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GASB Proposes Guidance on Disclosure and Classification of Certain Capital Assets.

Norwalk, CT, September 28, 2023 — The Governmental Accounting Standards Board (GASB) today issued a proposal that would establish requirements for certain types of capital assets to be disclosed separately for purposes of note disclosures.

The Exposure Draft, *Disclosure and Classification of Certain Capital Assets*, also establishes requirements for certain capital assets to be classified as "held for sale."

Recent GASB pronouncements like Statement Nos. 87, Leases, and 96, Subscription-Based Information Technology Arrangements, created certain types of capital assets, which are described as "right-to-use" assets. In light of the recognition of those new types of assets, the Board decided to consider the effectiveness of existing classifications.

Based on input from financial statement users during the research phase of the project, GASB is proposing that certain types of assets be disclosed separately in the note disclosures about capital assets. This would allow users to make informed decisions about these and to evaluate accountability.

Four Types of Capital Assets Would Be Disclosed Separately

The Exposure Draft addresses four types capital assets that would be disclosed separately in the notes:

1. Capital assets held for sale, by major class of asset;
2. Lease assets reported under Statement 87, by major class of underlying asset;
3. Subscription assets reported under Statement 96; and
4. Intangible assets other than leases assets and subscription assets, by major class of assets.

Capital assets held for sale is a new classification proposed in this Exposure Draft. Under the proposal, a capital asset would be classified as held for sale if: (a) the government has decided to sell the asset, and (b) it is probable the sale will be finalized within a year of the financial statement date. Capital assets classified as held for sale would be evaluated each reporting period.

Stakeholders are asked to review the proposal and share their input with the Board by January 5, 2024. Comments may be submitted in writing or through an electronic input form. More information about providing comment in both ways can be found in the document, which is available on the GASB website, www.gasb.org.

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