ASSET IMPAIRMENT DECISION PROCESS

Prominent event or change in circumstance affecting a capital asset

- Evidence of physical damage
- Enactment or approval of laws or regulations or other changes in environmental factors
- Technological development or evidence of obsolescence
- Change in manner or duration of use
- Construction stoppage

Is the magnitude of the event significant?

Yes

Is the decline in service utility unexpected?

Yes

Asset is impaired

Is evidence of temporary nature of impairment unavailable?

No

Event is not impairment. Reevaluate remaining estimated useful life and salvage value.

No

Disclose if asset is idle.

Will the asset continue to be used by the campus?

Yes

Measure impairment (see next tab)

No

Write down to lower of carrying value or fair value.

No

Event is not impairment. Reevaluate remaining estimated useful life and salvage value.

Adapted from Governmental Accounting Standards Series, November 2003, Statement No. 42, Appendix D.