

Saratoga County Water Authority
Fixed Asset Policy
Readopted August 25, 2016

I) Scope

This fixed asset policy applies to all fixed assets acquisitions, improvements, or renovations of a long-term character which are intended to be held or used for Authority purposes, such as land, buildings, land and building improvements, machinery, equipment and water infrastructure.

II) Objectives

The primary objectives of the Authority's fixed asset policy are as follows:

- Establish a record of fixed assets
- Establish stewardship responsibility over the fixed assets
- Assist in the evaluation of insurance coverage
- Assist in the development an overall capital improvement program
- Assist in the development of a repair and preventive maintenance schedule
- Assist in the preparation of financial statements in accordance with governmental accounting standards

III) Designation of Executive Director as Property Control Manager

The Authority's Executive Director will be responsible for the administration of this fixed asset policy. As such, the Executive Director will be required to assume responsibility for the development of the initial fixed asset inventory and for the subsequent adherence to the procedures outlined within this policy. The Executive Director may appoint and enlist the assistance of any employees that he deems necessary. The Executive Director constitutes administration and/or management as detailed herein.

IV) Capitalization Policy

In order to achieve the objectives of this policy, the Authority's definition of a fixed asset that should be capitalized and recorded in the fixed asset records is any

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acquisition, improvement or renovation > \$5,000 with an economic life > 2 years.

Fixed assets are to be recorded at cost or estimated historical cost based on appraisals or deflated replacement cost. Donated fixed assets are to be recorded at their estimated fair market value at the date of the donation.

Infrastructure which includes all water lines and related appurtenances that the Authority owns and maintains will be recorded at cost or estimated historical cost (i.e., deflated replacement cost).

V) Physical Inventory of Fixed Assets

The Executive Director, with the assistance of the Authority Department Heads, will be responsible for overseeing an annual physical inventory of fixed assets which will be conducted in the 4th quarter of the calendar year. A complete listing of each Department's fixed assets will be prepared by the Authority's administration and accounting personnel. A physical inventory will then be conducted and any discrepancies will be investigated. After completing the physical inventory the detailed listing will then be signed by the individual completing the inventory and then forwarded to the Executive Director.

VI) Property Acquisitions, Dispositions and Transfers

All Department Heads will be required to inform the Authority's administration and accounting personnel on a timely basis of all property acquisitions including improvements and renovations, dispositions or transfers that occur.

Any equipment or furniture acquisitions will be tagged by the Authority's administration and accounting personnel. This tag will identify the fixed asset as the Authority's and assign it a control number.

As a general rule, all fixed assets should be disposed of at a public auction and/or at fair value unless the fixed asset is determined to be scrap and of no value by the respective Department Head and/or the Authority's administration and accounting personnel. All dispositions should follow procedures set forth in accordance with Public Authority Law.

VII) Fixed Asset Appropriations

Fixed assets should be purchased utilizing only Authority equipment and capital outlay appropriations. Fixed assets are not to be purchased utilizing Authority contractual appropriations, with the exception that infrastructure may be purchased via payables created from water contract payments.

VIII) Depreciation

Unless otherwise directed by the Treasurer, buildings, land and building improvements, vehicles, machinery, equipment and infrastructure will be depreciated for financial statement purposes using the straight line method with a full year of depreciation in the year of acquisition. Estimated useful lives of the assets are as follows:

<u>Fixed Assets</u>	<u>Years</u>
Buildings	15-30
Building improvements	10-30
Land improvements	15-20
Water treatment plant	40
Water infrastructure	40
Machinery & equipment	10-20
Vehicles & trucks	5-10
Equipment & furniture	5-15

Salvage value equivalent to ten percent (10%) of the asset cost will be reflected on all machinery and equipment with a cost greater than (>) \$25,000. All salvage values will be reviewed annually and adjusted accordingly based upon historical experience and current conditions.

IX) Reporting

The Executive Director will be responsible for updating and reconciling the detailed listing of fixed assets to the general ledger and the financial statements on an annual basis. Additionally, the Authority's administration and accounting personnel will be responsible for establishing and maintaining a fixed asset depreciation system based upon the guidelines established in this policy. A copy of the detailed fixed asset listing will be forwarded to the Authority's Treasurer.