



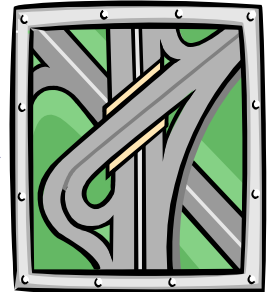
DOT Infrastructure Review Completed for GASB 34

A significant aspect of the GASB 34 implementation for all governments relates to the accurate presentation of infrastructure assets in the financial statements for the entity-wide presentation. The Project Team has been working with the New York State Department of Transportation (DOT) during the past year to ensure that the State's roads and bridges are accurately identified and valued for inclusion in the State's GASB 34-based financial statements. DOT is responsible for billions of dollars of State owned roads and bridges and it was necessary to quantify and value all of these assets.

The Project Team worked with other State agencies such as the Office of General Services as well as appraisal consultants American Appraisal Associates and KPMG LLP to evaluate DOT processes and procedures and identify and quantify

these major infrastructure assets.

The consultants determined that DOT did have the appropriate processes and systems in place to support use of the modified approach in presenting their infrastructure assets. The modified approach was provided by GASB as an alternative to the depreciation method in instances where



“the government manages the eligible infrastructure assets using an asset management system that possesses certain characteristics and it documents that the

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Major Facility-Based Agency Capital Assets Reviewed-Phase 2

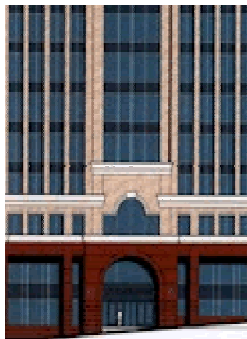
In addition to the inclusion of DOT maintained roads and bridges on the face of the State's financial statements it is also important to evaluate other infrastructure assets for all major agencies. Other types of infrastructure include water and sewer systems, dams, steam tunnels, etc.

Phase 2 of our capital asset review requires that major facility-based State

agencies such as OMH, OMRDD, DOCS, ENCON and OPRHP are being evaluated by the Team and its consultants to determine the value of all capital assets including infrastructure assets in order to measure the importance and materiality of these assets in relation to all reported Capital Assets. Reporting mechanisms for capital assets are also being assessed at each agency.

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GASB 34 Project Timetable

- Pro Forma financial statements as of 03/31/02 – 03/03
- Audited financial statements for 03/31/03 in conformance with GASB 34-published by 07/29/03
- Policy and Procedure Manual Update Complete-09/30/03
- Revised Capital Asset Policies and Procedures-09/30/03

What are Major Funds?

In past issues of *NYS GASB 34 News* this column has dealt with explaining various important elements and aspects of GASB 34. The last issue, for instance, explained the significance of Management's Discussion and Analysis (MD & A) and its important position in the GASB 34 financial statements.

This issue will deal with the concept of major funds and their meaning under GASB 34. An important element of GASB 34 is the emphasis on Major Funds in both the governmental and proprietary fund financial statements. In the past, GAAP-based financial statements would have included Combining Statement presentations at the fund level that would present significant detail for most of the funds in each fund group. Under GASB 34, this emphasis

will change somewhat in that only funds defined as major will be presented in discrete columns in the fund financial statements. All remaining non-major funds would be aggregated and presented in a single column.

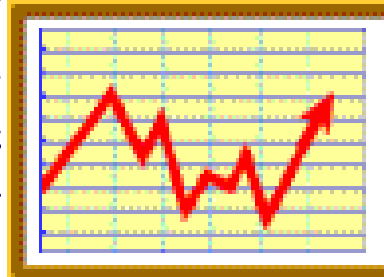
GASB provides various criteria that is to be used in determining whether a fund is to be defined as major or not. The government's main operating fund (usually the General Fund) should always be reported as a major fund.

Other governmental and or enterprise funds will be defined as major if they meet the following criteria, as estab-

lished by GASB:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category. AND
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Based upon these criteria, New York State will be reporting two major funds: General and Special Revenue-Federal.



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eligible infrastructure assets are being preserved at (or above) a condition level established by the government“.

Using the modified approach for DOT infrastructure assets will provide for the inclusion of billions of dollars of DOT-based roads and bridges in the State's GAAP financial statements while also

providing some condition assessment information in the footnotes.

The DOT review is an excellent example of cooperation and a willingness to work together on the part of all involved to ensure that GASB 34 standards, requirements and time completion mandates are met.

DOT Infrastructure assets will be presented using the modified approach alternative.

Historic Sites, Libraries and Collections

One aspect of measuring various assets within New York State, includes the identification and review of various historic sites, collections, libraries, archives, etc. in order to determine the value and materiality of these items relative to all State assets.

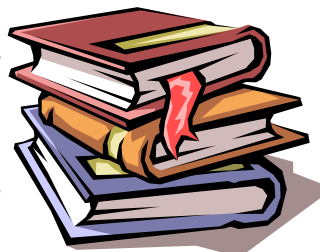
The State Library, Archives, Museum, Office of General Services and the Office of Parks, Recreation and Historic Preservation are responsible for many historic sites, collections and valuable documents and the Team met with representatives of these agencies to determine the breadth and scope of these

items.

Since GASB 34 focuses on historic cost as the measurement of value, many historic assets that were acquired by or donated to the State during the past 200 years have very low historic cost values when viewed in the context of today's prices.

GASB 34 also provides an option to not report collections that meet the following criteria:

- a. held for public exhibition, education, or re-



search, in furtherance of public service, rather than financial gain.

- b. protected, kept unencumbered, cared for, and preserved.
- c. subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Based on the above criteria, many collections and historic sites in New York State may not have to be reported.