to have a name, the right to sue and be sued without recourse to a governmental unit and the right to acquire property in its own name. It may be necessary to review the documentation on legal standing of a PCU with the agency's general counsel.

3. Is the PCU legally separate from the agency? (Select only one answer.)

   - ☐ Yes (Skip to question 5)
   - ☐ No (Continue to question 4)

Legal Corporate Powers

According to *GASB 14, paragraph 15*, if the agency holds the legal corporate powers of the PCU, the PCU is part of the agency. If an organization other than the agency holds the legal corporate powers of the PCU, it is **not** included as part of the financial reporting agency.

4. Does the agency hold the legal corporate powers of the PCU? (Select only one answer.)

   - ☐ Yes (Skip to question 28)
   - ☐ No (Skip to question 29)

Voting Majority

According to *GASB 14, paragraphs 22–24*, if the agency appoints a simple majority of the PCU's governing board, it usually has a voting majority. However, if financial decisions require the approval of more than a simple majority, the agency is not accountable for the organization.

For the purpose of determining the appointment responsibility, the agency's appointment authority must be substantive (that is, appointed by the agency from any number of candidates of the agency's choice, with or without confirmation by the legislature). The agency's appointment authority is not considered to be substantive if statute or ordinance requires the board to be selected by the agency from a slate of candidates supplied from individuals or groups other than the agency's officials or appointees. "Appointment" of a voting majority can also include situations where the agency's officials are required by law to serve on the PCU's board.

If the board appointment is not continuing (for example, the original board was appointed by the agency, but any vacancies are filled by recommendations or votes from the current board members) then the voting majority criterion is not met. However, if the board appointment is not continuing, but the agency has the ability to unilaterally abolish the PCU, then the board appointment criterion is met. The agency can unilaterally abolish the PCU if the agency can cause the PCU to cease operations. The abolishment occurs even if the legal structure or shell of the PCU remains intact. "Unilaterally abolish" is not the same as applying the provisions of the Sunset Act.

5. Does the agency appoint a voting majority of the PCU's board? (Select only one answer.)

   ☐ Yes (Skip to question 8)

   ☐ No (Continue to question 6)

Fiscally Dependent

According to *GASB 14, paragraph 21b*, as amended by *GASB 61, paragraph 6a*, a PCU is a component unit if it is ***fiscally dependent*** on the agency (regardless of whether the PCU's governing board is appointed by the agency) and there is a potential financial benefit/burden relationship between the agency and the PCU.

A PCU is fiscally dependent on the agency if it is unable to complete one or more of the following actions without substantive approval by the agency:

- Determine its budget without the agency having the authority to approve and modify that budget
- Levy taxes or set rates or charges for services without the approval of the agency
- Issue bonds or other debt without approval by the agency

Fiscal dependency does **not** require that the PCU receive financial assistance from the agency. The ***fiscal dependency*** concept is **not** based on the existence of either a financial burden on or benefit for the agency. A PCU being subject to compliance approvals does **not** meet the ***fiscal dependency*** criterion outlined above. Examples of ministerial or compliance-oriented approvals are:

- A requirement that the agency approve a PCU's debt after review for compliance with certain limitations (such as debt margins)
- A requirement for the agency to review a PCU's budget in evaluating qualifications for state funding.
- A requirement for the agency to approve tax rates assessed by a PCU after review of compliance with tax rate and levy limitations.

However, if the agency has the authority to reduce or modify a PCU's budget, the approval is substantive rather than ministerial or compliance oriented.

6. Is the PCU fiscally dependent on the agency? (Select only one answer.)

   ☐ Yes (Continue to question 7)

   ☐ No (Skip to question 9)

Financial Benefit/Burden

According to *GASB 14, paragraph 21a*, as amended by *GASB 61, paragraph 6a*, the agency is financially accountable if the agency appoints a voting majority of the PCU's governing body **and either** of the following apply:

- The agency is able to impose its will on that PCU
- The PCU can provide a financial benefit to or can impose a financial burden on the agency

GASB 14, paragraph 27, as amended by *GASB 61, paragraph 6b*, states that a financial benefit or burden is created if any one of the following relationships exists:

- The agency has access to the PCU's resources. The ability to use the resources only needs to exist — the actual use of those resources is not required. If the agency has an interest in the remaining assets of a PCU when liquidated, it is not considered to have access to a PCU's resources.
- The agency is legally required or has assumed the responsibilities to finance the PCU's deficits or financially support the PCU.
- The agency is obligated in some manner for the debt of the PCU, for example:
  - *The agency is legally responsible for debt that is not paid after other default remedies have been pursued.*
  - *The agency is required to provide funds to cover temporary deficiencies.*
  - *The agency is either required to fund reserves maintained by the PCU or create its own reserve fund.*
  - *The agency is authorized to either fund reserves maintained by the PCU or create its own reserve fund and has established such a fund. (If a fund is not established, then consider 7 and 8 below.)*
  - *The agency is authorized to either provide financing for a reserve fund maintained by the PCU (for the purpose of repurchasing outstanding debt) or create its own reserve fund and has established such a fund. (If a fund is not established, consider 7 and 8 below.)*
  - *The debt contract states that the agency may cover defaults (even though it is not required to do so).*
  - *It is **probable** that the agency will assume responsibility for the PCU's debt in the event of default if legal decisions within the state (or previous actions by the agency) related to actual or potential defaults on another organization's debt exists.*

7. You determined that the potential component unit is fiscally dependent on the agency; therefore, is there a financial benefit/burden relationship between the agency and the PCU? (Select only one answer.)
   - ☐ Yes (Skip to question 17)
   - ☐ No (Skip to question 9)

8. You determined that the agency appoints a voting majority of the potential component unit's board; therefore, is there a financial benefit/burden relationship between the agency and the PCU? (Select only one answer.)
   - ☐ Yes (Skip to question 17)
   - ☐ No (Skip to question 16)

Misleading to Exclude (GASB 14, paragraphs 39-41)

According to *GASB 14, paragraphs 39-41*, a PCU that does not meet the specific financial accountability criteria must be included as a component unit to prevent the reporting entity's financial statements from being misleading. This determination is based on the nature and significance of the organization's relationship with the agency.

For example, a PCU issues debt on behalf of the agency and serves as a conduit for receiving dedicated revenues of the agency that are designated for repayment of the debt. The nature and significance of this relationship (between the PCU and the agency) would warrant including the PCU as a component unit of the agency.

Other organizations are evaluated as PCUs if they are closely related to (or financially integrated with) the agency. Closely related PCUs include those that are financially integrated with the agency. Financial integration may be exhibited or documented through the wording of charters or bylaws of either the agency or the PCU.

Examples include:

- The bylaws state that failure to distribute resources to the agency may cause the PCU to lose its tax-exempt status
- Participation of the PCU's employees in programs sponsored by the agency
- Representation in financial aid accountability systems of work-study fellowships granted to students of an agency for work performed for the PCU
- Participation of the agency's employees in research activities of the PCU and inclusion of that activity in the agency's effort reports
- Agency's provision of office space and administrative services to or from the PCU

9. Is the PCU closely related to (or financially integrated with) your agency? (Select only one answer.)
   - ☐ Yes (Skip to question 11)
   - ☐ No (Continue to question 10)

10. Would it be misleading to exclude the PCU? (Select only one answer.)
    - ☐ Yes (Please explain your answer below; then proceed to question 11)
    - ☐ No (Skip to question 15)

    (If "Yes" above) Explain your answer:____

GASB 14 paragraph 40a Criteria

Certain organizations warrant inclusion as part of the financial reporting agency because of the nature and significance of their relationship with the agency or agency's CU. *GASB 14, paragraph 40a*, as amended by *GASB 39, paragraph 5*, establishes three criteria. The following questions will help the agency determine if the PCU meets **all three criteria** and is reported as a discretely presented CU.

Tax Exempt: When considering if a PCU is tax-exempt, consideration is not limited to 501(c)(3) organizations.

11. Is the PCU tax-exempt? (Select only one answer.)
    - ☐ Yes (Continue to question 12)
    - ☐ No (Skip to question 21)

Resources held by PCU entirely (or almost entirely) for direct benefit of agency: According to *GASB 14, paragraph 40a*, as amended by *GASB 39, paragraph 5*, the PCU directly benefits the agency if the PCU obtains (or seeks to obtain) or holds and invests resources that will benefit the agency. This does not mean the resources must be transferred to the agency within the reporting period — rather, if the resources obtained or held are ultimately for the benefit of the agency, then a direct benefit exists. If the PCU has the ability to redirect the resources at its own discretion so that the resources would not benefit the agency (such as sending the resources to another organization that does not have any relationship with the agency), the PCU is not reported as a component unit.

12. Are the economic resources received or held by the PCU entirely (or almost entirely) for the direct benefit of the agency (any state agency or university) or another component unit of the agency? (Select only one answer.)
    - ☐ Yes (Continue to question 13)
    - ☐ No (Skip to question 21)

13. Is the agency (or its component units) entitled to (or has the ability to otherwise access) a majority of the economic resources received or held by the PCU? (Select only one answer.)
    - ☐ Yes (Continue to question 14)
    - ☐ No (Skip to question 21)

14. Are the economic resources significant to the agency? (Select only one answer.)
    - ☐ Yes (Skip to question 27)
    - ☐ No (Skip to question 21)

Joint Venture, Jointly Governed Organization, Related Party

A **joint venture** is a legal entity or other organization resulting from a contractual arrangement that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control. The participants retain an ongoing financial interest or an ongoing financial responsibility. In order to maintain joint control, no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

A related party can be:

- Agency's related organizations, joint ventures and jointly governed organizations, as defined in GASB 14, as amended
- Agency's elected and appointed officials and members of their immediate families.
- Agency's management, and members of its immediate families.
- Other parties with which the agency may deal if one party can significantly influence the management or operating policies of the other to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

A **related party** is one that either:

- Can significantly influence the management or operating policies of the transacting parties (for example, through imposition of will)
  –OR–
- Has an ownership interest in one of the transacting parties and can significantly influence the other to the extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

For information regarding Joint Venture, Jointly Governed Organization and Related Parties, visit the Reporting Requirements website, click the General Accounting tab and click the Financial Reporting Entity in the left navigation menu.

15. Does the PCU qualify as a Joint Venture, Jointly Governed Organization (*GASB 14, paragraphs 69–78*) or Related Party (*GASB 62, paragraphs 54–57*)? (Select only one answer.)

    ☐ Yes (Skip to question 31)

    ☐ No (Skip to question 29)

Impose Its Will

According to GASB 14, paragraph 21a, as amended by GASB 61, paragraph 6a, the agency is financially accountable if it appoints the voting majority of a PCU's governing board and **either** of the following apply:

- It is able to impose its will on the PCU
- There is the potential for the PCU to either provide specific financial benefits to or impose specific financial burdens on the agency

According to GASB 14, paragraphs 25–26, imposition of will is defined as the ability of the agency to significantly influence the programs, projects, activities or level of services performed or provided by the PCU. While the determination of the concept of imposition of will is a matter of judgment, GASB concluded that the existence of any of the following is a clear indication of the agency's ability to affect the day-to-day operations of the PCU:

- Appointed members can be removed at will by the agency.
- The budget can be modified or approved by the agency.
- Rate or fee charges that affect the revenues can be modified or approved by the agency.
- Other decisions may be vetoed, overruled or modified by the agency.
- Management personnel may be appointed, hired, reassigned or dismissed by the agency.

The imposition of will criterion is also met if the agency can unilaterally abolish the PCU — if the agency can cause the organization to cease operations. The abolishment occurs even if the legal structure or shell of the organization remains intact. However, "unilaterally abolish" is not the same as applying the provisions of the Sunset Act. The ability to unilaterally abolish the PCU can be used to meet the board appointment criterion and the imposition of will criterion. The application of the Sunset Act involves a formal due process and therefore does not meet the imposition of will criterion.

16. Is the agency able to impose its will on the PCU? (Select only one answer.)

- ☐ Yes **(If "Yes," complete the check box list below)**
- ☐ No (If "No," do NOT check the boxes below. Click **Next**.) (Skip to question 30)

If Yes, indicate how the agency imposes its will. (Check all that apply, then click **Next**.)

- ☐ Remove appointed board members at will
- ☐ Ability to modify or approve the budget of the potential component unit
- ☐ Ability to modify or approve rate or fees changes affecting revenues
- ☐ Ability to veto, overrule or modify the decisions of the PCU's governing body
- ☐ Ability to appoint, hire, reassign or dismiss those persons responsible for the day-to-day operations of the PCU
- ☐ The agency may unilaterally abolish the PCU by ordering the PCU to cease operations
- ☐ Other (please specify)

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Blending Criteria (GASB 14, paragraph 53a, b, c or d)

GASB 14, paragraph 53, as amended by *GASB 61, paragraph 8* and *GASB 80* establish four criteria for blending CU. The following questions will help an agency determine if the PCU meet any one of the four criteria and is reported as a blended CU.

Governing Body: *Paragraph 53a:* The CU's governing body is substantively the same as the governing body of the agency. This criterion will rarely (if ever) apply to a state government because of the impractically of providing sufficient representation of the state's entire governing body. So, this criterion is not included in this questionnaire.

Providing Service: *Paragraph 53b:* Services or benefits the agency: If the CU provides services entirely (or almost entirely) to the agency or otherwise exclusively (or almost exclusively) benefits the agency even though it does not provide services directly to it, include the CU as blended. The essence of this type of arrangement is similar to an internal service fund where the goods or services are provided to the agency itself.

A CU that provides services to more than just the agency is blended if the services provided to others are insignificant to the overall activities of the CU.

17. Does the PCU provide services entirely (or almost entirely) or otherwise exclusively (or almost exclusively benefit) the agency? (Select only one answer.)

- ☐ Yes (Skip to question 32)
- ☐ No (Continue to question 18)

Repayment of Debt: *Paragraph 53c: According to GASB 61, paragraph 8a*, if a CU's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with the resources of the agency, report the CU as blended. The repayment usually occurs through a continuing pledge and appropriation by the agency to the CU that, in turn, pledges those appropriation payments as the primary source of repayment of its debt. If the agency pledges resources as a secondary source of repayment, or if the resources received by the CU from the agency are just one of many resources available to the PCU, then the CU is reported as a discretely presented component unit.

18. Is the CU's total debt outstanding expected to be repaid entirely or almost entirely with resources of the agency? (Select only one answer.)

- ☐ Yes (Skip to question 32)
- ☐ No (Continue to question 19)

Not-for-Profit: *Paragraph 53d: GASB 80* adds the requirement to blend a CU's activities when the CU is organized as a not- for-profit corporation in which the agency is the sole corporate member, as identified in the CU's articles of incorporation or bylaws. GASB 80 does not apply to any CU that is included in the financial reporting agency pursuant to the provisions of GASB 39.

19. Is the PCU a not-for-profit corporation? (Select only one answer.)

    ☐ Yes (Continue to question 20)

    ☐ No (Skip to question 27)

20. Is the agency the sole corporate member of the PCU, as identified in the PCU's articles of incorporation or bylaws? (Select only one answer.)

    ☐ Yes (Skip to question 32)

    ☐ No (Skip to question 27)

Blending Criteria (GASB 14, paragraph 53a, b or c)

Your PCU meets the definition of a PCU because of *GASB 39* — not because of *GASB 14, paragraphs 21-37* — therefore, *GASB 80* blending criteria does not apply.

GASB 14, paragraph 53, as amended by *GASB 61, paragraph 8* establishes three criteria for blending CU. The following questions will help an agency determine if the PCU meets any one of the three criteria and is reported as a blended CU.

Governing Body (Paragraph 53a): The CU's governing body is substantively the same as the governing body of the agency. This criterion will rarely (if ever) apply to a state government because of the impractically of providing sufficient representation of the state's entire governing body. So this criterion is not included in this questionnaire; however, if applicable please contact your financial reporting analyst.

Providing Service (paragraph 53b): If the CU provides services entirely (or almost entirely) to the agency or otherwise exclusively (or almost exclusively) benefits the agency even though it does not provide services directly to it, include the CU as blended. The essence of this type of arrangement is similar to an internal service fund where the goods or services are provided to the agency itself.

A CU that provides services to more than just the agency is blended if the services provided to others are insignificant to the overall activities of the CU.

21. Does the PCU provide services that entirely (or almost entirely) or otherwise exclusively (or almost exclusively) benefit the agency? (Select only one answer.)

    ☐ Yes (Skip to question 32)

    ☐ No (Continue to question 22)

Repayment of Debt (paragraph 53c): According to *GASB 14, paragraph 53*, as amended by *GASB 61, paragraph 8*, if a CU's total debt outstanding (including leases) is expected to be repaid entirely or almost entirely with the resources of the agency, report the CU as blended. The repayment usually occurs through a continuing pledge and appropriation by the agency to the CU that (in turn) pledges those appropriation payments as the primary source of repayment of its debt. If the agency pledges resources as a secondary source of repayment or the resources received by the CU from the agency are just one of many resources available to the PCU, then the CU is reported as a discretely presented component unit.

22. Is the CU's total debt outstanding expected to be repaid entirely or almost entirely with resources of the agency? (Select only one answer.)

    ☐ Yes (Skip to question 32)

    ☐ No (Continue to question 23)

Majority Equity Interests

According to *GASB Statement 90, paragraph 5*, a government holding an equity interest that meets the definition of an investment in paragraph 64 of Statement 72, the equity interest should be reported as an investment and measured using the equity method in accordance with paragraphs 205-209 of Statement 62 as amended.

23. Does your agency own a majority equity interest in a legally separate organization for the purposes of income or profit or do you have a present service capacity based solely on its ability to generate cash or be sold to generate cash? (Select only one answer.)
    - ☐ Yes
    - ☐ No

24. Does your organization own a majority equity interest in a separate organization that meets the definition of an investment, do you report the majority interest as an investment? (Select only one answer.)
    - ☐ Yes
    - ☐ No

25. If your organization own a majority equity interest in a separate organization that does not meet the definition of an investment, do you report the legally separate organization as a component unit? (Select only one answer.)
    - ☐ Yes
    - ☐ No

26. If your organization owns a majority interest in an organization that is reported as a component unit, do you report the component unit as an asset of the primary government, measured using the equity method? (Select only one answer.)
    - ☐ Yes
    - ☐ No

Fiduciary in Nature

According to GASB 34, paragraph 125, CUs that are fiduciary in nature are included only in the fund financial statements with the agency's fiduciary funds.

27. Is the PCU fiduciary in nature? (Select only one answer.)
    - ☐ Yes (Skip to question 33)
    - ☐ No (Skip to question 34)

No Disclosure

28. This PCU is part of and must be included in the agency's or university's financial statements. Select **No Disclosure Required** below.
    - ☐ No Disclosure Required

    Click **Next**. (Skip to end of questionnaire.)

29. It has been determined that the PCU is not a component unit, related organization, joint venture, jointly governed organization or related party of this reporting agency. Select **No Disclosure Required** below.
    - ☐ No Disclosure Required

    Click **Next**. (Skip to end of questionnaire.)

Related Organization: Note 19 Disclosure

Organizations for which the agency is accountable because the agency appoints a voting majority of the organization's board but is not financially accountable.

30. Disclose the nature of your agency's relationship with related organizations in Note 19. Groups of similarly related organizations may be summarized. **Select Submit Note 19 Disclosure** below.

    ☐ Submit Note 19 Disclosure

    Click **Next**. (Skip to end of questionnaire.)

Joint Venture or Jointly Governed Organizations: Note 19 Disclosure

31. For more information about the note disclosure on joint venture and jointly governed organizations, see the AFR Reporting Requirement website, [Note 19 – The Financial Reporting Entity]. Select **Submit Note 19 Disclosure** below.

    ☐ Submit Note 19 Disclosure

    Click **Next**. (Skip to end of questionnaire.)

Blended Presentation

According to GASB 14, paragraphs 52–54, blending presentation is a treatment that requires the CU's balances and transactions to be reported in a manner similar to the balances and transactions of the agency.

32. This CU must be included in your financial statements as blended. Select **Blended** below.

    ☐ Blended (Skip to question 35)

Discrete Presentation — Fiduciary

According to GASB 34, paragraphs 124–126, CUs that are fiduciary in nature should be included in the fund financial statements with the agency's fiduciary funds. The CU's fiduciary activities, whose resources are not available to finance the government's programs, should be excluded from the government-wide statements.

33. This CU must be included in your financial statements. Select **Discrete — Fiduciary** below as the method of inclusion.

    ☐ Discrete — Fiduciary (Skip to question 35)

Discrete — Non-Fiduciary

According to GASB 14, paragraphs 44–51, discrete presentation is a treatment that requires reporting the CU's financial data in one or more columns separate from the financial data of the agency. Information about each major CU is provided in the basic financial statements of the reporting agency. Agencies can satisfy this requirement by:

- Presenting each major CU in a separate column in the reporting agency's statements of net position and activities
- Including combining statements of major CUs in the reporting agency's basic statements after the fund financial statements
- Presenting condensed financial statements in the notes to the reporting agency's financial statements

34. This CU must be included in your financial statements. Select **Discrete — Non-Fiduciary** below as the method of inclusion.

    ☐ Discrete — Non-Fiduciary (Continue to questions 35–39)

Component Unit Information

35. What is the CU's fiscal year? (Select only one answer.)
    - ☐ September 1 to August 31
    - ☐ January 1 to December 31
    - ☐ Other (please specify a date range)

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36. How soon after its fiscal year-end are the financial statements available for the CU? (Select only one answer.)
    - ☐ Within 30 days
    - ☐ Within 60 days
    - ☐ Within 90 days
    - ☐ Within 120 days
    - ☐ Other (please specify)

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37. If the CU distributes audited financial statements, when are the audited financial statements available? (Select only one answer.)
    - ☐ The CU does not distribute audited financial statements
    - ☐ Within 30 days
    - ☐ Within 60 days
    - ☐ Within 90 days
    - ☐ Within 120 days
    - ☐ Other (please specify)

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38. Describe the accounting model or basis of accounting and reporting used by the potential component unit. (Select only one answer.)
    - ☐ Statutory reporting basis
    - ☐ Not-for-profit accounting
    - ☐ Governmental accounting
    - ☐ Proprietary accounting
    - ☐ Modified accrual accounting
    - ☐ Other (please specify)

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39. If the organization was established by legislation, what specific Texas Code established the organization?

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Please be prepared to submit supporting documentation to the Component Unit & Related Organizations (CURO) web application.

Thank you for your time.

Please click **Done**.

Note: This questionnaire is not marked complete unless you click the **Done** button below.

Before you click the "**Done**" button, please see below for reminders:

- Changes to an existing component unit – submit a copy of the organization's revised bylaws and supporting documentation to the Component Unit & Related Organizations (CURO) web application.
- A newly identified component unit – submit a copy of the organization's bylaws and supporting documentation to the Component Unit & Related Organizations (CURO) web application.