



## Tennessee and GASB Statement No. 77

Contact: Christine Wen

[chris@goodjobsfirst.org](mailto:chris@goodjobsfirst.org)

**Who in state government is most likely to influence GASB 77 disclosure?** Comptroller of the Treasury Justin Wilson. The Comptroller has primary responsibility for [auditing the state and local government entities](#). Tennessee State treasurer David Lillard, Jr. is the immediate past president of the National Association of State Treasurers and serves on the NASACT Executive Committee.

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

- Deborah Loveless, director of the Audit Division within the State Comptroller's office, submitted a [comment](#), broadly supportive of GASB 77, noting that the state currently had no disclosure of the costs of subsidies. "The proposed disclosure requirement is a modest but welcome addition to transparency in public expenditures. So far as we are aware, Tennessee presently has no comparable requirement of aggregate reporting of abatements, although we voluntarily post a summary of annual reports required of abatement recipients," wrote Ms. Loveless. She went on to call for the inclusion of TIF data in the mandated disclosures.
- The Memphis Fire Fighter's Association submitted a broadly supportive [comment](#) calling on GASB to include disclosure of TIFs and PILOTs.
- The Tennessee Educational Association (an NEA affiliate) [called for](#) more detailed disclosure of abatements and inclusion of both losses from PILOTs and future year liabilities.

**Does the state's most recent CAFR include GASB 77 disclosure?** Yes.

**How many counties, municipalities and school districts in the state are required to conform with GAAP and therefore GASB Statements?** According to GASB's [research brief](#) titled "State and Local Government Use of Generally Accepted Accounting Principles for General Purpose External Financial Reporting" (2008), Tennessee's 349 municipalities are required to conform to GAAP, however none of the state's 92 counties or 14 school districts is required by state law to use GAAP accounting. However, after the above report was written, Tennessee

imposed penalties for failing to comply with GAAP, so we assume compliance is now far greater.

**How many counties, municipalities and school districts reported on GASB 77 disclosures in 2018?** 17 of 138 sampled counties/municipalities and 0 of 26 sampled school districts.

**Is there a state office that collects CAFRS from counties/cities/school districts?** The State Comptroller's Division of Local Government Audit collects CAFRs from local governments and posts [county](#), [municipal](#), and [schools](#) reports online. The State Board of Equalization [publishes](#) several annual reports on tax abatements, by county.

**Does the state government or do academic/NGO institutions provide technical assistance on GAAP, GASB or completing CAFRs?** The State Comptroller's Office produces an annual [Audit Manual](#) for local governments. It includes compliance expectations for various GASB statements. The State Comptroller also sponsors an annual [NASACT audit training seminar](#) for local officials.

**Does state government monitor fiscal stress within county/municipality/school district?** Tennessee is one of 22 states to operate programs to monitor fiscal stress among local governments. See T.C.A. § 9-13-201 to 212 (Emergency Financial Aid to Local Government Law of 1995), T.C.A. § 9-13-301 to 302 (Financially Distressed Municipalities, Counties, Utility Districts and Education Agencies Act of 1993), and T.C.A. § 9-21-403 (Local Government Public Obligations Act) for more details. Property taxes are the [only unrestricted revenue option](#) available to local governments – all other local taxes are subject to approval.

**Which state office is responsible for completing state's CAFR?** Tennessee Department of Finance and Administration.

**Are there key issues in Tennessee that will affect or inform GASB 77 implementation?** Tennessee allows cities and counties to abate local property taxes via a poorly disclosed Payment in Lieu Of Taxes (PILOT) program. Because of Good Jobs First's [2014 report](#), we know that Memphis loses one out of every seven property tax dollars to this program. The Comptroller of the Treasury publishes a list of all PILOT abatement deals in the state but without the dollar amounts. As of about 2007, it was also known that almost one-third of all Tennessee PILOT deals occurred in Shelby County (which includes Memphis), which suffers job-raiding pressures from DeSoto County, Mississippi.

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

*Updated: March 2, 2020*