

## GASB #34



### WHAT IS IT? WHAT SHOULD WE BE DOING?

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## WHAT IS GASB?

### WHAT IS GASB 34?



- GASB IS THE ACRONYM FOR "GOVERNMENTAL ACCOUNTING STANDARDS BOARD"
- GASB 34 IS AN AUTHORITATIVE PRONOUNCEMENT THAT REQUIRES GOVERNMENTAL ENTITIES TO ACCOUNT FOR ALL CAPITAL EXPENDITURES, INCLUDING INFRASTRUCTURE (i.e. ROADS, CURBS, SIDEWALKS, DRAINAGE, ETC.)

## MERITS OF GASB 34

- 15 YEAR EFFORT OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) ESTABLISHES HIGHER REPORTING STANDARDS FOR LOCAL GOVERNMENT, INCLUDING MUNICIPAL UTILITIES.
- IMPLEMENTATION REQUIRES THE COORDINATED EFFORTS AND EXPERTISE OF OPERATING PERSONNEL, MANAGEMENT, ENGINEERS, ACCOUNTANTS & INFORMATION SYSTEMS.
- IMPROVED FINANCIAL REPORTING FROM LOCAL GOVERNMENTAL ENTITIES.

## IMPACT ON CITIES, COUNTIES & MUNICIPAL UTILITY OPERATIONS?



- MOST STATES REQUIRE COMPLIANCE WITH ALL GASB PRONOUNCEMENTS.
- COMPLIANCE WITH GASB 34 WILL ENHANCE YOUR ABILITY TO IDENTIFY COST OF SERVICE ISSUES, JUSTIFY RATES & IMPACT FEES AND PROVIDE A MORE COMPREHENSIVE BASIS OF FINANCIAL REPORTING.
- COMPLIANCE WILL LIKELY POSITIVELY IMPACT BOND RATINGS AND TERMS.

## BENEFITS OF GASB 34



- HIGHER LEVEL OF FINANCIAL REPORTING .
- STANDARDS FOR FIXED ASSET AND DEPRECIATION RECORDS.
- STANDARDIZED BUDGET PRACTICES.
- IMPROVED INFORMATION FOR INFORMED DECISION-MAKING.
- NECESSITATES IMPROVED COMMUNICATION / COORDINATION BETWEEN OPERATIONS AND FINANCIAL DISCIPLINES.

## RELATIONSHIP BETWEEN OPERATORS, ENGINEERS, ACCOUNTING & INFO. SYSTEMS PROFESSIONALS AND MANAGEMENT



- INCREASED COMMUNICATION BETWEEN VARIOUS DISCIPLINES
- ESTABLISHMENT OF ACCURATE FIXED ASSET ACCOUNTING RECORDS
- MEANINGFUL BUDGETING PRACTICES AND COST OF SERVICE CAPABILITIES

## BIGGEST HURDLE FOR ORDERLY IMPLEMENTATION



- FIXED ASSET / DEPRECIATION RECORDS.
- MOST ENTITIES NEED TO ADDRESS A “STARTING POINT”.
- WHAT IS VALUE OF EXISTING ASSETS?
- NEED INVENTORY AND VALUATION OF EXISTING PLANT IN SERVICE.

## WHERE DO WE START?



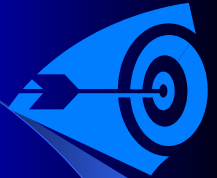
- CONDUCT OVERALL NEEDS ASSESSMENT BY QUALIFIED FINANCIAL PERSON THAT UNDERSTANDS GASB 34.
- SYSTEM MAPPING AND FIXED ASSET INVENTORY ARE LIKELY TO BE MAJOR TASKS NECESSARY TO GET TO A “STARTING POINT”.
- MOST MUNICIPALITIES WILL NEED OUTSIDE HELP (i.e. CPA’S, APPRAISORS & ENGINEERING CONSULTANTS) TO COMPLY WITH GASB 34.

## COST OF SERVICE BENEFITS



- COMPLIANCE WITH GASB 34 WILL RESULT IN CONSISTENT / MORE ACCURATE FIXED ASSET DATA.
- FIXED ASSET RECORDS ARE KEY TO ACCURATE COST OF SERVICE ANALYSIS AND DEVELOPMENT OF USER CHARGE SYSTEMS THAT ARE FAIR & NON-DISCRIMINATORY.

## BENEFITS OF STANDARDIZED REPORTING PRACTICES



- FACILITATES “BENCHMARKING” WITH OTHER SIMILARLY-SITUATED ENTITIES.
- PROVIDES BOTH INTERNAL & EXTERNAL USERS WITH MEANINGFUL INFORMATION IN A STANDARDIZED FORMAT.

## COMPLIANCE TIMETABLE



- JUNE 15, 2002: FOR GOVERNMENTAL UNITS THAT EXCEED \$100 MILLION IN ANNUAL REVENUES
- JUNE 15, 2003: FOR GOVERNMENTAL UNITS WITH ANNUAL REVENUES BETWEEN \$10 MILLION AND \$100 MILLION
- JUNE 15, 2004: FOR GOVERNMENTAL UNITS WITH ANNUAL REVENUES BELOW \$10 MILLION
- EXISTING FIXED ASSET / INFRASTRUCTURE COMPLIANCE TIMETABLES - DEFERRED TO 2006.

## SOMETIMES CHANGE IS INEVITABLE

## JUST RELAX AND GO WITH IT...



# QUESTIONS AND ANSWERS

