



Mr. Alan Skelton
Director of Research and Technical Activities
Project No. 3-43
Governmental Accounting Standards Board
801 Main Avenue, P.O. Box 5116
Norwalk, CT 06851

June 26, 2026

Via email to askelton@gasb.org

RE: Governmental Accounting Standards Board's Exposure Draft, *Infrastructure Assets*

Dear Mr. Skelton:

The National Federation of Municipal Analysts (NFMA) is pleased to respond to the Governmental Accounting Standards Board's (GASB) Exposure Draft, *Infrastructure Assets* (ED).

The NFMA is a not-for-profit association with nearly 1,200 members in the United States, comprising a broad range of municipal bond analysts from the buy-side, sell-side, rating agencies, and bond insurers. The mission of the NFMA is to enhance the professional development and analytical contributions of municipal market participants through educational programs, networking opportunities, and targeted advocacy that supports improved disclosure to benefit the industry. The NFMA has published an extensive library of Best Practices in Disclosure and White Papers that are available on our website, www.nfma.org.

The NFMA supports the GASB's efforts to improve the transparency and quality of financial information available to help users of financial statements more accurately evaluate the credit attributes, trends, and fiscal health of governmental entities.

The NFMA believes that infrastructure accounting plays a central role in assessing long-term credit risk. Deferred maintenance and infrastructure reinvestment practices are important drivers of future capital needs, borrowing requirements, and service-delivery risk. Enhanced disclosure in this area would significantly improve decision-usefulness for financial statement users.

Areas of Disagreement

- For reasons explained in our response (see attached) to the GASB's Preliminary Views, *Infrastructure Assets* (PV), the NFMA continues to disagree with the GASB's conclusion that



deferred maintenance does not constitute a liability. Economically, deferred maintenance is as significant and, ultimately, unavoidable as a demand on a government's resources as pensions, other postemployment benefits, and long-term debt. Although we are aware of the roadblocks at present to measuring deferred maintenance as a financial statement item, we nevertheless view the responsibility to remedy deferred maintenance as a government's obligation to the public that pays for and uses infrastructure assets that the government cannot indefinitely avoid. Therefore, in the absence of reporting on the face of financial statements, we believe that users of financial statements need more explicit disclosure of deferred maintenance and related infrastructure obligations.

- *Paragraph 10, maintenance policy disclosure:* We believe that the revisions to this proposal will result in relatively few governments making the disclosure. Without accompanying quantitative indicators, such disclosures may not fully support analysis of infrastructure sustainability or funding adequacy and may result in limited comparability across governments. We believe the disclosure as proposed will consist mostly of boilerplate language and, therefore, will not result in essential information.
- The NFMA is disappointed that the following PV proposals for governments that depreciate their infrastructure assets were not carried forward to the ED:
 - *Disclose maintenance or preservation expenses for the current reporting period related to infrastructure assets*
 - *Present a required supplementary information (RSI) schedule of the estimated and actual maintenance expense for each of the past 10 fiscal years*
 - We believe such information would enhance users' ability to assess whether maintenance practices are consistent with long-term asset preservation objectives and fiscal planning assumptions. These disclosures would improve analytical visibility into infrastructure investment trends and support evaluation of whether governments are adequately maintaining infrastructure assets over time.
 - We agree with the alternative view of the GASB member that this proposed 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).”

Areas of Agreement

- *Paragraphs 4 and 5, definition of infrastructure assets:* We believe that the proposed definition is appropriate and an improvement over the version in the PV.



- *Paragraph 6, depreciation by component:* We agree that a component of an infrastructure asset with a cost that is significant relative to the total cost of the asset and a substantially different estimated useful life should be separately depreciated. The inclusion of “substantially” is preferable to the language in the PV. However, we believe that the proposed standards would be more comparably and consistently applied by governments if the GASB were more specific about what percentage of total cost constitutes “significant.”
- *Paragraph 7, periodic review of estimated useful lives and salvage values:* We agree with this requirement but ask that the GASB be more specific with respect to the frequency of the reviews, such as a certain number of years or number of times during the useful life of an asset. If the GASB does not establish a specific period, we ask that governments be required to disclose the period they have chosen for conducting their review. Additionally, we are concerned that the effects of changes in estimated useful lives resulting from the review (both when these standards are first implemented and when future reviews are conducted) will not be fully understood without additional disclosure. Although governments will disclose the aggregate amount by which beginning net position is restated due to accounting changes, that will not inform users about (1) which infrastructure assets’ estimated useful lives and salvage values were changed, (2) the number and types of infrastructure assets affected and the dollar amounts of the changes, or (3) the amount of previously reported accumulated depreciation that was removed. We believe that information will be essential to evaluating the degree to which historical cost is effectively depreciated for a second time and how that affects the consistency of any time series that includes depreciation expense.
- *Paragraph 8, eligibility for the modified approach:* We are supportive of allowing governments with the necessary policies and procedures, but not an “asset management system” per se, to use the modified approach to report infrastructure assets. However, we believe that further enhancements to transparency regarding condition assessment methodologies and funding alignment are necessary to improve comparability across governments.
- *Paragraph 10, disclosure by network of infrastructure assets:* We believe this level of disaggregation in the notes is essential to evaluating distinctly different types of assets, such as highways and water mains.
- *Paragraph 11, disclosure of the historical cost, accumulated depreciation, and historical-cost weighted-average age of infrastructure assets that are more than 80 percent depreciated, separately identifying those that are 100 percent depreciated:* We support the addition of historical-cost weighted-average age, which is a more meaningful and decision-useful indicator than what current disclosure allows users to calculate (that is, a simple average of accumulated depreciation divided by historical cost). We continue to believe that the note



would be more informative if it disclosed infrastructure assets that are 50 percent depreciated as well, in addition to 80 and 100 percent.

- *Paragraphs 12–15, modified approach disclosure, RSI, and supplementary information:* We support the requirement to disclose in notes to the RSI schedule when a government has changed the chosen physical condition level of its infrastructure and to explain why. We believe that governments should present the full 10 years in the RSI schedule upon implementation, rather than prospectively; information for the entire period already has been published in past financial reports. Doing so will benefit longitudinal analysis without any additional cost to governments.

NFMA Recommended Areas for Consideration

The NFMA requests that the GASB initiate a standards-setting project as soon as possible to consider applying the proposed provisions for governments that report historical cost and depreciation (or amortization) to capital assets other than infrastructure.

Although the Exposure Draft includes certain improvements, it does not provide enough of the essential information analysts need to assess infrastructure-related credit risk. We encourage the GASB to consider additional incremental enhancements that improve comparability, trend analysis, and decision-usefulness for financial statement users.

We thank you again for the opportunity to provide our comments on the Exposure Draft and would be happy to discuss our feedback in follow-up communications.

Sincerely,

/s/ Dean Michael Mead

Dean Michael Mead
NFMA Member on the GASAC

