



## Colorado and GASB Statement No. 77

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

#### **State Auditor: Dianne Ray (appointed by Legislature in May, 2011, reappointed 2016)**

The State Auditor and her staff of more than 70 conduct both performance audits and financial audits of the state's counties, municipalities and school districts. Auditor Ray is appointed by the six-member Executive Committee of the State Legislature.

Auditor Ray has been a national leader among state auditors. In mid-2016, she completed a two-year term as chair of the National State Auditors Association (NSAA, a secretariat of the National Association of State Auditors, Comptrollers and Treasurers), and remains a member of the organization's Executive Committee. In 2016, Ray was appointed by the U.S. Comptroller of the Currency to a four-year term on the Advisory Council on Government Auditing Standards.

Ray joined the state auditor's office in 2002 as head of the Local Government Audit division. Prior to that, she spent 15 years in municipal government including as Director of Finance for Louisville, Colo., a city with numerous TIF districts.

In 2015, the State Legislature passed, with bi-partisan support, [Senate Bill 203](#) requiring the State Auditor to gather and analyze information on the costs and effectiveness of the state's various tax expenditure programs. She is also to make recommendations for improvements to each program. This report will be issued no later than September 2018, about a year after GASB 77 reports start flowing.

### **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 Colorado's 62 counties, its 178 largest municipalities (with 92 below a size threshold), and all 182 of its independent school districts are required by state law to use GAAP accounting.

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

The State Auditor's Office collects CAFRs from county and municipal governments as required by the Audit Law (Section 29-1-601, et seq., C.R.S.). School districts are required by state law to send audited financials to both the State Auditor and the state's Department of Education no later than December 31<sup>st</sup> each year. We can find no evidence that CAFRs are posted online.

### **Who commented on the exposure Draft from Colorado?**

Two organizations and two elected officials in Colorado submitted GASB 77 comments.

- [FRESC: Good Jobs, Strong Communities](#) (an affiliate of the Partnership for Working Families) supported for recipient name disclosure, disclosure of future year liabilities, and inclusion of TIF.
- [Colorado Society of CPAs](#) broadly supported the Exposure Draft of GASB 77, including disclosure of long-term costs of abatement. It also recommended disclosure of the expected benefits from economic incentives.
- [State Rep. K.C. Becker and Larimer County Commissioner Steve Johnson](#) co-signed a pro-77 comment along with 62 other state and local elected officials.

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

The State's [Department of Local Government Affairs](#) provides training and technical assistance concerning financial management and reporting.

[Colorado Counties, Inc.](#) and the [Colorado Municipal League](#) also distribute timely topical information to their members. CML operates a number of [listservs](#), including one for local financial managers that might be a useful forum for disseminating information on GASB 77 implementation.

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

Colorado's State Auditor analyzes CAFRs in order to publish two fiscal health analysis reports triennially, one for [counties and municipalities](#) and a second, for [schools](#).

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

The State Controller's Office completes the state's CAFR.

### **When was Colorado's most recent CAFR filed?**

Colorado's fiscal year ends on June 30<sup>th</sup>. Its FY 16 [CAFR](#) was published on February 27, 2017.

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

- **State government:** Late February 2018
- **Largest cities:**
  - [Denver](#): Issued May 26, 2017
  - [Colorado Springs](#): early June 2017
  - [Aurora](#): early June 2017
- **Largest counties:**
  - [Denver County](#): jointly reported with city of Denver – issued May 26, 2017
  - [El Paso County](#): mid-June 2017
  - [Arapahoe County](#): mid-June 2017
- **Largest School Districts**
  - [Denver](#): mid-November 2017
  - [JEFFCO](#): mid-November 2017

### **What early compliance news do we have from Colorado? (as of June 6, 2017)**

Denver reported in its 2016 CAFR (issued May 30, 2017) \$490,000 in tax abatements related to 88 entities as a part of its Business Incentive Program.

Most of Denver's economic development subsidies come in the form of debt-based Tax Increment Financing (TIF) districts, which are not required to be reported under GASB 77. GASB has argued that the cost of TIF bonds' debt service could be calculated from debt disclosures in the CAFR, but this is not the case for Denver since the TIF debt is

issued by another governmental body, the Denver Urban Renewal Authority. Using [reports](#) issued by the Denver Urban Renewal Authority (DURA), Good Jobs First estimates that in 2015, Denver's debt-based TIF districts diverted \$96 million of revenue from Denver's coffers to service TIF bond debt.

Since Denver incurred revenue losses based upon the actions of another governmental body, DURA, it should have reported these as passive losses as required by GASB Statement No. 77, as the passive loss rule does not distinguish between debt-financed TIFs and other forms of abatement.

**Last Updated:** June 6, 2017

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