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MEMORANDUM

May 26, 2011

To: Agency Heads/Fiscal Officers

From: Simcha Felder *SF*

Re: Comptroller's Internal Control and Accountability Directive #30, *Capital Assets*

A new version of Comptroller's Internal Control and Accountability Directive #30 is attached. It supersedes the existing version dated June 3, 2005. This Directive complements and supports Comptroller's Internal Control and Accountability Directive #10, *Charges to the Capital Project Fund*, by providing that accounting standards and guidance for Capital Assets.

Similar to the prior Directive the new version provides detailed criteria for the valuation, impairment and disposition of Capital Assets in the City of New York's (City) financial statements. It also provides criteria as to the appropriateness of lease capitalization.

This Directive incorporates the requirements of Governmental Accounting Standards Board's Statements (GASB) No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB No. 51, *Accounting and Financial Reporting for Intangible Assets*, by adding two new sections to this version. Pollution remediation outlays are generally ineligible to be capitalized in the City's financial statements, except if they meet certain criteria which are provided for in the Directive. Intangible Assets must be classified as capital assets and reported in the government-wide *Statement of Net Assets* if they meet the criteria as provided for in this Directive. Additional guidance is provided in this version for Internally Generated Intangible Assets, including computer software, which must also be capitalized if they meet certain criteria. This Directive also updates the references to the City's new Financial Management System Accounting, FMS Accounting.

This Directive is effective immediately. Questions should be addressed to the Directives Unit, Municipal Building, 1 Centre Street, Room 827, New York, N.Y., 10007, (212) 669-8216. E-mail directives@comptroller.nyc.gov.

Attachment: