

State of Louisiana
Office of Statewide Reporting and Accounting Policy

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MEMORANDUM OSRAP 26-10

TO: Fiscal Officers

FROM: Brian Fleming, CPA
Director, Office of Statewide Reporting and Accounting Policy

SUBJECT: Implementation of Governmental Accounting Standards Board (GASB) Statement No. 104, *Disclosure of Certain Capital Assets*

Link to full statement: [GASBS 104](#)

Effective Date: State's fiscal year ending **June 30, 2026**.

Summary

GASB Statement No. 104 (GASBS 104) requires separate disclosure of intangible capital assets as follows:

1. Lease assets, by major class of underlying asset;
2. Intangible right-to-use P3 (operator) assets, by major class of underlying asset;
3. Subscription assets (i.e., SBITAs); and
4. All other intangible assets other, by major class (e.g., purchased software, internally generated software, easements, mineral rights, and similar items).

GASBS 104 requires retroactive presentation; therefore, the beginning balance column in the capital asset note must be restated for any category changes.

In addition, GASBS 104 requires a new disclosure for capital assets held for sale when the government has formally decided to sell the asset **and** it is probable the sale will be finalized within one year of the financial statement date.

For annual fiscal reports (AFRs) submitted to OSRAP, the primary impact of GASBS 104 will be the addition of a new disclosure identifying individual capital assets held for sale. For AFRs that include a capital asset note, an additional impact will be the expansion of the owned intangibles (#4 above) from a single category to multiple categories by major asset class. The right-to-use intangibles (#1-3 above) are already reported separately, so no change is needed.

Key Provisions – Separate Disclosure of Certain Capital Assets

Within the existing capital asset disclosure, governments must separately present information for the following capital asset types and their related amortizations:

- a. Lease assets recognized under GASBS 87, by major class of underlying asset (e.g., land, building, equipment).
- b. Intangible right-to-use assets recognized by an operator under GASBS 94, by major class of underlying asset.
- c. Subscription assets reported under GASBS 96.
- d. All other intangible assets, by major class of asset (e.g., purchased software, internally generated software, easements, mineral rights, and similar items).

Although much of this information was previously required by the disclosures in GASB Statement Nos. 87, 94, and 96, GASBS 104 consolidates and formalizes the requirement for disaggregation within the capital asset disclosure. GASBS 104 also provides clarification that right-to-use assets should not be grouped with owned intangibles.

Other implementation considerations

Because GASBS 104 requires retroactive presentation in the year of implementation, the beginning balance column on the capital asset note disclosure must be restated if reclassification or disaggregation of intangible categories are necessary. For state entities with separately issued financial statements, an additional disclosure is required noting that GASBS 104 has been adopted and identifying any financial statement line items¹ affected by the change in accounting principle.

Key Provisions – Capital Assets Held For Sale

GASBS 104 requires a new disclosure for capital assets held for sale. A capital asset meets this definition when (a) the government has decided to pursue the sale of the asset **and** (b) it is probable (likely to occur) that the sale will be finalized within one year of the financial date. This assessment must be performed at each reporting period.

Factors to consider when evaluating whether it is probable that the sale will be finalized within one year of the financial statement date include, but are not limited to, the following:

- a. Whether the asset is available for immediate sale in its present condition
- b. Whether an active program to locate a buyer has been initiated, which may include the asset being put out for bid
- c. Market conditions for selling that type of asset
- d. Regulatory approvals needed to sell the asset

Capital assets held for sale should continue to be reported within the appropriate major class of capital asset in the existing capital asset disclosure. However, an additional disclosure should be included for both governmental activities and business-type activities with the following information on any capital assets held for sale:

- The historical cost and accumulated depreciation (or amortization), by major class of asset.
- The carrying amount of debt for which capital assets held for sale are pledged as collateral, for each major class of asset.

¹ This would only be applicable if capital assets were disaggregated by major type on the face of the statement of net position and reclassification or disaggregation of intangible categories are necessary.

Examples and Illustrations

GASBS 104, Appendix C (see link to Statement on pg. 1), provides nonauthoritative illustrations as follows:

Illustration 1 – Capital Assets Note Disclosure

Capital asset activity for the year ended June 30, 20X2, was as follows (in thousands):

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 29,484	\$ 2,020	\$ (4,358)	\$ 27,146
Construction in progress	2,915	13,220	(14,846)	1,289
Total capital assets not being depreciated	32,399	15,240	(19,204)	28,435
Capital assets being depreciated:				
Buildings and improvements	40,861	334	-	41,195
Equipment	32,110	1,544	(1,514)	32,140
Road network	72,885	10,219	-	83,104
Bridge network	18,775	4,627	-	23,402
Software	2,100	548	(650)	1,998
Lease assets:				
Buildings	25,821	209	-	26,030
Equipment	20,389	2,312	(2,456)	20,245
Subscription assets	5,490	687	(743)	5,434
Total capital assets being depreciated	218,431	20,480	(5,363)	233,548
Less accumulated depreciation for:				
Buildings and improvements	(10,358)	(691)	-	(11,049)
Equipment	(9,247)	(2,676)	1,040	(10,883)
Road network	(12,405)	(823)	-	(13,228)
Bridge network	(2,896)	(197)	-	(3,093)
Software	(543)	(110)	25	(628)
Lease assets:				
Buildings	(7,456)	(596)	-	(8,052)
Equipment	(5,864)	(1,782)	823	(6,823)
Subscription assets	(1,009)	(450)	209	(1,250)
Total accumulated depreciation	(49,778)	(7,325)	2,097	(55,006)
Governmental activities capital assets, net	\$ 201,052	\$ 28,395	\$ (22,470)	\$ 206,977

Illustration 2—Capital Assets Held for Sale Disclosure

Included in capital assets are buildings that are capital assets held for sale. Those buildings are reported in governmental activities. They have a total historical cost of \$8.0 million and an accumulated depreciation of \$5.0 million, and they are pledged as collateral for debt with a balance of \$1.5 million.

Additional Resources

Any questions concerning this implementation memo can be directed to Sean Langlois at (225) 342-5509 or sean.langlois@la.gov (cc: OSRAP@la.gov).