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 !!!
**Significant Issues**

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

Jan 2001
Program Development

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**Reporting Method**

Modified Approach  
(Asset Management System)
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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Reporting Requirements

- 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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INDOT Capitalization Policy

Inventory of Roads and Bridges
  - State and Toll Road
  - Institutions and Parks

Inventory of R-O-W
  (Asset independent from Infrastructure)
INDOT Capitalization Policy
Major Consideration

Capital Project vs. Preservation Project

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INDOT GASB 34

Capital Project (GASB Definition)

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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</thead>
<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>
</tr>
</tbody>
</table>
How are we maintaining relative to intent

Condition Level

Pavement Quality

Excellent
Good
Fair
Poor
Very Poor

94-95  95-96  96-97  97-98  98-99

0%  5%  10%  15%  20%  25%  30%  35%  40%
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

#### Sub System

<table>
<thead>
<tr>
<th>Sub System</th>
<th>Rural</th>
<th>Urban</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>INT NHS</td>
<td></td>
<td></td>
<td></td>
</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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<tr>
<td>NHS</td>
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<tr>
<td>Pavement Quality</td>
<td>83</td>
<td>77</td>
<td>B</td>
</tr>
<tr>
<td>LENGTH (mi)</td>
<td>1180</td>
<td>415</td>
<td>1595</td>
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<tr>
<td>COST</td>
<td>$1,706</td>
<td>$1,198</td>
<td>$2,904</td>
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<tr>
<td>Non-NHS</td>
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<tr>
<td>Pavement Quality</td>
<td>79</td>
<td>74</td>
<td>C</td>
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<tr>
<td>LENGTH (mi)</td>
<td>6973</td>
<td>1435</td>
<td>8409</td>
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<tr>
<td>COST</td>
<td>$2,500</td>
<td>$1,699</td>
<td>$4,199</td>
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<tr>
<td>Total Average Pavement Quality</td>
<td>81</td>
<td>76</td>
<td>C</td>
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<tr>
<td>Total Sum of LENGTH</td>
<td>8993</td>
<td>2183</td>
<td>11176</td>
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<tr>
<td>Total Sum of COST</td>
<td>$7,634</td>
<td>$4,787</td>
<td>$12,421 Billion</td>
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</tbody>
</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
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