

Preparer Initials Date
_____ _____ _____
Reviewer _____ _____

File No. _____

**STATE OF FLORIDA
REPORTING ENTITY DETERMINATION FORM**

Entity _____
Status _____ Presentation _____
Fiscal Year End _____

Purpose: This form is used to determine whether an entity is a component unit of the State of Florida (state) or has a relationship with the state which requires the state to report the entity in the state's financial statements. Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Instructions: Answer each question with a "Yes", "No" or "N/A" as appropriate and give the reference(s) as applicable. The reference will usually be a statute, law or rule. This form is appropriate for all governmental and nongovernmental organizations (for profit and not for profit). [Paragraph references are to GASB Statement No. 14 unless noted otherwise.]

SECTION A -- Determine whether the entity is a primary government and/or a legally separate organization. (Note: a general purpose local government, i.e., a municipality or county, is by definition a primary government.)

_____ 1. Does the entity have a separately elected governing body (answer "No" for a non-governmental entity)? [para. 13] Ref. _____

_____ 2. Is the entity legally separate? Answer "Yes" to this question if either one of the conditions below are answered "Yes" [para. 15]:

_____ a. Was the entity created as a body corporate or a body corporate and politic? Ref. _____

_____ b. Does the entity otherwise possess corporate powers (such as, the capacity to have a name; the right to sue and be sued in its own name without recourse to a state or local governmental unit; and the right to buy, sell, lease and mortgage property in its own name)? Ref. _____

_____ 3. Is the entity fiscally independent of the state? Answer "Yes" to this question only if all three of the conditions below are answered "Yes" (or "N/A") [paras. 16-18]:

_____ a. Can the entity determine its budget without the state having the authority to approve or modify that budget? Ref. _____

- _____ b. Can the entity levy taxes or set rates and charges without substantive approval by the state? Ref. _____
- _____ c. Can the entity issue bonded debt without substantive approval by the state? Ref. _____

[NOTE: In determining whether the entity is fiscally dependent, a distinction should be made between substantive approvals and ministerial (or compliance) approvals. A substantive approval provides the state with the ability to influence (for example, amend, modify, deny) the matter presented for approval, rather than to review the matter as a routine part of due process.]

If all the answers to questions 1, 2 and 3 are "Yes," this entity is a primary government (unless the entity is fiscally dependent upon another government) -- Go to Section F.

If the answer to question 2 is "No," this entity is considered part of the government that holds the corporate powers -- Stop; you are finished with this evaluation, although the government holding the corporate powers may need to be evaluated.

If the answer to question 3 is "No" (while the answer to question 2 is "Yes"), this entity is a component unit of the state and the state is financially accountable for it as a result of fiscal dependency (see paragraphs 34-37). -- Go to Section D.

Otherwise (the entity does not have a separately elected board, but is legally separate and is fiscally independent of the state) -- Go to Section B.

SECTION B -- Determine whether the state is financially accountable for the entity.

- _____ 1. Does a voting majority of the entity's board consist of those substantively appointed by the state under continuing appointment authority and/or state officials serving as required by law? [paras. 22-23] [NOTE: The state's appointment authority is not substantive if the number of candidates is severely limited by the nominating process, for example, if the state must select three appointees from a single slate of five candidates. Additionally, the state's appointment authority may not be substantive if its responsibility is limited to confirming appointments made by individuals or groups other than the state's officials or appointees.] Ref. _____
- _____ 2. Can the state unilaterally abolish the entity (without a constitutional amendment or act of the Legislature)? [para. 24] Ref. _____

If the answers to questions 1 and 2 are "No," this entity does not meet this section's criteria for financial accountability -- **DO NOT ANSWER QUESTION 3 OR 4.** Go to Section C.

If the answer to question 1 or 2 is "Yes," the state is accountable (though not necessarily financially accountable) for this entity -- Continue to question 3.

- _____ 3. Does the state have the ability to impose its will on the entity? Answer "Yes" to this question if any of the conditions below are answered "Yes" [para. 26]:
- _____ a. Does the state have the ability to remove appointed members of the entity's board at will? Ref. _____

- _____ b. Does the state have the ability to substantively modify or approve the entity's budget? Ref. _____

- _____ c. Does the state have the ability to substantively modify or approve rate or fee changes affecting revenue of the entity? Ref. _____

- _____ d. Does the state have the ability to substantively veto, overrule or modify the decisions of the entity's governing body? Ref. _____

- _____ e. Does the state have the ability to appoint, hire, reassign or dismiss management of the entity? Ref. _____

- _____ f. Does any other condition exist that indicates the state has the ability to impose its will on the entity? Condition: _____
Ref. _____

- _____ 4. Is there potential for the entity either to provide specific financial benefits to or impose specific financial burdens on the state? (Note: exchange transactions are not manifestations of a financial benefit or burden.) Answer "Yes" to this question if any of the conditions below are answered "Yes" [paras. 27-28]:
- _____ a. Is the state legally entitled to or can it otherwise access the entity's resources on an ongoing basis (i.e., not only as a residential interest at the entity's dissolution)? [paras. 29-30] Ref. _____

- _____ b. Is the state legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the entity (this is broadly interpreted)? [paras. 31-32] Ref. _____

- _____ c. Is the state obligated in some manner for the debt of the entity (i.e., the state is legally obligated to assume all or part of the debt in the event of the entity's default; or the state may take certain actions to assume secondary liability for all or part of the debt and has taken or indicated it will take these actions)? [para. 33] Ref. _____

If the answers to questions 3 or 4 is "Yes," the entity is a component unit and the state is financially accountable for it -- Go to Section D.

If the answers to questions 3 and 4 are "No," the state is accountable, but not financially accountable, for this entity -- Go to Section C.

SECTION C -- Determine whether the entity should be included even though the state is not financially accountable for it. An entity should be included if the nature and significance of its relationship to the state is such that its exclusion would render the state's financial statements incomplete or misleading (this is to be narrowly interpreted).

_____ 1. Was the entity created to support the primary government or its other component units (such as issue and service debt on behalf of the state)? [para. 40a, GASB 39] Ref. _____

_____ 2. Is the entity closely related to the state (this is a professional judgment call)? [para. 41, GASB 39] Ref. _____

If the answer to questions 1 or 2 is "Yes," the financial information of the entity should be included in the state's financial statements -- Go to Section E.

If the answers to questions 1 and 2 are "No," the financial information of this entity should not be included in the state's financial statements -- Go to question 3.

_____ 3. Was question B.1. or B.2. answered "Yes"?

If the answer to this question is "Yes," this entity is a related organization and the nature of the state's accountability for it should be disclosed in the notes (para. 68) -- Stop; this concludes the evaluation.

If "No," go to Section F.

SECTION D -- Determine the potential for dual inclusion. An entity may be included in one primary government due to the accountability criterion while it could be included in another primary government due to the fiscal dependency criterion. Usually, the fiscal dependency criterion should predominate. [para. 38]

_____ 1. Can the entity be included in another primary government? Ref. _____

If the answer to question 1 is "No," go to Section E.

If "Yes," continue to question 2.

_____ 2. Should this entity be included in the state's financial reporting entity? [NOTE: Professional judgment should be used to determine the most appropriate reporting entity.] Reason: _____

If the answer to question 2 is "Yes," go to Section E.

If "No," go to Section F.

SECTION E -- Determine how to include the entity in the state's financial statements.

- _____ 1. Is the entity's governing body substantively the same as the governing body of the state? [para. 53] [NOTE: "Substantively the same" means sufficient representation of the state's entire governing body on the component unit's governing body to allow complete control of the component unit's activities.] Ref. _____

- _____ 2. Does the entity provide service entirely, or almost entirely, to the state or otherwise exclusively, or almost exclusively, benefits the state even though it does not provide services directly to the state? [para. 53] Ref. _____

If the answer to question 1 or 2 is "Yes," the financial information of the entity should be blended with the state's financial information (see paragraphs 52-54) -- Stop; this concludes this evaluation.

If the answers to questions 1 and 2 are both "No," this entity should be discretely presented (see paragraphs 44-51) -- Stop; this concludes the evaluation.

SECTION F -- Determine existence of other types of relationships.

- _____ 1. From the state's perspective, is this entity a joint venture? [NOTE: A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.] Ref. _____

If the answer to this question is "Yes," see paragraphs 69-76 for appropriate reporting requirements -- Stop; this concludes the evaluation.

If "No," continue to question 2.

- _____ 2. From the state's perspective, is this entity a jointly governed organization? [NOTE: A jointly governed organization is similar to a joint venture except there is no ongoing financial interest or responsibility by the participants.] Ref. _____

If the answer to this question is "Yes," see paragraph 77 for appropriate reporting requirements -- Stop; this concludes the evaluation.

If "No," continue to question 3.

- _____ 3. From the state's perspective, is this entity a component unit of another government or a related organization with joint venture characteristics? Ref. _____

If the answer to this question is "Yes," see paragraph 78 for appropriate reporting requirements -- Stop; this concludes the evaluation.

If "No," continue to question 4.

- _____ 4. From the state's perspective, is this entity a pool, an undivided interest (joint operation) or a cost-sharing arrangement? [NOTE: A pool is a multijurisdictional arrangement that has the characteristics of a joint venture but has additional features that distinguish it. For example, an investment pool generally has "open" membership; that is, governments are free to join, resign, and increase or decrease their participation in the pool without the knowledge or consent of the other participants. An undivided interest is an ownership arrangement in which two or more parties own property in which title is held individually to the extent of each party's interest. In a cost-sharing arrangement, participating governments do not retain an ongoing financial interest or responsibility in the projects.] Ref. _____

If the answer to this question is "Yes," see paragraph 79, 80 or 81 respectively for appropriate reporting requirements -- Stop; this concludes the evaluation.

- _____ 5. From the state's perspective, is this entity an affiliated organization? [NOTE: An affiliated organization is a legally separate, tax-exempt organization affiliated with the primary government and meets all three of the following criteria: (a) The economic resources of the separate affiliated organization entirely or almost entirely directly benefit the primary government, its component units, or its constituents; (b) the primary government or its component units are entitled to or can otherwise access, a majority of the economic resources of the separate affiliated organization; and (c) the economic resources that the specific primary government is entitled to, or can otherwise access, are significant to that primary government.] Ref. _____

If the answer to this question is "Yes," see paragraph 40a and 41, GASB 39 respectively for appropriate reporting requirements -- Stop; this concludes the evaluation.

If "No," this entity has no relationship to the State of Florida -- Stop; this concludes the evaluation.

**GASB STANDARDS APPLICABILITY
DETERMINATION
-Complete for Component Unit Only**

File No. _____

SWGF _____

Governmental _____

Nongovernmental _____

Component Unit Name:

Purpose: This form is used to determine whether the component unit is considered a governmental entity and thus should apply accounting standards established by the Governmental Accounting Standards Board (GASB).

Instructions: Answer each question with a "Yes" or "No" and provide any reference(s) and/or supporting documentation as appropriate. Also sign at the bottom of this form to indicate proper completion.

SECTION I

If the answer to Question 1) **or** Question 2) is "Yes", this component unit is considered a governmental entity. If the answers to Question 1) **and** Question 2) are both "No", go to SECTION II.

- 1) Is the component unit a municipal corporation, created by or pursuant to state constitution or statute, statutory enabling legislation, or local ordinance. This includes organizations declared by statute to be a "public corporation", "body corporate and politic", or "not-for-profit"? Yes _____ No _____
Ref. _____ **If the answer is "Yes", this component unit is considered a governmental entity. This concludes the determination. If the answer is "No", go to Question 2).**

- 2) Does the component unit possess **one or more** of the following characteristics? (Answer "Yes" if **any** one of following is answered "Yes".) Yes _____ No _____ Ref. _____ **If the answer is "Yes", this component unit is considered a governmental entity. This concludes the determination. If the answer is "No", go to SECTION II.**
 - a) Its officers are popularly elected, or a controlling majority of its officers are appointed (or approved) by state officials? Yes _____ No _____ Ref. _____
 - b) It has the power to tax? Yes _____ No _____ Ref. _____
 - c) It has the power to directly issue debt paying interest exempt from federal taxation? Yes _____ No _____ Ref. _____
 - d) It can be dissolved unilaterally by the state and its net assets assumed without compensation? Yes _____ No _____ Ref. _____

SECTION II

Other component units performing governmental functions may possess certain characteristics of government. Determination as to whether they are governmental entities requires judgment based on an assessment of the evidence. Consider the following factors in making this assessment. If the answer to any one of the remaining questions is "Yes", this component unit **may** be considered a governmental entity. At the end of this section, make a final determination and provide justification as appropriate.

- 3) Are there legal decisions that provide the component unit with the privileges or responsibilities of government? Yes _____ No _____ Ref. _____

- 4) Is the component unit classified as government by the U.S. Census Bureau? Yes _____ No _____
Ref. _____

- 5) Is there evidence of managerial control by the state (i.e., ability to designate day-to-day operating management, imposition by statute of day-to-day operating requirements)? Yes _____ No _____ Ref. _____
- 6) Does the component unit possess other sovereign powers? (Sovereign powers include the power to tax; the power of eminent domain; and the power to regulate and enforce, conduct examinations and investigations, administer oaths, and issue subpoenas.) Yes _____ No _____ Ref. _____
- 7) Is the component unit's income exempt from federal taxation through revenue rulings based on the governmental character of the entity? Yes _____ No _____ Ref. _____
- 8) If the component unit is acquired rather than created by the state, should the component unit be considered governmental using professional judgement? (Consider the following factors: the purpose of the acquisition; the anticipated permanence of the acquisition; the nature of the activities performed by the entity; the extent of ownership of the organization; and the day-to-day operating control over the entity.) Yes _____ No _____ Ref. _____

Final Determination: This component unit IS _____ IS NOT _____ a governmental entity for financial accounting and auditing purposes.

This form is completed to the best of my knowledge.

Component Unit Contact Signature

Component Unit Contact Name Printed

Position/Title

Date

Mailing Address of Component Unit

City

State

Zip Code

Telephone Number with Area Code

If you have any questions regarding this determination form, please contact the Statewide Financial Reporting Section at (850) 410-9951.