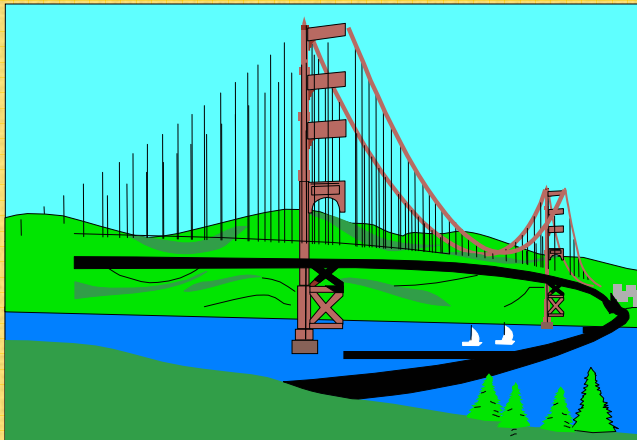
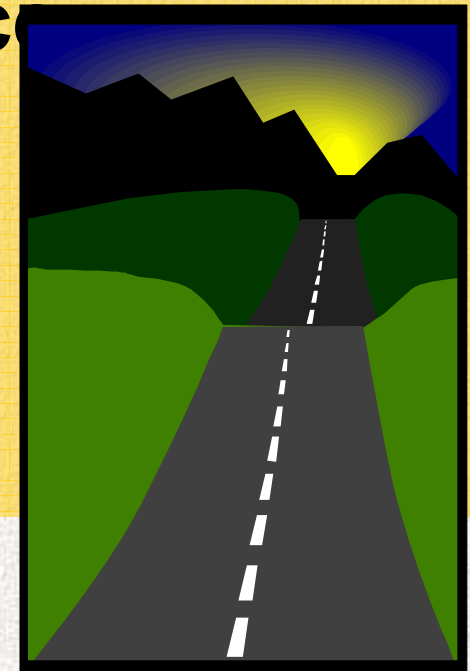


Reporting Capital Asset by State & Local Governments

A Focus on Performance



Jay Fountain,
GASB



The views expressed in this presentation are those of Mr. Fountain. Official positions of the GASB are determined only after extensive due process and deliberation by the GASB.

NO. 171-A | JUNE 1999

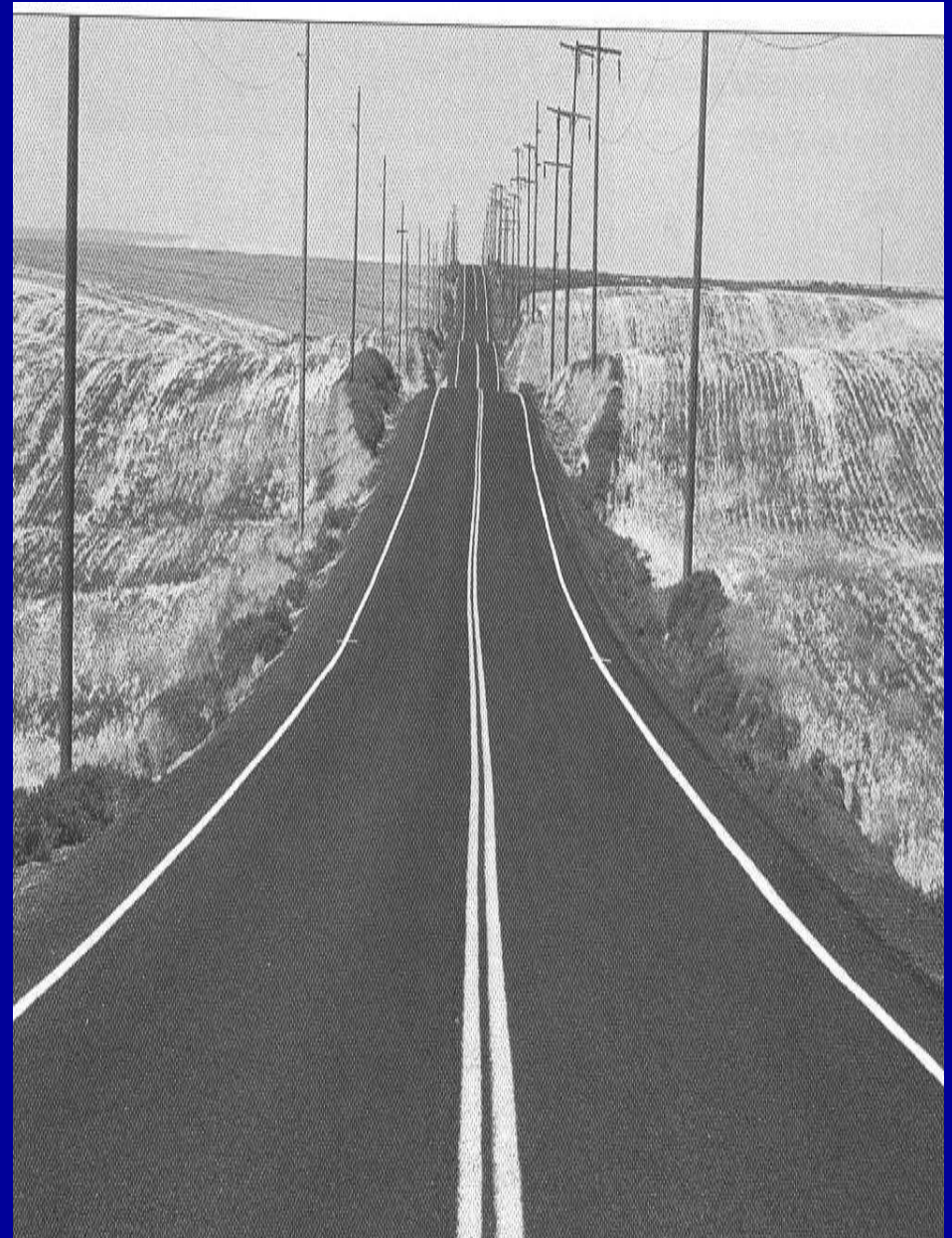
Governmental Accounting Standards Series

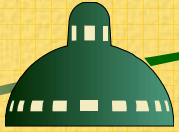
Statement No. 34 of the
Governmental Accounting
Standards Board

Basic Financial Statements—
and Management's Discussion
and Analysis—for State and
Local Governments



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION





Session Outline

- **GASB Statement 34 Capital Asset Reporting**
- **Valuing**
- **Depreciation**
- **When to Report Capital Assets**
- **Transition for Infrastructure Assets**
- **Modified Approach for Infrastructure Assets**
- **Works of Art and Historical Treasures**



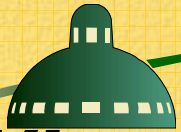
Capital Asset Reporting Required

- **All capital assets should be reported on the statement of net assets**
- **Cost of using capital should be reported on the statement of activities**
- **All capital assets should be reported in business-type activity and fiduciary funds**
- **Capital assets should not be reported in governmental funds**



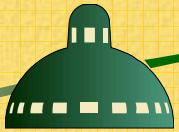
Why Report Capital Assets

- **Capitalization and measurement of the cost of using capital assets helps users:**
 - **Determine whether current-year revenues covered the cost of current-year services**
 - **Assess the service efforts and costs of programs**
 - **Assess the govt's financial position and condition**
 - **Determine whether the govt's financial position improved or deteriorated**
 - **Assess the service potential of physical resources having useful lives extending beyond the current period**



Why is GASB Standard 34 Important to Public Works?

- **Revenue for infrastructure asset maintenance continues to have low priority in many public agencies**
- **Current financial statements do not attempt to account for all infrastructure assets, or their condition**
- **The new financial statements will highlight the condition of infrastructure assets**



Current Backlog of Deferred Infrastructure Maintenance -- a National Perspective

● Rebuild America Coalition

- 59% of Roads in Poor to Fair Condition
- 31% of Bridges Deficient or Obsolete
- 1/3 of School Buildings Need Repair
- 12% of Dams are High-Hazard due to Deterioration

THE U.S. INFRASTRUCTURE PRICE TAG

...it's not just highways

The nation's burgeoning infrastructure needs go far beyond fixing our roads and bridges. The following must be invested in order to maintain and improve a variety of public works systems and facilities:

Roads, Bridges & Highways	\$358 billion
Mass Transit Systems	\$72 billion
Airports	\$33–60 billion
Schools	\$200 billion
Drinking Water	\$138 billion
Wastewater	<u>\$213 billion</u>

T O T A L.....at least \$1 trillion

And, this doesn't include the spiraling costs of maintaining and improving solid waste disposal systems, dams, ports, parks, libraries, courthouses and other public facilities.



Reducing the Gap in Management Philosophy Between Proprietary and Governmental Funds

- Proprietary funds have traditionally accounted for infrastructure assets
- Enterprise funds often have lower deferred maintenance due to dedicated revenue sources





Creating a New Relationship Between Finance Officers and Infrastructure Managers

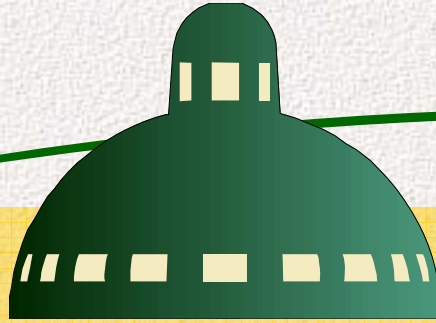
- Cooperative relationships will be essential
- Infrastructure managers and financial managers must work in a collaborative environment





Statement Will Not

- **Will not -- For historical cost depreciation**
 - Specify or dictate capitalization policies
 - Establish estimated useful lives for depreciation
 - Require use of a specific depreciation method
- **Will not -- For modified approach**
 - Specify a condition at which assets must be preserved



Statement of Net Assets



Statement of Net Assets

All assets and liabilities are reported.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 13,597,899	\$ 1		
Investments	27,365,221			
Receivables (net)	12,833,132			
Internal balances	313,768			
Inventories	322,149			
Capital assets (Note 1):				
Land, improvements, and construction in progress	28,435,025	6,408,150	34,843,175	751,239
Other capital assets, net of depreciation	141,587,735	144,980,601	286,568,336	36,993,547
Total capital assets	170,022,760	151,388,751	321,411,511	37,744,786
Total assets	224,454,929	165,392,667	389,847,596	49,603,660
LIABILITIES				
Accounts payable and accrued expenses	7,538,543	786,842	8,325,385	1,803,332
Deferred revenue	1,435,599		1,435,599	38,911
Long-term liabilities (Note 2):				
Due within one year	9,236,000	4,426,286	13,662,286	1,426,639
Due in more than one year	83,302,378	74,482,273	157,784,651	27,106,151
Total liabilities	101,512,520	79,695,401	181,207,921	30,375,033
NET ASSETS				
Invested in capital assets, net of related debt	103,711,386	73,088,574	176,799,960	15,906,392
Restricted for:				
Capital projects	11,290,079		11,290,079	492,445
Debt service	3,076,829	1,451,996	4,528,825	
Community development projects	6,886,663		6,886,663	
Other purposes	3,874,736		3,874,736	
Unrestricted (deficit)	(5,897,284)	11,156,696	5,259,412	2,829,790
Total net assets	\$ 122,942,409	\$ 85,697,266	\$208,639,675	\$ 19,228,627

**Including
infrastructure assets**

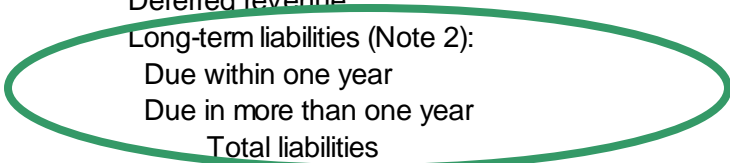
120,074 440,025 65,097

Statement of Net Assets

All assets and liabilities are reported.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 13,597,899	\$ 10,516,820	\$ 24,114,719	\$ 303,935
Investments	27,365,221	64,575	27,429,796	7,428,952
Receivables (net)	12,833,132	3,609,615	16,442,747	4,042,290
Internal balances	313,768	(313,768)		
Inventories	322,149	426,674	448,823	82,607
Capital assets (Note 1):				
Land, improvements, and construction in progress	28,435,025			
Other capital assets, net of depreciation	141,587,735	14		
Total capital assets	<u>170,022,760</u>	<u>15</u>		
Total assets	<u>224,454,929</u>	<u>16</u>		
LIABILITIES				
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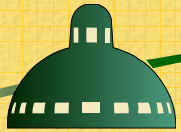
**and long-term liabilities
such as outstanding
bonds.**



	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 13,597,899	\$ 10,516,820	\$ 24,114,719	\$ 303,935
Investments	27,365,221	64,575	27,429,796	7,428,952
Receivables (net)	12,833,132	3,609,615	16,442,747	4,042,290
Internal balances				
Inventories				
Capital assets (Note 1):				
Land, improvements, and construction				
Other capital assets, net of depreciation				
Total capital assets				
Total assets	<u>224,484,329</u>	<u>108,992,881</u>	<u>333,477,210</u>	<u>43,888,888</u>
LIABILITIES				
Accounts payable and accrued expenses	7,538,543	786,842	8,325,385	1,803,332
Deferred revenue	1,435,599		1,435,599	38,911
Long-term liabilities (Note 2):				
Due within one year	9,236,000	4,426,286	13,662,286	1,426,639
Due in more than one year	83,302,378	74,482,273	157,784,651	27,106,151
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NET ASSETS				
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Total net assets	<u>\$ 122,942,409</u>	<u>\$ 85,697,266</u>	<u>\$208,639,675</u>	<u>\$ 19,228,627</u>

The difference between assets and liabilities is net assets, and must be reported in three categories.





Activities

Activities

Total

Units

Assets:

- Cash and cash equivalents
- Investments
- Receivable (net)
- Internal Balance
- Inventories
- Capital Assets
 - Land, and Nondepreciable
 - Infrastructure, modified approach
 - Depreciable (net)
- Total

Total Assets

Liabilities

- Accounts Payable
- Deferred Revenue
- Current portion of noncurrent liabilities
- Noncurrent Liabilities

Total Liabilities

Net Assets

- Invested in capital assets net of related debt
- Restricted for:
 - Capital Projects
 - Debt Service
 - Community Development
 - Other Purposes
- Unrestricted (deficit)

Total Net Assets

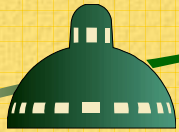
Improvements/Additions capitalized (depreciation and modified approach)

Capitalized infrastructure assets net of depreciation (if depreciation approach) or at original cost (if modified approach)

Preservation capitalized (if depreciation approach)

Total capital assets net of depreciation less debt issued for acquisition of capital assets.

Affected by depreciation expense (depreciation approach) or Preservation expense (if modified approach)



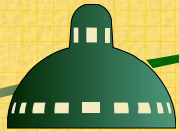
Statement of Net Assets

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents			
Investments			
Receivable (net)			
Internal Balance			
Inventories			
Capital Assets			
Land, and Nondepreciable			
Infrastructure, modified approach			
Depreciable (net)			
Total			
Total Assets			

Improvements/Additions capitalized (depreciation and modified approach)

Capitalized infrastructure assets net of depreciation (if depreciation approach) or at original cost (if modified approach)

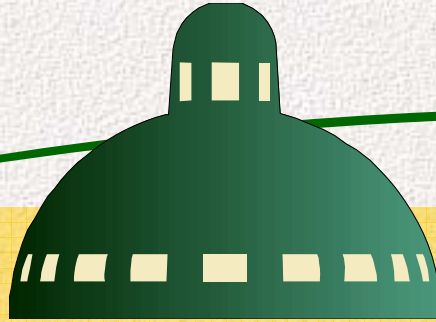
Preservation capitalized (if depreciation approach)



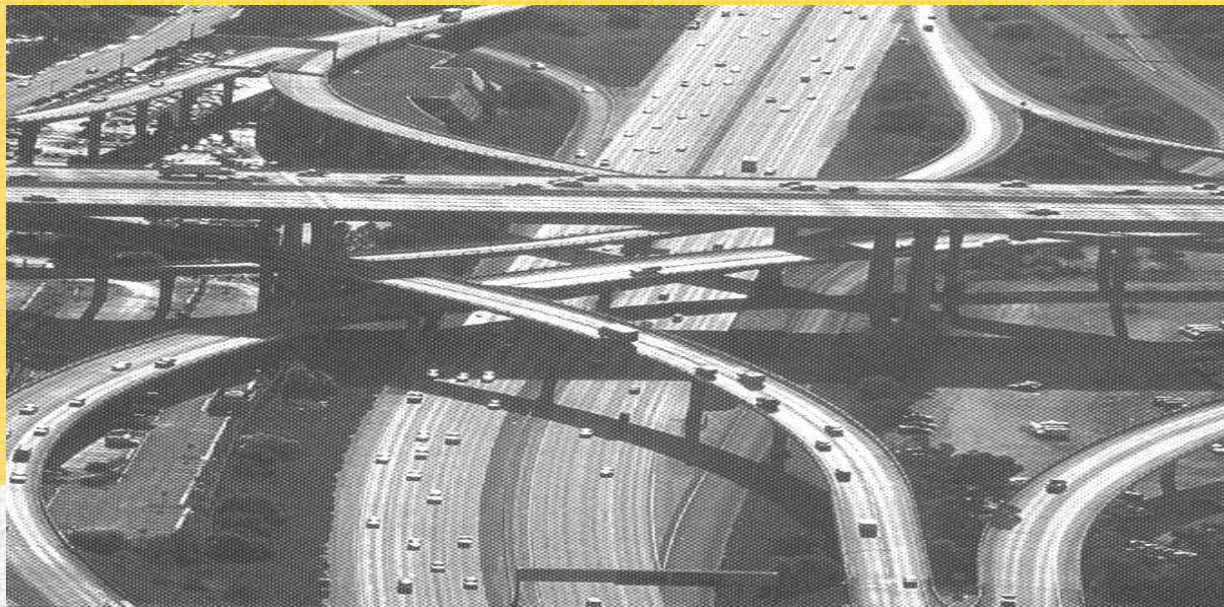
Depreciation and preservation on the Financial Statements

Statement of Net Assets

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Net Assets			
Invested in capital assets net of related debt			Total capital assets net of depreciation less debt issued for acquisition of capital assets.
Restricted for:			
Capital Projects			
Debt Service			
Community Development			
Other Purposes			
Unrestricted (deficit)			Affected by depreciation expense (depreciation approach) or Preservation expense (if modified approach)
Total Net Assets			



Statement of Activities



Assess the *full cost* of government services

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>
Primary government:		
Governmental activities:		
General government	\$ 9,574,410	\$(5,580,870)
Public safety		
Public works		
Engineering services		
Health and sanitation		
Cemetery		
Culture and recreation		
Community development	2,994,369	1,740,203
Education (payment to school dis	21,893,273	—
Interest on long-term debt	6,068,121	(6,068,121)
Total governmental activities	105,807,013	\$ 0
Business-type activities:		
Water	3,595,733	
Sewer	4,912,853	
Parking facilities	2,796,283	
Total business-type activities	11,304,869	
Total primary government	\$117,111,882	
Component units:		
Landfill	\$ 3,382,157	
Public school system	31,186,498	
Total component units	\$ 34,568,655	

Reporting focuses on programs and functions

Assess the *full cost* of government services

Functions/Programs	Expenses	Indirect Expenses Allocation
Primary government:		
Governmental activities:		
General government	\$ 9,571,410	\$(5,580,878)
Public safety	34,844,749	4,059,873
Public works	10,128,538	3,264,380
Engineering services	1,299,645	111,618
Health and sanitation	6,738,672	558,088
Cemetery	735,866	55,809
Culture and recreation	11,532,350	1,858,966
Community development	2,994,389	1,740,265
Education (payment to school dis	21,893,273	—
Interest on long-term debt	6,068,121	(6,068,121)
Total governmental activities	105,807,013	\$ _____ C
Business-type activities:		
Water	3,595,733	
Sewer	4,912,853	
Parking facilities	2,796,283	
Total business-type activities	11,304,869	
Total primary government	\$117,111,882	
Component units:		
Landfill	\$ 3,382,157	
Public school system	31,186,498	
Total component units	\$ 34,568,655	

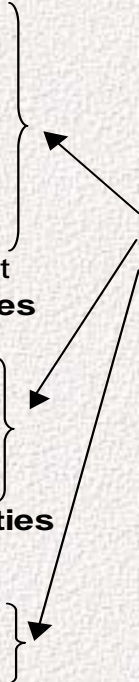
Indirect Expense Allocation is Optional

Expenses are reported on the accrual basis and include charges for using capital assets.

Statement of Activities

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenues</u>	
			<u>Primary Government</u>	<u>Component Units</u>
Primary Government				
Governmental Activities				
General Government				
Public Safety				
Public Works				
Health and Sanitation				
Culture and Recreation				
Community Development				
General Depreciation				
Interest on Long-Term Debt				
Total Governmental Activities				
Business-type Activities				
Water				
Sewer				
Airport				
Parking Facilities				
Total Business-Type Activities				
Total Primary Government				
Component Units				
Landfill				
Public School System				
Total Component Units				
Total				
		General Revenues:		
		Taxes (by Type)		
		Investment Earnings		
		Miscellaneous		
		Special Items		
		Transfers		
		Changes in net assets		
		Net Assets--Beginning		
		Net asset--Ending		

Maintenance and depreciaiton expenses are reported by function if identifiable,if not reported in general government or general depreciaton (if deprecaiton approach)
or
Maintenace and preservation/renewal expenses are reported by function (if modified approach)



Primary Government

Governmental Activities

- General Government
- Public Safety
- Public Works
- Health and Sanitation
- Culture and Recreation
- Community Development
- General Depreciation
- Interest on Long-Term Debt

Total Governmental Activities

Business-type Activities

- Water
- Sewer
- Airport
- Parking Facilities

Total Business-Type Activities

Total Primary Government

Component Units

- Landfill
- Public School System

Total Component Units

Total

Maintenance and depreciatoin expenses are reported by function if identifiable,if not reported in general government or general depreciatoin (if deprecaiton approach) or Maintenace and preservation/renewal expenses are reported by function (if modified approach)



Primer: GASB 34



U.S. Department
of Transportation

- Prepared by U.S. Dept. of Transportation, Office of Asset Management
- Available free at: (202) 366-1130

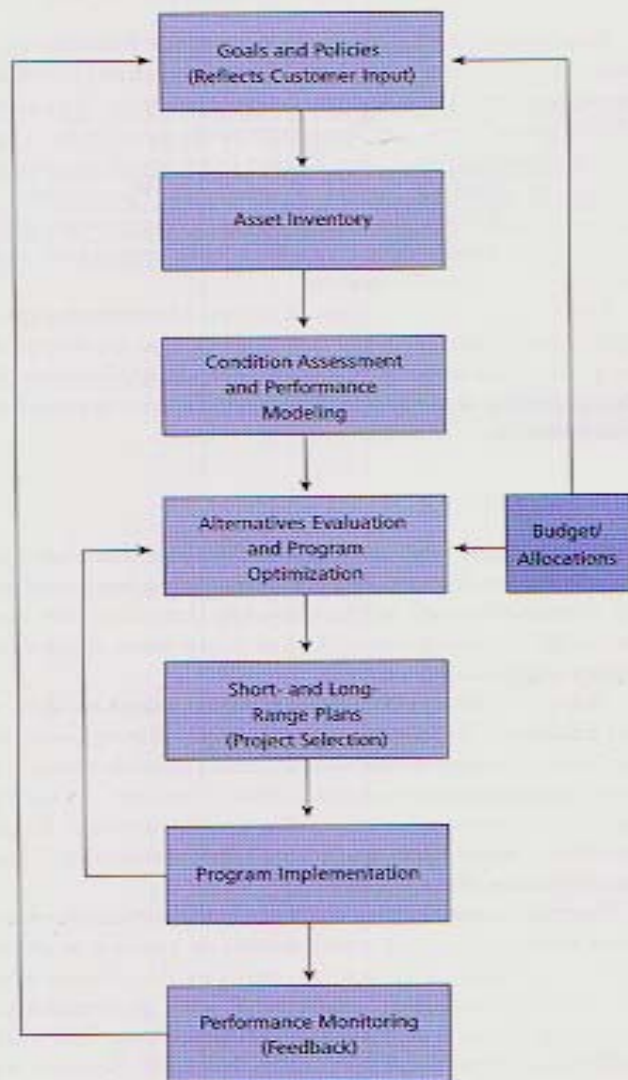


Asset Management Primer

- Prepared by U.S. Dept. of Transportation, Office of Asset Management
- Available free at:
(202) 366-1130

A GENERIC ASSET MANAGEMENT FRAMEWORK

SYSTEM COMPONENTS



OVERVIEW

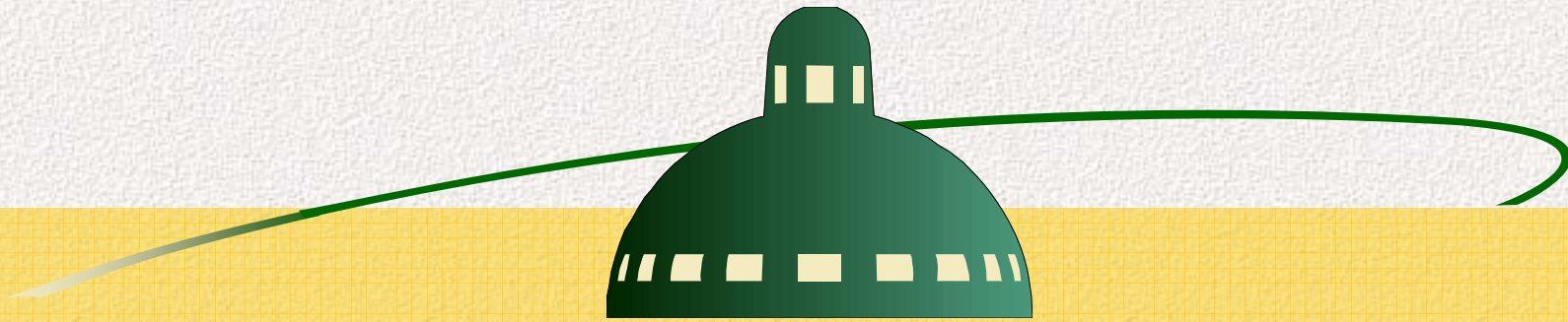
First, performance expectations, consistent with goals, available budgets, and organization policies, are established and used to guide the analytical processes, as well as the decision-making framework. Second, inventory and performance information are collected and analyzed. This information provides input on future system requirements (also called "needs"). Third, the use of analytical tools and reproducible methods produces viable cost-effective strategies for allocating budgets to satisfy agency needs and user requirements, using performance expectations as critical inputs. Alternative choices are then evaluated, consistent with long-range plans, policies, and goals. Fourth, projects are selected and programs are implemented. The entire process is periodically evaluated through performance monitoring and systematic processes.

Source: Adapted from *Asset Management Primer*, Federal Highway Administration, 1999

FIGURE 2. Generic Asset Management System Components and Overview

American Bar Association Model Procurement Code

- **Modified to recognize additional methods of contracting for infrastructure**
 - **Design and construction**
 - **Design, construction, and maintenance**
 - **Design, construction, maintenance, preservation, and operation**



Transition for Infrastructure Reporting



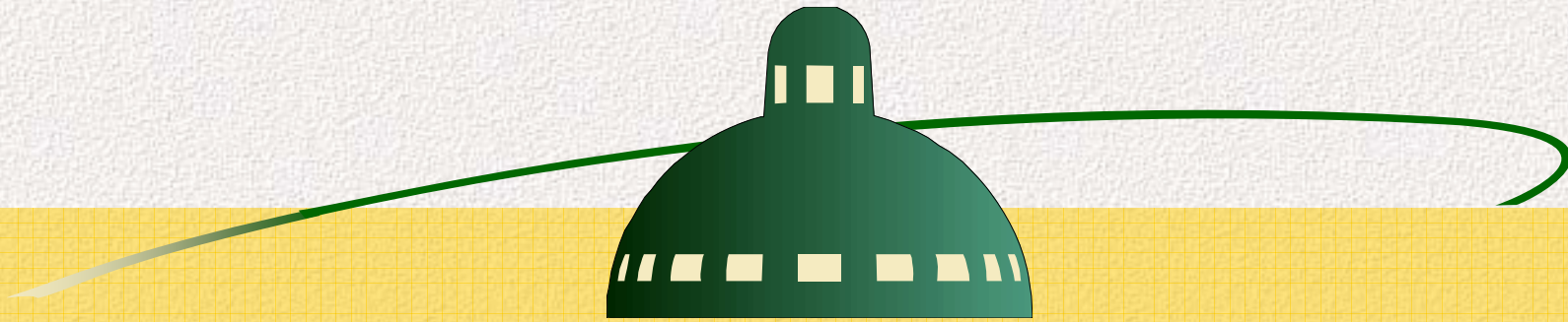
Transition Accommodations

- **Staggered transition dates for old infrastructure**
- **Limited time look-back period**
- **Look-back limited to major assets**
- **Reporting nonmajor assets not required**
- **Historical cost may be estimated**

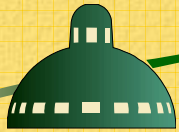


Estimated Historical Cost Allowed

- **If determining historical cost is not practical because of inadequate records, estimated historical cost may be used**
- **Acceptable estimating methods**
 - **Review of engineering and bond documents**
 - **Expenditures reported in capital project funds or capital outlays in governmental funds**
 - **Estimated replacement cost, deflated**
 - **Any approach that complies with the intent of Statement 34**



Modified Approach for Infrastructure Reporting



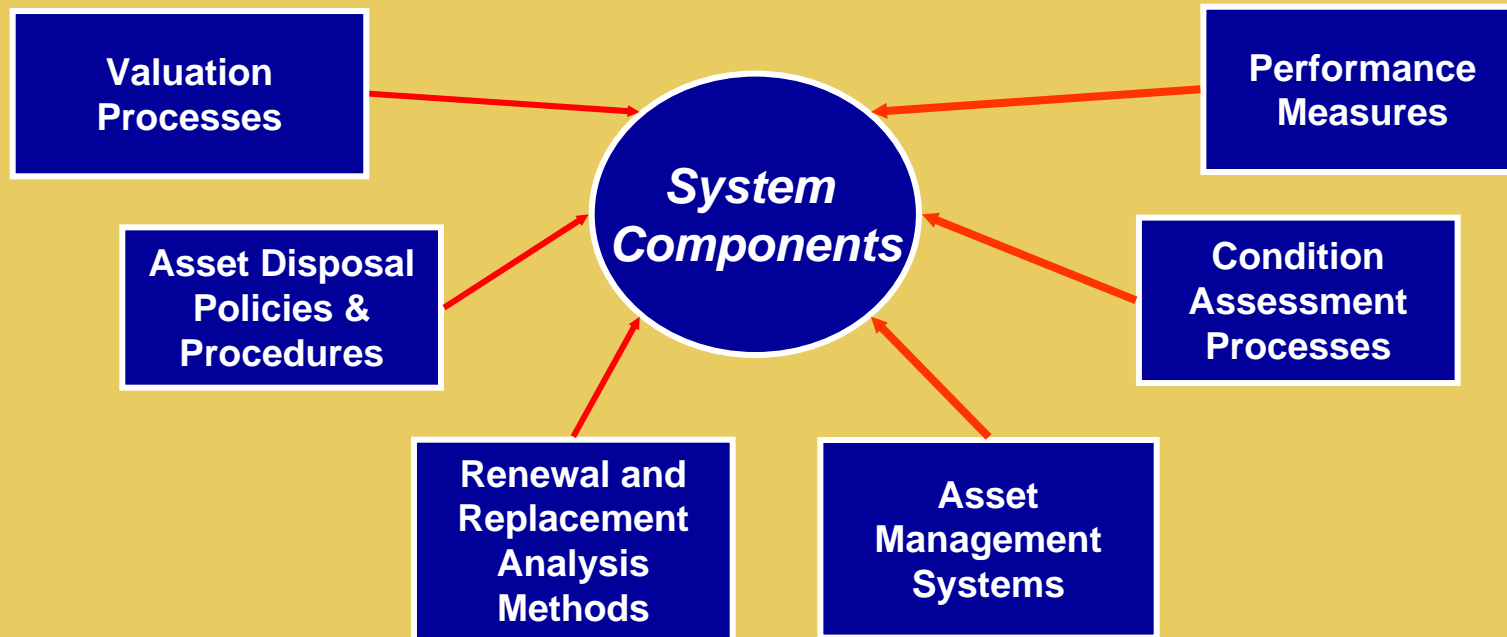
Modified Approach--Definition

- **Asset management system and maintains assets at or above a level set by the entity**
 - **Not required to depreciate infrastructure**
 - **Costs that extend the life of infrastructure (preservation costs) are immediately expensed rather than capitalized and depreciated**

Asset Management Links Performance with Financial Accountability

Asset Management Definition:

A holistic and systematic approach to asset development and preservation that promotes maximum service performance at minimum life-cycle costs



Modified Approach for Infrastructure Reporting

- **Acceptable asset management system will:**
 - **present an up-to-date inventory**
 - **perform condition assessments of the assets and summarize the results using a measurement scale**
 - **estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the government**

Modified Approach for Infrastructure Reporting

- **Governments should document that:**
 - **Complete condition assessments are performed in a consistent manner at least every 3 years**
 - **The results of the 3 most recent complete condition assessments indicate that asset is being maintained/preserved approximately at or above the established condition level**

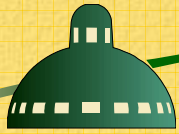
Documentation the network is being preserved at a certain condition level

Will require professional judgment because of variations among governments in their infrastructure assets, asset management systems, established condition levels, and condition assessment methods. These factors may also vary within a government's different networks.



Modified Approach--Definition

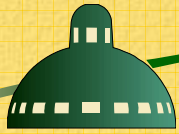
	Modified Approach	Traditional Depreciation
Expense	Maintenance and <i>Preservation costs</i>	Maintenance
Capitalize	Additions and improvements	<i>Preservation costs,</i> additions, and improvements



Modified Approach--Requirement to Use

Establishing Condition Levels

- Statement 34 does NOT establish a minimum condition level**
- The government should establish the target condition level in a formal, documented manner through:**
 - Appropriate administrative or executive policy**
 - Legislative action**



Disallowance of Use of Modified Approach

- **Failure to meet requirements**
- **Failure determined network-by-network or subsystem-by-subsystem**
- **Depreciation begins in year subsequent to the year requirements are not met**
- **Change is accounted for prospectively as a change in accounting estimate**

Modified Approach - Reporting

Statement of Net Assets

- **Additions and improvements to infrastructure assets are capitalized**
- **No accumulated depreciation**

Statement of Activities

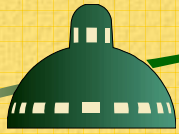
- **Expenditures made to preserve the life of infrastructure assets are expensed**
- **No depreciation expense reported**

Fund Financial Statements

Modified Approach for Infrastructure Reporting

Required Supplementary Information for Modified Approach

- **Infrastructure assets reported according to the modified approach should disclose:**
 - **The assessed condition for at least the 3 most recent complete condition assessments, indicating the dates of the assessments**
 - **The estimated annual amount to maintain and preserve at the established condition level compared to the amounts actually expensed for the current and past 4 reporting periods**



Modified Approach for Infrastructure Reporting

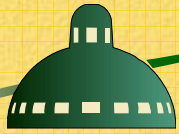
Condition Rating of the City's Street System

Percentage of Lane-Miles in Good or Better Condition

	2002	2001	2000
Main arterial	93.2%	91.5%	92.0%
Arterial	85.2%	81.6%	84.3%
Secondary	87.2%	84.5%	86.8%
Overall system	87.0%	85.5%	87.3%

Percentage of Lane-Miles in Substandard Condition

	2002	2001	2000
Main arterial	1.7%	2.6%	3.1%
Arterial	3.5%	6.4%	5.9%
Secondary	2.1%	3.4%	3.8%
Overall system	2.2%	3.6%	3.9%



Modified Approach for Infrastructure Reporting

RSI for Modified Approach

Comparison of Needed-to-Actual Maintenance/Preservation (in Thousands)

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Main arterial:					
Needed	\$ 2,476	\$ 2,342	\$ 2,558	\$ 2,401	\$ 2,145
Actual	2,601	2,552	2,432	2,279	2,271
Arterial:					
Needed	1,485	1,405	1,535	1,441	1,287
Actual	1,560	1,531	1,459	1,367	1,362
Secondary:					
Needed	990	937	1,023	960	858
Actual	1,040	1,021	972	911	908
Overall system:					
Needed	4,951	4,684	5,116	4,802	4,290
Actual	5,201	5,104	4,863	4,557	4,541
Difference	250	420	(253)	(245)	251

Modified Approach for Infrastructure Reporting

RSI for Modified Approach

- **Infrastructure assets reported according to the modified approach should disclose (con't):**
 - **Basis for the condition measurement and the measurement scale**
 - **The condition level at which the government intends to preserve its infrastructure assets**
 - **Factors that significantly affect trends in the information reported**

Exhibit CA2

Example Disclosure:

The condition of road pavement is measured using the XYZ pavement management system, which is based on a weighted average of six distress factors found in pavement surfaces. The XYZ pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for a pavement in perfect condition. The condition index is used to classify roads in good or better condition (70–100), fair condition (50–69), and substandard condition (less than 50). It is the City's policy to maintain at least 85 percent of its street system at a good or better condition level. No more than 10 percent should be in a substandard condition. Condition assessments are determined every year.



Auditor RSI Procedures

As discussed earlier,

- **Inquiries as to preparation methods**
- **Compare information with audited financial statements**
- **Consider appropriate management representations**
- **Consider other procedures based on type of information**



Performance Reporting for Capital Assets

- **GASB's SEA Project**
 - **Research Reports & Concepts Statement on SEA**
 - **Focus on Managing for Results**
 - **PMG Web Site**
 - **Managing for Results**
 - **Focus on Citizen and Elected Official Needs**
 - **Suggested Criteria for Reporting Performance Information**
 - **What We Have Seen So Far**
- **Examples of performance reporting**

RESEARCH REPORT

Service Efforts and Accomplishments Reporting: Its Time Has Come

An Overview

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GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

NO. 109-A | APRIL 1994

Governmental Accounting Standards Series

Concepts Statement No. 2 of the
Governmental Accounting
Standards Board

on concepts related to

Service Efforts and
Accomplishments Reporting



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

basis for assessing the economy, efficiency, and effectiveness of those services.

[What's Happening](#)

[Citizen's Guide](#)

[Performance Measures](#)

[Results Management](#)

[GASB Project](#)

[Discussions](#)



Governmental Accounting
Standards Board

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PMG News

NEW—"[State Posts New Nursing Home Report Cards Online](#)" 12/13/01, from the [Newark Jersey Star Ledger](#). [View Inspection Reports](#)

NEW—"[Grade Reports on View Online, Parents can see Kids' Work](#)" 12/20/01, from [The Atlanta Journal-Constitution](#)

PMG Focus

The [PricewaterhouseCoopers Endowment for "The Business of Government"](#) is in its fourth year of grant support to individuals in academic and nonprofit communities. The Endowment is interested in how organizations align their processes, which includes budgeting, business processes and strategic goals. Additionally, the Endowment is interested in how organizations use performance and results information to make policy and resource decisions. Learn more about specific grants awarded at our [Other Initiatives](#) page.

[Case Studies of State and Local Government Performance Measurement](#)

[Performance Measurement Survey](#): The results of the GASB's second survey of the use and reporting of performance measures by state and local governments.

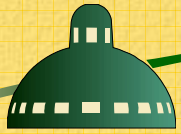
[Report on the Citizen Discussion Groups on Performance Reporting](#)

[What you can find at this site](#)

[Discussion Forums](#)

Join one of the PMG website's three discussion groups and learn more about performance measurement

[How you can help the GASB study performance measurement](#)

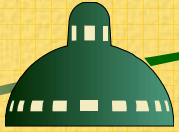


Growing Interest in MFR

**For more information, see the
GASB web site at:**

www.gasb.org

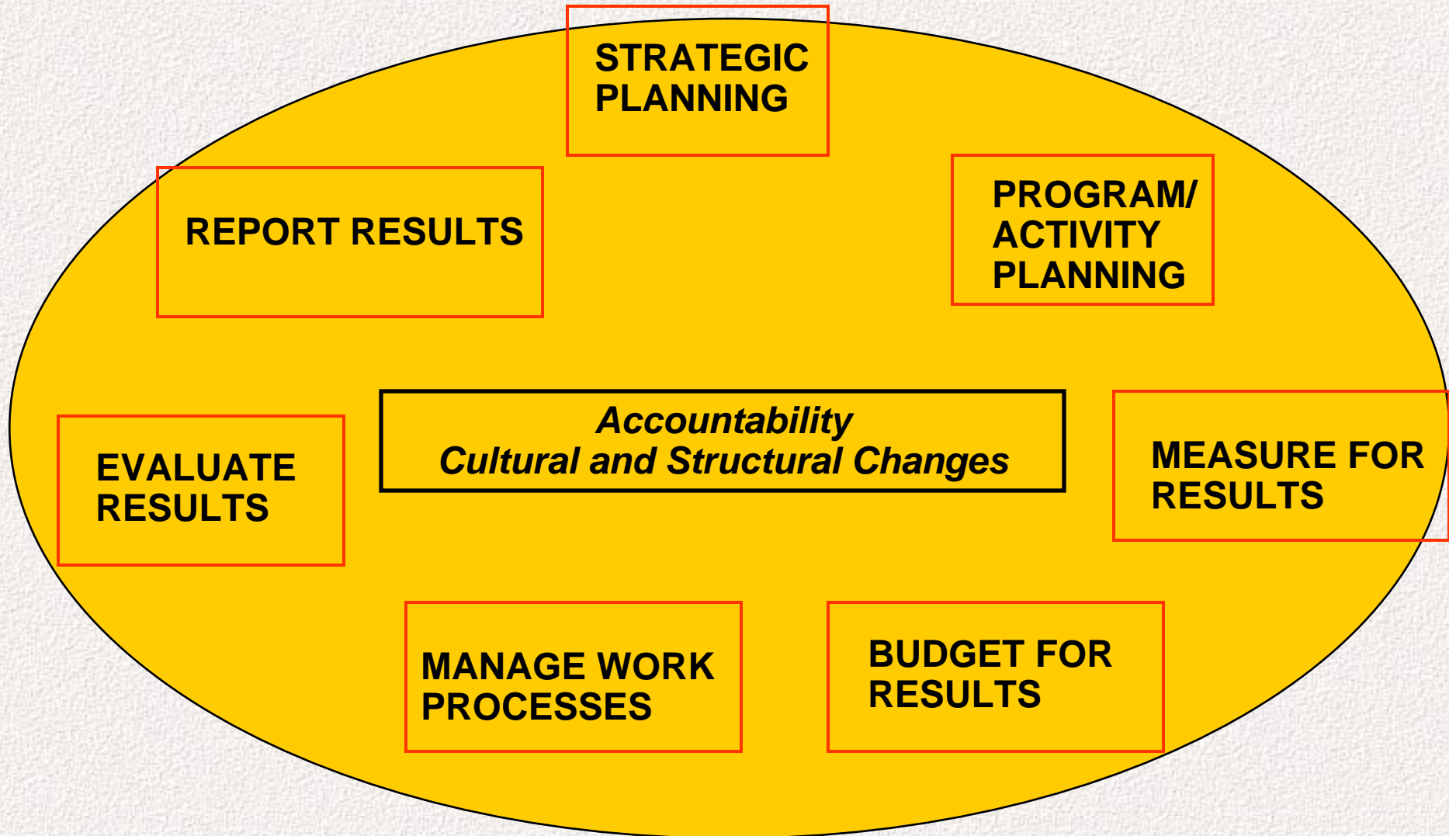
www.seagov.org

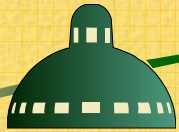


Performance Reporting for Capital Assets

- **Why report non-financial performance information?**
 - **What are essential aspects of performance for governmental entities?**
 - **How do you measure this information?**

Managing for Results





Citizen Discussion Groups Some Selected Comments

- Citizens are very knowledgeable about performance measures
- Citizens believe performance measures should be reported
- They want communication to be at several levels with an overview that is brief and very easy to understand, then more detail provided for those who want more information
- Citizen surveys are an important, but not complete, measure of performance
- Web based information is important
- Explanatory information should be available
- Citizens want to be involved in selecting performance measures to be reported
- Explanation of why performance is at level reported and anything that is being done to improve

Suggested Criteria for Reporting Performance Measures

Preliminary Draft

Criterion: *A rule, or test by which something can be judged, a measure of value.*

Performance measures should be management's representations of performance. They should include data that are essential to provide a basis for understanding the accomplishment of goals and objectives of the entity that have potentially significant decision-making or accountability implications

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

The Report of Performance Information

Objective: The report on performance should provide a basis for understanding the accomplishment of goals and objectives of the entity that have potentially significant decision-making or accountability implications.

1. The scope of the report should be clearly stated. The statement of scope should include what portion of the entity is being reported on, and any programs or services excluded with the reason for their exclusion.

Suggested Criteria for Reporting Performance Measures

Preliminary Draft

2. The goals and objectives of the organization(s) being reported on should be clearly stated. It should also be clearly if goals and objectives are not available.

Suggested Criteria for Reporting Performance Measures

Preliminary Draft

3. The extent of verification and who performed the verification should be clearly indicated in the report. If any reliability issues are identified with the information being reported they should be reported.

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

4. A management or executive summary should be included in the report highlighting the major results for the reporting period, the challenges facing the organization.

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

5. Key measures of performance should be included in the report for major and critical programs and services being reported. The report should be comprehensive yet concise in its coverage of results.

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

6. The performance report discuss the external and internal factors that have an effect on results to provide a context for understanding performance.

Suggested Criteria for Reporting Performance Measures Preliminary Draft

Performance Information to Report

Objective: Reported performance information should assist in communicating the degree to which programs, services, and strategies have contributed to achievement of stated goals and objectives.

7. The performance information reported (especially output and outcomes indicators) should be relevant in that they should be related to the goals and objectives of the organization reported. Reported information that does not relate to goals and objectives should be identified.

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

8. How and to what extent citizens, elected officials, and other users are involved in establishing goals and objectives used to determine the measures of performance should be reported.

Suggested Criteria for Reporting Performance Measures Preliminary Draft

9. Reported performance information should be linked to resources provided and costs (for example, as that information is presented in the budget document or the annual financial report). The report should, to the extent possible, relate cost to outputs and outcomes (efficiency measures).

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

10. Reported performance information should provide a basis for comparisons to several possible sources such as other periods, established targets, and other internal and external sources to enable various types of comparisons.

Suggested Criteria for Reporting Performance Measures Preliminary Draft

11. Reported performance measures should be consistent from period to period so that users can increase their understanding of the measures and have a basis for comparing performance over time. However, performance measures also need to be reviewed regularly and modified or replaced as needed to reflect changing circumstances. The reasons for changes in performance measures should be stated.

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

12. Citizen and customer perceptions of the quality and results of services should be reported. If not available, the reason should be stated.

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

13. Performance information should be reported at the appropriate level of aggregation and disaggregation (for example, by geographic and or neighborhood) for the level of detail and the needs for the intended users.

Suggested Criteria for Reporting Performance Measures Preliminary Draft

Communication of Performance Measures

Objective: A reasonably informed interested citizen or other user should be likely to learn about the availability of reports on performance and should be able to easily access and understand and use reported performance information.

14. Reported performance should be layered (for example, a brief two page overview, an executive summary, and then a more detailed report by major program) to provide information about results at different levels of detail. At each layer it should be clearly communicated how the user can find other levels of detail.

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

15. Reported performance information should be widely communicated in several ways appropriate to the entity involved and the intended users. Performance information in that report should be communicated using a variety of mediums and methods, such as through the media, at public meetings, by e-mail, and in published reports.

*Suggested Criteria for Reporting
Performance Measures
Preliminary Draft*

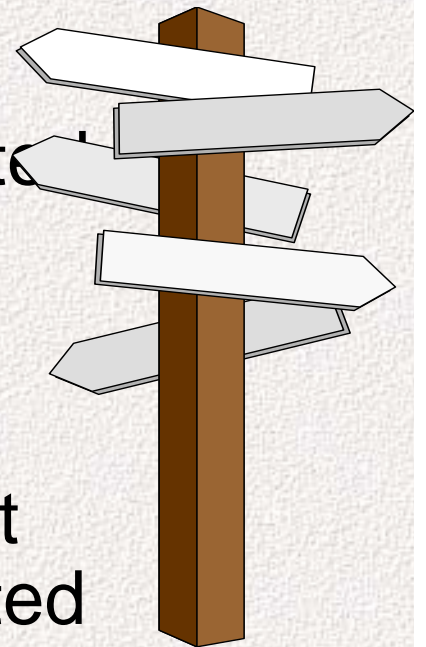
16. Performance information should be reported on a regular basis at least annually. The reported information should be made available as soon after the end of the reporting period as possible.

Managing for Results

Using Performance Measures for Decision Making

- What Have We Seen

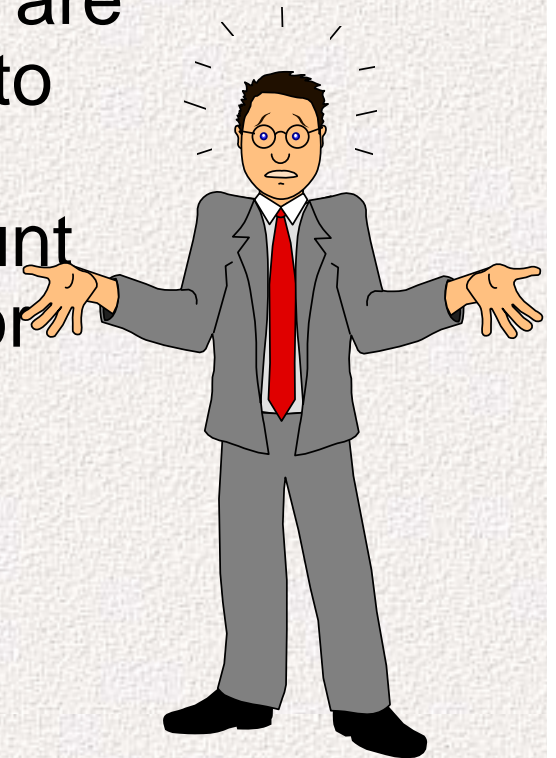
- Performance measures are not an end in and of themselves
- An increasing number of uses of performance measures are associated with decision making
- There is a dearth of reliable cost information about programs
- Most performance measures are not linked to resources being appropriated and used



Managing for Results

Using Performance Measures for Decision Making

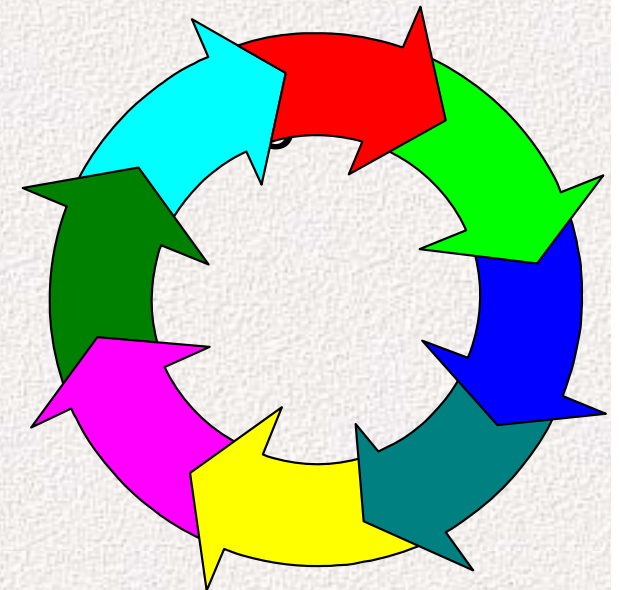
- What Have We Seen (continued)
 - It is difficult to link resources directly to outcomes--at least now
 - Even when performance measures are linked from appropriation to output to outcome, there is often little or no understanding of whether the amount being appropriated is reasonable for providing the number of units of service of the quality proposed



Managing for Results

Using Performance Measures for Decision Making

- What Have We Seen (continued)
 - Those expected to use the performance measures usually are not provided with a proper foundation for understanding them or what they might mean regarding the decisions users must make
 - We need to better understand condition we are trying achieve



Managing for Results

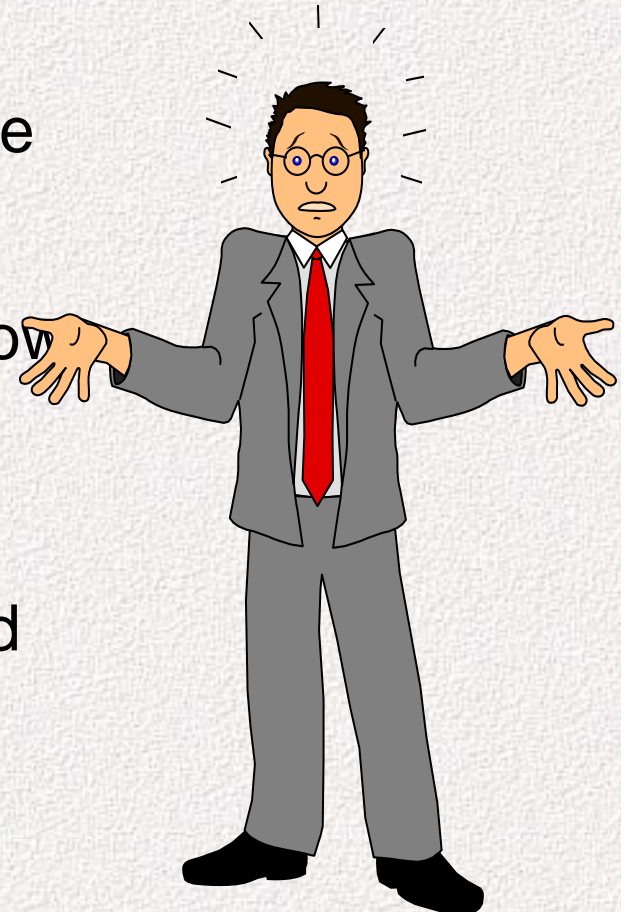
Using Performance Measures for Decision Making

- What Have We Seen (continued)
 - There is a need for baseline data on the services we want to measure so that realistic objectives can be established
 - We are just beginning to grasp the degree of complexity associated with trying to achieve results from government programs
 - Explanatory information that will help users understand the factors that influence program results frequently are not included or even referred to

Managing for Results

Using Performance Measures for Decision Making

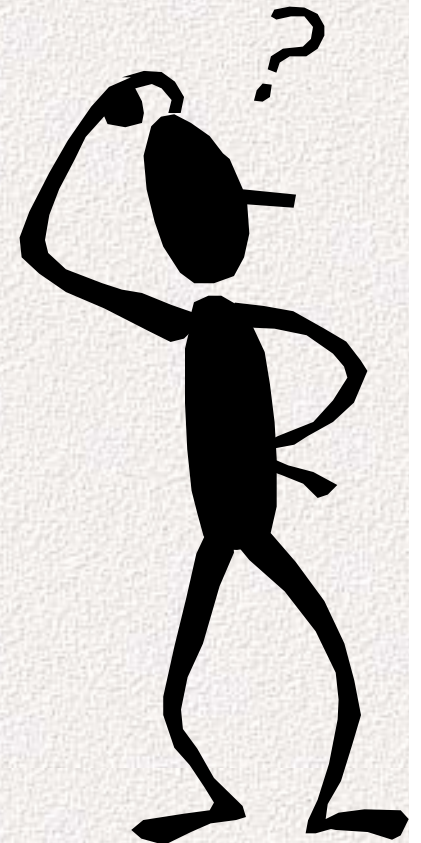
- What Have We Seen (continued)
 - Diagnostic measures are only infrequently being developed and used
 - As our level of knowledge about the programs and services we are providing increases, so does our knowledge of all that we do not know (and may never know) about them
 - The use of evaluations to help understand results and how to improve it are beginning to be used



Managing for Results

Using Performance Measures for Decision Making

- What Have We Seen (continued)
 - Some outcomes may not be readily measurable, and outcomes may be (at least) initial, intermediate or long-term
 - A primary result of using performance measures is that they help generate more and hopefully better questions
 - Citizens know a lot more about performance measurement than we thought
 - Citizens want to be involved
 - Selecting measures of importance to them
 - Saying what is reported and how
 - Evaluating how government is performing

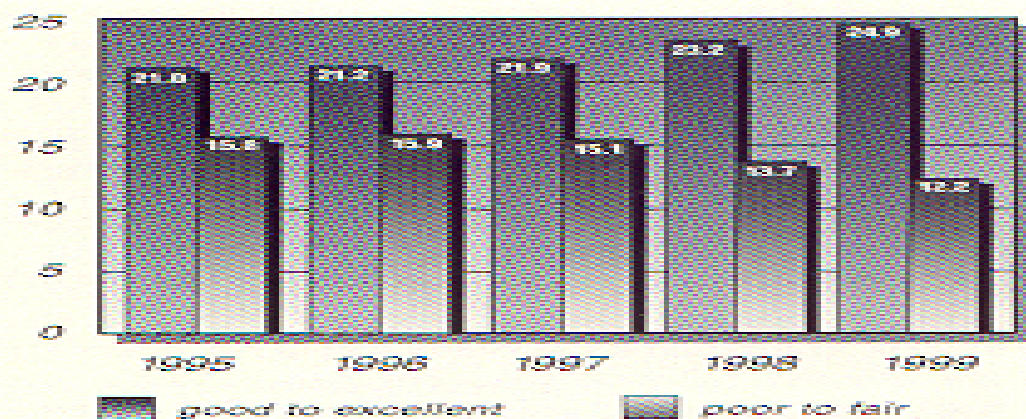


Comptroller's 2000 Report on the Financial Condition of New York State

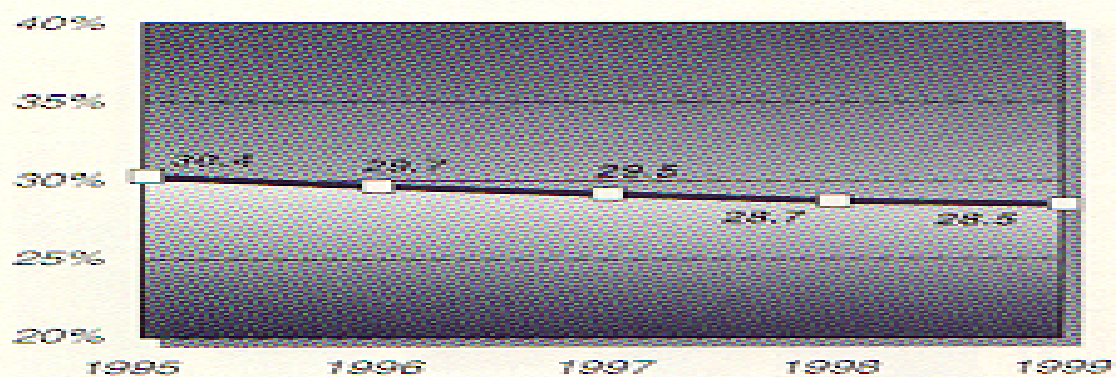


H. CARL McCALL • STATE COMPTROLLER

Highway Condition in New York *lane miles (in thousands)*



Deficient Bridges in New York *percent deficient*



How Smooth Are New York City's Streets? (Community District Distribution)

Results of a Study Conducted by the
Fund for the City of New York
Center on Municipal Government Performance

Significant Jolts Encountered per Mile

- ▲ fewer than 5 (3 Community Districts)
- ▲▲ 5 – 9 (34 Community Districts)
- ▲▲▲ 10 – 14 (17 Community Districts)
- ▲▲▲▲ 15 or more (5 Community Districts)

Smoothness Score

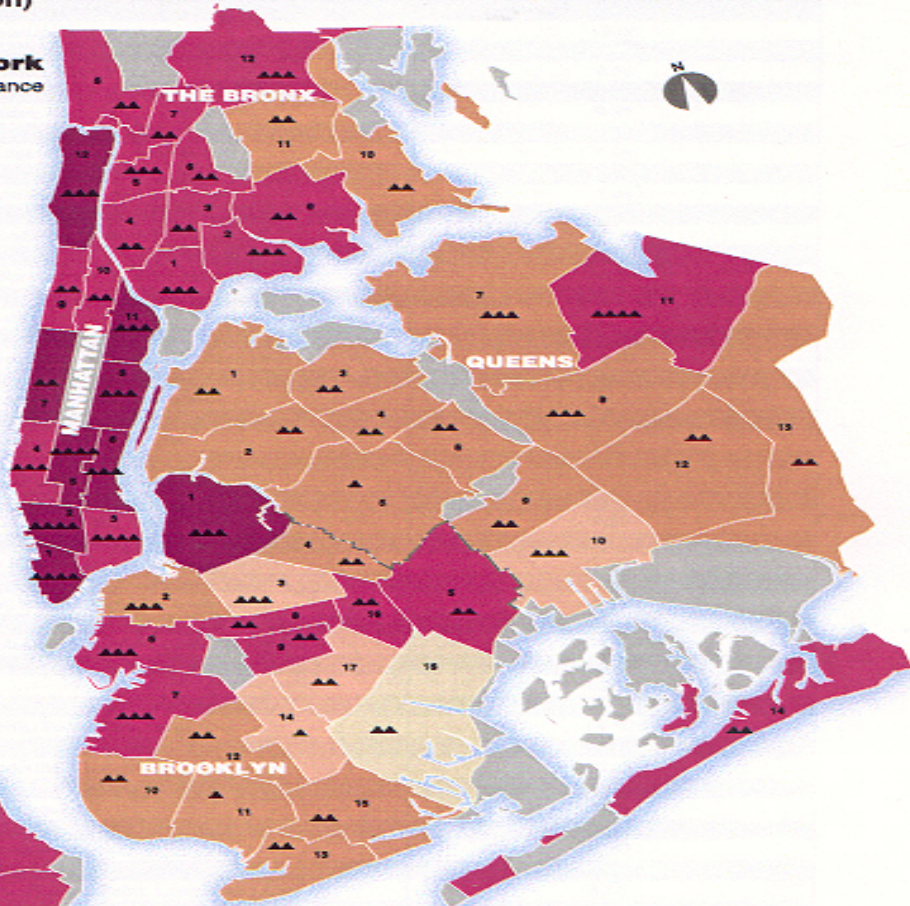
(Percent of Blocks Rated "Acceptable" in Each District)

- 90% or more (1 Community District)
- 70 – 79% (4 Community Districts)
- 60 – 69% (20 Community Districts)
- 50 – 59% (25 Community Districts)
- fewer than 50% (8 Community Districts)
- Parks, airports, cemeteries and other large areas not measured

"Acceptable" blocks have a City Roughness Index (CRI) of 7.12 or less. Roughness Index computed from profilometry readings conducted by Galaxy Scientific Corporation. Findings derived by driving once through the City on randomly selected streets in all community districts. For description of methodology and the range of ratings see report *How Smooth Are New York City's Streets?* Data collected Fall 1997.

Note: Numbers and boundaries within the 5 boroughs are community district designations. There are 59 community districts in New York City.

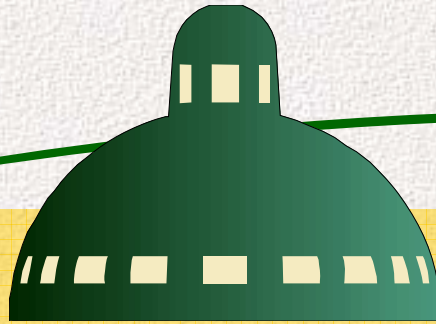
0 1 2 3 4 5 mi.



Citywide and Borough Findings

	Smoothness Score (Percent of Blocks Rated "Acceptable")	Significant Jolts Encountered per Mile
New York City	60%	9.5
The Bronx	58%	8.7
Brooklyn	63%	8.4
Manhattan	45%	14.2
Queens	64%	9.3
Staten Island	56%	7.5

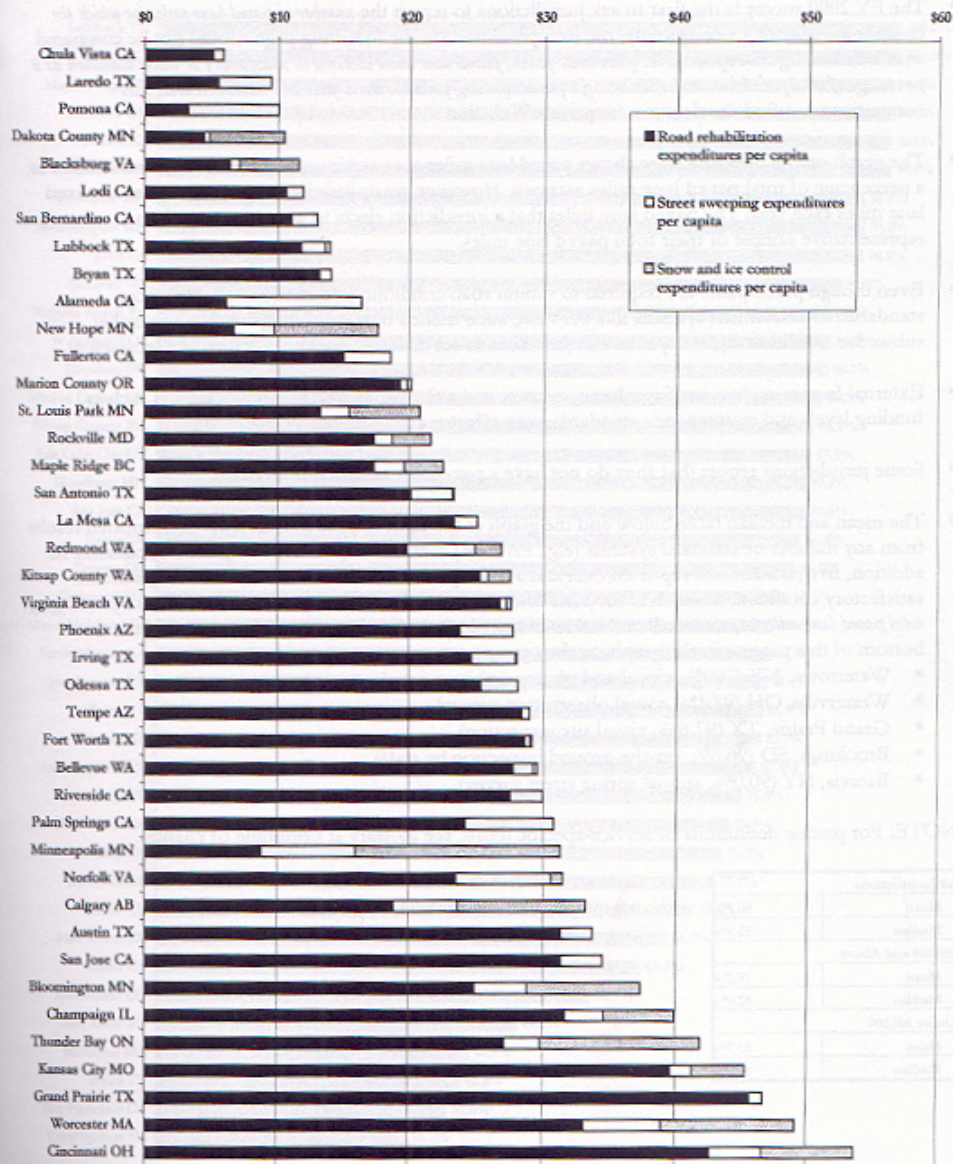
This study was made possible by a grant from the Alfred P. Sloan Foundation.
© Fund for the City of New York, 1998
Design: Michael Hertz Associates, NY



ICMA

Performance Measures

FIGURE 7-6 EXPENDITURES PER CAPITA FOR ROAD REHABILITATION, STREET SWEEPING, AND SNOW AND ICE CONTROL (PAGE 2 OF 2)



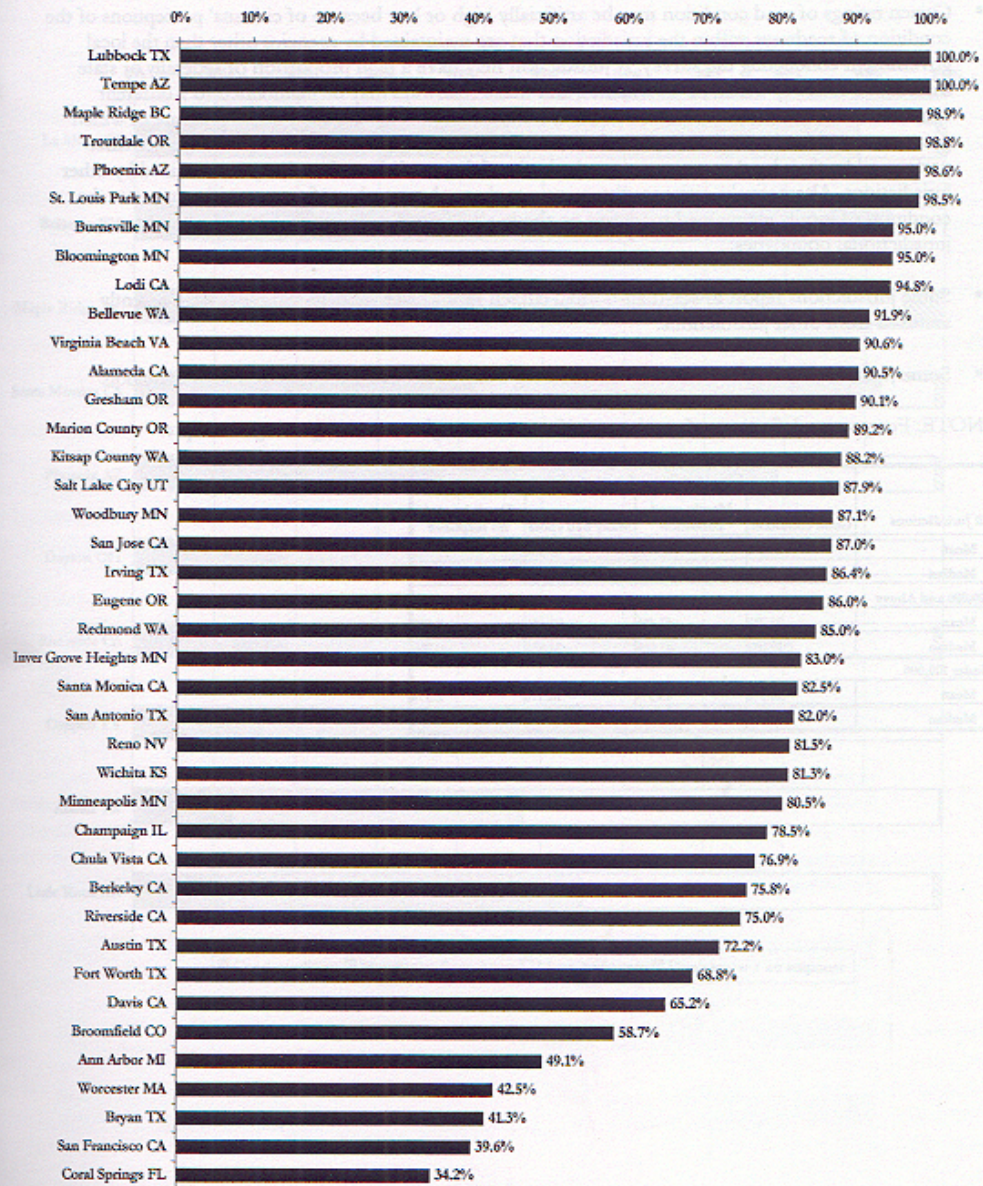
Electronic data and full comment text are available for CPM participants only at <http://icma.org/cpm>. For general information, please visit <http://icma.org/performance>.

ICMA Comparative Performance Measures

Expenditures Per Capita—Maintenance, Sweeping, Ice & Snow Removal

Lubbock, TX	\$ 15
Redmond, WA	28
Phoenix, AZ	28
Bellevue, WA	29
Riverside, CA	30
Minneapolis, MN	31
Austin, TX	32
Grand Prairie, TX	47
Worcester, MA	49
Cincinnati, OH	54

FIGURE 7-7 PAVED LANE MILES ASSESSED IN SATISFACTORY OR BETTER CONDITION AS A PERCENTAGE OF TOTAL PAVED LANE MILES ASSESSED (PAGE 2 OF 2)



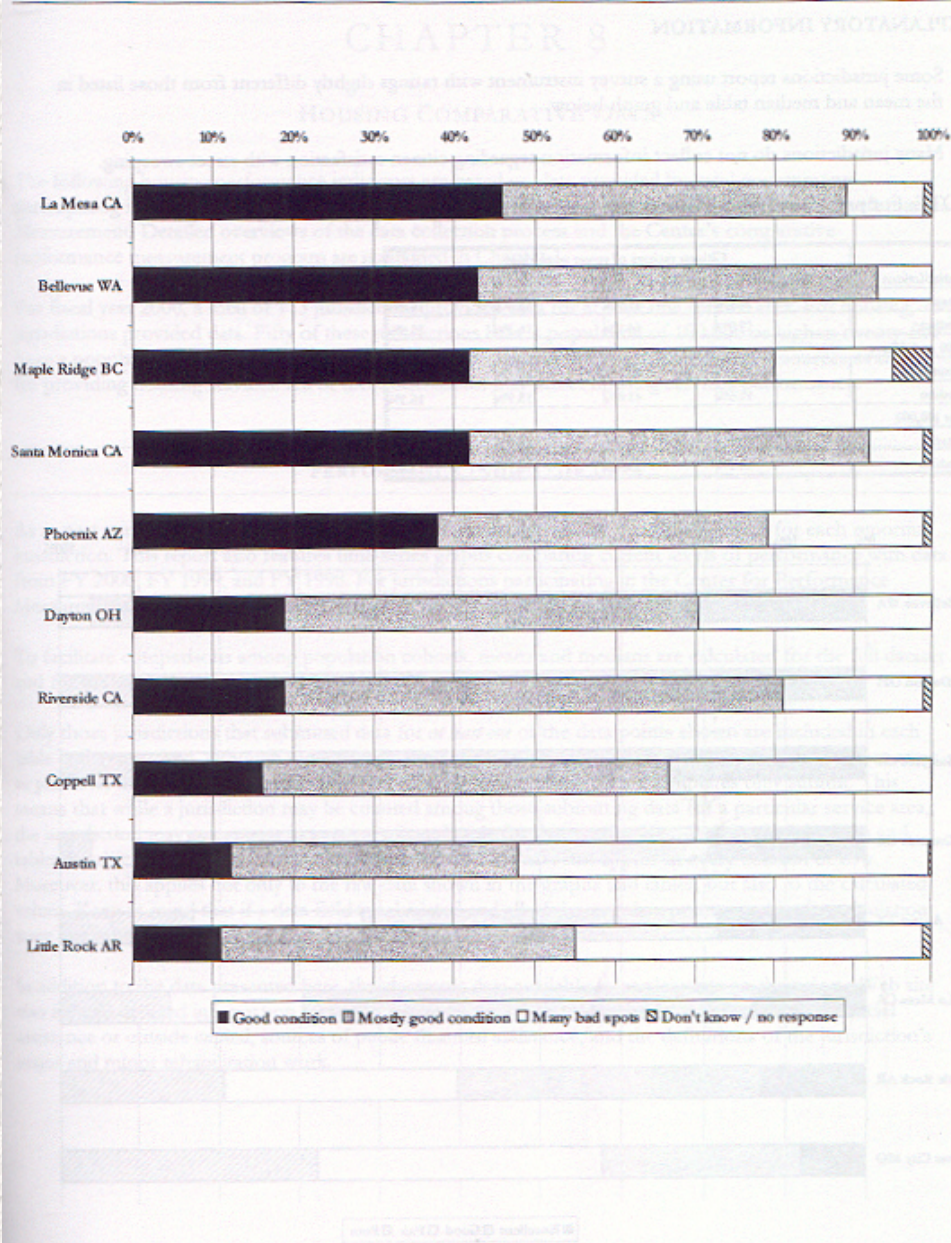
Electronic data and full comment text are available for CPM participants only at <http://icms.org/cpm>. For general information, please visit <http://icms.org/performance>.

ICMA Comparative Performance Measures

Paved Lane Miles Assessed in Satisfactory or Better Condition as Percent of Total

Lubbock, TX	100.0 %
Phoenix, AZ	98.6 %
Bellevue, WA	91.1 %
Redmond, WA	85.0 %
Minneapolis, MN	80.5 %
Riverside, CA	75.0 %
Austin, TX	72.2 %
Worcester, MA	42.5 %
San Francisco, CA	39.6 %
Coral Springs, FL	34.2 %

FIGURE 7-8 CITIZEN RATINGS OF ROAD CONDITION (PAGE 2 OF 2)



ICMA Comparative Performance Measures

Citizen Rating Road Condition as Good or Mostly Good

Bellevue, WA	92.0 %
Riverside, CA	80.5 %
Phoenix, AZ	79.0 %
Dayton, OH	70.5 %
Austin, TX	48.0 %

ICMA Performance Measurement Program - Road Maintenance

- **Number of lane miles of roads maintained**
- **Total maintenance costs expended**
- **Cost per capita**
- **Percent of lane miles in satisfactory condition**
- **Number of days each year with freezing or snow conditions**

Florida DOT

Florida Department of Transportation

State owns 12,000 of the 114,500 centerline miles of public roads (which carry 2/3 of traffic)

State maintains 6,200 of 11,000 bridges in state

Provide funding/technical support to 14 seaports, 22 commercial airports, 3,000 miles of rail, 18 transit systems

Florida DOT

1. Pavement Management System

- **Annual Condition Survey**
 - a) Ride quality
 - b) Crack severity
 - c) Average wheel-path ruts
- **Rating of <6 out of 10 in any area = Deficient**
- **Objective = 80% of system is not deficient**
- **Current Status = 78% meet standard**

Florida DOT

2. Bridge Management System

- **Inspections conducted every 2 years**
 - a) Preventive maintenance
 - b) Minor or major repair work
 - c) Replacement
- **If structure deterioration, limited by weight restrictions and needs preventative maintenance = Deficient**
- **Objective = 90% of bridges not deficient**
- **Current Status = 93% meet standards**

Florida DOT

3. Maintenance Rating Program

- **Sampling Program – 3 times per year**
 - a) Roadway
 - b) Roadside
 - c) Vegetation and aesthetics
 - d) Traffic Services
 - e) Drainage
- **Each category and a total rating given**
- Rating of <80 = Deficient**
- **Objective = 100% of roads > 80**
- **Current Status = 100% met**

Florida DOT

Capacity Program

FIHS

- 1) \$3,750 mile component
- 2) serves regional commerce, high speed, long distance travel
- 3) 31% of centerline miles of State Highway System but carries 50% of state traffic and 70% of truck traffic

Decision Support System

- 1) Pavement condition
- 2) Congestion
- 3) Safety
- 4) Intermodal connection
- 5) Economic development

Florida DOT

Capacity Program

Mobility Performance Measures

- 1) Quality of Service – Average Speed, Reliability
- 2) Quantity of Use – Vehicle Miles traveled, LOS
- 3) Accessibility – Connectivity
- 4) Utilization - % system heavily congested

GASB 34 Compliance by States

What is the current split of states for "depreciation" versus "modified?" (MT, TX, Other)

<u>Depreciation</u>	Leaning to <u>Depreciation</u>	<u>Modified</u>	Leaning To <u>Modified</u>	<u>Both</u>	<u>Undecided</u>
Connecticut		Alabama	District of Columbia	Idaho	Montana
Georgia		Arizona		Texas	
Hawaii		Colorado			
Iowa		Delaware			
Louisiana		Florida			
Maryland		Illinois			
Massachusetts		Indiana			
Mississippi		Kansas			
New Jersey		Kentucky			
North Carolina		Maine			
Oklahoma		Michigan			
Rhode Island		Minnesota			
South Carolina		Missouri			
Vermont		Nevada			
West Virginia		New Mexico			
		Ohio			
		South Dakota			
		Tennessee			
		Utah			
		Washington			
		Wisconsin			
		Wyoming			

GASB 34 Compliance by States

States that lean toward or have decided for the depreciation approach that plan to migrate to modified option? (Other)

Arkansas

New Hampshire

Pennsylvania

Virginia

Micro PAVER Pavement Maintenance Management

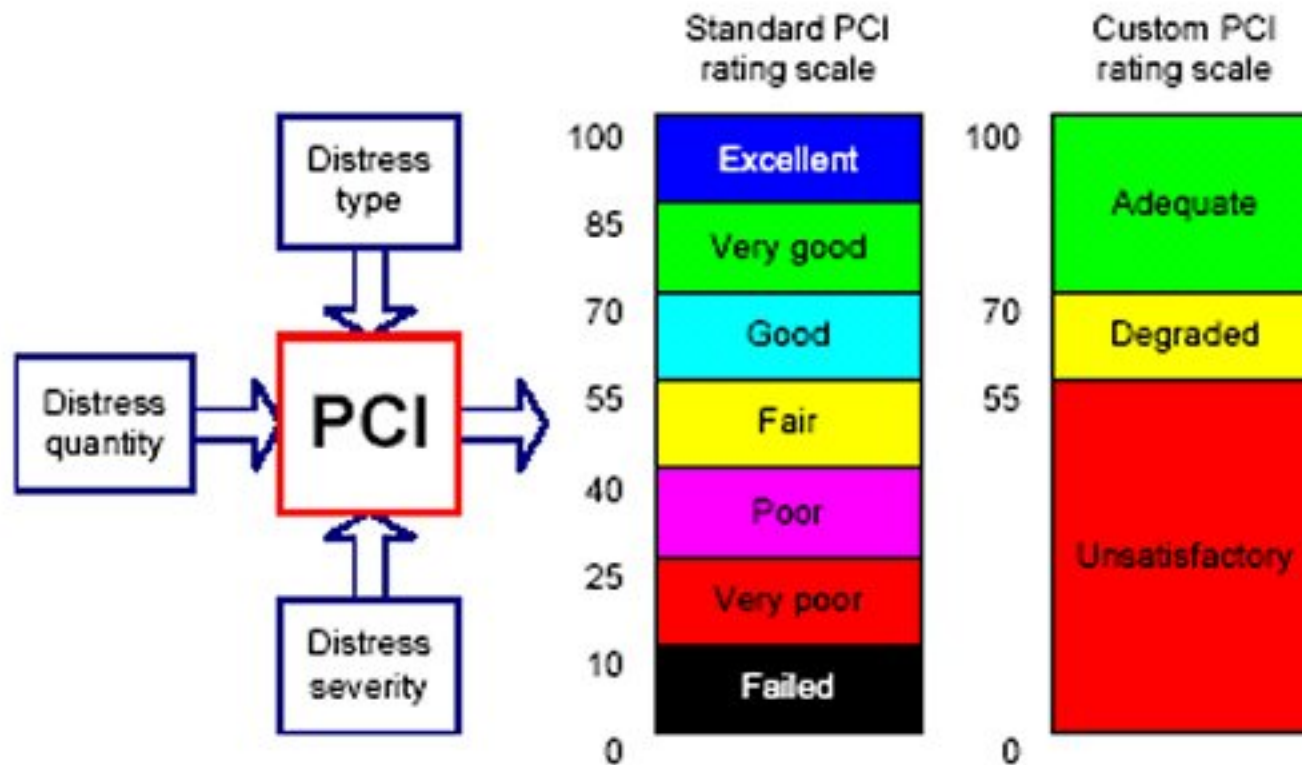
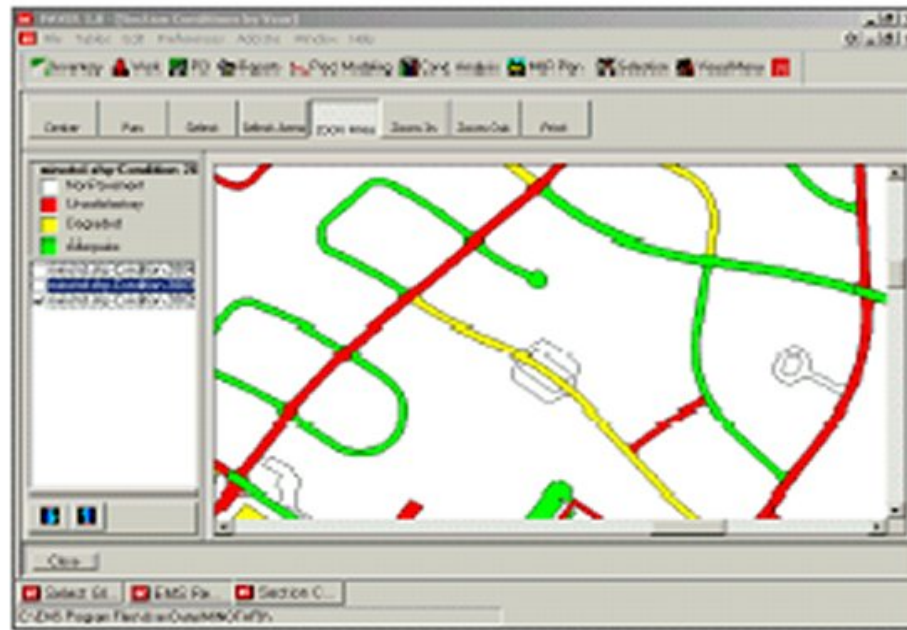


Fig. 3: Pavement condition index (PCI) ranges may be customized and used for reporting analysis results.

Micro PAVER Pavement Maintenance Management

Condition analysis

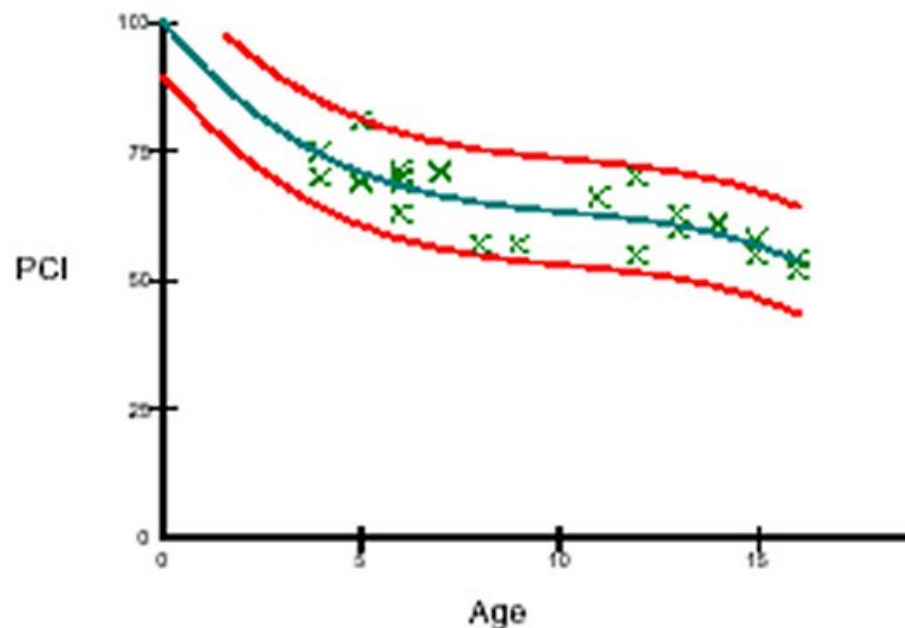
The Condition Analysis feature allows users to view the condition of the entire pavement network or any specified subset of the network. This feature reports past conditions based on prior interpolated values between previous inspections. It reports projected conditions based on prediction models. In Version 5.0 condition can be viewed on GIS maps in addition to tables and graphs, figure 5.



Micro PAVER Pavement Maintenance Management

Prediction modeling

The Prediction Modeling function in Micro PAVER helps identify and group pavements of similar construction that are subjected to similar traffic, weather, and other factors affecting pavement performance. The historical data on pavement condition can be used to build a model that can accurately predict the future performance of a group of pavements with similar attributes, figure 4.



Micro PAVER Pavement Maintenance Management

Version 5.0 provides the ability to determine budget consequence and budget requirements using an iterative process. This feature enables managers to develop a variety of funding scenarios to support their decisions, figure 6.

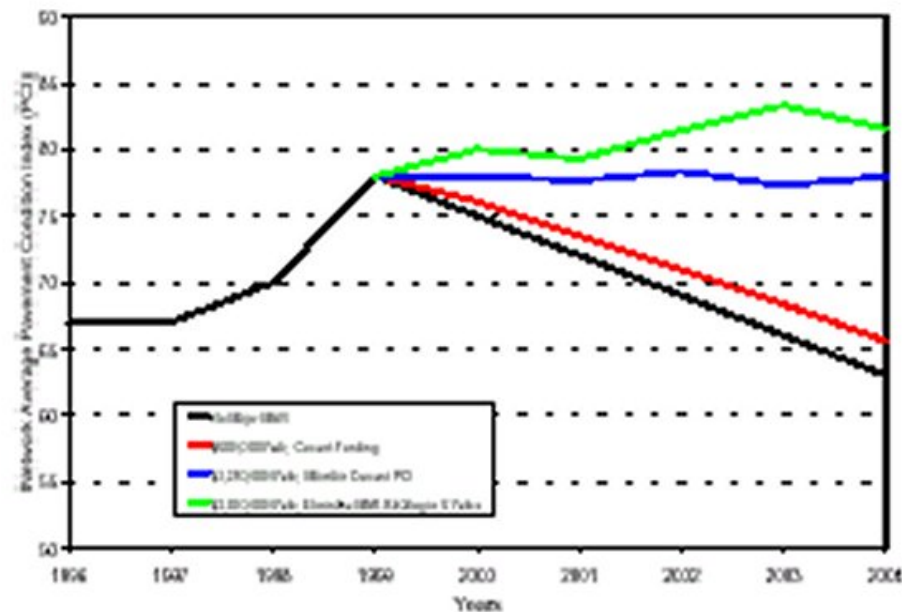


Fig. 6: "Iterative" work planning enables users to determine how much funding is required over a given number of years to:

- *Eliminate the work backlog*
- *Sustain the current average PCI*
- *Attain and sustain an average PCI*