



## Minnesota and GASB Statement No. 77

Source: Scott Klinger, Good Jobs First

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

**State Auditor Rebecca Otto (DFL- elected 2007, re-elected to 4-yr term in 2014 )**

The elected State Auditor has primary responsibility for [auditing local governments](#). The State's Legislative Auditor (James Nobles, hired by the Legislature) is [responsible for auditing state government, the courts and public universities](#).

State Auditor Otto began her career as a small business owner, then a high school science teacher before being elected to the Minnesota House in 2003. She is a past president of the National Association of State Auditors. She is [running for governor](#) in 2018.

As Auditor she is member of the state's Executive Council, a body tasked with approving mining leases. When Otto opposed some leases in a 2014 vote, some Democrats joined Republicans seeking [retribution](#) and passed a bill limiting the state auditor's constitutional granted authority to audit county governments (counties can now currently choose to hire private auditors instead).

### Who commented on the Exposure Draft from Minnesota?

- State Reps. Ryan Winkler and Ann Lenczewski submitted a [joint comment](#) pointing out Minnesota's leadership on TIF disclosure and calling upon GASB to require this in all jurisdictions.
- State Rep. Tina Liebling and Ely (MN) City Councilmember Paul Kess, joined 60 other local elected officials in submitting a [comment](#) broadly supportive of GASB 77.
- Professors Ann Markusen and Arthur Rolnick (formerly of the Minneapolis Federal Reserve) were among 48 academics to co-sign a [comment](#) broadly supportive of GASB 77.

- Eide Bailly, a Twin Cities-based public accounting firm, submitted a [comment](#) calling for GASB to a) include TIF in disclosure reporting; b) require disclosure of benefits related to economic development subsidies, including expected future increases in tax revenues expected from subsidies. They also raise technical issues relating to differing fiscal years of government reporting bodies.

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

According to a GASB's [State and Local Government Use of Generally Accepted Accounting Principles for General Purpose External Financial Reporting](#) (published March 2008) all of Minnesota's 87 counties and 345 school districts are required by state law to use GAAP accounting. Two hundred and fifty of Minnesota's 2,647 municipalities are required by state statute to use GAAP, with the remainder exempted because they have fewer than 2,500 residents.

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

The State Auditor's office gathers CAFRs from counties and cities. Neither are posted online. The State Auditor does, however, produce an [annual consolidated city finances report](#) for all Minnesota cities. This would be an ideal location to aggregate GASB 77 disclosure information.

The State Department of Education collects CAFRs from school districts. They are not posted online, but the department does provide [summary financial data](#) for each of the state's school districts.

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

In April 2017, The Auditor's Office TIF Division, provided [GASB 77 guidance](#) relative to TIFs, noting correctly that in many cases debt-financed TIFs would not trigger reporting requirements, whereas, pay-as-you-go TIF are more likely to require disclosure. The Tax Increment Financing Division, also provides a [series of videos](#) on all aspects of setting up TIFs and completing annual state TIF disclosure forms. Minnesota has some of the strongest and earliest statewide-TIF reporting in the U.S.

The Auditor's Office has compiled a broad list of "[statements of opinion](#)" to assist local government officials and their auditors. There are several items pertaining to TIFs

in financial reports, and this would be an ideal spot to include additional guidance on conforming with GASB 77.

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

Minnesota is one of 22 states to operate programs to [monitor fiscal stress](#) among local governments, though it has not adopted rules for intervention.

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

The Minnesota Office of Management and Budget completes the state's CAFR.

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

Minnesota's fiscal year ends on June 30<sup>th</sup>. Its most recent [CAFR](#) was published on December 16, 2016.

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

- **State government:** Mid-December 2017
- **Largest cities:**
  - [Minneapolis](#): late-June 2017
  - [St. Paul](#): mid-June 2017
  - [Rochester](#): mid-June 2017
- **Largest counties:**
  - [Hennepin County](#): late-May 2017
  - [Ramsey County](#): late-June 2017
  - [Dakota County](#): mid-June 2017
- **Largest School Districts**
  - [Anoka-Hennepin](#): early-December 2017
  - [St. Paul](#): no CAFR, just annual report, late-December 2017

### **What early compliance news do we have from Minnesota? (as of June 2, 2017)**

Duluth issued its [2016 CAFR](#) on May 18, 2017. It is not clear whether Duluth adopted GASB 77 reporting.

A small section on “Tax Abatements” (that makes no mention of GASB 77) reports on a single agreement that will begin granting abatements in 2017 and continue for 7 years. The amount of that agreement is capped at \$200,000 per year.

In a separate section of its CAFR, Duluth presents information on “Tax Increment Assistance” which is described as an “annual tax rebate” that ultimately leaves the city with less revenue than it otherwise would have collected; Good Jobs First believes these rebates should have been reported as a GASB 77 expense. Duluth reported \$501,817 in such tax rebates to six taxpayers in 2016.

**Updated:** June 2, 2017

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