



Glossary

Agreement: Any legally enforceable arrangement, written or verbal. These could be labeled as contracts, purchase orders, or be under a different label.

Biological Asset: Includes timber, living plants, and living animals

Capital Assets: Includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

Intangible Assets: Are assets that lack physical substance, are non-financial (not investment securities or prepaids) and have an initial useful life greater than one year. Common intangibles include, but are not limited to, rights to explore for or to exploit natural resources such as oil, gas, and minerals and similar non-regenerative resources; licensing contracts for items such as motion picture films, video recordings, plays, manuscripts, patents, and copyrights

Operator: The government or private company that enters into an agreement with a transferor to provide a public service in conjunction with a capital asset

Public Service: Any activity that serves the public, GASB has left this purposefully vague. This can include the design, construction, and/or operation of an asset.

Significant Residual Interest: At the end of the agreement, will the capital asset be returned to the government with some value remaining?

Software as an insignificant component: In this context, an insignificant component would be software that was incidental to a piece of hardware. For example, many office copiers have software included with the hardware that allows the computers to communicate with it. This would be considered incidental.

Transferor: The government that contracts with an operator to provide public services in conjunction with a capital asset.