



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY

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GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

August 1, 2000

MEMORANDUM SA 01-04

TO: All CAFR Entities

FROM: F. Howard Karlton, CPA
Director

SUBJECT: GASB 34 Statewide Awareness Survey

The Office of Statewide Reporting and Accounting Policy will be required to implement the Governmental Accounting Standards Board's Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" for the fiscal year 2002 Comprehensive Annual Financial Report (CAFR). This new reporting model requires many changes to the current method of preparing the state's CAFR and presents new challenges to be overcome by everyone involved; however, Statement 34 should not change your accounting system.

In order to assist the Office of Statewide Reporting and Accounting Policy in preparing for this major change in reporting, we ask that your entity complete the enclosed survey. Your input will guide us in our implementation of GASB 34 for the state of Louisiana, and further, will allow us to address any concerns that you may have. It is only with the support of all state entities that this new reporting model will be successfully implemented. Accordingly, we appreciate your assistance in this matter.

Please return the completed survey to the Office of Statewide Reporting and Accounting Policy by August 15, 2000. Should you have any questions concerning the above, contact Mr. Nelson Green at (225) 342-1090, Ms. Renee Withers at (225) 342-1089, Ms. Rae Marrero at (225) 342-0710, or Mr. Afranie Adomako at (225) 342-1091.

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Enclosure

**State of Louisiana, Division of Administration
Office of Statewide Reporting and Accounting Policy**

GASB 34 STATEWIDE AWARENESS SURVEY

Entity : _____

The Governmental Accounting Standards Board (GASB) recently issued a new accounting pronouncement, Statement No. 34, that will significantly affect accounting and reporting for the State of Louisiana. Please take the time to review and answer the following questions so OSRAP will be able to issue proper guidance before implementation:

A. REPORTING CAPITAL ASSETS

Capital Assets in General

Capital assets include land and land improvements (defined below), easements, buildings and building improvements (defined below), vehicles, machinery, equipment, works of art and historical treasures, infrastructure (defined below), and other tangible or intangible assets used in operations that have a useful life beyond one year. How does your entity currently account for capital assets?

Manual _____
Computerized Spreadsheet _____ Application Software _____
Computerized Database _____ Application Software _____
Other _____

Can your capital asset system calculate depreciation? Yes _____ No _____

If no, what procedures are being used by your entity to calculate depreciation on capital assets, if any?

Does your system track the attributes of the asset (useful life, salvage value, current and accumulated depreciation) to allow your agency to account for acquisitions and gains and losses on disposition?

Yes _____ No _____

Infrastructure

Statement No. 34 defines infrastructure as long-lived capital assets associated with governmental activities that normally are stationary in nature and can be preserved for a

significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

Following the definition above, does your entity have capital assets that you believe should be classified as infrastructure?

Yes _____ No _____

If yes, please list the general categories _____

If you have infrastructure that has not been recorded on your entity's accounting records in the past, would historical cost information be available for infrastructure placed in service on or after July 1, 1980?

Yes _____ No _____

Would historical cost information be available for infrastructure placed in service before July 1, 1980?

Yes _____ No _____

Does your entity have procedures that could capture the costs associated with the acquisition or construction of new infrastructure assets?

Yes _____ No _____

Land & Land Improvements

Land improvements consist of betterments, other than buildings, that ready land for its intended use. These land improvements are not to be depreciated and should be included with land. Examples of land improvements include site improvements such as excavation, filling, grading, and utility installation; the removal, relocation, or reconstruction of property of others, such as telephone and power lines; retaining walls; parking lots; fences; and landscaping.

Following the definition and examples, does your entity own any land and/or land improvements?

Yes _____ No _____

Is the value of land and land improvements associated with infrastructure, buildings, and other structures included in the amount reported by your agency in the annual financial report?

Yes _____ No _____ If no, explain why _____

Can you differentiate between the land and land improvements and the value of the depreciable structures on your asset records?

Yes _____ No _____

Buildings & Building Improvements

Buildings are permanent structures erected above ground, together with fixtures attached to and forming a permanent part of the building, for the purpose of sheltering persons or personal property. The cost of buildings include all labor, materials, and professional services required to construct the building, and any other costs to put the building into it's intended use. Building improvements are generally added to the value of the buildings and are not carried as separate assets like land improvements. The buildings and the improvements become one and inseparable. Examples of building improvements include major repairs, renovations, or additions such as addition of a new wing or a new air conditioning system. These examples would increase the future service potential of the building and benefit future periods which is the distinction between a building improvement and ordinary maintenance and repairs.

Following the definition and examples, does your entity own any buildings or building improvements?

Yes _____ No _____

Is the value of buildings and building improvements included in the amount reported by your agency in the annual financial report?

Yes _____ No _____ If no, explain why _____

B. PROGRAM VS. GENERAL REVENUES

GASB 34 requires that "general revenues" be split and reported separately from "program revenues" in the government-wide financial statements. **Program revenues** are defined as sources of revenue provided by 1) those who purchase, use, or directly benefit from the goods or services of the program, or 2) from parties outside the citizenry when the sources are restricted to a program or programs. Program revenues are one of 3 categories including charges for services, program specific operating grants and contributions, and program specific capital grants and contributions.

General revenues include all revenues not required to be reported as program revenues, which includes all taxes.

Can your entity's system identify and separate general revenues from program revenues ?

Yes _____ No _____

C. FULL ACCRUAL RECEIVABLES, PAYABLES, REVENUES, & EXPENSES

GASB 34 requires that receivables, payables, revenues, expenses, gains, and losses be reported using the full accrual basis of accounting in the government-wide financial statements and the financial statements of entities using enterprise accounting. The accrual basis of accounting requires that these receivables, payables, revenues, and expenses resulting from exchange and exchange-like transactions be recognized when the exchange takes place, as opposed to when it is measurable and available. For those entities that will continue to use the modified accrual basis of accounting in their own financials, these account balances mentioned above will also need to be provided using the full accrual basis.

Does your entity's system have the ability to provide amounts of true full accrual receivables and payables in addition to modified accrual amounts currently provided, if applicable?

Yes _____ No _____

D. TRAINING

Do you feel you and/or your agency personnel requires additional training in GASB 34 in addition to that conducted by OSRAP?

Yes _____ No _____

Explain your training needs below:

E. OTHER

Please list any concerns or issues specific to your entity that you may have with respect to implementation of GASB 34:

To obtain a copy of GASB Statement 34, you can order via the GASB website at www.rutgers.edu/accounting/raw/gasb/, and click on the line titled "Order Statement 34". The cost is \$12.00 per copy. It may also be obtained from the GASB Order Department by telephone (800-748-0659), e-mail (gasbpubs@gasb.org), or mail (401 Merritt 7, P.O. Box 5116, Norwalk, CT 06856-5116).

A copy of the Implementation Guide can be obtained from the GASB Order Department by telephone (800-748-0659), e-mail (gasbpubs@gasb.org), or mail (401 Merritt 7, P.O. Box 5116, Norwalk, CT 06856-5116).