Texas and GASB Statement No. 77

Who in state government is most likely to influence GASB 77 disclosure? State Comptroller of Public Accounts Glenn Hegar. Comptroller Hegar is the state’s chief accountant. His office serves as the hub for Transparency Texas. During the previous Comptroller’s tenure (Susan A. Combs), the office did an in-depth review of the state’s economic development programs twice and regularly reviewed individual programs as required by statute. The State Comptroller incentivizes local government transparency efforts by awarding Transparency Stars to local government that post key financial and spending data (including check registers) online. Sadly this information remains disparate, and is not collected and posted on the Comptroller’s transparency site.

Who commented on the Exposure Draft from Texas?

- Intelligent Incentives, a site location consulting firm, submitted a comment calling for a broad and inclusive definition of abatement and inclusion of future-year revenue losses resulting from subsidy agreements.
- Professors Michael Oden (UT-Austin), Heywood Sanders (UT-San Antonio) and Bernard Weinstein (Southern Methodist University) joined 45 other academic colleagues in a comment broadly supportive of GASB 77.
- State Rep. Garnet Coleman joined 61 other local public officials in submitting a comment broadly supportive of GASB 77.
- Professor Stephen Amberg (UT-San Antonio) endorsed the exposure draft and called for TIFs to be disclosed.
- Richard Viktorin of Audits in the Public Interest submitted a comment opposing economic development incentives.

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), all of Texas’s 1,089 school districts are required by the Texas Education Code to use GAAP accounting. State law requires only large counties (21 of Texas’s 254 counties as of 2008) to use GAAP. None of the state’s 1,196 municipalities are required by state law to use GAAP accounting, though larger cities have chosen to do so, presumably to satisfy credit ratings agencies and obtain the lowest possible interest rates on bond borrowings.

How many counties, municipalities and school districts reported on GASB 77 disclosures in 2018? 85 of 150 sampled counties/municipalities and 88 of 552 sampled school districts.

Is there a state office that collects CAFRS from counties/cities/school districts? The State Auditor has the statutory authority to audit any local government body receiving state funds. As a result, the State Auditor collects CAFRs from most local government bodies, though does not post these reports online. The Texas Education Agency collects annual financial reports from each of the state’s school districts, but it also does not appear that it posts them reports online.

Does the state government or do academic/NGO institutions provide technical assistance on GAAP, GASB or completing CAFRs? The State Comptroller published an advisory on GASB 77 in November 2016, which in addition to providing compliance advice, also encouraged local governments to report on the positive outcomes of subsidies. The State’s Data Analysis and Transparency Division Services division with the State Comptroller’s office also provides technical assistance to local governments. Among the variety of resources is one on tax-related state and local economic development programs. There are none on GASB topics or offering guidance on financial reporting.

Does state government monitor fiscal stress within county/municipality/school district? Texas has a limited program to monitor fiscal stress among local governments.

Which state office is responsible for completing state’s CAFR? Texas Comptroller of Public Accounts, Financial Reporting Section.

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

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