

**CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY
FIXED ASSET CAPITALIZATION
APPROVED DECEMBER 2017**

The Cortland County Industrial Development Agency will regard fixed assets as capitalized when all of the following criteria are met:

- The cost of the asset purchased or built (including installation) is \$1,000 or more. Multiple assets whose cost is less than \$1,000 but the aggregate requestor total is \$1,000 or more are capitalized
- The cost of repairing or renovating the asset is \$1,000 or more and prolongs the life of the asset

The Industrial Development Agency will not regard the purchase of software programs as fixed assets subject to the above capitalization policy. Additionally, costs associated with software maintenance and customer support will be considered expenditures and not capitalized.

Other Considerations:

- REPAIR is an expenditure that keeps the property in ordinary efficient operating condition. The cost of the repair does not add to the value or prolong the life of the asset. All repair expenditures are charged to the appropriate expense
- IMPROVEMENTS are expenditures for additions, alterations and renovations that appreciably prolong the life of the asset, materially increase its value or adapt it to a different use. Improvements of the nature are capitalized

Examples of Repairs vs. Improvements

Repairs=Expenditures

All items-life less than one year

All items under \$1,000

Property maintenance, wall repair

Replacement of machine parts to keep machine in normal operating condition

Cleaning drapery, carpet, furniture

Improvements=Capitalized Assets

Life of more than one year

All items \$1,000 or more

Property rebuilding

Replacement of motor and parts that prolong the useful life

New drapery, carpets, furniture