Federal Reporting Entity

Melissa Loughan, CPA
Assistant Director
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Federal Reporting Entity

- FASAB established concepts in mid-90's
- Standards now being developed
- Questions:
  - What to include (all entities "established by" the federal government or a subset)?
  - How to present information (all consolidated, some separately displayed or disclosed)?
  - What distinguishes "related" parties from parties included in governmental reports?

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- INCLUSION PRINCIPLES:

Include any organization in the government-wide GPFFR:

1. In the budget
2. Majority ownership interest
3. Controlled with expected benefits or risk of loss

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- Distinguish between core and non-core entities
  - Core entities are taxpayer supported with risks and rewards clearly falling to the taxpayer. On-going decision making is more clearly linked to elected officials. Information for core entities is consolidated in financial statements.
  - Non-core entities are somewhat independent from elected officials and may be financial self-sustaining. Limited risks & rewards fall to the taxpayers. Some relationships are not expected to be permanent. Information regarding non-core entities is to be disclosed in notes.
    - Relationship explained
    - Relevant financial activity during the period revealed
    - Risks discussed and quantified if possible

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- Component Reporting Entities
  - Should include all core and non-core entities for which they are accountable – this includes entities **administratively assigned** to it as identified by evaluating:
    - Scope of the Budget and Budget Approval Process
    - Accountability Established Within a Component Entity
    - Other Significant Relationship Considerations

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- FASAB anticipates ED to be released this year

- Questions:
  - Melissa Loughan 202-512-5976
  - loughanm@fasab.gov

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