

**Governmental Accounting Standards Board(GASB) Statement No. 61**  
**The Financial Reporting Entity: Omnibus**

## **GASB Statement No. 61- Glossary**

The definitions provided below are for the purpose of GASB Statement No. 61 only:

**Component Unit:** a legally separate organization for which the elected officials of the primary government are financially accountable. A component unit may be a governmental organization (except those that meet the definition of a primary government), a nonprofit corporation, or a for-profit corporation (GASB No. 14).

**Primary Government:** a state government or general purpose local government (GASB No. 14).

**Substantively the same :** sufficient representation of the primary government's entire governing body on the component unit's governing body so that decisions of the primary government cannot be overridden by the component unit.

**Legally Separate:** an organization has separate legal standing if it is created as a body corporate or a body corporate and politic, or if it otherwise possesses the corporate powers that would distinguish it as being legally separate from the primary government (GASB 14).

**Financial Burden/Benefit relationship:** a legal separate entity has a financial benefit or burden relationship with the primary government if any one of the following conditions exists; (i) the primary government is legally entitled to or can otherwise access the resources of the legally separate entity, (ii) the primary government is legally obligated or has otherwise assumed the obligations to finance the deficits of, or provide financial support to the legally separate entity, (iii) the primary government is obligated in some manner for the debt of the legally separate entity (GASB 14).

**Fiscally dependent :** a legal separate entity is fiscally dependent on the primary government if it cannot do one or more of the following without of the primary government; (i) determine or modify its budget without the approval from the primary government, (ii) levy taxes or set rates or charges without approval by the primary government, or (iii) issue bonded debt without approval by the primary government (GASB 14).

**Financial Accountability:** the level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government (GASB 14).

**Financial Reporting Entity:** a primary government, organization for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (GASB 14).

**Blended Method:** the method of reporting the financial data of a component unit that presents that component unit's balances and transactions in a manner similar to the presentation of the balances and transactions of the primary government (GASB 14).

**Discretely Presented:** the method of reporting financial data of component units in a column(s) separate from the financial data of the primary government (GASB 14).

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***Voting Majority:*** if the primary government appoints a simple majority (50 percent of the votes plus one) of the legally separate entity's governing board, and the votes of the members chosen by the primary government would be sufficient to carry any financial decision of the board (GASB 14).

***Ability to Impose Will:*** a primary government is able to impose its will on a legally separate entity if it can significantly influence the programs, projects, activities, or level of services performed or provided by the legally separate entity. The existence of any one of the following conditions will indicate that the primary government is able to impose its will on the legally separate entity; (i) the ability to remove appointed members of the governing boards at will, (ii) the ability to modify or approve the budget of the organization, (iii) ability to modify or approve rate or fee changes affecting revenues, such as water usage rate increases, (iv) the ability to veto, overrule, or modify the decisions of the legally separate entity's governing board, (v) the ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations (management) of the legally separate entity (GASB 14).