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)	1. Permitted by TCA 2. Approval at local level 3. Approval by State – No	1. Approval – No 2. File Report on Debt Obligation – No
2	Capital Lease (Liability – Yes)	1. Permitted by TCA as a "lease-purchase" 2. Approval at local level 3. Approval by State – No	1. Approval – No 2. 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)	1. Permitted by TCA 2. Approval at local level 3. Approval by State – No	1. Approval – No 2. File Report on Debt Obligation – No
	Note: A non-appropriation or annual cancelation clause only impacts the lease term IF it is reasonably certain the clause will be exercised. Intent by the lessee on the planned usage period of the leased asset is the determining factor.		
1b	Financing Lease (Term > 12 months) (Liability - Yes)	1. Permitted by TCA 2. Approval at local level 3. Approval by State – No	1. Approval – No 2. File Report on Debt Obligation – No
2	Not a lease – A financed purchase (Liability – Yes and GASB 62 applies)	1. Permitted by TCA as a "lease-purchase" 2. Approval at local level 3. Approval by State – Yes	1. Approval – Yes 2. File Report on Debt Obligation – Yes