



DATE: June 18, 2009

To: Agency Fiscal Officers

FROM: Alan Skelton, Director – Statewide Accounting

RE: GASB 51 Survey reminder

As you are aware, the GASB 51 survey issued by SAO was due Monday. Thank you to all who have already complied with the deadline. Glenda Knowles from GSFIC wins the 1st submission award and her 'Check is in the mail.' In order for SAO to track response rates, please send in your survey even if your agency does not own any intangible assets.

We have included some frequently asked questions and answers that may assist you in filling out the survey as well as tentative thresholds for all intangible assets listed on the survey. If the intangible assets fall below these thresholds, they do not need to be reported. If your agency already has reported such assets in the survey, please adhere to these thresholds when booking the assets in the general ledger and applicable sub-ledgers.

Keep in mind that GASB 51 implementation is effective July 1, 2009. For new purchases, it will be necessary to have the designated profile ID for each intangible. We will be sending out the list as soon as we have determined the materiality of assets owned by state agencies. Any questions may be directed to Consuelo Ravelo at cravelo@sao.ga.gov or Alan Skelton at askelton@sao.ga.gov.

FAQs:

Q. Do we have to go back to 1980 to determine costs for intangible assets?

Retroactive reporting for intangible assets placed in service after June 30, 1980 is **not** applicable to internally generated computer software. Computer software is considered internally generated if it is developed in-house or by a third party contractor on the State's behalf. Retroactive reporting is also **not** applicable to intangible assets that have indefinite useful lives, i.e. copyrights, trademarks; patents that never expire will be exempt from GASB 51 implementation.

Q. Should land use rights, such as water, timber, and mineral rights associated with property (land) already owned by the government, be reported as intangible assets separate from the associated property?

No. These "bundle of rights" were considered part of the land and the property was reported at historical cost. The reported value of the property already includes consideration for all the rights associated with the property. Therefore, the value of the individual rights should remain aggregated and reported as a tangible capital asset (land or property). In contrast, land use rights that were acquired in a transaction that did not involve acquiring the underlying property should be reported as intangible asset (at historical cost), keeping in mind the \$100,000 threshold.

Q. Are leases considered intangible assets?

No. Capital lease is exempt from GASB 51 provision. Operating lease does not meet the definition of intangible asset as non-financial in nature and initial useful life extending beyond a single reporting period. Please refer to Accounting Procedures Manual- Section Four, Capital Asset Guide, page 3 for lease agreement criteria on whether a lease is capitalized or operating.

Q. Do multi-year lease rental agreements fall under GASB 51? How about parking spaces that are leased?

No. Lease or rental agreements that generate income or profit are exempt from GASB 51 implementation. These are investments.

Intangible Assets Threshold:

Internally Generated Computer Software	\$1 million and over
Easements	\$100,000 per contract
Water, Timber, Mineral Rights	\$100,000 per contract
Patents, Trademarks, Copyrights	\$100,000 per contract