

**STATE OF VERMONT
CONSTRUCTION and/or
DEVELOPMENT in PROCESS FORM
JUNE 30, 2024**

THERE HAVE BEEN MANY UPDATES TO THIS FORM IN FY24.

BEGINNING IN FY24, DEVELOPMENT IN PROCESS FOR SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA's) MUST BE REPORTED ON THE NEW ACFR-5 FORM.

ACFR-4 Form: Complete this form to report the cost of construction or development work undertaken, but not yet complete that will result in a capitalized asset.

Construction-in-process projects includes:

- Tangible assets such as construction costs related to buildings, building improvements, land, and infrastructure,
- Intangible Assets such as costs related to purchasing, designing, configuration, coding and testing required prior to placing the asset in-service for commercial off-the-shelf software with a perpetual license (non-subscription-based), and internally generated software where the State owns the code or has a perpetual license (non-subscription-based),
- Leased assets – Typically fit-up cost and leasehold improvements on leased buildings or other assets.

The acronym “CIP” used within these reporting instructions refers to both construction and development work. A CIP project is not depreciated until the asset is placed in service. Once the CIP project is complete, the CIP cost is retired and the cost is reclassified to the proper asset classification (land, building, software, lease, etc).

Projects that were started, completed, and added as an asset in the Asset Management module within the current fiscal year do not need to be included on this form.

Construction-in-Process projects, upon completion and placement into service, the value of the project must be removed from CIP and the cost value of the asset must be reestablished in the appropriate capital asset classification account in the Asset Management Module within 60 days.

The purpose of the ACFR-4 is for each department to do a thorough review of the CIP balance to ensure only costs directly allocable to the project are being capitalized and that completed projects/phases have been retired from CIP and added as an asset prior to year-end.

The ACFR-4 Beginning balance form includes the beginning balance to use for projects reported last year that will need to be included in the current form.

The start date and estimated end date are also required.

The in-service date (VISION transaction date) is when the “constructed asset is accepted and ready for its intended use”, must be determined prior to entering the asset in VISION. The in-service date should be supportable. For instance, the Certificate of Substantial Completion letter is used to support the in-service date for building construction.

Please verify the depreciation is correct especially if the asset is added in VISION months following the in-service date to ensure all prior period depreciation is calculated. The Trans Date in VISION AM must equal the in-service date to calculate the correct depreciation. Include the asset ID from VISION on the ACFR-4 Form for all projects completed and categorized to building, machinery and equipment, or other.

For construction include all the costs incurred to-date to construct the asset and associated charges such as legal and title fees, closing costs, appraisal fees, surveying fees, land preparation costs, demolition costs, transportation, and in-house employee payroll and fringe benefit costs directly allocable to the project.

For internal generated intangible assets (software/website development) where the State owns the code or has a perpetual license (non-subscription-based) include design, configuration, coding, installation, testing, and data conversion costs. Development and other configuration costs during the application (development) stage, and direct personal services related directly to the project's development should be included in cost of development. Only costs directly associated with the project should be included in CIP. For example, the costs leading up to selecting a vendor should not be included in CIP. Feasibility studies, evaluating alternatives, and the final selection process are considered preliminary stage costs, and should be excluded from CIP. Likewise, the cost of training employees should not be capitalized because the cost is not considered necessary to place the asset into its "intended location and condition for use". In other words, the asset may be ready for use even if the employee is not ready. Employee training is considered "post-implementation" and should be expensed.

Departments are responsible for maintaining documents in support of the in-service date, value, term and life expectancy of the asset. For audit purposes the working papers include source documents such as Certificate of Substantial Completion, contracts, invoices, and payroll records. Departments should have a formal policy or documented procedure in place for recording, monitoring and safeguarding fixed assets. Departments may contact F&M anytime during the year to make sure project costs being tracked according to generally accepted accounting principal and to ensure accurate reporting.

Construction/Development in Process Form – ACFR-4:

- ACFR-4 Form,
- PY Beg Balance Adjustments (if applicable),
- FY24 Expenditures tab,
- FY24 Amount Capitalized,
- Amount Expensed
- Certification – All forms must be approved by an authorized person.

Do NOT fill in the gray shaded areas – these cells contain formulas and are protected.

1. All forms must be approved by an authorized person.
2. 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.

All tabs must be completed, otherwise the form will be returned.

The instructions below will help you summarize the data on the form.

ACFR-4 tab:

Select the appropriate BU from the dropdown menu. This will auto-populate the department name, and previous year's information for project descriptions, CIP ids, start date, scheduled/planned completion date, and the last year's ending balance (FY24's beginning balance). All fields can be edited except for the gray shaded columns.

Columns on ACFR-4 form include:

Note: add any new CIP project(s) to a blank row.

- **Project Description** – include the name of the project or a description of the asset being constructed or developed.
- **CIP ID / Project ID / Other** – provide the VISION Asset Management (AM) CIP number, Project ID, etc. (if applicable).
- **Start Date** – Enter the start date of project; when construction began, or project development commenced.
- **Planned Completion Date** – enter the estimated completion date.
- **Actual Service Date** - (VISION transaction date) is when the “constructed asset is accepted and ready for its intended use”, must be determined prior to entering the asset in VISION. The in-service date should be supportable. For instance, the Certificate of Substantial Completion letter is used to support the in-service date for building construction.
- **CIP Beginning Balance as of 6/30/2023** – this are the capital expenditures associated with the project from its start date (agrees with amount per BB Worksheet). The amount is auto filled from last year's CIP ACFR-4 ending balance. A spreadsheet confirming the beginning balance can be found on the F&M website.
- **PY Beg Balance Adjustments** – provide this information from the PY Beg Balance Adjustment tab (reference the PY Beg Balance Adjustment tab explanation below).
- **FY24 CIP ONLY Expenditures** - provide this information from the FY24 Expenditures tab (reference the FY24 Expenditures tab explanation below).
- **Amount Capitalized in AM for FY24** – provide this information from the FY24 Non-Capital Expense Amount tab (reference Amount Capitalized in AM tab explanation below).
- **CIP Balance as of 6/30/2024** – gray shaded area – these cells contain formulas and are protected. This is a calculated CIP balance (Beginning CIP balance plus FY expenditures less amount capitalized less amount expensed); this balance will be the beginning balance on next year's form. (Balance for work still in process).
- **In Service / Go Live Date Check** – if any amount is entered in the Amount Capitalization without and In-Service / Go Live Date provided, this check will prompt a red flag that an In-Service date is required.

- **VISION Asset Management ID#** - provide the VISION Asset Management (AM) asset id number.

PY Beg Balance Adjustment tab:

Use this tab **only if** there were PY expenses needed to be added or removed.

There are two parts to this tab, the summary information section (top half) and the supporting details section (bottom half). Provide supporting detail in the bottom half section that support the summary amount by CIP / Project number in the upper Summary Section.

Columns on PY Beg Balance Adjustment form include:

- **Project Description** – provide the same project description as recorded on the ACFR-4 tab.
- **CIP ID / PROJECT ID / OTHER** – provide the same info. as recorded on the ACFR-4 tab
- **Total Beg Balance Adjustment Amount** – provide the summary amount (by CIP project id) that is supported by the details provided under the blue highlighted row 20.

Enter the respective CIP Project summary amount to the appropriate cell in the ACFR-4 form (tab)

FY24 Capital Expenditures tab:

All expenditures by CIP Project incurred during the current fiscal year.

There are two parts to this tab, the summary information section (top half) and the supporting details section (bottom half). Provide the FY24 capital expenditures details in the bottom half section that support the summary cost of the project by CIP / Project number in the upper Summary Section.

Use the accounts payable queries to extract the data for the FY Expenditures:

- VT_AP_ACCR_EXPENDITURE_DST,
- VT_ACCOUNT_EXP_ALLFIELDS_DTL for expenditure detail by source.

Columns on FY24 Capital Expenditures form include:

- **Project Description** – provide the same project description as recorded on the ACFR-4 tab.
- **CIP ID / PROJECT ID / OTHER** – provide the same info. as recorded on the ACFR-4 tab
- **Total FY24 Capital Expenditures** – provide the summary amount (by CIP project id) that is supported by the details provided under the blue highlighted row 20.

Enter the respective CIP Project summary amount to the appropriate cell in the ACFR-4 form (tab)

FY24 Amount Capitalized tab:

Amount Capitalized – If the project was completed in the current year, then show the amount capitalized in Asset Management module. This should be the amount from Beg Balance and FY expenditures combined by project/asset.

Columns on FY24 Amount Capitalized form include:

- **Project Description** – provide the same project description as recorded on the ACFR-4 tab.
- **CIP ID / PROJECT ID / OTHER** – provide the same info. as recorded on the ACFR-4 tab
- **Total FY24 Amount Capitalized** – provide the summary amount (by CIP project id) that is supported by the details provided under the blue highlighted row 20.
- **AM Asset ID** – Report the “Asset ID” in column D. (Completed projects only)

Enter the respective CIP Project summary amount and Asset IDs to the appropriate cells in the ACFR-4 form (tab).

If there are any questions, please <mailto:Vision.ACFR@vermont.gov>

The completed form should be e-mailed to <mailto:Vision.ACFR@vermont.gov>

Additional Guidance: Please Review prior to completing the form.

- ✓ Asset Management Procedure #1 are the VISION related business requirements.
https://finance.vermont.gov/sites/finance/files/documents/Pol_Proc/VISION_Proc/FIN-VISION_Procedure_1_Asset_Management.pdf
- ✓ The Capital Assets – Tangible and Intangible Procedure #10 provides additional definitions and guidance on tracking and reporting costs.
https://finance.vermont.gov/sites/finance/files/documents/Pol_Proc/Fin_Mgt_Policies/FIN-Policy_10_Capital_Assets_Tangible_Intangible.pdf
- ✓ Asset Management Manual is the “How to guide” for entering an Asset in VISION.
https://finance.vermont.gov/sites/finance/files/documents/Train_Support/VISION_Manuals/FIN-Asset_Management_Manual.pdf
- ✓ Best Practices Series #6 provides practical guidance and recommendations on internal controls.
https://finance.vermont.gov/sites/finance/files/documents/Pol_Proc/IC/FIN-IC_Best_Practices_6_Fixed_Assets.pdf