



Administrative Rules Board  
AGENDA  
Thursday, May 14, 2026, 10:30 a.m.  
Administrative Headquarters 2079 E. Ninth Street,  
4th Floor – Committee Room A

The public may also view the meeting via live-stream by using the following link:  
<https://www.youtube.com/cuyahogacounty>

1. CALL TO ORDER
2. ROLL CALL BY CLERK
3. APPROVAL OF PRIOR MEETING MINUTES
  - a. February 19, 2026
4. PUBLIC COMMENT RELATED TO THE AGENDA
5. GENERAL DISCUSSION

RESOLUTION NO.	REQUESTING ENTITY	RULE TITLE	ACTION
ARB2026-0002	Cuyahoga County Fiscal Office	Capital Assets Policy	Amend permanent rule

6. MISCELLANEOUS BUSINESS
7. PUBLIC COMMENT UNRELATED TO THE AGENDA
8. ADJOURNMENT

**Cuyahoga County Fiscal Office**  
Capital Assets Policy



# CUYAHOGA COUNTY

## Fiscal Office

### CAPITAL ASSETS POLICY

## Cuyahoga County Capital Assets Policy

The purpose of this policy is to summarize the capital asset policies and procedures for Cuyahoga County (the County). The policy encompasses all County capital assets including those recorded in Proprietary funds and assets held by agencies that have their own governing board. It does not include entities in which the County acts as fiscal agent (e.g. Cuyahoga County Board of Health, Cuyahoga County Soil and Water Conservation District).

### **Capitalization Policy**

#### ***Definition of Major Classes***

Capital assets are tangible or intangible assets that are used in operations and that have initial useful lives beyond one year. Capital assets include, but are not limited to, land, land improvements, buildings, building improvements, construction in progress, vehicles, machinery and equipment, and infrastructure.

#### ***Capitalization Limits***

Cuyahoga County has identified capitalization limits based on the major classes of assets. These limits will serve as the value above which asset acquisitions are added to the capital assets. Capitalization limits are as follows:

<b>Asset Type</b>	<b>Capitalization Threshold</b>	<b>Salvage Value</b>	<b>Estimated Useful Life</b>
Land	All	N/A	N/A
Construction in Progress	All	N/A	N/A
Other Inexhaustible Capital Assets	\$10,000	N/A	N/A
Land Improvements	\$100,000	\$0	5-20 Years
Buildings and Building Improvements	\$100,000	\$0	5-40 Years
Utility Plants	\$100,000	\$0	20-100 Years
Infrastructure	\$200,000	\$0	20-100 Years
Machinery and Equipment	\$10,000 and a useful life longer than 5 years	\$0	3-22 Years
Vehicles	\$10,000 and a useful life longer than 5 years	\$0	5-15 Years
Software and Intangibles	\$500,000	\$0	5- 10 Years

## Cuyahoga County Capital Assets Policy

### ***Initial Capitalization Cost***

Capital assets will be recorded at their historical cost which equals the purchase price (net of discount, if applicable) plus taxes, fees, assumed liens, clearing or demolition, installation, freight, assembly, special fittings, and all other ancillary and incidental expenditures necessary until the asset is ready for its intended or final use. Ancillary expenditures are costs necessary to place an asset into its intended location and prepare it for use. They include costs that are directly attributable to the asset's acquisition, such as site preparation costs and professional fees.

Capitalization thresholds will be applied to individual assets if the asset is individually identifiable. If assets are not individually identifiable they may be capitalized (and depreciated) in aggregate. Example: 150 chairs are purchased at \$100 each. In total the purchase of \$15,000 is above the capitalization threshold. However, each chair is individually identifiable and each individual chair is under the capitalization threshold, so no chairs would be capitalized.

If an asset is traded in as part of the purchase for a new asset, the new asset will include the value of the traded in asset in addition to any other monetary consideration paid.

Assets purchased for a nominal amount (i.e., an amount significantly lower than the expected fair market value) will be recorded at the estimated fair market value of the asset at the time purchased.

### ***Costs Subsequent to Acquisition***

Capital costs subsequent to acquisition can be classified into the following categories:

- **Improvements and Additions** - costs that expand an asset's capacity or extend its useful life. (e.g., converting a road from 2 to 4 lanes, increasing bridge capacity from a two to ten ton limit)
- **Repairs and Maintenance** - recurring costs that do not extend the asset's original useful life or expand its capacity. (e.g., repairing potholes or repainting pavement markings)

Accordingly, it is the County's policy to capitalize and depreciate Improvements and Additions if they meet the capitalization threshold. Repairs and Maintenance costs will be expensed. In the case of asset replacements, the original cost of the asset will be removed and replaced with the cost of the replacement asset.

### ***Donated Assets***

Donated assets, including confiscated assets, will be reported at estimated fair value when donated. Fair value is defined as the amount at which the assets could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale. Catalogs, periodicals, appraisals and recent sales of comparable assets can be used to estimate fair value.

### ***Capital Leases***

Effective June 2021, GASB 87, went into effect. Under GASB 87, the distinction between capital and operating leases has been eliminated. GASB 87 requires all agreements meeting the definition of a lease to be classified as finance leases. The finance lease classification is a

## Cuyahoga County Capital Assets Policy

similar designation as the capital lease classification under the previous GASB standard. The accounting treatment of a finance lease remains similar to the accounting treatment of a capital lease.

GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

### ***Interest***

Interest will only be capitalized on Enterprise Fund assets while they are under construction. Once the asset is placed into service, interest will no longer be capitalized.

### ***Non-capitalized Assets***

The County will frequently incur capital costs to construct or acquire assets on behalf of other governmental agencies. The assets are not retained by the County after completion or acquisition. These expenditures will not be capitalized.

Any assets that are specifically held by the County for resale will not be capitalized as a capital asset.

*Any asset that will be retained by the County, and does not meet the capitalization criteria, and will not be held for resale, will be classified as inventory for the purpose of this policy and not reported as a capital asset within the County's financial statements. See the **Inventory Policy**.*

## **Capital Asset Accounting and Reporting**

### ***Purpose***

Maintaining complete and accurate accounting for capital assets is essential to the protective custody of the County's property. The value of capital assets owned by the County is substantial. The responsibility of stewardship involved in safeguarding such a large public investment is of utmost importance to sound financial administration. This responsibility can be discharged effectively only through a system of capital asset accounting which facilitates overall control and custody of the County's property, permits the assignment of direct responsibility for custody and proper use of specific capital assets to individual supervisors, and provides data essential to the proper management of capital assets. An accounting of capital assets is required for preparation of General Purpose Financial Statements; i.e., to meet the test of full disclosure, the annual financial report of the County must include complete capital assets information.

### ***Definitions***

#### **Land**

All land parcels acquired for building sites, recreation, etc. are to be included. Land costs

## Cuyahoga County Capital Assets Policy

will include the cost to purchase the land and any costs to prepare the land for use (e.g., grading, excavation, movement of utilities) if these costs also have an indefinite useful life that matches that of the land. If land and buildings are purchased as a single parcel, the land will be recorded separately.

### **Construction in Progress**

Costs associated with another asset class that are incurred before the asset is ready to be placed into service will be capitalized as construction in progress. These costs may occur over several years. When the asset is ready to be placed into service the asset is removed from construction in progress and added to the proper asset category.

### **Other Inexhaustible Capital Assets**

An asset whose economic benefit or service potential is used up so slowly that its estimated useful life is extraordinarily long. (e.g., works of art, historical treasures, mineral rights if purchased separate from land)

### **Land Improvements**

These assets are immovable improvements to land that are not buildings and do not provide a permanent benefit (e.g., fences, parking lots, lighting).

### **Buildings and Building Improvements**

All permanent buildings or structures, including maintenance barns, salt sheds, etc. Building improvements, if they meet the capitalization criteria, will be added to the cost of the building, unless the life of the improvement is significantly less than the useful life remaining on the building (e.g., HVAC). If this occurs, the improvement will be capitalized separately from the related building. If land and buildings are purchased as a single parcel, the building will be recorded separately.

### **Utility Plants**

A permanent building and all related structures (e.g. holding tanks, pipes) associated with the providing of utilities (e.g. wastewater treatment plant, pump stations)

### **Infrastructure**

The County will utilize the GASB 34 definition of infrastructure: "long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets." (e.g., roads, bridges, tunnels, runways, sewer pipes)

### **Machinery and Equipment**

All moveable equipment, except for vehicles, which has an original cost of \$10,000 or greater and a useful life of at least five years when purchased (e.g., mowers, K-9 unit animals, backhoes).

### **Vehicles**

Equipment that is registered with the State of Ohio for operation on roads or waterways, has an original cost of \$10,000 or greater, and a useful life of at least five years when purchased (e.g., trailers, cars, trucks, boats).

# Cuyahoga County Capital Assets Policy

## **Software**

See IT Software Capitalization Policy section.

## **Intangibles**

GASB 51 defines an intangible asset as an "... asset that is capable of being separated or divided from the [County] and sold, transferred, licensed, rented, or exchanged, either individually or together with the related contract, asset, or liability. The asset also arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the [County] or from other rights and obligations." (e.g., use of building rights, water rights, patents)

*Note: Ohio Revised Code Section 5535.08 requires Counties to maintain utility plants, sewer lines, and County roadways within Township limits.*

## **Reporting Requirements**

### **Acquisition**

Acquisitions are based on a review of expenditure reports from the accounting system at year end. The Fiscal Department will review these reports and determine if an asset meets the capitalization criteria. If the criteria are met, the asset will be added to the capital asset system. If assets are donated or purchased outside of the Fiscal Department accounts payable process, the agency must notify Fiscal of the new asset.

### **Tagging**

Uniquely identified tags must be applied to all machinery and equipment meeting the capitalization criteria.

### **Donated Items**

Donated items will be assigned an estimated cost based on the current market value of the item. If an agency receives a donated item they should determine the current market value of the item. If the item meets the associated capitalization criteria, they should notify the Fiscal Department. The Fiscal Department will then verify the current market value and the asset will be capitalized accordingly.

### **Changes**

Changes to assets will occur from time to time if more accurate information regarding an asset becomes available. Changes can include but are not limited to:

- Corrections
- Tag number change or replacement
- Correction of description, serial number or model number
  
- Useful life change
- Correction of cost (a correction to an asset's cost should be approved by the Financial Reporting Manager and should be separately documented for auditing purposes.)

## Cuyahoga County Capital Assets Policy

### **Transfers**

The Fiscal Department must be notified as soon as an asset's location address or responsible agency changes in order to update the capital asset system.

### **Disposals**

Assets sold, traded in, scrapped, recycled or in any way permanently removed from service will be removed from the capital asset system. See the *Disposal of Capital Asset Section*.

### **Depreciation**

All capitalized assets will be depreciated utilizing a straight line depreciation methodology. The amount of yearly depreciation will be based on the amount capitalized less the salvage value and the asset's useful life. Capitalized assets that do not require depreciation are as follows:

- Land
- Construction in Progress
- Other Inexhaustible Capital Assets

Assets will be depreciated on an individual basis. If an asset is not individually identifiable from other assets it may be depreciated in aggregate with the other related assets.

Depreciation will be calculated based on the date payment for the asset was made.

### **Physical Inventory**

While compiling the list of capital assets for the County's annual financial report, agencies will be sent a list of assets assigned to them. Each agency will review the list and indicate the status of the asset (e.g., correct, disposed, transferred) and return it to the Fiscal Department. The Fiscal Department will then use this information to update the capital asset system.

### **Impairment**

An asset is determined to be impaired if there is a significant, unexpected and permanent decline in the functionality of an asset. An impairment is considered significant if all of the costs to repair and maintain the asset are considerable compared to its current functionality. Once impairment is determined, the asset's value (including accumulated depreciation) will be adjusted utilizing an appropriate method (e.g., restoration cost approach, service unit approach, deflated depreciated replacement cost approach, fair value).

## **Disposal of Capital Assets**

It is a major initiative of Cuyahoga County to reduce its carbon footprint. As such, every effort will be made to ensure disposed assets remain out of landfills.

A capital asset may be considered for disposal for any of the following reasons (this list is not all inclusive):

- Obsolete

## Cuyahoga County Capital Assets Policy

- Lost or stolen
- Public safety hazard
- No longer usable for intended purpose

It is in the County's best interest that a County employee may not take ownership or personally profit from the disposal of a capital asset. Therefore, no employee has singular authority to dispose of capital assets without the proper approvals. It is also the County's policy that employees are prohibited from purchasing County assets that are disposed of.

### ***Types of Disposal Methods***

The Department of Public Works will oversee the disposal of all County capital assets. The disposal of all assets will be done in accordance with Executive Order 02012-0001 and the Contracting and Purchasing Procedures Ordinance. If, after a time, an asset cannot be disposed of utilizing a certain category, it may be re-categorized to a different category for disposal.

### **Reuse**

These assets still have a useable life but are no longer needed by the responsible agency. The Department of Public Works will determine if another agency may still have use for these assets. If another agency takes possession of an asset through reuse, the new agency will be responsible for ensuring the asset is reflected on their physical inventory.

### **Remanufacture/Recycle**

These assets still have a useable life but are no longer needed by the County. The Department of Public Works will solicit bids from remanufacturers/recyclers. Additional consideration may be given to charitable remanufacturers that recondition equipment for charitable purposes in the local community.

### **Auction**

These assets may still have a useable life but are no longer needed by the County. The Department of Public Works will determine if the asset will be auctioned and what type of auction (live auction or internet auction) will provide the best opportunity for the County. Public Works will determine a minimum bid for all assets in this category. The auction will be done in conjunction with the Office of Purchasing. Assets will be sold "as is" and the County will not be responsible for any asset that may be malfunctioning or inoperative. No warranty, either expressed or implied, will be associated with assets that are sold via auction.

### **Donate**

These assets may still have a useable life but are no longer needed by the County. The asset may be donated to a qualified charitable organization or non-profit. Assets will be donated "as is" and the County will not be responsible for any asset that may be malfunctioning or inoperative. No warranty, either expressed or implied, will be associated with assets that are donated.

### **Public Use**

These assets may still have a useable life but are no longer needed by the County. At the

## Cuyahoga County Capital Assets Policy

discretion of Public Works the asset may be offered to the public free of charge. Assets will be offered "as is" and the County will not be responsible for any asset that may be malfunctioning or inoperative. No warranty, either expressed or implied, will be associated with assets that are offered to the public.

### **Scrap/Trash**

These assets have no remaining useful life or are deemed unsafe or dangerous. The Department of Public Works will ensure the asset is properly disposed of or scrapped. They will make every effort to transfer scrap items to the nearest qualified recycling plant that meets the needs of the County.

### **Trade-In**

These assets will be utilized as part of the procurement of a new County asset. Trade-ins will be coordinated with the Office of Purchasing. The value of a trade-in shall be a line item on the quote for a new asset when presented to the Contract and Purchasing Board. No warranty, either expressed or implied, will be associated with assets that are traded in.

### **Lost/Stolen**

If an asset is lost or stolen, protective services must be notified and the proper procedure followed. The Fiscal Department must receive a copy of the incident report.

## IT Software Capitalization Policy

Purpose: To provide guidance for the accounting of costs incurred in a software purchase and/or development and implementation of software.

1. Phases of Software Development for Capitalizable Software
2. Cuyahoga County Owned Software Purchases
3. Software Development
  - a. Non-Cloud Based Software
  - b. Cloud-Based Software
4. Examples of Capitalizable and Non-Capitalizable Costs
5. Software Depreciation
6. Software Impairment

### 1. Phases of Computer Software Development for Capitalizable Software

Operating software, either purchased outright or developed internally, with a cost in excess of \$500,000, as per GASB 51, shall be capitalized when placed in service. When new software is purchased and developed for specific use by Cuyahoga County, the following phases generally occur:

#### A. Preliminary Project Stage

Also known as the planning stage, this portion of the project is used for researching software and making decisions to move forward with the purchase of software. Costs are expensed as they are incurred in this stage. Examples of expenses incurred in the preliminary phase are as follows:

- Determining a need for new software or upgrades to existing software
- Determining whether a project is technologically and financially feasible
- Discovering software that will meet business needs
- Vendor/ product review and selection (vendor demonstrations to ensure software will meet the needs of the organization)
- Creating a team - obtaining consultants, project managers, software and functional area experts, and backfills if needed

#### B. Application Development Stage

Once software and a team are selected and funds are committed to the project (contracts are signed), the preliminary stage is complete and the application development stage begins. In general, costs in this phase **are eligible to be capitalized**. This phase includes the following work:

- Designing/ configuring software
- Coding /customizations
- Installation of software and hardware – see additional information in ‘Software Development’ section below on Cloud Based software vs. Non-Cloud based software capitalization requirements
- Quality assurance testing

#### C. Post-Implementation

Also known as the operations stage, this is after the new software has been substantially installed throughout the organization and is being used by the majority of users. There may

be a stabilization period where changes to the system occur, this is still considered to be post-implementation. In general, this phase means all testing has been substantially completed and the new software is ready for its intended use. Costs in this phase are expensed as incurred and include the following types of activities:

- Data conversion costs<sup>(a)</sup>
- Training <sup>(b)</sup>
- Application maintenance (over the maintenance period)
- General & administrative costs
- Overhead allocation

Note: Costs in each stage may occur throughout the project. In situations such as these, apply the policy above to the nature of the costs instead of the timing.

<sup>(a)</sup> Data Conversion Costs – should be expenses as incurred unless the conversion is necessary to make the computer software operational. Under (GASB) Statement No. 51 (No. 96 for subscription-based IT arrangements), data conversion costs are generally expensed as incurred.

- GASB generally considers data conversion activities (e.g., purging or cleansing existing data, reconciling or balancing data, and converting data to the new system) as non-capitalizable.
- County implementation teams should consider:
- To the extent data conversion activities are considered necessary to make the computer software operational, that is, in condition for use, such activities should be considered application development stage activities (capitalized); otherwise, data conversion activities should be considered post-implementation/operation stage activities (expensed).

In the case of a general ledger system or a human resources system for which effective use is dependent on the transfer of information from the legacy system, management may not believe that the software can be used until data conversion is completed. Conversely, management may believe that a database system containing vendor information and performance feedback may be operational prior to the completion of data conversion.

<sup>(b)</sup> Training cost should be expensed no matter when occurred. Under GASB Statement No. 51 (No. 96 for subscription-based IT arrangements), **training costs are explicitly excluded from capitalization.**

- GASB defines training costs as part of implementation or post-implementation activities, which must be expensed as incurred.
- Even if training occurs during the application development stage, it is not considered a capitalizable cost. Therefore, training costs would be expensed while quality assurance testing would be capitalized.

Additionally, if software can be used out of the box (development costs are not needed), the above phases may not all apply. See software purchases section below for more information on these purchases.

## 2. County Owned Software Purchases

Operating software included in the price of the hardware will be capitalized as long as it meets equipment requirements (i.e., \$10K and greater and useful life 5 years and greater).

When purchased separately, software will be capitalized if the cost exceeds \$500,000 (excluding maintenance, support, and training costs). Software license subscription fees are expensed as they are assumed to be a fee that is paid to use the software, but the software is not actually owned. In order to be capitalized, the County must have the contractual right to take possession of the software and be able to run the software on our hardware. For software invoices that include both capital and noncapital costs, the department should make an attempt to split the respective costs when coding the invoice and maintain adequate documentation on the split.

### **3. Software Development**

Hardware and software that are purchased are capitalizable per the above section. However, often there are additional expenditures incurred to develop/implement the software. ***Internally developed software*** with material and labor costs in excess of \$500,000 will also be capitalized (see section 4 below). For County owned equipment, incremental costs that add to the future value of the asset are considered capital. Expenditures that do not increase the value of the asset are expensed. See specific examples of capital and non-capital costs in section 4.

In determining whether to capitalize or expense costs for developing internal use software, consideration for not only the project phase, but also the nature of the expenses incurred and whether they relate to developing the software must be taken into account. Any costs that directly relates to the development of the software, including direct costs of materials or services provided externally, and payroll and payroll-related costs for employees' time spent directly on the development of the software should be capitalized.

#### ***A. Non-Cloud Based Software***

In non-cloud based systems where the County owns the system, any updates made that add functionality to the software or increase the software's useful life can also be considered for capitalization, and the project phases and capital categories list would apply.

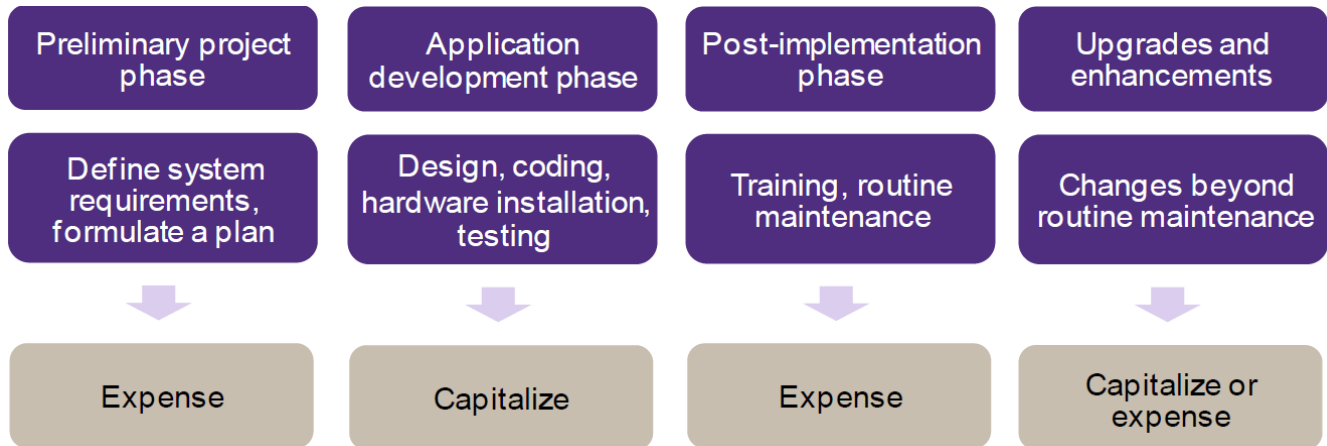
#### ***B. Cloud Based Software***

In cloud based software development (sometimes referred to as a hosting arrangement), the software could be capitalized if the following are met:

1. The County has a contractual right to take possession of the software at any time during the hosting period without significant penalty (either significant cost or significant loss of value to the software/ data)
2. It is a feasible option that the County could run the software on its own hardware or find another unrelated vendor to host the software.

Absent meeting these requirements, the County would pay a subscription fee to access the software via the cloud. The actual software subscription fee should be expensed when incurred. However, the labor and expenses to implement the new system are capitalizable during the implementation phase only, provided they meet the requirements discussed above.

## Accounting for cost incurred to develop internal use software



### 4. Examples of Capitalizable and Non-Capitalizable Costs

The following are examples of costs that are considered capital.

<b>Capitalizable Costs - Application Development Phase Only</b>	
Category	Examples/ Additional Information
Design Fees	<ul style="list-style-type: none"> <li>Software Configuration</li> <li>Software Interface</li> <li>Coding</li> </ul>
Internal Salaries & Benefits	<ul style="list-style-type: none"> <li>Salaries, benefits, and bonuses, may be capitalized for the following two groups of people:                             <ol style="list-style-type: none"> <li>1. New employees spending 100% of their time on the implementation project; and</li> <li>2. Backfills who replace employees for the lifespan of the project</li> </ol> </li> </ul>
External Consultant Fees	<ul style="list-style-type: none"> <li>Consulting fees incurred during application development are capital</li> </ul>
Coding/Customizations	<ul style="list-style-type: none"> <li>Writing instructions/programs that the computer can understand to execute specific tasks</li> </ul>
Hardware/ Installation of Hardware	<ul style="list-style-type: none"> <li>Similar to purchased/ out of the box software, hardware required to make the software function as necessary is considered capital.</li> </ul>
Conversion Costs	<ul style="list-style-type: none"> <li>Software developed or purchased to allow old data to be accessible by new software</li> <li>All other conversion costs are expensed. See below</li> </ul>
Testing of new software	<ul style="list-style-type: none"> <li>Ensuring software is working as intended prior to implementation</li> </ul>

<b>Capitalizable Costs - Outside of Application Development</b>	
<b>Category</b>	<b>Examples/ Additional Information</b>
Upgrades/ enhancements	<ul style="list-style-type: none"> <li>Any upgrades or enhancements that increase functionality or extend the useful life of the hardware and software.</li> </ul>
Hardware/ Installation of Hardware	<ul style="list-style-type: none"> <li>If this meets independent equipment requirements, it will be capitalized as equipment.</li> </ul>

The following are examples of costs that are considered non-capital/ expenses:

<b>Non-Capitalizable Costs (Expenses)</b>	
<b>Category</b>	<b>Examples/ Additional Information</b>
Determining Requirements	<ul style="list-style-type: none"> <li>Time/ resources used in determining a new software implementation is needed vs. software Upgrade</li> </ul>
Vendor/ Product Evaluation	<ul style="list-style-type: none"> <li>Time and expenses required to determine what software will be implemented and what vendor/ consultants will be employed</li> </ul>
Data Migration	<ul style="list-style-type: none"> <li>Purging/ Cleansing old data</li> <li>Reconciling data</li> </ul>
Training	<ul style="list-style-type: none"> <li>Trainer salaries and benefits</li> <li>Training materials</li> <li>Travel related to training</li> </ul>
Maintenance	<ul style="list-style-type: none"> <li>General maintenance to keep system running after go live</li> <li>Annual software maintenance fees/ licenses</li> <li>Upgrades that do not increase functionality/ useful life</li> <li>Minor upgrades to keep software up to date</li> </ul>
Administrative Costs	<ul style="list-style-type: none"> <li>Overhead fees</li> <li>Space</li> <li>Utilities</li> <li>Office supplies</li> </ul>

## **5. Software Depreciation**

Software (both purchased and internally developed) is given a useful life of 5-10 years. If it is determined that the useful life of the existing software has changed, the change needs to be communicated to Financial Reporting, and Financial Reporting will account for that change under ASC 250, Accounting Estimates and Error Corrections, as a change in accounting estimate. Amortization would begin when the software is ready for its intended use, regardless of whether it's placed in service in stages.

## **6. Software Impairment**

Software costs may need to be written off if it is probable that the software that is being developed will no longer be complete/placed in service or if the completed software has become obsolete.