



# County Technical Assistance Service

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## GASB34 in Debt Management

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Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily 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 e-Li material.

Sincerely,

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## GASB34 in Debt Management

**Reference Number:** CTAS-1772

The General Accounting Standards Board (GASB) is the organization that develops uniform accounting reporting requirements for our local government. This organization has adopted various standards and statements over the years to assist governments and the financial market in understanding the organization operations from a financial standpoint. Statement No.34, *Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Government*, was formally adopted in 1999. Statement No. 34 requires government-wide financial statements that reflect the overall financial picture of the government on an accounting basis, similar to commercial accounting including accrual accounting. The implementation of GASB 34 should assist the county government in obtaining a better understanding of the assets' liabilities (including debt) and the service provided to their citizens. The preparation of GASB 34 should not only help management better understand debt management, but also the end product of a Statement of Net Assets, a Statement of Activities, and other information and statements used in formulating a Debt Management Plan and making future debt decisions.

There is a lot to be learned on how the financial markets will use the statements in assessing credit risk, and how the data's year-to-year comparison will help formulate policy; but certain information can be derived from the new statements.

The [Sample Statement of Net Assets](#) reflects the following: the total booked assets of the county; liabilities; and the difference, which are net assets. Looking at the statement closer, one can see the capital assets which are not being depreciated, and the assets that are being depreciated (net of the depreciation). A further look shows the current and non-current liabilities and related long debt obligations. One also sees these relationships in a Governmental or Business Type Activities and Total.

In the [Sample Statement of Activities](#) a lot is yet to be learned on all the beneficial uses of the statement, but one can specifically note the net assets at the beginning and ending of the accounting period. This analysis should help clue the governmental officials on the financial direction the government is going.

**Recommended Practice:** Insure your county complies with GASB statements and become familiar with information within the statements.

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