

Town of Hooksett

35 Main Street
Hooksett, NH 03106

INTANGIBLE ASSETS POLICY

Section 1. Purpose

The capitalization of intangible assets policy is to provide guidance in accordance with Statement No. 51 of the Governmental Accounting Standards Board (GASB) and to ensure the Town has adequate information necessary to report assets in the annual financial statements.

Section 2. Policy

For an intangible asset to qualify for capitalization purposes, it must meet all of the following requirements:

1. The acquisition cost is at least Twenty Five Thousand (\$25,000).
2. The intangible asset has a useful life greater than one year.
3. The Town has the ability to sell, transfer, license, or rent the asset to another party OR the asset arises from a contractual or legal right.
4. The asset is nonfinancial in nature and not acquired or created primarily for the purpose of generating income or profit, the result of the capital lease transaction or goodwill.

An intangible asset should be considered to have an indefinite useful life if there are no legal, contractual, regulatory, technological, or other factors that limit the useful life of the asset. Intangible assets with indefinite useful lives should not be amortized.

Intangible assets with limited useful lives should be amortized over their estimated useful lives. Amortization of computer software should begin when the program is placed into service.

Section 3. Procedure

Any department that believes they have acquired a qualified intangible has the responsibility to notify the Finance Office.

The Finance office will conduct an additional review to ensure that the asset is properly classified and reported on the balance sheet Department of Administration Code 1700 Intangible Assets.

Section 4. Definitions

Intangible Assets – Assets that lack physical substance, are non-financial in nature, and have useful life greater than one year. Examples include, but not limited to the following:

- **Easements** – The right to use land belonging to another for a particular use.
- **Water rights** – The right to access or use water from a water source.
- **Timber rights** – The right to claim trees on property belonging to another.
- **Patents** – The legal protection granted to an individual, company, or organization from the United States federal government or foreign government giving the owner the exclusive right to produce and sell an invention for a given period of time.
- **Copyrights** – The legal protection granted to authors or artist for their works from the federal government. This gives the owner the exclusive rights to produce or sell the artistic or published work for a specified period of time.
- **Trademark** – A name, word, phrase, logo, symbol, design, or image that identifies that the product is from a unique source.
- **Purchased Software** – Software that the Town pays an upfront cost to use. This may be software that we pay for initially and then pay an additional annual maintenance fee in order to receive upgrades and support from the vendor.
- **Internally Generated Software** - Software that is developed by the Town of Hooksett's staff or an entity contracted by the Town.

Section 5. Policy Adoption and Amendments

The Council approved adoption of the Town of Hooksett Intangible Assets Policy at their May 12, 2011 meeting.