

STATE OF VERMONT
CAPITAL ASSET IMPAIRMENT FORM
JUNE 30, 2024

Capital Asset Impairment Form – ACFR-3

Any department that owns, leases, or subscribes to a **capital asset valued at greater than \$100,000** that has undergone impairment must submit a completed Capital Asset Impairment Form.

An asset impairment is a significant, unexpected decline in the **service utility of a capital asset** that will continue to be used in operations. Changes or events that would give rise to an impairment include fire or flood, unanticipated technological obsolescence, enactment of new regulatory laws causing the asset to lose useful value, or construction stoppage on a capital improvement project due to some unexpected occurrence.

A number of factors can affect the usefulness of the underlying IT assets in a Subscription-Based Information Technology Arrangement (SBITA) that may result in a change in the manner or duration of use of the subscription asset. Such a change in the manner or duration of use of the subscription asset may mean the service utility of the subscription asset is impaired.

Stoppage of construction in process (CIP), stoppage of development for internally generated intangible assets (both owned, leased, SBITA's) are reportable.

Capital Assets reportable include:

- 1) tangible assets such as buildings and equipment, (**Tangible Assets tab**) or
- 2) intangible assets such as Right-to-use Leases and SBITA's used in operations. (**Lease_SBITA tab**)

Tangible Assets tab:

1. Business Unit – select from the dropdown menu (upper right), this will pre-fill department name.
2. Asset Description / Name – include the name of the project or a description of the asset.
3. Fund – separate projects with multiple funding sources onto separate lines.
4. Dept ID – separate projects with multiple Dept ID's onto separate lines.
5. Asset ID – use the AM asset ID associated with the impaired asset.
6. Historical Cost – this is the original cost of the asset as reported in asset management. **
7. Accumulated Depreciation – this is the amount of accumulated depreciation as of the date of the impairment. **
8. Restoration Cost – this is the estimated amount it would cost to restore the asset to its previous condition in current-year dollars. Do not include costs related to demolition, clean up, additions, and improvements.
9. Replacement Cost – this is the estimated amount it would cost to replace the asset in current year dollars.
10. Impairment Loss – this is a calculated balance showing the amount of the impairment loss as a reduction in the capital asset's useful life.
11. Impairment Test – attach with form, written documentation confirming the significant, unexpected decline of in service of a capital asset that continue to be used in operations. Also include documentation supporting the estimated restoration and replacement costs.

** Use query VT_ASSET_ACTIVITY query to assist with Historical Cost and Accumulated Depreciation.

Lease_SBITA tab:

1. Business Unit – select from the dropdown menu (upper right), this will pre-fill department name
2. Lease / SBITA Description – include the name of the project or a description of the asset.
3. Fund – separate projects with multiple funding sources onto separate lines.

4. Dept ID – separate projects with multiple Dept ID's onto separate lines.
5. Project ID – the Project ID associated with the impaired asset.
6. VISION Supplier ID – the supplier identification number assigned in VISION.
7. VISION Supplier Name – the supplier name assigned in VISION.
8. Contract ID – the contract ID assigned in VISION.
9. Underlying Asset – provide a short description.
10. Impairment Test - attach with form, written documentation confirming the change in the manner or duration of use of the subscription asset that is causing a significant decline in service as compared to the expected use of the subscription.

Other Points:

- If an impaired asset is being restored due to physical damage, the restoration costs should be added to the cost of the impaired asset. If a new asset is being added to replace the old asset, the new asset should be added to Asset Management module and the old asset retired in the same manner that you would add and retire any other asset. The new asset should be added when the service utility has been restored. The old asset should be retired in the year it is disposed.
- Please complete the schedule on “ACFR-3 Form” tab for **all impaired capital assets**.
- Do **NOT** fill in the gray shaded areas – these cells contain formulas and are protected.

All forms must be approved by an authorized person.

Certification tab:

Complete the Certification Sheet. By completing this sheet and submitting it electronically from your state email account, it is considered electronically signed and approved by the authorized individual.

If there are any questions, please e-mail VISION.ACFR

The completed form should be e-mailed to VISION.ACFR