

All Leases – Before and After GASB 87 & Recent Changes to Tenn. Code Ann.

BEFORE			
	GASB	Tenn. Code Ann.	TN Comptroller—Division of LGF
1	Operating Lease (Liability – No)	<ol style="list-style-type: none"> Permitted by TCA Approval at local level Approval by State – No 	<ol style="list-style-type: none"> Approval – No File Report on Debt Obligation – No
2	Capital Lease (Liability – Yes)	<ol style="list-style-type: none"> Permitted by TCA as a “lease-purchase” Approval at local level Approval by State – No 	<ol style="list-style-type: none"> Approval – No File Report on Debt Obligation – Yes

AFTER			
	GASB	Tenn. Code Ann.	TN Comptroller—Division of LGF
1a	Short-Term Financing Lease (Term ≤ 12 months – see Note) (Liability – No)	<ol style="list-style-type: none"> Permitted by TCA Approval at local level Approval by State – No 	<ol style="list-style-type: none"> Approval – No File Report on Debt Obligation – No
	<p>Note: A non-appropriation or annual cancellation clause only impacts the lease term <u>IF</u> it is reasonably certain the clause <u>will be exercised</u>. Intent by the lessee on the planned usage period of the leased asset is the determining factor.</p>		
1b	Financing Lease (Term > 12 months) (Liability - Yes)	<ol style="list-style-type: none"> Permitted by TCA Approval at local level Approval by State – No 	<ol style="list-style-type: none"> Approval – No File Report on Debt Obligation – No
2	Not a lease – A financed purchase (Liability – Yes and GASB 62 applies)	<ol style="list-style-type: none"> Permitted by TCA as a “lease-purchase” Approval at local level Approval by State – Yes 	<ol style="list-style-type: none"> Approval – Yes File Report on Debt Obligation – Yes