

## **Capital Assets**

The Agency will establish and maintain a capital assets management system for reporting capitalized assets owned or under the jurisdiction of the agency in its financial reports in accordance with generally accepted accounting principles (GAAP) as required or modified by law; to improve the Agency's oversight of capital assets by assigning and recording them to specific facilities and programs and to provide for proof of loss of capital assets for insurance purposes. A video inventory of all buildings will be maintained.

Capital assets, including tangible and intangible assets, are reported in the government-wide financial statements (i.e. governmental activities and business type activities) and the proprietary fund financial statements. Capital assets reported include Agency buildings and sites, construction in progress, improvements other than buildings and sites, land and machinery and equipment. Capital assets reported in the financial reports will include individual capital assets with an historical cost equal to or greater than \$5,000 and any asset recorded as a capital lease. Additionally, capital assets are depreciated over the useful life of each capital asset.

All intangible assets with a purchase price equal to or greater than \$100,000 with useful life of two or more years, are included in the intangible asset inventory for capitalization purposes. Such assets are recorded at actual historical cost and amortized over the designated useful lifetime applying a straight-line method of depreciation. If there are no legal, contractual, regulatory, technological or other factors that limit the useful life of the asset, then the intangible asset needs to be considered to have an indefinite useful life and no amortization should be recorded.

This policy applies to all intangible assets. If an intangible asset that meets the threshold criteria is fully amortized, the asset must be reported at the historical cost and the applicable accumulated amortization must also be reported. It is not appropriate to "net" the capital asset and amortization to avoid reporting. For internally generated intangible assets, outlays incurred by the government's personnel, or by a third-party contractor on behalf of the government, and for development of internally generated intangible assets should be capitalized.

The capital assets management system must be updated annually to account for the addition/acquisition, disposal, and relocation/transfer of capital assets. It is the responsibility of the Chief Administrator or Designee to count and reconcile the capital assets with capital assets management system for the June 30 year-end close.

It is the responsibility of the Chief Administrator to develop administrative regulations implementing this policy. It will also be the responsibility of the Chief Administrator to educate employees about this policy and its supporting administrative regulations.

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