# ASSET CAPITALIZATION POLICY

**Scope and Purpose**

The Syracuse Regional Airport Authority ("Authority") is a public benefit corporation created under the laws of the State of New York. The Authority fulfills a public purpose1 and must comply with the provisions of applicable law, including the New York State Public Authorities Law. The Authority is a "local authority" as defined in Section 2 of the Public Authorities Law and as such must adopt by resolution comprehensive guidelines which detail its operative policy and instructions regarding the use, awarding, monitoring and reporting of contracts for the disposal of property. Authority property is held for the public benefit and the Authority has a fiduciary obligation to use and dispose of its property properly.

The following policies set forth internal controls for tracking, inventory and disposal of Authority property as required by Article 5A of the Public Authorities Law. It is intended to assist personnel in implementing and maintaining an effective property control program. The implementation of an effective and accurate process for tracking fixed assets is necessary for several reasons:

- Our organization prepares financial information using the Generally Accepted Accounting Principles (GAAP). Government regulations require us to track an asset's cost, depreciation, and the disposal of the asset. Assets that will be depreciated have been categorized and assigned a depreciation life.
- We also utilize asset records for insurance purposes. In the event of a loss it is necessary to have an accurate record of the asset to ensure adequate insurance coverage, of the item lost.

**Definitions**

For the purpose of these policies and procedures the following definitions apply:

**Assets:**

Refers to both "capital" and "controlled assets" when used without specifically indicating either. Capital Assets Refers to real or tangible personal property having:

- A value greater than or equal to the capitalization threshold for the particular classification of the capital asset; and
- Having an estimated useful life of greater than one year from the time of acquisition.

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[1] The Authority is the Federal Aviation Administration authorized operator of the Syracuse Hancock International Airport.

[2] The Authority does not own any real property. It is the lessee of real property owned by the City of Syracuse commonly known as the Syracuse Hancock International Airport. Most of these lands were deeded by the Federal government to the City for Airport purposes only, and are subject to numerous deedrestrictions limiting the use and transferability of Airport lands for Airport purposes only. The

Authority is the duly licensed operator of the Airport and as such is subject to stringent and pre-emptive FAA requirementsgoverning the use and conveyance of Airport lands and interests therein.

[3] Id.

**Controlled Assets:**
Refers to those items with a historical cost of less than $1,000 but which are particularly at risk or vulnerable to loss or theft.

**Responsibility**
The Financial Manager shall be directly responsible for administering the policy and related regulations and procedures. The Department Supervisor is responsible for custody and control of assets assigned to the applicable department/facility.

The Finance Manager is responsible for reconciling the fixed asset ledger, both asset values and accumulated depreciation to the general ledger monthly.

**Tagging and Identifying Inventoriable Assets**

Reason to Tag
To inventoriable assets as belonging to the organization.

What to Tag
- All furniture and equipment with a replacement value above $1,000 must be tagged, including, but not limited to:
- Furniture
- Computers and Laptops
- Audio Visual Equipment
- Other equipment above $1,000 such as kitchen, health and fitness, or office machines Controlled Assets Include assets that are sensitive, portable, or prone to theft.

When to Tag
All items shall be tagged upon receipt.

When Not to Tag
When impractical or impossible. Reasons not to mark are, but are not limited to, when the item:
- Has a unique, permanent serial number usable for identification, security, and inventory control (such as vehicles);
- Would lose significant historical or resale value if marked; and,
- Would have its warranty negatively impacted if permanently marked. Method for Marking Items shall be marked or tagged with a property tag.

**Additions to Fixed Assets**

In order to maintain accurate asset records, when receiving a new asset into the organization, the first step is to determine if the asset should receive a property tag. Any item that the cost exceeds $500 and has a life greater than one year should be tagged. Additional items to be tagged regardless of their value include controlled items such as AV equipment, printers, televisions, DVD players, video cameras, digital cameras, PCs, laptop computers, tablets, two-way radios, and any item which may be easily stolen. If you have questions concerning a specific asset, contact the Finance Manager.

Once an asset has been labeled, it needs to be recorded. The Finance Manager will enter the asset information into the Fixed Asset software including the following information: asset description including make, model and serial number, SRAA tag number, PO number, date received, date placed in service, cost, location, department and useful life.

**Transfer of Assets**

In order to maintain accurate asset records, asset transfers shall be recorded promptly. A permanent transfer is one that has no current plans of return. The administrator will notify the Finance Manager of the asset transfer including the asset description and tag number. The Finance Manager will promptly make the change in the Fixed Asset software.

**Asset Disposal**

See SRAA policy on Asset Disposal. Disposed assets will be update in the Fixed Asset software in the month the transaction occurred. The general ledger will be adjusted to reflect the change in asset value, accumulated depreciation and any resulting gain or loss from the transaction.

**Fixed Asset Inventory**

A physical inventory will be conducted every five years for all inventoriable assets.

**Depreciation Guidelines**

All depreciation and amortization calculations should use the "straight line, full month" method. For financial statement purposes, a full month of depreciation/amortization expense for an asset will be recorded in the month of acquisition or project completion; no depreciation/amortization expense will be recorded in the month of the asset's disposal. Land is not depreciated. Depreciation will be calculated monthly and the result posted to the appropriate time period in the general ledger.

**Useful Lives**

The table below details the expected useful life of each category of asset

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| Land | Not depreciated |
| Building | 30 years |
| Building improvements | Shorter of 20 yrs. or remaining life of the building |
| Leasehold improvement | Shorter of lease term or useful life |
| Autos, trucks and passenger vehicles | 5 years |
| Heavy equipment | 10 years |

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| Equipment and fixtures | 5 years |
| Office furniture | 5 years |
| Computer Hardware/software | 3/5 years |

**Asset Disposal**

Section 2896 of the Public Authorities Law requires that local authorities designate a "contractingofficer" to be responsible for an authorities compliance with and enforcement of its operative policy and instructions regarding the use, awarding, monitoring and reporting of contracts for the disposal of property ("Property Disposal Policy" or "Policy"). The Authority hereby designates its Chief Fiscal Officer as the Contracting Officer for purposes of complying with and enforcing its Property Disposal Policy. The Contracting Officer shall cause this Policy to be made available tothe general public as requested and to be posted on the Authority's website.

**Identifying Property for Disposal**

Property that is no longer required, no longer functional and/or are no longer serving the purpose for which they were acquired shall be identified for disposal by the Contracting Officer.

**Classifying Property**

Once property has been identified for disposal, the Contracting Officer shall classify the property into one of the following three categories:

a. Waste. This category includes materials or items that have no functional value or known intrinsic value. This property shall be disposed of as the Contracting Officer may determine in a safe and appropriate manner.

b. Scrap. This category includes materials or items that have no functional value, but retain an intrinsic value due to the material out of which they are made. This property may be disposed of as the Contracting Officer may determine obtaining the best value on behalf of the Authority.

c. Surplus. This category includes materials or items that retain functional value and may or may not have an intrinsic value. This property may be disposed of by the Contracting Officer and in accordance with this policy.

**Disposal of Surplus Property**

The Contracting Officer may cause the disposal of property for not less than fair market value by sale, exchange, transfer for cash, credit or other property upon such terms as the Contracting Officer deems proper. Any disposal of real property shall require an appraisal by an independent appraiser to determine fair market value. No disposition of any other property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued by reference to an active market for similar property, shall be made without a similar appraisal.

All disposals or contracts for disposal of property made or authorized by the Contracting Officer shall be made after publicly advertising for bids. The advertisement for such bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the property;

All bids shall be publicly disclosed at the time and place stated in the advertisement; and the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Authority, price and other factors considered; provided that all bids may be rejected when it is in the public interest to do so.

**Yearly Property Report**

Each year the Contracting Officer shall cause to be prepared and submitted to the Board, a report listing all real property of the Authority, all real and personal property disposed of by the Authority during the previous twelve-month period. The report shall contain a full description of each item of property disposed of, the price received by the Authority, and the name of the individual(s) or entity that purchased the property.

The Contracting Officer shall cause the report to be delivered to the Comptroller, Director of the Budget, the Commissioner of General Services, and the New York State Legislature and the Authorities Budget Office.

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