

# GASB Statement No. 34 – the basics

- Depreciation of all general capital assets
- Prospective reporting of all new general infrastructure assets at implementation of the new Reporting Model
- Retroactive reporting of existing general infrastructure back to 1980 (and earlier)

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# GASB Statement No. 34 – the basics

- Infrastructure reporting options of historical cost and depreciation or the modified approach (condition assessment)
- Policy disclosures
  - Capitalization of assets
  - Establishing estimated useful lives
  - Depreciation method and convention

### Capital Assets per GASB 34 Vehicles Land Rights-of-Way Machinery and equipment Improvements to Works of art land Easements Infrastructure Buildings Other tangible and intangible assets Building improvements

# Task at hand... Regarding the retroactive reporting of general infrastructure it comes down to answering three questions\* - what assets do we have? - when did we acquire these assets? - what did these assets cost? \*Reference Government Finance Officers Association – GAAFR Review 10-1-01

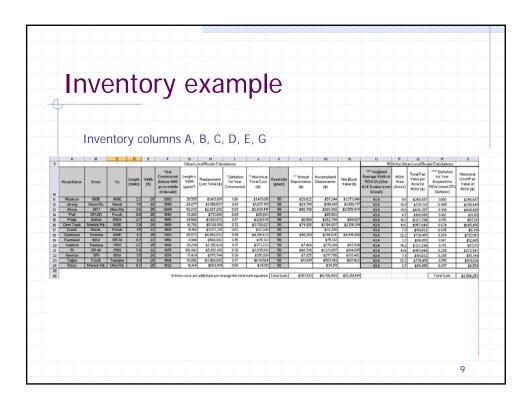
### What do we have?

- Roads by functional class
  - Arterial urban
  - Collector rural
  - Collector urban
  - Local paved rural
  - Local paved urban
  - Local unpaved (gravel)

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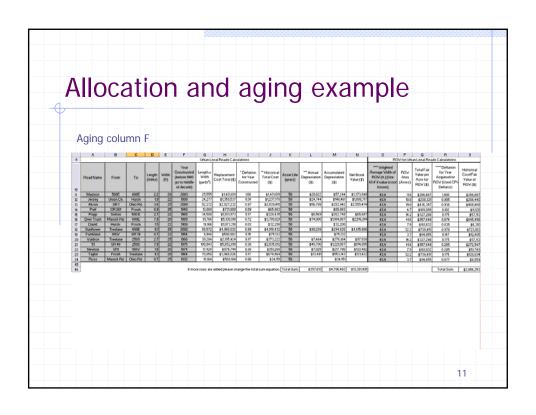
### What do we have?

- Bridges
- Water and Sanitary Sewer Systems
- Storm Sewer Systems
- Streetlights
- Traffic Signals
- Sidewalks
- Rights-of-way
- \*...in most cases these are enterprise fund or business-type activity assets and as such have been depreciated for many years. Further, the balances have been audited for years, hence, calculations will remain "as is" with exception of current year activity related to additions and retirements.



## When were assets acquired?

- Roads by mile and square yard of surface by functional class by year
- Bridges by individual bridge by year of construction or re-construction
- Water and Sewer Systems length by year of installation
- Storm Drainage Systems length by year of installation
- Streetlights number by year of installation
- ◆ Traffic Signals by intersection by year of installation
- Rights-of-way by number of acres acquired by year

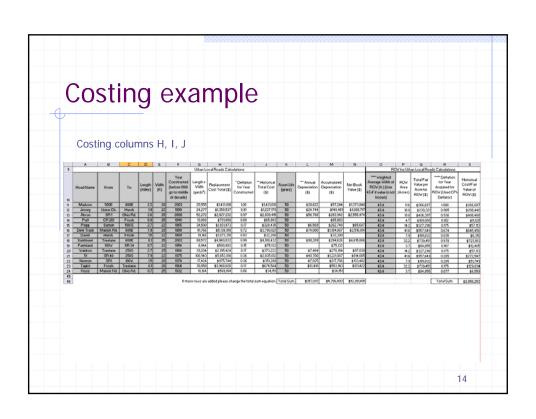


## What did we pay for assets?

Process of normal costing or estimating historical cost involves the application of cost deflators to replacement cost (provided by IN LTAP/Government Fixed Asset Services, Inc.). Per line or unit of measure, then, a deflator corresponding to estimated year of acquisition is applied.

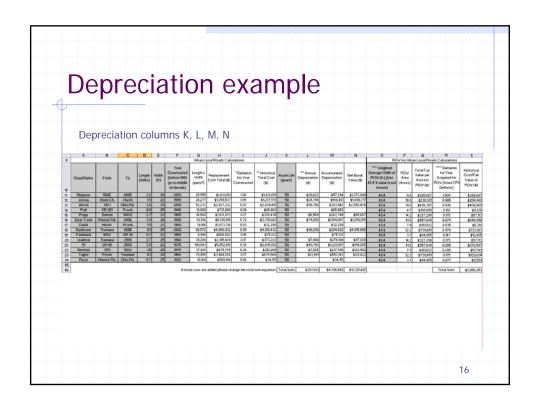
# What did we pay for assets?

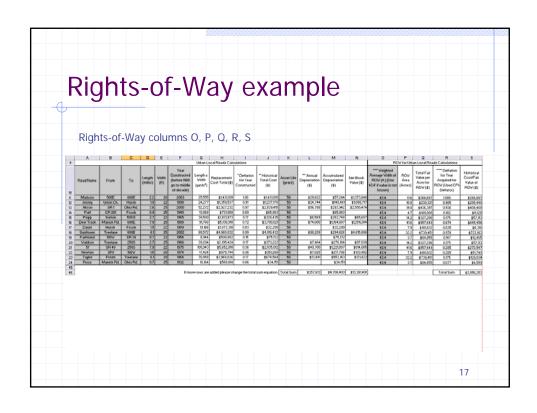
General infrastructure worksheets as provided by IN LTAP/Government Fixed Asset Services, Inc. will automatically match year of acquisition or construction with deflator (deflators are by year from 1980 to current and averaged by decade for pre-1980 assets)



# Methods for Calculating Depreciation

- Depreciation for GASB Statement No. 34 reporting is to be calculated as to annual depreciation, accumulated depreciation, and net book value
- ◆ The IN LTAP/Government Fixed Asset Services, Inc. worksheets have installed in them the depreciation formulas for calculation of annual depreciation, accumulated depreciation, and net book value





# **Prospective Reporting**

- General infrastructure reports will need to be updated each year in the future
- Each new annual report must reflect additions and retirements
- Depreciation as to annual depreciation, accumulated depreciation, and net book value must be updated to the end of the new fiscal year end

## **Prospective Reporting**

- IN LTAP/Government Fixed Asset Services, Inc. worksheets include depreciation formulas for the calculation of annual depreciation, accumulated depreciation, and net book value
- IN LTAP/Government Fixed Asset Services, Inc. worksheets will calculate depreciation through the end of the year of the report

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# **Prospective Reporting**

- Worksheets are a tool to be used in updating general infrastructure reports through the end of the year of the report
- Process of updating involves making a copy of current report and then adding additions and deleting retirements
- When report is updated and re-named to the current year end, the depreciation calculation will be updated to the new fiscal year end

### General Infrastructure – Ownership (footnote) per GASB 34 ...

Governments that have the primary responsibility for managing an infrastructure asset should report the asset.

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### **Effective Date**

Depending on total annual revenues, governments will apply the Statement beginning with fiscal years ending after June 15, 2002, 2003, or 2004

