



# Exposure Draft

**March 25, 2026**

**Comments Due: June 26, 2026**

Proposed Statement  
of the Governmental Accounting Standards Board

## **Infrastructure Assets**

**an amendment of GASB Statement No.34**

This Exposure Draft of a proposed Statement of Governmental Accounting Standards is issued by the GASB for public comment. Written comments should be addressed to:

Director of Research and Technical Activities  
Project No. 3-43

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**Governmental Accounting Standards Board**

# INFRASTRUCTURE ASSETS

## Notice of Public Forums and Request for Written Comments

### Public Forums

**Public forums are tentatively scheduled as follows:**

- June 23, 2026, at the Financial Accounting Foundation offices, 801 Main Avenue, Norwalk, CT, beginning at 9:00 a.m. EDT
- July 13, 2026, virtually, beginning at 1:00 p.m. EDT
- July 23, 2026, virtually, beginning at 1:00 p.m. EDT.

**Public forums.** The public forums are being conducted for interested individuals or organizations encompassing all types of stakeholders. One forum is being conducted in person, and two are being conducted by videoconference. Details regarding participation will be provided after the Governmental Accounting Standards Board (GASB) receives a notice of intent to participate.

**Deadline for written notice of intent to participate in the public forums:** June 12, 2026, for the June 23, 2026 public forum and June 26, 2026, for the virtual public forums.

**Basis for public forums.** The GASB has scheduled the public forums to obtain information from interested individuals and organizations about the requirements proposed in this Exposure Draft. The forums will be conducted by the Board and GASB staff. Interested parties are encouraged to participate in a forum and through written response.

**Public forum participation requirements.** All participants will be asked to engage in a discussion of the requirements proposed in this Exposure Draft, additional issues raised by the Board members and staff, and issues raised by other participants. Every participant will be provided with the opportunity to express his or her views.

Individuals who want to participate in a public forum should provide, **by the deadline for notice of intent to participate (June 12, 2026, for the June 23, 2026 forum and June 26, 2026, for the virtual public forums)**, a written notification of that intent (addressed to the Director of Research and Technical Activities, Project No. 3-43, and emailed to [director@gasb.org](mailto:director@gasb.org)) or an indication of that intent within the [electronic input form](#). The notification should indicate the public forum at which the respondent would like to participate. A public forum may be cancelled if sufficient interest is not expressed by the deadline.

**Observers.** Observers are welcome at the public forums and are urged to submit written comments.

## WRITTEN COMMENTS

**Deadline for submitting written comments:** June 26, 2026

**Requirements for written comments:** Any individual or organization that wants to provide written comments should provide those comments by June 26, 2026. Comments should be addressed to the Director of Research and Technical Activities, Project No. 3-43, and emailed to [director@gasb.org](mailto:director@gasb.org). Comments also may be submitted through the [electronic input form](#).

## OTHER INFORMATION

**Public files.** Written comments and transcripts of the public forums will become part of the GASB's public file. Written comments also are posted on the GASB's website. Copies of the transcripts may be obtained upon request.

This Exposure Draft may be downloaded from the GASB's website at [www.gasb.org](http://www.gasb.org).

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## **Notice to Recipients of This Exposure Draft**

The Governmental Accounting Standards Board (GASB) is responsible for (1) establishing and improving standards of state and local governmental accounting and financial reporting to provide useful information to users of financial reports and (2) educating stakeholders—including issuers, auditors, and users of those financial reports—on how to best understand and most effectively implement those standards.

The due process procedures that we follow before issuing our standards and other communications are designed to encourage broad public participation in the standard-setting process. As part of that due process, the GASB is issuing this Exposure Draft setting forth proposed standards that would address infrastructure assets.

We invite your comments on all matters in this proposed Statement. Because this proposed Statement may be modified before it is issued as a final Statement, it is important that you comment on any aspects with which you agree as well as any with which you disagree. To facilitate our analysis of comments, it would be helpful if you explain the reasons for your views, including alternatives that you believe the GASB should consider.

All responses are distributed to all Board members and to staff members assigned to this project, and comments are considered during the deliberative process leading to a final Statement. In deciding on changes in accounting and financial reporting standards, the GASB also considers the expected benefits and the perceived costs associated with the changes. Only after the Board is satisfied that all alternatives have adequately been considered, and modifications have been made as considered appropriate, will a vote be taken to issue a final Statement. A majority vote of the Board is required for adoption.

## Summary

The primary objective of this proposed Statement is to improve the financial reporting requirements for infrastructure assets, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This proposed Statement defines infrastructure assets as capital assets that are part of a network of assets, are stationary in nature, and can be maintained or preserved for a significant number of years. Buildings that have a primary purpose that is integral to a network of infrastructure assets but are only an ancillary part of that network would be considered infrastructure assets.

This proposed Statement would require that if a component of an infrastructure asset has a cost that is significant in relation to the total cost of the infrastructure asset and the estimated useful life of that component is substantially different from the estimated useful life of the infrastructure asset, that component be considered a separate infrastructure asset in the determination of depreciation expense, including the determination of the estimated useful life, and for purposes of required disclosures in notes to financial statements. This proposed Statement also would emphasize the requirement for governments to perform a periodic review of the estimated useful lives and salvage values used in the measurement of depreciation expense for infrastructure assets reported using historical cost net of accumulated depreciation. This proposed Statement also would modify the requirements that governments would need to meet to use the modified approach to report infrastructure assets.

In addition, this proposed Statement would require governments to divide information in note disclosures about infrastructure assets by network of infrastructure assets. This proposed Statement also would require governments with a policy for monitoring the maintenance and preservation of their infrastructure assets to briefly describe that policy in notes to financial statements. For infrastructure assets reported using historical cost net of accumulated depreciation, governments would be required to disclose by network of infrastructure assets the historical cost, accumulated depreciation, and historical-cost weighted-average age of infrastructure assets that have exceeded 80 percent of their estimated useful lives, separating those infrastructure assets that have reached 100 percent of their estimated useful lives from infrastructure assets that have exceeded 80 percent of their estimated useful lives but have not yet reached 100 percent of their estimated useful lives. This proposed Statement also rescinds the requirement that governments that choose to use the modified approach to report infrastructure assets describe the modified approach in their summary of significant accounting policies.

The requirements of this proposed Statement would increase the number of periods in the comparison of the estimated annual amount at which to maintain and preserve infrastructure assets with the amount actually expended for infrastructure assets reported using the modified approach presented in required supplementary information (RSI). In addition, disclosures to those RSI schedules would be required if there is a change in the condition level at which a government intends to preserve those infrastructure assets as well as the reason for that change.

## **Effective Date and Transition**

The requirements of this proposed Statement would be effective for fiscal years beginning after June 15, 2028, and all reporting periods thereafter. Earlier application is encouraged.

The provisions of this proposed Statement would be applied prospectively except for the following:

- The provisions related to separating components of infrastructure assets would apply to infrastructure assets placed into service after the beginning of the reporting period in which this proposed Statement would be first implemented.
- The provisions related to performing a review of the estimated useful lives and salvage values of infrastructure assets would be applied to infrastructure assets held at the beginning of the reporting period in which this proposed Statement would be first implemented with any changes adopted as a result of that review being reported retroactively by restating beginning net position or fund net position, as applicable, for the cumulative effect, if any, of the change on prior periods.
- The provisions related to separating infrastructure assets for note disclosures and RSI and for disclosing infrastructure assets that have exceeded 80 percent of their estimated useful lives would be applied at the beginning of the reporting period in which this proposed Statement would be first implemented.

## **How the Changes in This Proposed Statement Would Improve Financial Reporting**

The requirements of this proposed Statement would improve financial reporting related to infrastructure assets by (1) specifying that governments should perform a periodic review of the estimated useful lives and salvage values of infrastructure assets, (2) requiring that governments use a different estimated useful life in the calculation of depreciation expense for a component of an infrastructure asset that has a cost that is significant in relation to the infrastructure asset and a substantially different estimated useful life, and (3) providing additional disclosures in notes to financial statements related to (a) governments' policies for monitoring the maintenance and preservation of infrastructure assets and (b) infrastructure assets that have exceeded 80 percent of their estimated useful lives.

## **How the Board Considered Costs and Benefits in the Development of This Proposed Statement**

One of the principles guiding the Board's setting of standards for accounting and financial reporting is the assessment of expected benefits and perceived costs. The Board strives to determine that its standards address significant user needs and that the costs incurred through the application of its standards, compared with possible alternatives, are justified when compared to the expected overall public benefit. The Board believes that the expected benefits of implementing this proposed Statement—essential information about

infrastructure assets that is more consistent, comparable, relevant, reliable, and understandable—are significant to users of financial statements.

The Board believes that, in general, governments will have the information required to be disclosed by this proposed Statement and that some governments may already disclose that information. The Board also believes that permitting governments to apply the requirements of this proposed Statement to infrastructure assets held at or placed into service after the implementation date will mitigate potential cost concerns. The Board believes that those provisions would lessen the costs associated with the implementation of and ongoing compliance with this proposed Statement and that the expected benefits of this proposed Statement would justify its perceived costs.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraph 2 discusses the applicability of this Statement.

# Proposed Statement of the Governmental Accounting Standards Board

## Infrastructure Assets

### an amendment of GASB Statement No. 34

March 25, 2026

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# **Proposed Statement of the Governmental Accounting Standards Board**

## **Infrastructure Assets**

### **an amendment of GASB Statement No. 34**

**March 25, 2026**

## **INTRODUCTION**

1. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that report infrastructure assets and by enhancing the understandability, reliability, relevance, and consistency of information about infrastructure assets.

## **STANDARDS OF GOVERNMENTAL ACCOUNTING AND FINANCIAL REPORTING**

### **Scope and Applicability of This Statement**

2. This Statement establishes and amends accounting and financial reporting requirements related to infrastructure assets. The requirements of this Statement apply to the financial statements of all state and local governments.

3. This Statement supersedes Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, footnotes 14, 57, and 58, and *Implementation Guide No. 2015-1*, Questions 7.12.7, 7.12.11, 7.16.2, and 7.19.4. This Statement amends Statement 34, paragraphs 19, 22–25, 115, 132, and 133 and footnotes 16 and 19, and *Implementation Guide 2015-1*, Questions 7.12.13, 7.13.5, 7.14.4, 7.16.1, 7.16.4, 7.16.7, 7.17.1, 7.18.1, 7.18.2, 7.19.2, 7.19.3, 7.20.4, 7.20.8, and 7.20.10.

### **Definition of Infrastructure Assets**

4. For purposes of applying this Statement, infrastructure assets are capital assets that are part of a network of assets, as discussed in paragraph 5. Infrastructure assets also are stationary in nature and can be maintained or preserved for a significant number of years. Examples of infrastructure assets include roads, bridges, tunnels, water and sewer, dams, lighting, and communication towers. Buildings that have a primary purpose that is integral

to a network of infrastructure assets but are only an ancillary part of that network should be considered infrastructure assets.

5. A network of infrastructure assets is composed of all assets that provide a particular type of service for a government. A network of infrastructure assets may be only one infrastructure asset that may consist of many components. A component is a separate, distinguishable part of an infrastructure asset that has a specific function in contributing to the service capacity of that infrastructure asset. For example, a road may consist of roadbed, overlay, curbs, and gutters.

## **Recognition and Measurement**

### **Historical Cost Net of Accumulated Depreciation**

6. If a component of an infrastructure asset has a cost that is significant in relation to the total cost of the infrastructure asset and the estimated useful life of that component is substantially different from the estimated useful life of the infrastructure asset, that component should be considered a separate infrastructure asset in the determination of depreciation expense, including the determination of the estimated useful life, and for purposes of required disclosures in notes to financial statements.

7. Governments should perform a periodic review of the estimated useful lives and salvage values used in the measurement of depreciation expense for infrastructure assets being depreciated.

### **Modified Approach**

8. Paragraph 23 of Statement 34 provides some of the requirements that allow governments to use the modified approach to report infrastructure assets. Those requirements are amended to allow governments that meet the following requirements to report infrastructure assets using the modified approach:

- a. Maintain an up-to-date inventory of those infrastructure assets.
- b. Perform condition assessments<sup>1</sup> of those infrastructure assets and summarize the results using a measurement scale.
- c. Estimate each year the annual amount to maintain and preserve those infrastructure assets at the condition level established and presented as required supplementary information (RSI) by the government.

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<sup>1</sup>Condition assessments should be documented in such a manner that they can be replicated. Replicable condition assessments are those that are based on sufficiently understandable and complete measurement methods such that different measurers using the same methods would reach substantially similar results. Condition assessments may be performed by the government itself or by contract.

- d. Maintain documentation demonstrating that those infrastructure assets are being preserved approximately at (or above) a condition level established and presented as RSI by the government.<sup>2</sup>

## **Notes to Financial Statements**

9. Within note disclosures about capital assets, infrastructure assets should be divided by network of infrastructure assets.

10. Governments with a policy for monitoring the maintenance and preservation of infrastructure assets should briefly describe that policy in notes to financial statements.

## **Historical Cost Net of Accumulated Depreciation**

11. In addition to other disclosures related to infrastructure assets, for infrastructure assets that are reported using historical cost net of accumulated depreciation, governments should disclose by network of infrastructure assets the historical cost, accumulated depreciation, and historical-cost weighted-average age<sup>3</sup> of infrastructure assets that have exceeded 80 percent of their estimated useful lives. For this disclosure, a government should separate information for infrastructure assets that have reached 100 percent of their estimated useful lives from infrastructure assets that have exceeded 80 percent of their estimated useful lives but have not yet reached 100 percent of their estimated useful lives.

## **Modified Approach**

12. The provision in paragraph 115e of Statement 34 describing the modified approach to reporting infrastructure assets for governments that choose to use the modified approach is rescinded.

## **Required Supplementary Information**

13. The requirements in paragraph 132 of Statement 34 for RSI should be presented by network of infrastructure assets. Information in the schedule required to be presented as

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<sup>2</sup>The condition level should be established and documented by administrative or executive policy, or by legislative action.

<sup>3</sup>The historical-cost weighted-average age expresses the age of infrastructure assets weighted to reflect the dollar amount of the historical cost of individual infrastructure assets compared to the dollar amount of the total historical cost of infrastructure assets for which the weighted-average age is being calculated. For example, for the disclosure of the historical-cost weighted-average age of a network of infrastructure assets that have exceeded 80 percent of their estimated useful lives but have not yet reached 100 percent of their estimated useful lives, the historical cost of each individual infrastructure asset that has exceeded 80 percent of its estimated useful life but has not yet reached 100 percent of its estimated useful life would be multiplied by its age, and the sum of each of those calculations would be divided by the total historical cost of all infrastructure assets that have exceeded 80 percent of their estimated useful lives but have not yet reached 100 percent of their estimated useful lives.

RSI by paragraph 132b of Statement 34 should be presented for each of the past 10 reporting periods by network of infrastructure assets.

14. A change in the condition level at which a government intends to preserve infrastructure assets reported using the modified approach along with the reason for that change should be disclosed in notes that accompany the schedules required to be presented as RSI by paragraph 132 of Statement 34.

## **Supplementary Information**

15. Footnote 58 of Statement 34 encouraging governments that do not use the modified approach to report infrastructure assets to provide information required to be presented as RSI for infrastructure assets reported using the modified approach is rescinded.

## **EFFECTIVE DATE AND TRANSITION**

16. The requirements of this Statement are effective for fiscal years beginning after June 15, 2028, and all reporting periods thereafter. Earlier application is encouraged.

17. Except for the provisions in paragraphs 6, 7, 9, 11, and 13, changes adopted to conform to the provisions of this Statement should be applied prospectively. The requirements in paragraphs 6, 7, 9, 11, and 13 are effective as follows:

- a. The requirements in paragraph 6 should be applied to infrastructure assets placed into service after the beginning of the reporting period in which this Statement is first implemented.
- b. The requirements in paragraph 7 should be applied to all infrastructure assets reported by the government at the beginning of the reporting period in which this Statement is first implemented.
- c. The requirements in paragraphs 9, 11, and 13 should be applied to the beginning of the reporting period in which this Statement is first implemented.

18. Changes adopted to conform to the provisions in paragraph 7 of this Statement should be reported retroactively by restating beginning net position or fund net position, as applicable, for the cumulative effect, if any, of the change on prior periods.

19. Governments that prepare comparative financial statements in accordance with paragraphs 51–53 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, as amended, should apply the requirements in paragraphs 7, 9, 11, and 13 only to information that is presented for the most recent period.

20. The information for all periods for the 10-year schedule that is required to be presented as RSI may not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available.

**The provisions of this Statement need not be applied to immaterial items.**

## APPENDIX A: BACKGROUND

A1. The required reporting by governments of general infrastructure assets was established by Statement 34. Consistent with the GASB's commitment to periodically reexamine its standards, in August 2019, the Board approved a pre-agenda research activity to gather information about the effectiveness of the requirements related to reporting capital assets and to determine whether improvements were needed.

A2. At its February 2023 meeting, the Board reviewed the results of the pre-agenda research. After considering those results, the Board determined that the pre-agenda research did not find significant issues in practice related to the accounting and financial reporting for capital assets generally, but there were opportunities to consider issues related to the recognition and measurement of infrastructure assets in financial statements and to provide additional information about the costs of maintenance and preservation of infrastructure assets. As a result, a project relating to infrastructure assets was added to the Board's current technical agenda at its April 24, 2023 meeting. The Board began deliberations on the Infrastructure Assets project in May 2023.

A3. In September 2024, the Board approved a Preliminary Views, *Infrastructure Assets*. The Preliminary Views proposed modifications to certain reporting requirements related to infrastructure assets as well as some new reporting requirements. Sixty-six responses to the Preliminary Views were received from organizations and individuals. In addition, in February 2025, the Board received oral testimony from, and had the opportunity to further explore the views of, 17 organizations or individuals that testified at 3 public hearings and 7 individuals that participated in a user forum. In addition, 12 governments completed a field test implementing the proposed note disclosure requirements in the Preliminary Views.

## **APPENDIX B: BASIS FOR CONCLUSIONS AND ALTERNATIVE VIEWS**

### **Basis for Conclusions**

#### **Introduction**

B1. This appendix discusses factors considered significant by Board members in reaching the conclusions in this Statement. It includes discussion of the alternatives considered and the Board's reasons for accepting some and rejecting others. Individual Board members may have given greater weight to some factors than to others.

#### **Scope and Applicability of this Statement**

B2. As part of the Board's commitment to maintaining and improving the effectiveness of its standards, it added a pre-agenda research activity to its technical plan to reexamine the existing reporting requirements for capital assets. The results of the pre-agenda research did not identify significant issues in practice related to the accounting and financial reporting for capital assets generally, but they indicated that there were opportunities to consider issues related to the recognition and measurement of infrastructure assets in financial statements and to provide additional information as disclosures in notes to financial statements. Accordingly, the scope of this project was established as a reexamination of the reporting requirements related to infrastructure assets in Statement 34 and subsequent pronouncements.

B3. Some respondents to the Preliminary Views requested that the Board consider broadening the scope of this project to require that all capital assets apply the provisions related to measuring depreciation expense and additional disclosures in notes to financial statements. Although the Board acknowledges that reporting for capital assets generally would be improved by applying the provisions of this Statement to all capital assets, the Board believes that the feedback from the pre-agenda research and the historical cost of infrastructure assets in relation to the historical cost of all other capital assets justifies limiting the scope of this Statement to infrastructure assets.

#### **Definition**

B4. This Statement amends the definition of infrastructure assets in paragraph 19 of Statement 34 to be capital assets that (a) are part of a network, (b) are stationary in nature, and (c) can be maintained or preserved for a significant number of years. In addition, this Statement clarifies that buildings that have a primary purpose that is integral to a network of infrastructure assets but are only an ancillary part of that network should be considered infrastructure assets. To specify what a network is in the definition of infrastructure assets, this Statement includes the definition of a network from footnote 14 of Statement 34, which states that "a network of assets is composed of all assets that provide a particular type of service for a government." This Statement further clarifies that a network may be only one infrastructure asset that may consist of many components with a component being defined

as a separate, distinguishable part of an infrastructure asset that has a specific function in contributing to the service capacity of that infrastructure asset.

B5. In the Preliminary Views, the Board proposed that only buildings that are part of a network of infrastructure assets used to provide a particular type of public service be considered infrastructure assets. Some respondents to the Preliminary Views requested that further clarification be provided for buildings that should be considered infrastructure assets. Some of those respondents requested that the Board retain the term *ancillary*, which was used in the description of buildings that are infrastructure assets in paragraph 19 of Statement 34. Other respondents to the Preliminary Views expressed the belief that similar to the definition of infrastructure assets in the Preliminary Views, the term *public service* should be defined as used in the description of buildings.

B6. The Board determined that the use of the term *public service* was unnecessary in both the definition of infrastructure assets and the description of buildings that should be included as infrastructure assets. The Board believes that stakeholders understand that infrastructure assets, by being capital assets, are not investments and, therefore, are used by the government to provide services. As a result, the Board replaced the term *public service* with *services* in the definition of infrastructure assets. The Board also decided to include both the terms *integral* and *ancillary* to describe buildings that should be considered infrastructure assets, as suggested by some respondents to the Preliminary Views. The Board included the term *integral* because the Board did not want nonessential buildings included as infrastructure assets and the term *ancillary* because the Board did not want buildings to be the prevailing part of an infrastructure asset.

B7. The Preliminary Views did not propose a definition of components. The use of the term *components* in the Preliminary Views was the same as that used in describing a network of infrastructure assets in footnote 14 of Statement 34 where it is undefined. Some respondents to the Preliminary Views requested that the Board define the term *components* as used in the definition of a network of infrastructure assets because those respondents expressed concern that different interpretations of the requirements may result. Some of those respondents also noted that, as discussed in paragraphs B16–B19, the Preliminary Views provided requirements related to the measurement of accumulated depreciation and depreciation expense for components of infrastructure assets in certain circumstances. To assist stakeholders in understanding the term *components*, the Board determined that a definition of components should be included in this Statement.

B8. The Preliminary Views proposed adding communication networks to the list of examples of infrastructure assets that was provided in paragraph 19 of Statement 34. The Board believes that those networks are examples of infrastructure assets that some governments have placed into service since the issuance of Statement 34. Some respondents to the Preliminary Views did not agree that communication networks are infrastructure assets. Some of those respondents expressed the belief that those types of infrastructure assets are not long-lived assets due to rapid changes in technology. The Board believes that communication networks that meet the other criteria of the definition of infrastructure assets should be considered infrastructure assets. To alleviate potential

confusion with the definition of networks, the Board decided to use communication towers as an example of an infrastructure asset.

## **Recognition and Measurement**

B9. Paragraph 21 of Statement 34 allows governments to report infrastructure assets using either historical cost net of accumulated depreciation or the modified approach. In the deliberations that led to the issuance of the Preliminary Views, the Board considered requiring infrastructure assets to be reported using other approaches. Those other approaches included measuring infrastructure assets at fair value, measuring infrastructure assets at replacement cost, and reporting all infrastructure assets using the modified approach. However, in the Preliminary Views, the Board did not propose changing the reporting option allowed by paragraph 21 of Statement 34. Some respondents to the Preliminary Views requested that one of those other approaches be used to report infrastructure assets rather than allowing governments the option to use either historical cost net of accumulated depreciation or the modified approach. The Board recognizes that measuring infrastructure assets at fair value or replacement cost may provide better information about the financial position of the government. However, the Board believes that the use of fair value or replacement cost to measure infrastructure assets generally is not appropriate because those approaches are less relevant to assessing interperiod equity as neither approach allocates the actual costs incurred by a government to periods. The Board also believes that measurement of infrastructure assets using fair value or replacement cost would increase the costs of preparing financial statements for governments. In addition, although the feedback received during the pre-agenda research indicated that information about the condition of infrastructure assets for infrastructure assets reported using the modified approach was consistently rated by stakeholders as highly relevant for making decisions or assessing the accountability of governments, the Board was concerned about the costs that some governments may be forced to incur to perform regularly scheduled condition assessments of their infrastructure assets. The Board also was concerned that standardized condition assessment processes have not been developed for all networks of infrastructure assets.

B10. During the pre-agenda research and in response to the Preliminary Views, some stakeholders expressed concern that governments have a liability for deferred maintenance on capital assets, most notably infrastructure assets. Although deferred maintenance is not universally defined, it is generally considered maintenance and repairs that are delayed until future periods. Paragraph 17 of Concepts Statement No. 4, *Elements of Financial Statements*, defines liabilities as “present obligations to sacrifice resources that the government has little or no discretion to avoid.” The Board believes that deferred maintenance is the result of management making decisions as to whether assets are in an acceptable working condition. The Board also believes that a government generally would not be legally required to incur maintenance or preservation costs on infrastructure assets at specific times. That is, management has the discretion to determine whether infrastructure assets are in an acceptable condition or whether they need additional maintenance or preservation work performed to continue to provide services. As a result,

the Board determined that deferred maintenance does not meet the definition of a liability for financial reporting purposes.

B11. To provide information that users of financial statements can utilize to make their own assessments of information about deferred maintenance, such as the amount governments spend on maintaining and preserving infrastructure assets and the age of infrastructure assets, the Preliminary Views proposed that governments disclose the historical cost of infrastructure assets that have exceeded 80 percent of their estimated useful lives in notes to financial statements (see paragraphs B28–B31) and disclose and present maintenance and preservation expenses related to infrastructure assets in notes to financial statements and RSI (see paragraphs B35–B37).

### ***Historical Cost Net of Accumulated Depreciation***

#### **Consideration of components with different estimated useful lives**

B12. Although current guidance allows governments to calculate depreciation expense by grouping similar assets, it does not discuss whether components of an infrastructure asset should be considered a separate infrastructure asset. The Board generally believes that an infrastructure asset may have multiple components and in circumstances in which the cost of one of those components is significant and has a substantially different estimated useful life, that component should be considered a separate infrastructure asset and should be depreciated over its own estimated useful life. For example, the substructure of a road may have a different estimated useful life than the surface of the road and should be considered a separate infrastructure asset.

B13. The Preliminary Views proposed requiring a component of an infrastructure asset with a cost that is significant in relation to the total cost of the infrastructure asset to be depreciated separately if the estimated useful life of that component is different from the estimated useful life of the infrastructure asset to better allocate costs to periods in which the component is used as part of the infrastructure asset. Some respondents to the Preliminary Views believe that the estimated useful life of a component also should be significantly different from the estimated useful life of the infrastructure asset. The Board is sensitive to the additional work that may be necessary to track those amounts and believes that in circumstances in which the estimated useful life of a component is not much different from the estimated useful life of the infrastructure asset, there will not be significant differences in amounts reported for depreciation expense and accumulated depreciation related to infrastructure assets. Therefore, the Board decided to limit the requirement to those components whose costs are significant in relation to the infrastructure asset and whose estimated useful lives are substantially different from the estimated useful life of the infrastructure asset, which the Board believes denotes a degree of magnitude that is greater than significant.

B14. Other respondents to the Preliminary Views disagreed with the requirement as they believe that the expected benefits resulting from the requirement would not justify the perceived costs incurred to provide the information. The Board believes that because the resulting amounts recognized as infrastructure assets and annual depreciation expense

will be more representative of the actual use of the infrastructure assets, the costs necessary for governments to consider significant components as separate infrastructure assets will be justified.

B15. Some respondents to the Preliminary Views requested additional clarification as to what represents a component of an infrastructure asset. To provide clarification, the Board decided to include a definition of components with the definition of infrastructure assets, as discussed in paragraph B7.

### **Periodic review of estimated useful lives and salvage values**

B16. One of the concerns expressed most often by participants in the pre-agenda research was that a significant number of governments have capital assets, including infrastructure assets, that currently are reported as fully depreciated even though the assets are still being used by governments to provide services. That circumstance results in the entire cost of an infrastructure asset having been allocated to prior periods. The Board believes that those costs instead should be allocated to the periods in which infrastructure assets continue to be used to provide services by governments, which include future periods. The Board believes that requiring governments to perform a periodic review of the estimated useful lives and salvage values used in the calculation of infrastructure assets being depreciated will reduce the circumstances in which infrastructure assets that are still being used to provide services are reported as fully depreciated.

B17. The Board recognizes that accumulated depreciation is an estimate; therefore, some infrastructure assets may not last as long as expected, resulting in costs that are still left to be allocated to those estimated future periods of service being recognized in the current period. Likewise, some infrastructure assets may last longer than expected, resulting in costs not being allocated to the later periods during which those infrastructure assets provide service, as discussed above. The Board is concerned that governments currently may not reevaluate the estimated useful lives of their infrastructure assets as often as they should to ensure the appropriateness of that estimate. The Board believes that because infrastructure assets are long lived and are a significant portion of the capital asset amounts reported by some governments, the estimates used in reporting information about infrastructure assets should be evaluated periodically so that the amount of depreciation expense charged to periods, as well as the amount of historical cost net of accumulated depreciation, is as reflective as possible of the actual use of the infrastructure assets.

B18. Some respondents to the Preliminary Views did not believe that the requirement was necessary. Those respondents noted that Question 7.14.4 of Implementation Guide 2015-1 currently requires governments to periodically review the estimated useful lives of all capital assets. The Board recognizes that current guidance but believes that including the requirement in this Statement will emphasize the requirement.

B19. Other respondents to the Preliminary Views requested that the Board specifically state how often a government should perform reviews of the estimated useful lives and

salvage values of infrastructure assets. The Board noted that to ensure that estimates of other amounts recognized in financial statements are measured reliably, governments need to have some form and frequency of review in place so that estimates are representative of the economic and financial conditions they are expected to represent. As a result, the Board does not believe that a specific time frame to perform reviews of estimated useful lives and salvage values of infrastructure assets needs to be established.

B20. Some respondents to the Preliminary Views disagreed that governments should be required to periodically reevaluate the salvage values of infrastructure assets. Those respondents believe that governments generally do not assign a salvage value to infrastructure assets because those assets generally do not have a salvage value or that the salvage value of infrastructure assets is immaterial. The Board recognizes that governments generally may not assign salvage values to infrastructure assets when determining the amount to recognize for depreciation expense either because those governments do not expect to sell the infrastructure assets or because they expect those salvage values to be immaterial. However, the Board believes that governments that have infrastructure assets that are expected to have salvage values at the time of disposal and that report those infrastructure assets using historical cost net of accumulated depreciation should periodically review the appropriateness of those salvage values, similar to the review of the estimated useful lives discussed above.

### ***Modified Approach***

B21. The Preliminary Views proposed continuing to allow governments to elect to use the modified approach to report infrastructure assets rather than reporting infrastructure assets using historical cost net of accumulated depreciation. In considering the requirements in paragraph 23 of Statement 34 to use the modified approach, the Board was concerned that some stakeholders may interpret the guidance to mean that an asset management system must perform the requirements. The Board believes that governments may manually fulfill some of the requirements to use the modified approach rather than automating them within an asset management system. As a result, the Board believes that rather than requiring governments to have an asset management system, governments that meet each of the requirements to use the modified approach may use the modified approach to report infrastructure assets, recognizing that governments likely will continue to use asset management systems to meet some of those requirements. The Board also believes that this will provide additional flexibility for governments that want to report their infrastructure assets using the modified approach.

## **Notes to Financial Statements**

### ***Divided by Network***

B22. Paragraph 20 of Statement 34 and Question 7.85.2 of Implementation Guide 2015-1 provide examples of major classes of capital assets that include infrastructure assets as a major class. During outreach, users indicated that information about dividing infrastructure assets by network of infrastructure assets is essential to

making decisions and assessing accountability in circumstances in which a government has multiple networks of infrastructure assets. During the field test regarding the note disclosures proposed in the Preliminary Views, participating governments generally noted minimal difficulty in dividing disclosures related to infrastructure assets by network. The Board believes that in certain circumstances, such as when a city has infrastructure assets related to both roads and communication towers, disclosure of those infrastructure assets by network will provide essential information.

B23. Some respondents to the Preliminary Views disagreed with dividing disclosures related to infrastructure assets by network in notes to financial statements. Those respondents expressed their belief that some governments may not have the information to divide infrastructure assets by network. The Board believes that governments generally should have the information necessary to provide disclosure of infrastructure assets by network as that information is necessary to report information in financial statements when infrastructure assets are removed from service or replaced.

### ***Monitoring Policy***

B24. The Preliminary Views proposed that governments disclose their policies for monitoring the maintenance and preservation of infrastructure assets. The Board believes that such a disclosure of a government's policy for monitoring the maintenance and preservation of its infrastructure assets is essential information that would let users of financial statements know how a government determines whether maintenance and preservation expenses should be incurred for its infrastructure assets. The Board believes that such a disclosure would not require significant costs as governments would be providing a brief description of their policies regarding monitoring the maintenance and preservation of infrastructure assets.

B25. Some respondents disagreed with disclosure of a government's policies for monitoring the maintenance and preservation of its infrastructure assets. Some of those respondents believe that those policies are not essential information; others are concerned that the disclosure provided will be boilerplate information that will not be detailed enough for assessments of accountability. In addition, some of those respondents were concerned about circumstances in which a government does not have policies regarding monitoring the maintenance and preservation of their infrastructure assets.

B26. To address concerns expressed by respondents to the Preliminary Views that governments may not have a policy regarding monitoring the maintenance and preservation of infrastructure assets, the Board decided that this Statement should only require those governments that have such a policy to provide the disclosure. The Board acknowledges that for some larger governments with complex networks of infrastructure assets, the policy described may not provide detailed information. However, the Board believes that the disclosure by governments that have such a policy will provide users with essential information about assessing the government's accountability for services provided through its infrastructure assets.

## ***Infrastructure Assets That Have Exceeded 80 Percent of Their Estimated Useful Lives***

B27. During the pre-agenda research, users requested information about infrastructure assets that are nearing the end of their estimated useful lives. In addition, stakeholders provided feedback about concerns that governments report a significant percentage of capital assets, especially long-lived capital assets such as infrastructure assets that are fully depreciated. Currently, the amount of infrastructure assets that are fully depreciated is not separately presented in the financial statements or disclosed in notes to financial statements because those assets are aggregated with newer assets that may not be replacing the service capacity of those infrastructure assets that are fully depreciated. The Board believes that providing a disclosure that separates by network the historical cost of those infrastructure assets that have reached 100 percent of their estimated useful lives from the historical cost of those infrastructure assets that have exceeded 80 percent of their estimated useful lives but have not yet reached 100 percent of their estimated useful lives, would provide essential information about (a) infrastructure assets that are nearing the end of their estimated useful lives and (b) infrastructure assets that are fully depreciated. The Board recognizes that the useful lives of infrastructure assets are estimates over a significant number of years, which increases the likelihood that the infrastructure assets will be used by the government for longer or shorter periods than those estimated. However, the Board believes that the estimate of useful lives used to calculate depreciation is a significant assumption used in the financial reporting of infrastructure assets for which additional information should be provided in notes to financial statements. The Board also believes that such a disclosure should not require significant costs to provide as the historical cost and accumulated depreciation of infrastructure assets reported using historical cost net of accumulated depreciation should already be known by governments and that information should be able to be divided by network.

B28. Some respondents to the Preliminary Views disagreed with providing information about the infrastructure assets that have exceeded 80 percent of their estimated useful lives. Some of those respondents do not believe that the information will provide users with essential information as those respondents do not believe that 80 percent is reflective of some infrastructure assets nearing the end of their estimated useful lives. Those respondents generally believe that 80 percent is an arbitrary number and that because of the different estimated useful lives for different networks of infrastructure assets, a different threshold such as a specified number of years until the end of the estimated useful lives should be used as the threshold for making the disclosure. In addition, other respondents believe that the requirement for governments to periodically review the estimated useful lives of infrastructure assets will decrease the amount of infrastructure assets that are fully depreciated in the future; others that disagreed with the disclosure believe that the information will be too costly to prepare.

B29. The Board recognizes that the use of 80 percent as the threshold for this disclosure may result in disclosure of some infrastructure assets that are nearer to the end of their useful lives than other infrastructure assets that have longer useful lives. However,

the Board believes it is a percentage that is close enough to the end of the useful lives of infrastructure assets to provide users with some information about the amount and age of infrastructure assets that are nearing the end of their useful lives. The Board also believes that using a threshold of the number of years until the end of estimated useful lives of infrastructure assets would result in the same belief by some stakeholders that the threshold is too large or too small. The Board also agrees with those respondents that the requirement for governments to periodically review the estimated useful lives of infrastructure assets should decrease the amount of infrastructure assets reported that have reached 100 percent of their estimated useful lives. However, the Board still believes that the disclosure of infrastructure assets that have exceeded 80 percent of their estimated useful lives provides essential information about infrastructure assets that are *nearing* the end of their useful lives and, therefore, should be required. To provide additional essential information about the amount and age of those infrastructure assets, the Board decided to require that both the amount of accumulated depreciation and the historical-cost weighted-average age of those infrastructure assets also be disclosed. The Board continues to believe that the disclosure should not require significant costs to provide as the information is based on calculations from a government's current capital asset records.

### ***Description of the Modified Approach***

B30. Paragraph 115e of Statement 34 requires governments that use the modified approach to report infrastructure assets to describe the modified approach in their summary of significant accounting policies in notes to financial statements. Subsequent to the issuance of Statement 34, the Board developed concepts for providing information in note disclosures to basic financial statements in Concepts Statement No. 7, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements*. Paragraph 10 of Concepts Statement 7 contains the types of information not appropriate for notes to financial statements. One of those types of information is "general or educational information that is not specific to the government."

B31. Although the Board believes that the use of the modified approach to report infrastructure assets is a significant accounting policy, the Board also believes that a description of the modified approach is general educational information that is not specific to the government. Although an explanation may be useful to a user of the financial statements, the Board believes that it is not essential and that users are ". . . responsible for obtaining a reasonable understanding of government and public finance activities and of the fundamentals of governmental financial reporting . . ." in interpreting information in financial statements, as stated in paragraph 21 of Concepts Statement No. 3, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements*. Therefore, the Board believes that a description of the modified approach in the summary of significant accounting policies in notes to financial statements is not essential to a user for making economic, social, or political decisions or assessing accountability and should no longer be required.

B32. Some respondents to the Preliminary Views disagreed with not requiring a description of the modified approach included in the summary of significant accounting

policies for those governments that use the modified approach to report infrastructure assets. Those respondents generally believe that the description of the modified approach is essential to a user's understanding of the financial statements because they believe that few governments use the modified approach, resulting in a lack of understanding regarding the effects of using that approach on information presented in financial statements. The Board continues to believe that describing the modified approach in the summary of significant accounting policies would be educational information that is not essential to users of financial statements.

### ***Maintenance and Preservation Expenses***

B33. The Preliminary Views proposed that a government disclose in notes to financial statements the amount of maintenance or preservation expense for the current reporting period related to infrastructure assets. For purposes of that disclosure, (a) maintenance expenses were considered expenses that allow infrastructure assets to continue to be used throughout their estimated useful lives but do not extend the estimated useful lives of those infrastructure assets or increase the capacity or efficiency of those infrastructure assets reported using historical cost net of accumulated depreciation and (b) preservation expenses were considered expenses that are intended to keep those infrastructure assets at (or above) the condition level established and disclosed by the government but that do not increase the capacity or efficiency of those infrastructure assets reported using the modified approach.

B34. Some respondents to the Preliminary Views expressed concern that disclosure in notes to financial statements of maintenance and preservation expenses as proposed in the Preliminary Views does not provide context regarding the condition level of the infrastructure assets being maintained or preserved because no information would be provided as to the condition of the infrastructure assets. Those respondents also noted that infrastructure assets may require different levels of service depending on the age or condition of the infrastructure assets. In addition, some respondents noted that there are no specific amounts of outflows for maintenance or preservation necessary to be incurred in any given year that is associated with the condition level of infrastructure assets. Some of those respondents noted that outflows for maintenance and preservation of infrastructure assets incurred by a government in a fiscal year may be related to amounts of resources available to the government rather than amounts the government believes is necessary to adequately maintain and preserve its infrastructure assets. In addition, some respondents disagreed that the expected benefit of knowing the maintenance and preservation expenses related to infrastructure assets of a government justified the cost of providing that information because they believe that some governments currently do not separately account for maintenance and preservation expenses of infrastructure assets. Several field test participants noted that their governments currently do not track maintenance and preservation expenses for infrastructure assets separately from those expenses for other capital assets, and significant work would be necessary to establish and implement procedures to obtain that information.

B35. By having information about the amount of maintenance and preservation expenses related to infrastructure assets recognized in the financial statements provided

as a disclosure in notes to financial statements, the Board believes that users can compare those amounts to their expectation of maintenance and preservation expenses incurred by the government. However, the Board was persuaded by feedback from respondents to the Preliminary Views as well as field test participants that the costs expected to be incurred by governments to separately track maintenance and preservation expenses related to infrastructure assets do not justify the perceived benefit users of financial statements would receive in comparing those expenses to their expectations.

## **Required Supplementary Information**

B36. Paragraph 132b of Statement 34 requires information about the estimated annual amount to maintain and preserve infrastructure assets reported using the modified approach at (or above) the condition level established and disclosed by the government compared with the amounts actually expensed to be presented for each of the past five fiscal years. Because other information presented as RSI generally includes information for 10 years, the Board believes that including information about the estimated and actual amounts to maintain and preserve infrastructure assets reported using the modified approach from the past 10 fiscal years rather than the past 5 fiscal years is essential to place that information in an appropriate historical context.

B37. Some respondents to the Preliminary Views expressed concern with presenting information as RSI about the estimated and actual amounts to maintain and preserve infrastructure assets being reported using the modified approach. Those respondents generally believe that the information from earlier years would not be used or would not be useful by the end of 10 years. However, the Board believes that providing that information for 10 years will assist users in identifying trends in a government's maintenance and preservation expenses without resulting in an overly burdensome presentation. Transition provisions have been included in this Statement to accommodate presentation of the information in certain circumstances, as described in paragraphs B47–B50.

B38. Paragraph 133c of Statement 34 lists factors that significantly affect trends in the information reported as RSI for infrastructure assets reported using the modified approach that are required to be disclosed in notes to RSI. Those factors include any changes in the measurement scale, the basis for the condition measurement, or the condition assessment methods used during the periods covered in the RSI schedules related to those infrastructure assets. Although paragraph 133b of Statement 34 requires that the condition level at which the government intends to preserve its eligible infrastructure assets be presented as RSI, the Board believes that governments also should disclose in notes to RSI that changes in the condition level were made as those changes likely affect trends in the information reported. In addition, the Board believes that the reason for that change should be disclosed in notes to the RSI schedules.

B39. The Preliminary Views proposed that governments that report infrastructure assets using historical cost net of accumulated depreciation present as RSI a schedule of the estimated annual amount calculated at the beginning of the fiscal year to maintain those infrastructure assets compared with the amounts actually reported as expense for each of the past 10 fiscal years. For the same reason discussed in paragraph B35 related to not

requiring governments to provide a disclosure in notes to financial statements of the amount of maintenance and preservation expense, the Board decided not to include that requirement in this Statement.

## **Supplementary Information**

B40. Footnote 58 of Statement 34 encourages governments that do not use the modified approach to report infrastructure assets to provide information about the condition of their infrastructure assets as supplementary information. Paragraph 46 of Concepts Statement 3 defines supplementary information as “supporting information that is useful for placing basic financial statements and notes to basic financial statements in an appropriate operational, economic, or historical context.” Although the Board believes that information about the condition of infrastructure assets meets the definition of supplementary information, the Board is not aware of many governments that have provided such information as supplementary information in financial reports. As a result, the Board decided that this Statement should remove the encouragement for governments to present that information. The Board noted that a government that does not use the modified approach to report infrastructure assets may present information about its infrastructure assets as supplementary information because the government either is required to do so by a regulatory body or voluntarily elects to present the information.

## **Considerations Related to Benefits and Costs**

B41. The overall objective of financial reporting by state and local governments is to provide information to assist users (the citizenry, legislative and oversight bodies, and investors and creditors) in assessing the accountability of governments and in making economic, social, and political decisions. One of the principles guiding the Board’s setting of standards for financial reporting is the assessment of the expected benefits and perceived costs. The Board strives to determine that its standards (including disclosure requirements) address a significant user need and that the costs incurred through the application of its standards, compared with possible alternatives, are justified when compared to the expected overall public benefit.

B42. Present and potential users are the primary beneficiaries of improvements in financial reporting. Persons within governments who are responsible for keeping accounting records and preparing financial statements, as well as managers of public services, also benefit from the information that is collected and reported in accordance with GASB standards. The costs to implement the standards are borne primarily by governments and, by extension, their citizens and taxpayers. Users also incur costs associated with the time and effort required to obtain and analyze new information to meaningfully inform their assessments and decisions.

B43. The Board’s assessment of the expected benefits and perceived costs of issuing new standards is unavoidably more qualitative than quantitative because no reliable and objective method has been identified for quantifying the value of improved information in financial statements. Furthermore, it is difficult to accurately measure the costs of implementing new standards until implementation has taken place. Nonetheless, the Board

undertakes the assessment based on the available evidence regarding expected benefits and perceived costs with the objective of achieving an appropriate balance between maximizing benefits and minimizing costs.

B44. The Board believes that the requirements of this Statement will result in information about infrastructure assets that better meets the needs of users. Specifically, the Board believes that both the requirements to (a) periodically review the appropriateness of estimated useful lives and salvage values of infrastructure assets and (b) depreciate each component of an infrastructure asset with a cost that is significant in relation to the total cost of the infrastructure asset and an estimated useful life that is substantially different from the estimated useful life of that infrastructure asset will result in better allocation of costs to periods in which infrastructure assets provide services. The Board also believes that the new disclosures required by this Statement will provide users with essential information about a government's policy for monitoring the maintenance and preservation of infrastructure assets and the historical-cost weighted-average age of infrastructure assets that are nearing the end of their useful lives.

B45. Regarding perceived costs, the Board recognizes that, at implementation, there may be costs associated with education about the new requirements for preparers, auditors, and users, and initial costs to evaluate processes and procedures in place for estimating useful lives of infrastructure assets and determining components of infrastructure assets. The Board also recognizes that some governments may need to review their capital asset records to report infrastructure assets by network of infrastructure assets. In addition, the Board believes that additional effort by governments will be necessary to determine those infrastructure assets that have exceeded 80 percent of their estimated useful lives and to calculate the historical-cost weighted-average age of those infrastructure assets. However, the Board generally believes that the information necessary to do those reviews and make those determinations should be readily obtainable. The Board also believes that the transition provisions discussed in paragraphs B47–B50 will decrease costs incurred by governments because governments would not be required to apply most changes that result from this Statement retroactively, and information presented for previous periods in comparative financial statements would not be required to be restated.

## **Effective Date and Transition**

B46. The requirements of this Statement are effective for fiscal years beginning after June 15, 2028, and all reporting periods thereafter. The Board believes that the effective date provides sufficient time for education about the new requirements and will allow governments to plan for the transition and implementation of this Statement. The Board also noted that some governments may wish to implement the guidance earlier than the effective date, which this Statement encourages.

B47. Regarding the transition provisions of this Statement, the Board considered the accounting and financial reporting requirements of Statement No. 100, *Accounting Changes and Error Corrections*, for a change in accounting principle, which includes the implementation of a new pronouncement. The Board concluded that, although the

implementation of a new pronouncement is a change in accounting principle, the expected benefits of retroactive application of the provisions in this Statement (which is required for a change in accounting principle in the absence of more specific provisions) would not justify the perceived costs. Consequently, the Board decided to establish specific transition provisions for the requirements of this Statement.

B48. Except for the provisions in paragraph 6 of this Statement, the Board believes that the provisions of this Statement should be applied to only those infrastructure assets that are held by the government at the date of transition. The Board believes that the requirement in paragraph 6 of this Statement to use a different estimated useful life for a component of an infrastructure asset in circumstances in which the cost of the component is significant in relation to the total cost of the infrastructure asset and the estimated useful life of that component is substantially different from the estimated useful life of the infrastructure asset, only should be applied to infrastructure assets placed into service after the beginning of the first fiscal year in which a government implements this Statement. The Board is concerned with the effort that may be necessary for some governments to determine which components of infrastructure assets currently being used by governments may have different estimated useful lives than the infrastructure assets of which they are a part. Although the Board recognizes that not requiring retroactive application of depreciation of those components separately will result in some governments continuing to depreciate those components over the estimated useful lives of the related infrastructure assets, the Board believes that over time, the differences in depreciation expense recognized and depreciation expense that would have been recognized had those components been depreciated separately will decrease.

B49. The Board believes that the requirement in paragraph 7 of this Statement to perform a review of the estimated useful lives and salvage values used in the measurement of depreciation expense for infrastructure assets being depreciated initially should be done at the beginning of the period of implementation. The Board also believes that any changes to the estimated useful lives of infrastructure assets as a result of that review should be presented at the beginning of the period of implementation as a restatement of beginning net position or fund net position, as applicable.

B50. In addition, the Board believes that governments that present comparative financial statements should not be required to apply the provisions of this Statement to information presented for years prior to the first fiscal year of implementation. As a result, this Statement specifies that the provisions in paragraphs 51–53 of Statement 62, as amended, for comparative financial statements should not be applied to the provisions of this Statement at transition.

## **Alternative Views**

B51. Two Board members offered alternative views to the requirements in this Statement. In the first alternative view (paragraphs B52–B60), the Board member believes that this Statement should provide more information that can be used to assess deferred maintenance of infrastructure assets. In the second alternative view (paragraphs B61–B66), the Board member disagrees with the requirements in paragraph 6 of this Statement.

## Information about Deferred Maintenance

B52. One Board member expresses an alternative view because they believe that this Statement does not meet an essential informational need expressed by users of financial statements at every opportunity—to provide information about the deferral of costs for the maintenance and preservation of infrastructure assets (deferred maintenance). Users desire information not only about capital expenses necessary to adequately replace infrastructure assets at the end of their estimated useful lives but also about whether governments are maintaining these assets so that they reach the end of their estimated useful lives. The Board member believes that the proposals should include information about the amounts governments intend to and actually expend on their infrastructure assets to allow them to provide service throughout their estimated useful lives.

B53. As is typical for a major project to be considered for the Board's agenda, extensive pre-agenda research was conducted on the subject of capital assets. After reviewing that research, the Board decided that there were opportunities to consider issues related to infrastructure assets and to provide additional information about the costs of maintenance and preservation. The topic of infrastructure assets had not been looked at comprehensively by the Board since Statement 34 was released in 1999.

B54. In the research, users of financial statements expressed their views that additional information to be used in their assessments of long-term and short-term capital needs was necessary as was information about deferred maintenance. The Board deliberated the users' needs along with the totality of the pre-agenda research and developed possible new disclosures to help meet these information needs. Such possible new disclosures were further evaluated for essentiality in accordance with Concepts Statement 7.

B55. One of the disclosures evaluated was information about maintenance expenses for a government's infrastructure assets. The Board determined that the information was essential to users based on the input received from them during user outreach. As a result, the disclosure was proposed in paragraph 22 of Chapter 6 in the Preliminary Views. In paragraph 23, the Board stated that it "would provide users with some of the information they indicated they need."

B56. The Preliminary Views also proposed in paragraph 5 of Chapter 7 that governments that report infrastructure assets using historical cost net of accumulated depreciation present as RSI a schedule of the estimated annual amount calculated at the beginning of the fiscal year to maintain those infrastructure assets by major class compared with the amounts actually expensed for each of the past 10 fiscal years. In paragraph 6, the Board stated that this information "could provide users of financial statements with essential information related to how a government is maintaining its infrastructure assets."

B57. The Board acknowledged user input about deferred maintenance in Appendix A of the Preliminary Views. While explaining why it was the Board's view that deferred maintenance could not be a liability, the Board stated that the disclosure and RSI noted above in paragraphs B55 and B56, respectively, will "provide information that users of

financial statements can utilize to make their own assessments on information related to deferred maintenance . . .” (paragraph A12).

B58. The feedback received from users about this information related to deferred maintenance was mostly positive, but some stakeholders expressed concern about the burden of providing the information. After redeliberating, the Board removed both the disclosure and RSI schedule, which are not included in this Statement.

B59. Without this information, the Board member believes the project’s primary goal—to address user concerns about the condition of infrastructure assets and the consideration of deferred maintenance—is not being met. The Board member is sensitive to the burden on governments to provide information in the financial statements. The Board member would have supported exploring a number of ways to make the information less burdensome to produce while still retaining its essential value to users. Among them was to (a) have governments compare amounts budgeted for maintenance to amounts actually expensed (instead of estimating amounts), (b) provide more clarity on what the Board intended to be included in maintenance expenses, and (c) provide transition provisions allowing the information to be built up over time in the 10-year RSI schedule. However, the Board has chosen not to explore these approaches.

B60. Infrastructure assets are significant components of many governments’ total assets. The topic of capital assets (which currently includes infrastructure assets) has not been comprehensively revisited by the Board in over 25 years (since Statement 34). The Board member believes this once-in-a-generation opportunity to provide comprehensive guidance on the topic of infrastructure assets should include information that users have repeatedly expressed as essential to their evaluations of governments—information to allow them to make decisions and assessments on deferred maintenance. While the information’s benefits to users would be extremely high in the Board member’s opinion, the ongoing costs to users of not having it will remain unacceptably high.

### **Consideration of Components with Different Estimated Useful Lives**

B61. One Board member expresses an alternative view to this Statement because of the inconsistencies that may be created for governments trying to implement the requirements in paragraph 6. That paragraph requires that a component of an infrastructure asset that has a cost that is significant in relation to the total cost of the infrastructure asset and is substantially different from the estimated useful life of the infrastructure asset be considered a separate asset and depreciated at the estimated useful life of the component rather than the estimated useful life of the infrastructure asset.

B62. The Board member is concerned with difficulties this may present, particularly to smaller governments. With the implementation of Statement 34, various smaller governments relied largely on estimates to determine the retroactive aggregated values and estimated lives for networks of infrastructure assets, such as roads. After the effective date of Statement 34, some governments continue to aggregate the infrastructure assets by network, without retaining detailed information for individual assets.

B63. The Board member believes that when a component of an infrastructure asset is replaced, governments may struggle to compare the cost of the replaced component with the total cost of the original infrastructure asset, if those costs are part of the aggregated amounts. For example, a County constructed several roads in 2015 under one contract and included the total costs in the roads network, depreciating this total over 40 years. In 2029, the County undertakes milling and overlay of 8 lane miles of one of those roads, which originally spanned 20 lane miles. It could be difficult for the County to determine the total cost of the specific road to assess whether the 2029 work constitutes a significant component. Generally, the size of road improvement projects for existing roads will vary depending upon the budget and urgency of the improvements and will not correspond to the entirety of the original road. As a result, it would be difficult to assess whether those improvements constitute significant components.

B64. The Board member also believes that some governments could have difficulty determining whether future road work is considered an improvement to be capitalized as a component or recognized as maintenance costs when the existing road costs are aggregated in the road network. In the example above, some smaller governments capitalize the 2029 costs for milling and overlay but do not depreciate it as a component or remove the original road costs due to lack of individual road details. This could continue with future road improvement projects for existing roads that have been aggregated in the road network and could overstate the amount recognized as the road network of infrastructure assets in a government's financial statements. Conversely, some governments could consider the 2029 milling and overlay as maintenance and always expense it because the original road is still being depreciated in the aggregate, and they lack information to make an informed decision to capitalize it as a component. Once the original road is fully depreciated, if those projects continue to be expensed, it could understate the amount recognized as the road network of infrastructure assets.

B65. The Board member also believes that co-ownership of infrastructure assets by governments introduces additional complications to the component requirement. Counties may share ownership of roads with local cities, creating challenges in dividing the original costs, determining which government pays for improvements, assessing components for each government, and allocating maintenance costs.

B66. The Board member acknowledges that it may be simpler to determine and account for components of certain infrastructure assets other than roads. However, most general governments have road network infrastructure assets and likely face the challenges discussed above, which the Board member believes will result in increased confusion and inconsistency among governments in accounting for infrastructure assets.

## APPENDIX C: ILLUSTRATION

C1. This appendix illustrates the calculation and disclosure of the historical-cost weighted-average age of infrastructure assets that have exceeded 80 percent of their estimated useful lives.

### Assumptions

A county government has infrastructure assets that consist of networks of roadway and bridge spans. For the roadway network, roadbeds have estimated useful lives of 30 years and road overlays have estimated useful lives of 15 years. For the bridge spans network, bridges have estimated useful lives of 50 years. The details of the county government's infrastructure assets by network are as follows:

<u>Road Network Assets</u>	<u>Estimated Useful Life</u>	<u>Year Placed in Service</u>	<u>Age at 2020</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	
Roadbed 1	30	20V6	34	\$ 30,000,000	\$ 30,000,000	A
Road overlay 1	15	20X7	13	15,000,000	13,000,000	B
Roadbed 2	30	20V9	31	45,000,000	45,000,000	A
Road overlay 2	15	20Y1	9	25,000,000	15,000,000	
Roadbed 3	30	20X2	18	65,000,000	39,000,000	
Road overlay 3	15	20Y7	3	30,000,000	6,000,000	
Roadbed 4	30	20X6	14	75,000,000	35,000,000	
Road overlay 4	15	20X7	13	35,000,000	30,333,333	B
Roadbed 5	30	20Y4	6	85,000,000	17,000,000	
Road overlay 5	15	20Y4	6	40,000,000	16,000,000	
Total				<u>\$ 445,000,000</u>	<u>\$ 246,333,333</u>	

<u>Bridge Network Assets</u>	<u>Estimated Useful Life</u>	<u>Year Placed in Service</u>	<u>Age at 2020</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	
Bridge A	50	20S8	62	\$ 40,000,000	\$ 40,000,000	A
Bridge B	50	20T9	51	50,000,000	50,000,000	A
Bridge C	50	20W5	25	75,000,000	37,500,000	
Bridge D	50	20Y0	10	100,000,000	20,000,000	
Total				<u>\$ 265,000,000</u>	<u>\$ 147,500,000</u>	

A Asset has reached 100 percent of estimated useful life.

B Asset exceeds 80 percent but has not reached 100 percent of estimated useful life.

The following tables show the calculation of the historical-cost weighted-average age of infrastructure assets by network that have reached 100 percent of their estimated useful lives:

<b>Road Network Assets</b>	<b>Historical Cost</b>	<b>Age at 2020</b>	<b>Historical Cost × Age at 2020</b>
Roadbed 1	\$ 30,000,000	34	\$ 1,020,000,000
Roadbed 2	45,000,000	31	1,395,000,000
Total roads	<u>\$ 75,000,000</u>		<u>\$ 2,415,000,000</u>

Historical-cost weighted-average age (Total of Historical Cost × Age at 2020 / Total of Historical Cost or \$2,415,000,000 / \$75,000,000) = 32.20

<b>Bridge Network Assets</b>	<b>Historical Cost</b>	<b>Age at 2020</b>	<b>Historical Cost × Age at 2020</b>
Bridge A	\$ 40,000,000	62	\$ 2,480,000,000
Bridge B	50,000,000	51	2,550,000,000
Total bridges	<u>\$ 90,000,000</u>		<u>\$ 5,030,000,000</u>

Historical-cost weighted-average age (Total of Historical Cost × Age at 2020 / Total of Historical Cost or \$5,030,000,000 / \$90,000,000) = 55.89

The following tables show the calculation of the historical-cost weighted-average age of infrastructure assets by network that have exceeded 80 percent of their estimated useful lives but have not yet reached 100 percent of their estimated useful lives:

<b>Road Network Assets</b>	<b>Historical Cost</b>	<b>Age at 2020</b>	<b>Historical Cost × Age at 2020</b>
Road overlay 1	\$ 15,000,000	13	\$ 195,000,000
Road overlay 4	35,000,000	13	455,000,000
Total roads	<u>\$ 50,000,000</u>		<u>\$ 650,000,000</u>

Historical-cost weighted-average age (Total of Historical Cost × Age at 2020 / Total of Historical Cost or \$650,000,000 / \$50,000,000) = 13.00

## **Disclosure**

Of the government's infrastructure assets, roads with a historical cost and accumulated depreciation of \$75,000,000 and a historical-cost weighted-average age of 32.20 years and bridges with a historical cost and accumulated depreciation of \$90,000,000 and a historical-cost weighted-average age of 55.89 years had reached 100 percent of their estimated useful lives at June 30, 2020. In addition, roads with a historical cost of \$50,000,000, accumulated depreciation of \$43,333,333, and a historical-cost weighted-average age of 13 years exceeded 80 percent of their estimated useful lives but had not yet reached 100 percent of their estimated useful lives.

## APPENDIX D: CODIFICATION INSTRUCTIONS

### ***Codification of Governmental Accounting and Financial Reporting Standards—June 2028 Update***

D1. The instructions that follow update the December 31, 2025 *Codification of Governmental Accounting and Financial Reporting Standards* (Codification) for the provisions of this Statement. Only the paragraph number of the Statement is listed if the paragraph will be cited in full in the Codification.

\* \* \*

[Update cross-references throughout.]

\* \* \*

#### **Section 1400—Reporting Capital Assets**

Sources: [Add GASBS XX.]

.103 [Replace the second, third, and fourth sentences with the following:] As used in this section, *infrastructure assets* are capital assets that are part of a network as discussed in paragraph .104. Infrastructure assets also are stationary in nature and can be maintained or preserved for a significant number of years. Examples of infrastructure assets include roads, bridges, tunnels, water and sewer, dams, lighting, and communication towers. Buildings that have a primary purpose that is integral to a network of infrastructure assets but are only an ancillary part of that network should be considered infrastructure assets. [GASBS 34, ¶19, as amended by GASBS XX, ¶4; GASBS XX, ¶4]

[Insert new paragraphs .104 and .105 as follows; renumber subsequent paragraphs.]

.104 [GASBS XX, ¶5]

.105 [Insert current footnote 15.]

.106 [In current paragraph .104, add GASBS XX, ¶8 to the sources.]

.107 [Revise current paragraph .105 as follows:] Infrastructure assets<sup>5</sup> are not required to be depreciated as long as the following requirements are met:

- a. Maintain an up-to-date inventory of those infrastructure assets
- b. Perform condition assessments<sup>6</sup> of those infrastructure assets and summarize the results using a measurement scale

- c. Estimate each year the annual amount to maintain and preserve those infrastructure assets at the condition level established and presented as Required Supplementary Information (RSI) by the government
- d. Maintain documentation demonstrating that those infrastructure assets are being preserved approximately at (or above) a condition level established and presented as RSI by the government.<sup>7</sup>

[GASBS 34, ¶23, as amended by GASBS XX, ¶4 and ¶8; GASBS XX, ¶8]

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<sup>5</sup>If a government chooses not to depreciate a subsystem of infrastructure assets based on the provisions of this paragraph, the requirements in this paragraph and the documentary evidence required by paragraph .108 should be for that subsystem of infrastructure assets. [GASBS 34, fn16, as amended by GASBS XX, ¶8]

<sup>6</sup>[Insert current 1400.fn7; add GASBS XX, fn1 to the sources.]

<sup>7</sup>[Insert current 1400.fn6; add GASBS XX, fn2 to the sources.]

.108 [Revise current paragraph .106 and footnote 8 as follows; in the subparagraphs, delete *eligible*.]

[Revise the sentences before the subparagraphs as follows:] Determining what constitutes adequate documentary evidence to meet the requirement in paragraph .107d for using the modified approach requires professional judgment because of variations among governments' condition assessment methods. Methods also may vary within governments for different infrastructure assets. However, governments should document that:

[GASBS 34, ¶24, as amended by GASBS XX, ¶4 and ¶8; GASBS XX, ¶8]

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<sup>8</sup>[Delete *eligible*.] [GASBS 34, fn19, as amended by GASBS XX, ¶4]

.109 [Delete *eligible*.] [GASBS 34, ¶25, as amended by GASBS XX, ¶4; GASBS XX, ¶8]

.110 [Replace .116 with .118–.120, update other cross-references, and add GASBS XX, ¶6–¶8 to the sources.]

.117 [In current paragraph .115, replace .117–.120 with .117–.121, update other cross-references, and add GASBS XX, ¶6, ¶8, ¶9, and ¶11 to the sources.]

.118 [In current paragraph .116, delete footnotes 14 and 15 and renumber subsequent footnotes.] [GASBS 34, ¶22, as amended by GASBS XX, ¶6; GASBS XX, ¶6] [GASBS 34, fn14, superseded by GASBS XX, ¶5]

[After current paragraph .116, insert new paragraphs .119 and .120, including new subheading, as follows; renumber subsequent paragraphs.]

## **Additional Considerations Related to Measuring Depreciation Expense for Infrastructure Assets**

.119–.120 [GASBS XX, ¶6 and ¶7]

.127 [In current paragraph .123, add GASBS XX, ¶5 and ¶8 to the sources.]

.128 [In current paragraph .124, add GASBS XX, ¶5 and ¶8 to the sources.]

.129 [In current paragraph .125, replace .117–.120 with .117–.123 and .125.]

.130 [In current paragraph .126, delete *, derived from asset management systems,*; delete current footnote 16 and renumber subsequent footnotes; replace *for all eligible* with *by network of*; in subparagraph (b), replace *five* with *10*.] [GASBS 34, ¶132, as amended by GASBS XX, ¶4, ¶8, and ¶13; GASBS XX, ¶13] [GASBS 34, fn57, superseded by GASBS XX, ¶13]

.131 [In current paragraph .127, delete current footnote 17 and renumber subsequent footnotes; in subparagraph b, delete *eligible*; replace subparagraph (c) with the following:]

- c. Factors that significantly affect trends in the information reported in the required schedules, including any changes in the condition level at which the government intends to preserve infrastructure assets, changes in the measurement scale, the basis for the condition measurement, or the condition assessment methods used during the periods covered by the schedules. If there is a change in the condition level at which the government intends to preserve infrastructure assets, the reason for that change and an estimate of the effect of the change on the estimated annual amount to maintain and preserve those assets for the current period also should be disclosed. (Paragraphs .901 and .902 provide a nonauthoritative illustration of these schedules and related disclosures.)

[GASBS 34, ¶133, as amended by GASBS XX, ¶4 and ¶14; GASBS XX, ¶14] [GASBS 34, fn58, superseded by GASBS XX, ¶15]

[Delete Question .702-13; renumber subsequent questions.] [GASBIG 2015-1, Q7.12.7, superseded by GASBS XX, ¶4]

[Delete Question .702-15; renumber subsequent questions.] [GASBIG 2015-1, Q7.12.11, superseded by GASBS XX, ¶6]

.702-17 [Replace the portion of the answer before the bulleted list with the following:] Detailed records of individual assets are not necessarily required. Infrastructure assets should be disclosed and presented as RSI by network of infrastructure assets. However, detailed records of infrastructure assets could be kept by network, subsystem of a network, individual asset, or component of an individual asset. For example:

[In the last bullet, add the following at the end of the sentence:] unless that component should be accounted for as an individual asset.

[GASBIG 2015-1, Q7.12.13, as amended by GASBS XX, ¶6]

.703-2 [Replace the first three sentences of the answer with the following:] The modified approach is an alternative to depreciation that may be applied for infrastructure assets that meet the criteria in paragraph .107 of this section. [GASBIG 2015-1, Q7.16.1, as amended by GASBS XX, ¶4 and ¶8]

[Delete Question .703-3; renumber subsequent questions.] [GASBIG 2015-1, Q7.16.2, superseded by GASBS XX, ¶4]

.703-4 [In current Question .703-5, delete *eligible*.] [GASBIG 2015-1, Q7.16.4, as amended by GASBS XX, ¶4]

.703-7 [In current Question .703-8, revise the sources as follows:] [GASBIG 2015-1, Q7.16.7, as amended by GASBS XX, ¶8]

.703-8 [In current Question .703-9, delete *eligible* and delete (*for example, a network*).] [GASBIG 2015-1, Q7.17.1, as amended by GASBS XX, ¶4]

.703-14 [In current Question .703-15, delete *eligible*.] [GASBIG 2015-1, Q7.18.1, as amended by GASBS XX, ¶4 and ¶8]

.703-15 [In current Question .703-16, revise the sources as follows:] GASBIG 2015-1, Q7.18.2, as amended by GASBS 100, ¶6, ¶8, ¶20, and ¶21 and GASBS XX, ¶8

.703-18 [Revise current Question .703-19 as follows:]

[Replace the first sentence of the question with the following:] A government should maintain an up-to-date inventory as a requirement in paragraph .107 to use the modified approach for infrastructure assets.

[In the second sentence of the answer, replace *the asset management system used by the government* with *how the government manages those assets*.]

[GASBIG 2015-1, Q7.19.2, as amended by GASBS XX, ¶8]

.703-19 [In current Question .703-20, replace *carry out the functions of an asset management system* with *perform condition assessments*; delete *performed as part of the asset management system*.] [GASBIG 2015-1, Q7.19.3, as amended by GASBS XX, ¶8]

[Delete current Question .703-21; renumber subsequent questions.] [GASBIG 2015-1, Q7.19.4, superseded by GASBS XX, ¶8]

.703-23 [In current Question .703-25, delete *eligible*.] [GASBIG 2015-1, Q7.20.4, as amended by GASBS XX, ¶4]

.706-10 [Add the following to the end of the answer:] In addition, paragraph .122 of Section 2300 requires information about infrastructure assets that are fully depreciated to be disclosed. [GASBIG 2015-1, Q7.13.5, as amended by GASBS XX, ¶11]

.706-13 [In the fourth sentence of the answer, replace *may be appropriate* with *should be performed*.] [GASBIG 2015-1, Q7.14.4, as amended by GASBS 100, ¶7, ¶20, and ¶21 and GASBS XX, ¶7]

[Insert new heading .707 and associated text as follows; renumber subsequent headings and questions.]

**.707 Additional Considerations Related to Measuring Depreciation Expense for Infrastructure Assets**

No questions assigned.

.714-1 [In current Question .713-1, in the question, replace *five* with *10*; in the answer, delete *produced by the asset management system*.] [GASBIG 2015-1, Q7.20.10, as amended by GASBS XX, ¶8 and ¶13]

.732-1 [In current Question .731-1, replace the first sentence of the question with the following:] A government has made significant expenditures in the past few years to improve the condition of a particular network of infrastructure assets. [GASBIG 2015-1, Q7.20.8, as amended by GASBS XX, ¶8]

\* \* \*

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Sources: [Add GASBS XX.]

.110 [In footnote 9, replace .121–.123 with .121–.124; add GASBS XX, ¶9 and ¶11 to the sources.]

.207 [Add GASBS XX, ¶8 to the sources.]

\* \* \*

**Section 2300—Notes to Financial Statements**

Sources: [Add GASBS XX.]

.106 [In subparagraph (a)(8), delete the last sentence; in subparagraph I, replace *paragraphs .117–.121 and .123* with *paragraphs .117–.123 and .125*. In the sources, add GASBS XX, ¶12 as an amending source of GASBS 34, ¶115, and add GASBS XX, ¶9–¶11.]

.119 [Replace *amortization* with *depreciation or amortization*; insert new subparagraph a as follows; renumber subsequent subparagraphs.]

- a. Infrastructure assets by network

[GASBS 104, ¶4; GASBS XX, ¶9 and ¶11]

[Insert new paragraphs .121 and .122 as follows; renumber subsequent paragraphs and footnotes.]

.121 [GASBS XX, ¶10]

.122 For infrastructure assets reported using historical cost net of accumulated depreciation, governments should disclose by network of infrastructure assets the historical cost, accumulated depreciation, and historical-cost weighted-average age<sup>3</sup> of infrastructure assets that have exceeded 80 percent of their estimated useful lives. For this disclosure, a government should separate information for infrastructure assets that have reached 100 percent of their estimated useful lives from infrastructure assets that have exceeded 80 percent of their estimated useful lives but have not yet reached 100 percent of their estimated useful lives. [GASBS XX, ¶11]

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<sup>3</sup>[GASBS XX, fn3]

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## **Section P90— Public-Private and Public-Public Partnerships**

Sources: [Add GASBS XX.]

.112 [In footnote 6, add GASBS XX, ¶8 to the sources.]

\* \* \*

## ***Comprehensive Implementation Guide—June 2028 Update***

D2. The instructions that follow update the December 31, 2025 *Comprehensive Implementation Guide* for the provisions of this Statement.

\* \* \*

[In all chapters, update cross-references and replace all questions and answers that are deleted in accordance with the instructions in this paragraph with *[Question number not used]*.]

\* \* \*

[Delete Question 7.12.7.] [GASBIG 2015-1, Q7.12.7, superseded by GASBS XX, ¶4]

[Delete Question 7.12.11.] [GASBIG 2015-1, Q7.12.11, superseded by GASBS XX, ¶6]

7.12.13. [Replace the portion of the answer before the bulleted list with the following:] Detailed records of individual assets are not necessarily required. Infrastructure assets should be reported by network of infrastructure assets. However, detailed records of infrastructure assets could be kept by network, subsystem of a network, individual asset, or component of an individual asset. For example:

[In the last bullet, add the following at the end of the sentence:] unless that component should be accounted for as an individual asset.

[GASBIG 2015-1, Q7.12.13, as amended by GASBS XX, ¶6]

7.13.5. [Add the following to the end of the answer:] In addition, paragraph 11 of Statement No. XX, *Infrastructure Assets*, requires information about infrastructure assets that are fully depreciated to be disclosed. [GASBIG 2015-1, Q7.13.5, as amended by GASBS XX, ¶11]

7.14.4. [In the fourth sentence of the answer, replace *may be appropriate* with *should be performed*.] [GASBIG 2015-1, Q7.14.4, as amended by GASBS 100, ¶7, ¶20, and ¶21 and GASBS XX, ¶7]

7.16.1. [Replace the first three sentences of the answer with the following:] The modified approach is an alternative to depreciation that may be applied for infrastructure assets that meet the criteria in paragraph 23 of Statement 34, as amended, and paragraph 8 of Statement XX. [GASBIG 2015-1, Q7.16.1, as amended by GASBS XX, ¶4 and ¶8]

[Delete Question 7.16.2.] [GASBIG 2015-1, Q7.16.2, superseded by GASBS XX, ¶4]

7.16.4. [Delete *eligible*.] [GASBIG 2015-1, Q7.16.4, as amended by GASBS XX, ¶4]

7.16.7. [Replace *paragraph 23 of Statement 34* with *paragraph 23 of Statement 34, as amended, and paragraph 8 of Statement XX*.] [GASBIG 2015-1, Q7.16.7, as amended by GASBS XX, ¶8]

7.17.1. [Delete *eligible* and delete (*for example, a network*).] [GASBIG 2015-1, Q7.17.1, as amended by GASBS XX, ¶4]

7.18.1. [Replace *paragraphs 23 and 24 of Statement 34* with *paragraphs 23 and 24 of Statement 34, as amended, and paragraph 8 of Statement XX*; delete *eligible*.] [GASBIG 2015-1, Q7.18.1, as amended by GASBS XX, ¶4 and ¶8]

7.18.2. [Replace *paragraphs 23 and 24 of Statement 34* with *paragraphs 23 and 24 of Statement 34, as amended, and paragraph 8 of Statement XX*.] [GASBIG 2015-1, Q7.18.2, as amended by GASBS 100, ¶6, ¶8, ¶20, and ¶21 and GASBS XX, ¶8]

7.19.2. [Replace the first sentence of the question with the following:] A government should have an up-to-date inventory as a requirement in paragraph 23 of Statement 34, as

amended, and paragraph 8 of Statement XX to use the modified approach for infrastructure assets.

[In the second sentence of the answer, replace *the asset management system used by the government* with *how the government manages those assets*.]

[GASBIG 2015-1, Q7.19.2, as amended by GASBS XX, ¶8]

7.19.3. [Replace *Statement 34* with *Statement 34 or Statement XX*, replace *carry out the functions of an asset management system* with *perform condition assessments*, and delete *performed as part of the asset management system*.] [GASBIG 2015-1, Q7.19.3, as amended by GASBS XX, ¶8]

[Delete Question 7.19.4.] [GASBIG 2015-1, Q7.19.4, superseded by GASBS XX, ¶8]

7.20.4. [Delete *eligible*.] [GASBIG 2015-1, Q7.20.4, as amended by GASBS XX, ¶4]

7.20.8. [Replace *paragraph 24b of Statement 34* with *paragraph 24b of Statement 34, as amended*; replace the first sentence of the question with the following:] A government has made significant expenditures in the past few years to improve the condition of a particular network of infrastructure assets. [GASBIG 2015-1, Q7.20.8, as amended by GASBS XX, ¶8]

7.20.10. [In the question, replace *five* with *10*; in the answer delete *produced by the asset management system*.] [GASBIG 2015-1, Q7.20.10, as amended by GASBS XX, ¶8 and ¶13]