



November 25, 2024

Staying in Compliance with GASB Statement 34

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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Reference Number: CTAS-1994

Imagine that your county has adopted/updated a capital asset and/or personnel policy, capitalized all county-owned assets and infrastructure, and compiled all the reports needed for the preparation of government-wide financial statements. You also have prepared accurate backup documentation for all capitalized assets, leave liabilities, and other applicable GASB Statement 34 requirements.

Your auditors complete the county's audit and inform you that the county has complied with GASB Statement 34 reporting requirements. Congratulations! You have successfully complied with the one of the most significant governmental accounting pronouncements ever. However, the job is not entirely done.

The county constantly will be acquiring and disposing of assets. Depreciation reports and employee leave liabilities change each year, and more debt will be issued in future years. These changes will have to be tracked and recorded on financial reports. While in most counties this maintenance of the accounting records will not be a large task, neglect of these duties could cause a county that already has complied with GASB Statement 34 to become noncompliant. This noncompliance would be due to the inability to prepare accurate financial statements because of a lack of updated financial information.

The GASB has continued to issue new accounting statements. Many of these newer statements require the recognition of liabilities on the government-wide financial statements that are prepared under Statement 34. Without the preparation of government-wide financial statements, a county will be unable to comply with numerous current and upcoming accounting requirements. With this in mind, county management should strive to ensure that adequate resources are used to maintain the integrity of the financial reporting system in which they have invested so much already.

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