

Review of GASB Statement No. 34 capital asset provisions and discussion of the Indiana LTAP General Infrastructure Implementation Assistance Manual

Indiana LTAP Road School 2005

Purdue University
West Lafayette, Indiana
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GASB Statement No. 34 General Infrastructure Reporting

Indiana Local Transportation Assistance Program

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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

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Capital Assets per GASB 34

- ◆ Land
- ◆ **Rights-of-Way**
- ◆ Improvements to land
- ◆ Easements
- ◆ Buildings
- ◆ Building improvements
- ◆ Vehicles
- ◆ Machinery and equipment
- ◆ Works of art
- ◆ **Infrastructure**
- ◆ Other tangible and intangible assets

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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*

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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.

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Inventory example

Inventory columns A, B, C, D, E, G

Urban/Local Roads Calculations													POV for Urban/Local Roads Calculations						
RoadName	From	To	Length (miles)	Width (ft)	Year Constructed (before 1980 go to middle of decade)	Length in Vials (sq yds)	Replacement Cost Tonnage (\$)	Depreciation for Year Constructed	Historical Total Cost (\$)	Asset Life (years)	Annual Depreciation (\$)	Accumulated Depreciation (\$)	Net Book Value (\$)	Weighted Average Width of Road (ft) (Use 43.4 if value is not known)	POV Area (Acres)	Total Fair Value per Acre for POVs (\$)	Depreciation for Year Acquired for POVs (based on CPD)	Historical Cost per Year of POVs (\$)	
11	Madison	500E	500E	22	20	2003	24,998	\$14,910,000	1.00	\$14,910,000	50	\$74,550	\$57,244	\$1,371,844	43.4	914	\$268,437	1,000	\$746,437
12	Jersey	Union Ch.	Harsh	13	22	1959	24,277	\$1,358,510	0.35	\$1,237,160	50	\$24,744	\$46,469	\$1,088,709	43.4	910	\$236,321	0.905	\$106,440
13	Alton	SP1	Ohio Rd.	26	25	2000	10,271	\$2,107,210	0.97	\$2,039,490	50	\$86,789	\$193,943	\$2,095,474	43.4	910	\$436,397	0.936	\$406,460
14	Puff	CP 181	Floods	63	25	1949	11,081	\$770,600	0.69	\$65,861	50	\$15,162	\$45,963		43.4	47	\$103,020	0.902	\$11,620
15	Popp	500E	500E	27	22	1965	24,500	\$1,311,972	0.17	\$328,435	50	\$6,540	\$74,740	\$65,637	43.4	142	\$137,290	0.935	\$57,111
16	Deer Track	Marion Rd.	500E	73	20	1989	31,761	\$5,108,980	0.72	\$3,700,161	50	\$74,000	\$1,094,007	\$2,518,014	43.4	416	\$297,041	0.874	\$685,456
17	Grand	Harsh	Floods	16	25	1960	18,361	\$1,075,200	0.61	\$32,260	50	\$6,450	\$12,269		43.4	276	\$193,822	0.905	\$6,200
18	Southover	Travlers	500E	61	25	2000	18,172	\$4,360,010	0.99	\$4,391,421	50	\$88,269	\$794,426	\$4,470,806	43.4	322	\$729,451	0.970	\$723,972
19	Farmstead	500E	500E	23	22	1964	8,844	\$502,810	0.18	\$78,121	50	\$7,464	\$78,121		43.4	21	\$14,959	0.847	\$62,405
20	Walton	Travlers	500E	27	25	1968	33,254	\$2,195,424	0.17	\$373,222	50	\$7,464	\$176,944	\$97,038	43.4	142	\$237,290	0.975	\$97,110
21	50	CP 40	500E	73	22	1975	103,143	\$5,652,240	0.36	\$2,036,001	50	\$40,730	\$1,251,007	\$4,401,205	43.4	418	\$297,849	0.935	\$722,047
22	Newton	SP	500E	15	20	1974	17,474	\$1,075,244	0.36	\$376,260	50	\$7,525	\$137,766	\$133,442	43.4	78	\$103,811	0.935	\$91,149
23	Layor	Floods	Travlers	61	20	1964	20,180	\$1,368,020	0.17	\$174,944	50	\$11,430	\$551,140	\$511,422	43.4	152	\$733,451	0.975	\$733,024
24	Blitz	Marion Rd.	Ohio Rd.	67	25	1992	10,184	\$549,914	0.06	\$34,951	50	\$3,495	\$24,951		43.4	37	\$84,959	0.877	\$6,920
45																			
46	8 more rows are added please change the total sum equation.													Total Sum: \$257,470 \$4,706,493 \$3,381,419 Total Sum: \$2,856,252					

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

Allocation and aging example

Aging column F

Urban Local Roads Calculations													RDV for Urban Local Roads Calculations						
Flood Name	From	To	Length (miles)	Width (ft)	Year Constructed (before 1980 go to middle of decade)	Length/Width (mils/ft)	Replacement Cost Total (\$)	Deflation for Year Constructed	Historical Total Cost (\$)	Asset Life (years)	Annual Depreciation (\$)	Accumulated Depreciation (\$)	Net Book Value (\$)	**** Vagreed Average Value of RDV (\$/line or acre)	RDV Area (Acres)	Total Fair Value per Acre for RDV (\$)	**** Deflation for Year Acquired for RDV (Deflator)	Historical Cost/Fair Value of RDV (\$)	
19	Madison	500E	600E	2.2	20	2005	25,000	\$145,000	1.00	\$145,000	50	\$28,000	\$57,244	\$127,344	43.4	16.8	\$238,887	1.000	\$238,887
20	Wetzel	Union Sch.	Hurth	1.9	20	1999	24,277	\$1,955,577	0.91	\$1,771,575	50	\$35,434	\$146,441	\$1,009,712	43.4	30.0	\$230,370	0.905	\$209,480
21	Arden	SR1	Ohio Rd.	3.8	25	2000	8,272	\$2,307,232	0.87	\$2,079,890	50	\$41,598	\$161,942	\$1,959,474	43.4	10.0	\$14,307	0.836	\$160,630
24	Paul	CH 285	French	0.8	25	1940	11,061	\$711,000	0.03	\$68,865	50	\$13,770	\$15,000	\$1,000	4.7	\$10,000	0.002	\$10,000	
26	Plapp	Salmon	500E	2.7	20	1905	34,500	\$130,375	0.17	\$22,479	50	\$4,496	\$22,740	\$15,483	43.4	14.2	\$127,299	0.175	\$57,712
28	Over Top	Mason Rd.	100E	7.0	20	1909	21,700	\$5,700,000	0.72	\$4,106,400	50	\$82,128	\$134,007	\$3,972,393	43.4	10.0	\$92,688	0.174	\$63,426
32	David	Marsh	French	1.0	22	1909	19,900	\$10,773,700	0.03	\$12,200	50	\$2,440	\$12,200	\$1,000	7.9	\$10,000	0.005	\$4,300	
33	Barlow	Traylor	500E	6.1	20	2002	30,572	\$4,960,000	0.89	\$4,398,472	50	\$87,964	\$294,026	\$4,104,446	43.4	32.2	\$730,456	0.170	\$712,365
39	Farmstead	500E	5.7	22	1964	4,944	\$560,000	0.96	\$539,520	50	\$10,790	\$19,100	\$1,000	4.4	2.1	\$14,000	0.947	\$14,000	
40	Madison	Traylor	250E	2.7	25	1900	39,204	\$2,398,424	0.17	\$373,222	50	\$7,464	\$74,884	\$37,500	43.4	14.2	\$127,299	0.175	\$57,712
41	St	500E	2.0	20	1975	100,342	\$5,000,000	0.76	\$3,793,000	50	\$75,860	\$121,007	\$3,672,000	43.4	41.0	\$852,800	0.205	\$572,300	
42	Arden	500E	Novo	0.9	20	1974	17,424	\$173,744	0.08	\$156,480	50	\$3,129	\$17,780	\$114,400	43.4	7.9	\$10,000	0.205	\$10,000
43	Taylor	French	Traylor	6.1	20	1984	70,350	\$1,960,000	0.17	\$327,844	50	\$6,557	\$65,567	\$1,894,433	43.4	32.2	\$730,456	0.175	\$712,365
44	Paul	Mason Rd.	Chesford	0.7	25	1935	11,844	\$500,000	0.06	\$54,456	50	\$10,891	\$11,000	\$1,000	4.4	2.1	\$14,000	0.077	\$14,000
45																			
46																			
If more rows are added please change the total sum equation.													Total Sum	\$2,978,010	\$4,798,493	\$12,081,493		Total Sum	\$2,084,265

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)

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Costing example

Costing columns H, I, J

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
	Urban Local Roads Calculations													ROW for Urban Local Roads Calculations					
	Road Name	From	To	Length (miles)	Width (ft)	Year Constructed (before 1980 go to middle of decade)	Length/Width (sq/ft)	Replacement Cost Total (\$)	*Deflation for Year Constructed	**Historical Total Cost (\$)	***Asset Life (years)	****Annual Depreciation (\$)	*****Accumulated Depreciation (\$)	*****Net Book Value (\$)	*****Weighted Average Value of ROW (\$/ft/line if value is not known)	*****ROW Area (Acres)	Total # of Value per ROW (\$)	*****Deflation for Year Acquired for ROW (Used CPD Deflator)	*****Historical Cost as Value of ROW (\$)
10	Madison	600E	600E	2.3	26	2005	25,900	\$1,410,000	1.00	\$1,410,000	50	\$28,200	\$72,800	\$1,337,200	43.4	0.6	\$224,600	1.000	\$224,600
12	Jenny	Union Ch.	Hersh	1.9	26	1989	24,217	\$1,369,537	0.91	\$1,246,278	50	\$24,926	\$75,074	\$1,171,204	43.4	0.0	\$25,520	0.905	\$108,440
13	Alton	SR1	Sho. Rd.	3.8	26	2000	62,312	\$2,307,232	0.97	\$2,238,198	50	\$44,764	\$135,236	\$2,102,962	43.4	0.0	\$426,500	0.936	\$408,428
14	Put	CH 201	French	0.9	26	1940	11,600	\$715,000	0.89	\$636,350	50	\$12,727	\$38,273	\$600,077	43.4	4.7	\$100,000	0.602	\$36,520
15	Papp	SR16	SR16	2.7	26	1985	25,500	\$1,511,972	0.97	\$1,465,158	50	\$29,303	\$88,697	\$1,376,461	43.4	3.2	\$317,986	0.976	\$327,151
16	Deer Track	Maneck Rd.	600E	7.9	26	1989	31,766	\$5,138,518	0.72	\$3,706,021	50	\$74,120	\$184,007	\$3,522,014	43.4	4.6	\$707,448	0.674	\$645,470
17	Clair	Huron	French	1.6	22	1989	18,668	\$1,073,388	0.83	\$892,266	50	\$17,845	\$54,155	\$838,111	43.4	7.9	\$190,202	0.625	\$66,240
19	Southwest	Treasure	600E	4.1	26	2002	66,572	\$4,960,232	0.99	\$4,910,413	50	\$98,208	\$294,292	\$4,616,121	43.4	32.2	\$1,094,800	0.979	\$1,223,972
19	Pamland	SR14	SR14	0.7	22	1984	8,844	\$500,852	0.88	\$438,552	50	\$8,771	\$26,229	\$412,323	43.4	2.7	\$14,995	0.947	\$42,405
20	Vinton	Treasure	2605	7.9	26	1988	50,244	\$2,194,414	0.97	\$2,131,522	50	\$42,630	\$127,968	\$1,993,554	43.4	16.1	\$457,286	0.975	\$507,152
21	St	SR14b	2605	7.9	22	1975	50,543	\$5,152,200	0.96	\$4,950,652	50	\$99,013	\$1,210,627	\$4,739,025	43.4	4.6	\$109,448	0.695	\$272,949
22	Newton	SR8	SR17	1.5	26	1974	11,474	\$375,744	0.96	\$359,264	50	\$7,185	\$21,715	\$337,549	43.4	7.3	\$103,622	0.695	\$59,149
23	Tracy	French	Treasure	1.6	26	1964	10,000	\$1,310,000	0.97	\$1,270,944	50	\$25,419	\$76,581	\$1,194,363	43.4	22.3	\$734,870	0.678	\$178,034
24	Papp	Maneck Rd.	Sho. Rd.	0.7	26	1992	9,184	\$569,844	0.96	\$546,951	50	\$10,939	\$32,861	\$514,090	43.4	3.7	\$14,956	0.677	\$6,508
46																			
46										Total Sum		\$25,737	\$4,700,492	\$10,381,490				Total Sum	\$2,092,252

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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

Depreciation example

Depreciation columns K, L, M, N

Urban Local Roads Calculations													RCV for Urban Local Roads Calculations						
Flood Name	From	To	Length (Miles)	Width (ft)	Year Constructed (leave blank go to middle of decade)	Length x Width (sq-ft)	Replacement Cost Total (\$)	* Depreciation for Year Constructed	** Historical Total Cost (\$)	Asset Life (year)	*** Annual Depreciation (\$)	Accumulated Depreciation (\$)	Net Book Value (\$)	**** Weighted Average Width of RCV (ft) (Use 43.4 if value is not known)	RCV Area (Acres)	Total \$/Acre for RCV (\$)	***** Depreciation for Year Acquired for RCV (Use CPX Detactor)	Historical Cost/ft Value of RCV (\$)	
10	Mallison	600E	2.2	26	2003	58,552	\$1,431,058	1.86	\$1,431,058	50	\$28,621	\$27,244	\$1,273,844	43.4	29.4	\$265,877	1000	\$268,817	
12	Henry	Union Ch.	1.9	22	1999	24,272	\$1,915,571	0.99	\$1,277,791	50	\$25,444	\$148,841	\$1,066,730	43.4	30.0	\$250,320	0.968	\$208,492	
13	Abrams	SR3	3.8	25	2000	52,272	\$2,327,232	0.97	\$2,879,470	50	\$56,789	\$213,942	\$2,555,474	43.4	19.0	\$438,397	0.936	\$469,468	
14	Paul	CR 287	7.0	25	1949	12,250	\$759,898	0.99	\$48,303	50	\$966	\$85,901	\$673,997	43.4	4.7	\$159,090	0.932	\$174,255	
16	Pepp	Union	6.0	27	1965	34,500	\$1,511,971	0.97	\$338,438	50	\$6,569	\$262,748	\$648,637	43.4	14.2	\$222,290	0.975	\$87,112	
18	Deer Track	Marion Pk	6.0	26	1992	91,760	\$5,529,393	0.92	\$2,790,021	50	\$74,000	\$194,107	\$2,526,044	43.4	41.6	\$97,648	0.874	\$89,476	
17	David	Marion	1.9	22	1969	9,768	\$1,072,338	0.92	\$32,290	50	\$645	\$32,290	\$1,040,048	43.4	7.8	\$193,822	0.935	\$85,352	
19	Sunflower	Tremaine	6.0	26	2002	88,572	\$4,362,932	0.99	\$4,366,432	50	\$87,328	\$214,628	\$4,148,304	43.4	32.2	\$759,451	0.929	\$221,463	
19	Frankford	SR3	1.0	22	1984	5,944	\$565,862	0.98	\$28,122	50	\$562	\$7,612	\$558,250	43.4	2.3	\$128,955	0.917	\$142,495	
20	Wagon	Tremaine	2.9	26	1968	35,564	\$2,195,424	0.97	\$372,222	50	\$7,444	\$27,644	\$1,967,780	43.4	14.2	\$452,296	0.979	\$257,112	
21	51	SR 40	2.0	22	1975	100,240	\$5,452,490	0.96	\$2,075,070	50	\$40,700	\$1,215,077	\$1,937,413	43.4	41.6	\$97,648	0.888	\$172,947	
22	Newton	SR3	1.0	20	1974	9,748	\$973,744	0.98	\$305,470	50	\$6,109	\$21,789	\$951,955	43.4	7.8	\$198,623	0.905	\$161,626	
22	Taylor	French	4.0	26	1984	70,880	\$3,363,628	0.97	\$674,544	50	\$13,491	\$53,141	\$1,010,422	43.4	32.2	\$759,451	0.975	\$150,014	
24	Ploetz	Marion Pk	0.7	25	1992	9,644	\$563,944	0.96	\$74,951	50	\$1,499	\$14,491	\$548,453	43.4	3.7	\$124,950	0.877	\$15,928	
45	If minor rows are added please change the total sum equation												Total Sums	\$291,612	\$4,708,432	\$11,381,491		Total Sums	\$2,886,263
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Rights-of-Way example

Rights-of-Way columns O, P, Q, R, S

Urban Local Roads Calculations												R/W Fee Urban Local Roads Calculations						
Road Name	From	To	Length (mile)	Year Constructed (before 1980 go to middle of decade)	Length (year)	Replacement Cost Total (\$)	*Deltaion for Year Constructed	**Historical Total Cost (\$)	Asset Life (years)	***Annual Depreciation (\$)	Accumulated Depreciation (\$)	Net Book Value (\$)	****Weighted Average Value of R/W (in Use 42 1/2 Value is not known)	R/W Area (Acres)	Total Fee Value per Acre for R/W (\$)	**Deltaion for Year Assigned for R/W (Used CPD Deltaion)	Historical Cost as Value of R/W (\$)	
Madison	500E	600E	2.3	20	2003	24,999	\$14,189	100	\$141,890	50	\$28,378	\$57,244	\$137,646	43.4	118	\$268,887	1000	\$268,887
Henry	Union Co.	Henry	1.9	21	1979	24,272	\$1,763,977	0.39	\$12,727,934	50	\$254,559	\$48,866	\$1,029,761	43.4	16.0	\$20,226	0.395	\$308,450
Alton	SR 1	Ohio Rd.	0.4	25	2000	52,772	\$2,827,232	0.97	\$2,827,232	50	\$56,545	\$293,362	\$2,533,870	43.4	19.0	\$43,397	0.936	\$489,468
Pull	CP 201	French	0.9	25	1940	11,000	\$791,888	0.69	\$691,888	50	\$138,378	\$276,756	\$814,132	43.4	4.7	\$10,000	0.502	\$13,000
Pepp	Sutton	500E	0.7	25	1945	14,500	\$1,131,979	0.17	\$113,198	50	\$22,639	\$45,278	\$1,086,701	43.4	16.2	\$37,296	0.295	\$97,912
Deer Track	Manack Rd.	500E	7.9	25	1979	31,700	\$5,139,390	0.72	\$1,770,021	50	\$354,004	\$1,416,027	\$3,723,363	43.4	41.6	\$90,748	0.474	\$449,496
Clay	Warren	French	1.9	22	1989	14,469	\$1,073,389	0.63	\$1,073,389	50	\$214,678	\$429,356	\$644,033	43.4	7.9	\$16,000	0.316	\$6,160
Sanborn	Freeland	500E	4.1	24	2002	68,972	\$4,969,232	0.59	\$4,969,232	50	\$99,385	\$206,808	\$4,762,424	43.4	32.2	\$73,047	0.376	\$273,613
Farmhand	SR 14	SR 14	0.7	22	1964	4,844	\$50,882	0.16	\$98,152	50	\$19,630	\$39,260	\$109,622	43.4	3.7	\$8,499	0.647	\$14,499
Vadon	Tremane	2001	7.9	25	1969	39,284	\$2,184,474	0.17	\$37,322	50	\$7,464	\$14,928	\$2,169,546	43.4	16.4	\$37,296	0.295	\$97,912
SR 14B	2001	2001	7.9	22	1975	100,340	\$5,852,890	0.26	\$2,095,092	50	\$419,018	\$1,676,077	\$4,176,813	43.4	41.6	\$95,748	0.289	\$479,947
Norton	SR 2	SR 2	1.5	25	1974	17,424	\$679,744	0.48	\$679,744	50	\$135,949	\$271,898	\$407,846	43.4	7.9	\$18,000	0.295	\$51,240
Taylor	French	2001	4.1	26	1944	10,080	\$1,363,626	0.17	\$274,844	50	\$54,969	\$109,938	\$1,253,688	43.4	32.2	\$73,496	0.295	\$273,612
Pross	Manack Rd.	Ohio Rd.	0.7	25	1952	11,844	\$563,884	0.56	\$14,954	50	\$2,991	\$5,982	\$557,902	43.4	3.7	\$8,499	0.377	\$15,209
If more rows are added please change the total sum equation											Total Sum	\$297,832	\$4,706,492	\$11,381,939	Total Sum	\$2,886,263		

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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

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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

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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

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Effective Date

For the retroactive reporting of infrastructure, governments are allotted *an additional four years* beyond the effective date of the Statement to do so. This means for fiscal years ending after June 15, 2006, 2007, 2008.

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Summary and Conclusion

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