

## ***GASB 51 – Accounting and Financial Reporting for Intangible Assets***

The Governmental Accounting Standards Board (GASB) has issued Statement No. 51, “Accounting and Financial Reporting for Intangible Assets”. The Statement is effective for fiscal year 2010 and must be in place at the beginning of the fiscal year (July 1, 2009) for states to properly report and account for intangible assets.

GASB Statement No. 34 provided some guidance regarding intangible assets. Statement No. 51 established additional requirements for intangible assets to reduce inconsistencies and enhance comparability between states. We ask for your assistance by replying to this questionnaire so we may help each department implement this new accounting standard.

GASB Statement No. 51 defines intangible assets as an asset 1) that lacks physical substance, 2) is nonfinancial in nature (cannot be receivables or prepayment of goods), and 3) has an initial useful life that extends beyond a single reporting period. Examples of intangible assets include easements, water rights, timber rights, patents, trademarks, and computer software.

### **1. Based on the definition above, does your department have intangible assets?**

- Yes
- No

### **2. What types of intangible assets does your department have? (Check all that apply.)**

- Easements
- Mineral rights
- Water rights
- Patents
- Trademarks
- Computer software
- Other (explain below)

### **3. Are all of your department’s intangible assets capitalized as an asset in Advantage?**

- Yes
- No

**4. What types of intangible assets are not capitalized as an asset in Advantage?  
(Mark all that apply.)**

- Easements
- Mineral rights
- Water rights
- Patents
- Trademarks
- Computer software
- Other (explain below)

**5. Does your department know the historical cost of the intangible asset currently not capitalized in Advantage?**

- Yes
- No

Intangible assets are considered internally generated if they are 1) created or produced by an agency or an entity contracted by the agency, or 2) if they are acquired from a third party but require more than minimal incremental effort on the part of the department to begin to achieve the expected level of service capacity. An example of an internally generated intangible asset is computer software created by a department or a consultant, such as Advantage.

**6. Based on the definition above, does your department have internally generated intangible assets?**

- Yes
- No

**7. What types of internally generated intangible assets does your department have?**

- Computer software (most common)
- Other (please explain below)

GASB Statement No. 51 will require Application Development costs relating to creating or producing internally generated intangible assets (i.e. computer software) to be capitalized.

Examples of Application Development costs include costs (including payroll costs) related to software configuration, software interfaces, coding, installation to hardware, testing, etc.

**8. For each of the following ranges of development costs, please indicated the number of internally generated software projects your department has undertaken in state fiscal year 2011.**

Less than \$250,000	_____
\$250,000 to \$500,000	_____
\$500,000 to \$1,000,000	_____
Over \$1,000,000	_____

GASB Statement No. 51 will require all internally generated intangible assets (i.e. computer software) developed on or after July 1, 2009 to be capitalized.

**9. Is your department currently in the process or will be in the process of internally developing computer software?**

- Yes
- No

**10. Does your department have a method of tracking all application development costs for internally generated software?**

- Yes
- No

**11. Please briefly describe this method.**

**12. Please provide the following information for the person completing this survey.  
This will allow us to contact you if we need further information.**

Department \_\_\_\_\_

Division \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Phone Number \_\_\_\_\_

Email \_\_\_\_\_

**13. Please enter the following information for your department contact person, if  
different that the person above.**

Department \_\_\_\_\_

Division \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Phone Number \_\_\_\_\_

Email \_\_\_\_\_