

A8.553     General Improvement Write-Off

The purpose of this procedure is to provide the policy and guidelines for the removal of replaced or demolished General Improvement assets recorded in the FMIS Fixed Assets System.

Policy

The amount of General Improvements to be written off shall be the carrying value of the replaced or demolished asset.

A.     VALUATION OF DEMOLISHED OR REPLACED GENERAL IMPROVEMENT  
AND ACQUISITION DATE

The fiscal officer, facility manager, or property custodian shall submit a Disposal Application (FMIS Form 76) to remove the current cost of each General Improvement that has been demolished or replaced during the fiscal year and obtains the actual or estimated date that the asset was acquired.

B.     WRITE-OFF PROCEDURES

1.     If a General Improvement is specifically identifiable as a single item and was demolished, then the entire item should be disposed.
2.     If the general improvement to be written off is a portion of a larger General Improvement category where the original cost of the demolished or replaced general improvement is not readily determinable from the records, then the dollar amount to be written off will be computed by employing the Engineering News Record (ENR) Indices in accordance with the following formula:

$$T = (A \text{ divided by } B) \text{ multiplied by } C$$

Where:

T = Total to be written-off

A = ENR index of the acquisition year

B = ENR index of the current year

C = Cost to replace the general improvement

The ENR index for computing the cost to write-off improvements other than building is available at:

<http://www.enr.com/cost/costcci.asp>

The ENR index for computing the cost to write-off buildings is available at:

<http://www.enr.com/cost/costbci.asp>

#### C. EXCEPTION TO FORMULA

When an asset greatly increases in value over a period of time, the foregoing formula may produce unreasonable results. Under such circumstances, personal judgement shall be substituted for the formula.