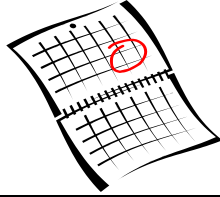


## J. CAPITAL ASSETS IMPAIRMENT

Grace Cheng, Unit Chief – Fixed Assets & Capital Projects

Email: [capital@comptroller.nyc.gov](mailto:capital@comptroller.nyc.gov)



### Critical Dates

- **August 1, 2026**– Submit Capital Asset Impairment Memo

GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, establishes accounting and financial reporting standards for impairment of Capital Assets. A Capital Asset is considered impaired when its service utility or function has declined significantly and unexpectedly. The service utility of a Capital Asset refers to the usable capacity that was available to provide a continuing service at the time of acquisition. The usable capacity of a Capital Asset may decline due to various reasons. Agencies should identify all Capital Assets that appear to be impaired.

As required by Comptroller’s Directive no. 30 – Capital Assets, agencies are required to test a Capital Asset for impairment whenever unexpected events or changes in circumstances indicate that the service utility of the Capital Asset has declined significantly. The normal wear and tear of Capital Assets over time is not considered impairments. Conducting the test, will reveal whether an asset is impaired or not.

Common indicators of impairment are:

- Physical damage
- Technological developments or evidence of obsolescence
- Change in legal or environmental factors
- Change in the manner or expected duration of usage
- Construction stoppage

*\*Refer to Comptroller’s Directive no. 30 Capital Assets, section 6.3.3 for an example of an impairment loss.*

During the City’s financial statement audit, the City is required to provide documentation to the independent auditors, in the form of an impairment memo confirming the impairment test conducted. See Sample Impairment Memo on page 44 The deadline to submit this memo, if applicable, is August 1, 2026.

**SAMPLE IMPAIRMENT MEMO**

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Date: \_\_\_\_\_

Ms. Jessica Sanchez  
Capital Division Chief  
Bureau of Accountancy  
Office of the Comptroller  
One Centre Street– Room 200 South  
New York, NY10007

This memo is to certify that we have conducted necessary tests of impairment in conformance with Comptroller’s Directive 30 and GASB Statement No. 42. As a result of observation conducted by \_\_\_\_\_ and performed on \_\_\_\_\_, there was physical damage to the capital assets in question due to the following conditions: \_\_\_\_\_.  
Additional supporting documentation remains within our internal files as justification for the impairment and is available upon request. Please contact \_\_\_\_\_ for further information.

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Agency Name: \_\_\_\_\_

Cordially,

\_\_\_\_\_  
Signature

\*Should be signed by the Fiscal Officer/Engineer/Capital Asset Director