



## General Operating and Financial Guidelines

### **Statement of Purpose**

These guidelines are adopted in compliance with the requirements of New York Public Authorities Law §2665 (the “Act”) and are intended to set forth the Schenectady Metroplex Development Authority’s (the “Authority”) policies for the general financial practices and policies in connection with financial activities and operations of the Authority. The Board of Directors must review and re-approve these guidelines at least every three (3) years.

### **Accounting Computer File Back-Up Procedure**

It is the policy of the organization to maintain a computer file back-up system for all Authority business and accounting records that ensures routine daily copies of all records by the Authority’s information technology vendor, who will be supervised by the Executive Director or his designee.

### **Accounting Method**

It is the policy of the organization to use the accrual basis of accounting that recognizes revenues when they have been earned and expenses when they have been incurred.

### **Amortization**

It is the policy of the organization to individually amortize leasehold improvements exceeding \$2,500 over the remaining length of the lease term. Fully amortized leasehold improvements will be taken off the organization's statement of financial position. See the *Capitalization Cutoff Points* in these guidelines.

### **Bank Reconciliations**

Bank statements will be made available on-line to the Director of Finance, who is responsible for bank reconciliations. This individual cannot be a check signer. The staff member will answer any questions posed by the Executive Director and prepare the bank reconciliation. All bank account reconciliations will be reviewed by the Executive Director. The process will be completed prior to receipt of the next bank statement, or within 30 days (whichever is less).

### **Bid Requirements – Goods and Merchandise**

*See Procurement Guidelines.*

### **Bid Requirements – Service Procurement**

*See Procurement Guidelines.*



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### **Bid Requirements – Contracting or Leasing**

When contracting or leasing for construction-related services, provisions of the Metroplex statute apply including, but not limited to, compliance with Wickes Law (§135 of NYS Finance Law), NYS Prevailing Wage Law (§220 of Labor Law), and statutes relating to the participation of Minority and Women Owned Businesses (Article 15-A of Executive Law).

### **Bonding of Employees**

It is the policy of the organization to bond all employees involved in the financial functions of the organization.

### **Capitalization Cutoff Points**

It is the policy of the organization to expense assets in the period purchased if these assets cost \$2,500 or less individually.

Assets costing in excess of \$2,500 individually will be capitalized and depreciated in accordance with the organization's depreciation policies.

Repairs and improvements to real property and leasehold improvements will be capitalized if they cost in excess of \$2,500 individually.

### **Chart of Accounts**

It is the policy of the organization to maintain a chart of accounts. All employees involved with accounting coding responsibilities or budgetary responsibilities will be issued a chart of accounts, and the chart of accounts must be updated on a routine basis.

### **Check Disbursements**

It is the policy of the organization to keep unused check supplies safeguarded in the Authority's offices. All check disbursements will require approved invoices or expense vouchers and will have a completed Voucher Form attached. Single checks exceeding \$25,000 must be signed by two board members not requesting the check.

Under no circumstances are checks to be signed unless completed in full. Signed checks that have not been mailed or distributed will be put under lock and key at the end of each day.

### **Check Endorsement/Stamp**

It is the policy of the organization to endorse checks with a stamp(s) as follows:



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For Deposit Only Schenectady Metroplex Development Authority Name of Depository Institution Account Number
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### **Check Signers**

It is the policy of the organization to give check-signing authority to the following positions: Chairman, Vice Chairman, Treasurer, Secretary.

Individuals involved with check preparation, bank reconciliations and Metroplex staff are prohibited from having check-signing authority.

### **Computer Passwords**

The Authority allows its employees to assign their own passwords for accessing their computers and software. A master record of employee passwords will be maintained by the Executive Director or his designee. Passwords of terminated employees must be canceled immediately to prohibit access to the Authority's books and records.

### **Contributions**

Contributions or donations to civic organizations require approval by the Authority's Chairman

### **Control Over Checks and Cash**

Checks received in the mail will be noted on the Daily Checks Received Log Form (staff other than the Executive Director or Director of Finance), which will include the date, the name of the payer, the date of the check, the amount of the check, and the invoice number if applicable. All checks received should be deposited on the next banking day. The log copy included with the checks will also be retained for seven (7) years or consistent with New York State Records Law.

### **CPA Firms**

#### **Audited Financial Statements**

It is the policy of the organization to direct the Chairman to distribute the audited financial statements to the board of directors and to organizations entitled to receive a copy because of contractual agreement, or to any individual requesting the statements under the Freedom of Information Law. Such distributions, however, will be made only after the



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statements have been reviewed and approved by the Fiscal Audit Committee and the full Board of Directors.

The audited financial statement must be filed with the Authority's Chief Executive Officer, Finance Director, the chairperson of Schenectady County Legislature and the State Authority Budget Office within thirty (30) days of receipt of the report. In addition, the most recent audited financial statement shall be posted on the Authority's website.

### **The Engagement Letter**

It is the policy of the organization to review the draft of the CPA engagement letter before it is signed to ensure it covers matters important to the Board.

The engagement letter should be reviewed at the Fiscal Audit Committee meeting immediately before the audit commences.

The engagement letter shall require the firm to report to the Fiscal Audit Committee regarding critical accounting policies and practices, alternative treatments of financial information in conformance with GAAP principles, the ramifications of use of such treatments, recommendations for treatment and all written communication between the firm and the organization's management as such correspondence relates to the audit.

### **The Management Letter**

It is the policy of the organization that the Fiscal Audit Committee discuss the CPA management letter with representatives of the auditing firm and to direct staff as to the appropriate action required to correct deficiencies addressed.

### **Selection of Firm**

It is the policy of the organization to contract with the CPA firm selected to audit the organization for a period not to exceed five years.

At the end of this period the Fiscal Audit Committee and the Authority's Treasurer, with the assistance of staff, initiate a procurement process consistent with *Procurement Guidelines* of the Authority specializing in auditing public benefit corporations and make a recommendation to the board of directors for final selection. Re-awarding the contract for auditing services to the existing auditing firm is acceptable as long as the interview and selection criteria clearly indicate the firm is the most qualified and cost effective.

These additional criteria apply to all audit firms under consideration:



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- Selected CPA Firm prohibited from providing audit services if the lead or coordinating audit partner (who is responsible for the audit or for reviewing the audit) has performed audit services for the authority in each of the five previous fiscal years;
- Selected CPA Firm prohibited from performing non-audit services; and
- Selected CPA Firm prohibited from auditing for the Authority if the Chief Executive Officer, Chief Financial Officer, Comptroller, Chief Accounting Officer or the equivalent of any of these persons for the Authority was employed by the audit firm and participated in any capacity in an audit of the Authority within the previous one (1) year period.

Additionally, the contract awarding the audit to the CPA firm for a five-year period will have a clause allowing the organization to contract with another firm before the end of the contract period if the current firm provides unsatisfactory service or if the financial condition of the organization prohibits the expense of a full audit.

### **Credit Cards**

It is the policy of the organization to allow issuance of credit cards to the following individuals: Chairman of the Board, Vice Chairman, Executive Director.

Each cardholder shall use the card for Authority business only, that no single expenditure may be in excess of \$2,500, and that all charges will be within the Board-approved operating budget.

### **Deferred Revenues**

It is the policy of the organization that revenues that have not been earned will be included with deferred revenues on the financial statements and recorded as revenue when earned.

### **Depreciation**

It is the policy of the organization to depreciate fixed assets other than real property and electronic equipment using the straight line method over a 7-year period.

Electronic equipment will be depreciated using the straight line method over a 5-year period.

Capitalized repairs and improvements will be depreciated using the straight line method based on an analysis of the time the repair or improvement is expected to improve the property.

Fully depreciated fixed assets will remain on the organization's statement of financial position until they are disposed of or otherwise deemed worthless.



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Assets will be capitalized in accordance with the organization's capitalization cutoff point policy.

### **Dues and Memberships**

Dues-paying memberships to economic development, community development and planning organizations may be made if explicitly recognized in Board-approved budget documents and/or via approval of the Chairman.

### **Financial Statement Preparation and Distribution**

It is the policy of the organization to prepare, for approval by Executive Director, Director of Finance and board of directors, an annual financial report, which shall include the following:

- The organization's operations and accomplishments
- Receipts and disbursements or revenues and expenses
- Assets and liabilities
- Schedule of all outstanding bonds and notes
- Schedule of all projects
- List of real property with fair market value over \$15,000
- Code of ethics (copy)
- Assessment of effectiveness of internal control structure and procedures.

Upon approval of the annual financial report, the Executive Director and Director of Finance shall certify the report as to accuracy of the information, that there are no omissions of material failures and that the report fairly represents the financial condition and result of the organization's operations. This report shall be submitted annually by March 31 to the chairperson of the Schenectady County Legislature and the State Authority Budget Office.

The Authority's annual budget shall be adopted by the board of directors and shall be submitted annually by October 31 to the chairperson of the Schenectady County Legislature and the State Authority Budget Office. The annual budget shall be posted on the Authority's website.

### **Fiscal Audit Committee**

The Authority is required by State law to maintain an audit committee consisting of independent Board members appointed by the Chairman. It is the committee's duty to (1) assure that the Authority fulfills its responsibilities for internal and external audit processes, transparent



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financial reporting processes and establishes systems of risk assessment and internal controls over financial reporting; and (2) provides an avenue of communication between management, independent auditors, internal auditors, and the board of directors as well as oversee the Authority's audit process.

### **Freedom of Information Law**

It is the policy of the organization to allow the inspection of records in compliance with Public Officers Law, Article 6 (Freedom of Information Law), subject to statutory exclusions and limitations. Requests to inspect and/or obtain copies of records must be made in writing and include a description of the records that is the subject of interest.

### **Governance Committee**

It is the policy of the organization to maintain a governance committee consisting of independent Board members appointed by the Chairman. It shall be the duty of the committee to keep the Board informed of current best governance practices, review corporate governance trends, update the organizations' governance principles and advise the Board on the skills and experience desirable in potential Board appointees.

### **Independent Contractors**

It is the policy of the organization to evaluate criteria established by the IRS when assigning individual employee or independent contractor status. Individuals qualifying as independent contractors will be issued IRS Form 1099 if compensation is \$600 or more.

### **Insurance**

It is the policy of the organization to have an independent insurance consultant periodically review the organization's insurance policies to ensure coverage and limitations adequately meet the needs of the organization, members, and employees.

### **Investment Policy**

See *Investment Policy*.

### **Leasehold Improvements**

It is the policy of the organization to capitalize leasehold improvements costing \$2,500 or more. Expenditures under this amount will be considered ordinary repairs and expensed in the period paid. Capitalized leasehold improvements will be amortized over the remaining lease term.

See the *Amortization Policy and Repairs and Improvements* entry included in these guidelines.



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### **Leases**

It is the policy of the organization to record leases in accordance with current guidance from the AICPA and GASB in the financial records, based on appropriate qualification criteria.

### **Loans Prohibited**

It is the policy of the organization to prohibit loans to employees and board members under all circumstances.

### **Logo**

It is the policy of the organization to include the organization's logo on all forms used by the organization.

### **Long-Term Debt**

It is the policy of the organization to include the current portion of long-term debt (the amount due to be paid within 12 months) with current liabilities on the financial records. Only the noncurrent portion of long-term debts will be included in the long-term debt section of the financial records.

### **Non-Local Travel Expenses**

It is the policy of the organization to establish travel expense limitations and guidelines as follows:

***Authorizations***—All travel requests must be approved by the Executive Director or Chairman.

***Public Carrier*** — Employees are to travel by public carrier whenever possible. The most cost-effective means of travel, such as coach airfare, must also be used. Receipts are required.

***Lodging*** — Lodging facilities must be approved by the Executive Director or Chairman. Employees will be reimbursed entirely for the basic room charge and applicable taxes. Receipts are required.

***Meals*** — Receipts are necessary for meals. Tips should be noted on meal receipts.

***Mileage*** — Reimbursements shall be made at the prevailing federal IRS rate.

***Taxi*** — Actual taxi fares, including tips, will be reimbursed entirely. Receipts are necessary. Tips must be noted on taxi receipts.





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***Entertainment*** — All entertainment expenses must be approved by the Executive Director or Chairman to be reimbursable.

***Parking and Tolls*** — Parking fees and toll expenses will be reimbursed. Receipts are necessary.

***Car Rentals*** — Car rentals will be reimbursed if approved in advance by the Executive Director or Chairman. Receipts are required.

### **Petty Cash Fund Disbursements**

It is the policy of the organization to maintain a petty cash fund of at least \$100.

It is the responsibility of the Executive Director and the Director of Finance to ensure that the petty cash fund is secured at all times.

Disbursements from the petty cash fund may only be made for approved expenditures. A receipt must accompany every disbursement. The receipt must be signed by the person receiving the cash and the person disbursing the cash.

The petty cash fund will be replenished as needed. The petty cash fund replenishment check will be made out to the individual primarily responsible for maintaining the fund, with the word “agent” following that person's name. The expenses will be reviewed and the resulting check will be signed by two other responsible parties.

### **Prepaid Expenses**

It is the policy of the organization to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses on the financial records and to expense them in the proper period.

Payment of any expense of \$1,000 or less will not qualify as a prepaid expense.

### **Purchase Orders**

It is the policy of the organization to use a purchase order system. Signed purchase orders may be used for possible obligations for goods and services not to exceed \$5,000.

### **Records Retention and Destruction**

It is the policy of the organization to retain and destroy records as required by New York State law.



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### **Repairs and Improvements**

It is the policy of the organization to capitalize repairs and improvements to fixed assets or real property owned by the organization if the repairs or improvements cost more than \$2,500 individually. Repairs or improvements of \$2,500 or less will be expensed in the period paid.

Depreciation of capitalized repairs and improvements will be based on an analysis of how long the repair or improvement is expected to improve or extend the useful life of the property.

See the *Capitalization Policy and Leasehold Improvement* entry included in these guidelines.

### **Segregation of Duties**

It is the policy of the organization to work with the organization's independent CPA firm to ensure that adequate segregation of duties exist. Suggestions on improving controls through duty segregation will be given serious consideration, and employees will be required to participate in the interest of both the organization and the employee.

### **Temporary Employment Agencies and Paid Internships**

It is the policy of the organization to use temporary employment agencies or part-time student interns to supplement the work force.

Fees paid to hire the employees of temporary employment agencies and/or interns must be included in the board approved annual budget.

### **Time Sheets**

It is the policy of the organization that all employees complete and sign time sheets for every pay period. All timesheets must be submitted to the Executive Director for approval within 5 days after each pay period.

### **Transfers of Funds**

It is the policy of the organization to permit the transfer of funds between linked accounts at the same financial institution, when authorized by the Executive Director or an authorized signer on the account.

All transfers of funds from one financial institution to another, or directly to an investment account, vendor, or other service provider, must satisfy the check signing criteria described in *Check Disbursements*.