



City of Grand Island

Tuesday, September 23, 2003

Council Session

Item G8

#2003-271 - Approving Adoption of Modified Method for Depreciation of Infrastructure

Background:

The City of Grand Island is required to implement Government Accounting Standards Board (GASB) Statement number 34 for the fiscal year ending September 30, 2003. One requirement of GASB 34 is to recognize infrastructure assets and depreciate infrastructure assets. GASB 34 allows an alternate method for depreciating infrastructure assets if enabling legislation is passed by the governing body. There are requirements under GASB 34 as outlined in the attached resolution if the modified method is used.

Recommendation:

The modified method appears to be a more cost efficient method for recording and depreciating infrastructure assets. The recommendation is to use the modified method as outlined in the resolution.

Fiscal Implications:

The City is required to maintain infrastructure assets at a set level per resolution through repairs and maintenance. The City already annually budgets appropriation to maintain infrastructure.

Staff Contact: David Springer

RESOLUTION 2003-271

WHEREAS, the City of Grand Island follows government accounting standards for identifying and calculating valuations on city assets; and

WHEREAS, Government Accounting Standards Board (GASB) No. 34 as amended outlines how infrastructure assets are to be reported in financial statements and depreciated; and

WHEREAS, the City has the option to use a modified method to depreciate the infrastructure to provide a more simplistic approach for accounting for infrastructure; and

WHEREAS, in order to facilitate the transition to a modified method to depreciate infrastructure, the following will need to be performed:

1. An up-to-date inventory of eligible infrastructure assets has been compiled.
2. Condition assessments will need to be performed every three years on the eligible infrastructure assets, with the results summarized using a measurement scale.
3. An annual amount will be estimated and budgeted each year to maintain and preserve the eligible infrastructure assets at a 75% condition level as established and disclosed by the government.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the modified method for depreciation of city infrastructure is hereby adopted effective with the fiscal year beginning October 1, 2003.

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Adopted by the City Council of the City of Grand Island, Nebraska, September 23, 2003.

RaNae Edwards, City Clerk