



## California and GASB Statement No. 77

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### Who in state government is most likely to influence GASB 77 disclosure?

#### State Controller Betty Yee (D- elected 2014)

Controller Yee has [oversight](#) for any local governmental body receiving state funding. The legislature can request that she audit any local governmental body. Prior to being elected auditor in 2014, she served for more than a decade on the State's Board of Equalization, charged with administering the state's tax system.

Yee has been critical of some tax expenditures, most notably the mortgage interest deduction for vacation homes.

California's state auditor since 2001, [Elaine Howle](#), bears primary responsibility for auditing state agencies and monitoring fiscal stress at both the state and local levels. Since 2003, she has served on the federal Government Accountability Office's [Domestic Working Group](#), comprised of state and local auditors and Inspectors General, who collaborate on issues of mutual concern.

### How many counties, municipalities and school districts in the state are required to conform with GAAP and therefore GASB Statements?

According to GASB's [State and Local Government Use of Generally Accepted Accounting Principles for General Purpose External Financial Reporting](#) (published March 2008) all of California's 57 counties, and all of its 57 school districts are required by state law to use GAAP accounting. None of the state's 475 municipalities are required to conform with GAAP, though most large cities do, presumably to satisfy credit ratings agencies and obtain the lowest possible interest rates on bond borrowings.

### Which state office collects CAFRS from counties/cities/school districts?

The State Controller's Office collects CAFRs from counties, cities, school districts and other local governmental bodies. Key data is also entered in an electronic database where it can be aggregated. Up until FY 2012, the Controller compiled data from

[counties](#), [cities](#), [school districts](#), and other [special districts](#), giving key metrics and measures. No reason is offered as to why this annual compilation ceased. It would be an excellent place to aggregate GASB 77 data.

### **Who commented on the Exposure Draft from California?**

- The Center for Policy Initiatives (San Diego), Orange County Communities Organized for Responsible Development, and Working Partnerships USA (San Jose) joined other Partnership for Working Families affiliates in [calling on](#) GASB to require recipient-specific disclosure; to require disclosure of future year tax abatement liabilities, and to include TIFs among abatements subject to reporting.
- Oakland-based PolicyLink joined New York's Pratt Center for Community Development in a [comment](#) asking for disclosure of recipient compliance with abatement commitments, recipient-specific disclosure; disclosure of future year tax abatement liabilities, and to include TIFs among abatements subject to reporting.
- Los Angeles Alliance for a New Economy (LAANE) submitted a [comment](#) calling for the inclusion of tax diversions like TIF and sales tax diversions, disclosure of amounts received by recipient, and reporting of future-year liabilities.
- Prof. Chris Benner (UC- Davis) and Dr. Annette Bernhardt (UC- Berkeley) joined 46 other academic colleagues in a [comment](#) broadly supportive of GASB 77.
- Richmond City Council Member Gayle McLaughlin and Santa Cruz County Supervisor John Leopold joined 60 other local public officials in submitting a [comment](#) broadly supportive of GASB 77.
- Former California State Treasurer Phil Angelides submitted a [comment](#) calling for inclusion of TIFs in disclosure reporting.

### **Does the state government or do academic/NGO institutions provide technical assistance on GAAP, GASB or completing CAFRs?**

The State's Controller publishes an [annual GAAP basis of financial statements note](#), highlighting any changes in GASB reporting requirements. This year's edition, due out during summer, 2017, should include GASB 77 instructions.

### **Does state government monitor fiscal stress within county/municipality/school district?**

California is one of 22 states to operate programs to [monitor fiscal stress](#) among local governments. The State's Auditor oversees the program established by [state law](#) in

2015, and dubbed [The High Risk Local Government Audit Process](#). [Six cities](#) currently have emergency action plans in place. Tax increment financing obligations taken on by Community Redevelopment Agencies have figured prominently in some past California municipal bankruptcies, so although TIF was discontinued in a 2011 state budget deal, the link between redevelopment spending and fiscal health is clear in a fiscal climate constrained by Proposition 13.

### **Which state office is responsible for completing state's CAFR?**

The state Controller completes the state's CAFR.

### **When was most recent CAFR filed?**

California's fiscal year ends on June 30<sup>th</sup>. Its most recent [CAFR](#) was published on March 22, 2017.

### **Based on what we know about past filing behavior, when will GASB 77 data start appearing in California?**

- **State government:** Mid-March 2018
- **Largest cities:**
  - [Los Angeles](#): early February 2018
  - [San Diego](#): early December 2017
  - [San Jose](#): mid-November 2017
- **Largest counties**
  - [Los Angeles](#): mid-December 2017
  - [San Diego](#): mid-November 2017
  - Orange: mid-December 2017
- **Largest school districts**
  - Los Angeles: mid-December 2017
  - [San Diego](#): late-November 2017

**Updated: May 23, 2017**

**For more information on GASB 77, visit: <http://www.goodjobsfirst.org/gasb>**