GASB 34
Requirements and INDOT Policy

INDOT Executive Staff --- Feb 15
- Overview of GASB 34 Requirements
- INDOT Plans and Policies
- Future Tasks and Recommendations

Total Endorsement !!!

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Program Development
Significant Issues

- Reporting Method (Modified Approach) (Asset Management System)
- Capitalization Policy
- Condition Level
- Implementation Tasks

INDOT GASB 34

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Transportation Network Reporting by Sub-System

- Interstate roads & bridges
- Non-I, NHS roads & bridges
- Non-NHS roads & bridges
- Other State Facilities: roads & bridges

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Financial data summarized and reported for each Sub-System
- FY Activity Reported to Auditor each July
- Condition data and trends reported for each Sub-System
- Annual Assessment Reported to Auditor

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Capitalization Policy

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INDOT Capitalization Policy

Inventory of Roads and Bridges

State and Toll Road

Institutions and Parks

Inventory of R-O-W
(Asset independent from Infrastructure)

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INDOT Capitalization Policy
Major Consideration

Capital Project vs. Preservation Project

Capital Project:
- New facility or new alignment where none have existed before
- Projects adds new centerline miles to the system (or new bridges)

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Non-Capital Project (GASB 34 Definition)

- Preservation is an expense
- Maintenance is an expense
- Planning Studies are an expense
- PE and Design are an expense

Preservation Projects (Maintain Capacity & Condition)

- Preservation for GASB purposes
  - Pavement resurface
  - Pavement rehabilitation
  - Bridge rehabilitation
  - Lane widening
  - Bridge widening
  - Geometric improvements
  - Urban Traffic improvements
  - Safety Programs
  - Interstate Modernization
  - Reconstruction
Relinquishments

- Reduces INDOT Road Mileage
- Deducts from inventory
  - Infrastructure - at book value
  - R-O-W - rarely removed from inventory (remains as State property)

Initial Capitalization

- All infrastructure to be capitalized
- All R-O-W to be capitalized
- No threshold limit
Initial Capitalization (continued)

Current inventory will be valued at Year 2000 cost averages:

- Roadway - dollars / lane mile
- Bridges - dollars / sq ft of bridge surface
- R-O-W - dollars / acre (estimated)

Estimation of Cost

<table>
<thead>
<tr>
<th>System</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Pavement</td>
<td>$12.4 Billion</td>
</tr>
<tr>
<td>Bridge</td>
<td>$4.7 Billion</td>
</tr>
<tr>
<td>ROW</td>
<td>$1.2 Billion</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$18.3 Billion</strong></td>
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</table>
How are we maintaining relative to intent

Condition Level

Pavement Quality

Excellent
Good
Fair
Poor
Very Poor

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At what level do we intend to maintain pavements

- For Interstate: Maintain average at “B” or Better
- For Non-Interstate, NHS: Maintain average at “C” or Better
- For Non NHS: Maintain average at “C” or Better

What is the “current” conditions of pavements

**Non NHS**
- A: 29%
- B: 25%
- C: 22%
- D: 15%
- F: 9%

**Interstate Report Card**
- A: 60%
- B: 32%
- C: 6%
- D: 2%
- F: 0%
### GASB 34 Example

<table>
<thead>
<tr>
<th>Sub System</th>
<th>Rural</th>
<th>Urban</th>
<th>Grand Total</th>
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</thead>
<tbody>
<tr>
<td>INT NHS</td>
<td></td>
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</tr>
<tr>
<td>Pavement Quality</td>
<td>91</td>
<td>84</td>
<td>B</td>
</tr>
<tr>
<td>LENGTH (mi)</td>
<td>839</td>
<td>333</td>
<td>1172</td>
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<tr>
<td>COST</td>
<td>$3,429</td>
<td>$1,890</td>
<td>$5,319</td>
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<td>NHS</td>
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<tr>
<td>Pavement Quality</td>
<td>83</td>
<td>77</td>
<td>B</td>
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<tr>
<td>LENGTH (mi)</td>
<td>1180</td>
<td>415</td>
<td>1595</td>
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<tr>
<td>COST</td>
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<tr>
<td>Non-NHS</td>
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<tr>
<td>Pavement Quality</td>
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<td>74</td>
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<tr>
<td>LENGTH (mi)</td>
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<td>COST</td>
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<tr>
<td>Total Average Pavement Quality</td>
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<td>C</td>
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<tr>
<td>Total Sum of LENGTH</td>
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<td>2183</td>
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<tr>
<td>Total Sum of COST</td>
<td>$7,634</td>
<td>$4,787</td>
<td>$12,421</td>
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</table>

At what level do we intend to maintain bridges

- **For Interstate:**
  - Maintain average at “B” or Better

- **For Non-Interstate, NHS:**
  - Maintain average at “C” or Better

- **For Non NHS:**
  - Maintain average at “C” or Better

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Program Development
Future Tasks

- Documentation of policies
- Review with State GASB Team
- Refine and set costs
- Coordinate with DNR and others

Future Tasks (Continued)

- Internal Procedures:
  - Capture Costs and Update Inventory
  - Work-in-Process – Capital Projects
  - Completed Projects
  - R-O-W Acquisitions