



Statewide Accounting Capital Asset Policy Drafts

Most Significant Differences from Existing Policy

Four capital asset policy drafts were posted for a 30-day comment period on June 17, 2010. Following is a summary of the most significant differences from existing capital asset policies. This summary is provided to assist users in their review of the capital asset policy drafts that are in the 30-day comment period.

- Incorporated the majority of the Capital Asset Guide (CAG) into the four new capital asset policies. Portions that are obsolete or that will be considered for inclusion in other sections of the new policy manual were not included in the new capital assets policies. Please provide comments if you feel these areas should be added back to the capital assets section:
 - Asset exchanges – under consideration for inclusion in a nonmonetary transactions policy
 - Assets held in trust – under consideration for inclusion in inventory or internal controls policies
 - Controlled assets – tracking no longer required by law after the repeal of OCGA 50-16-161 but still under consideration for inclusion in inventory or internal controls policies
 - Capital lease criteria – will be included in lease policies
- Clarified the CAG measurement guidance for the sale of capital assets (in the new Asset Transfers and Other Disposals policy) to indicate that movement between State organizations is a transfer that is reflected at the transferor's net book value with no gain or loss recognized.
- Clarified donation guidance to indicate that purchases for a nominal price (e.g. \$1) must be reflected at fair market value.
- Brought the descriptions of capital acquisition costs for "hard" assets into sync with software assets by including direct in-house labor as a component of acquisition cost.
- Added notation that not all costs that are included in capitalized acquisition cost are eligible for reimbursement from general obligation (GO) bonds (e.g. in-house payroll and payroll-related costs). Refer to the *GSFIC Reimbursements for Bond Funded Construction Projects* policy.
- Added guidance that the capitalization thresholds for Federal reporting may be different than the State capitalization thresholds and provided references to the OMB Circulars that provide Federal threshold guidance.
- Added guidance that assets acquired through capital leases should follow the capitalization threshold guidance for the most closely related capital asset classification.
- Added clarification on capital asset ownership when one organization finances the asset and the other organization manages the asset. The government responsible for maintaining the asset should report it.
- Provided new guidance on GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.