

# Westchester County Health Care Corporation

## Property, Plant and Equipment

As of December 31, 2015

### Capital Assets

In connection with the establishment of the public benefit corporation in 1997, WCHCC recorded buildings, fixed equipment, and land received from the County at book value. Capital assets acquired subsequent to the establishment of the public benefit corporation are recorded at cost. Assets with a purchase price of \$1,000 or more are capitalized and assets with a purchase price of less than \$1,000 are expensed.

Gifts of long-lived assets such as land, buildings, and equipment are recorded at fair value at the date of the contribution and are excluded from operating income.

Depreciation is recorded using the straight-line method over the estimated useful life of each class of depreciable assets.

	<u>Estimated Useful Lives</u>
Land improvements	10 years
Buildings and building improvements	5 to 40 years
Equipment	5 to 20 years

Equipment under capitalized lease obligation are amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the leased equipment. Such amortization is included in depreciation and amortization expense in the financial statements. Interest cost, net of interest earned on those funds, incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of construction.

Capital asset activity for the year ended December 31, 2015 was as follows (amounts in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements and transfers</u>	<u>Ending balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,587	\$ -	\$ -	\$ 1,587
Construction in process	23,081	12,827	(12,965)	22,943
Capital assets, being depreciated:				
Building and improvements	476,873	41,579	(5)	518,447
Equipment	517,578	57,081	(27,329)	547,330
Land Improvements	9,175	1,450	-	10,625
Total capital assets being depreciated	<u>1,003,626</u>	<u>112,937</u>	<u>(40,299)</u>	<u>1,076,402</u>
Less accumulated depreciation for:				
Building and improvements	(256,876)	(19,788)	5	(276,659)
Equipment	(354,317)	(33,107)	1,456	(385,968)
Land improvements	(7,515)	(174)	-	(7,689)
Total accumulated depreciation	<u>(618,708)</u>	<u>(53,069)</u>	<u>1,461</u>	<u>(670,316)</u>
Carrying value of all capital assets, net	<u>\$ 409,586</u>	<u>\$ 59,868</u>	<u>\$ (38,838)</u>	<u>\$ 430,616</u>

Construction in progress relates to various capital projects. The additional costs to complete such projects are anticipated to aggregate approximately \$18.8 million as of December 31, 2015.

Included in capital assets is capitalized interest, net of accumulated amortization, of approximately \$12.0 million as of December 31, 2015. The net book value of capital leases held under lease obligations, included in equipment, is approximately \$19.0 million as of December 31, 2015.