

517 Capital Assets

Belief

MESC believes that the maintenance of current, accurate inventory records of all District capital assets is fundamental to the effective and efficient operation of the District. Therefore, it is required that all Schools and Departments maintain current and accurate inventories of their assets and submit them to the Executive Director of Finance on a regular basis.

Procedures

Asset Inventory Tracking

1. Budget authority/holders shall maintain their inventories on a current basis on atrieveERP/excel database, and submit a report to the Executive Director of Finance by April 15 each year.
2. The inventory records shall contain:
 - a) Description of Asset
 - b) Serial Number (if available)
 - c) District Asset Number (if available/provided)
 - d) Date of Purchase (if known)
 - e) Value at Purchase (if known)
 - f) Location - School or Department
 - g) Other pertinent information
3. The Executive Director of Finance or their designate shall conduct an annual inventory count of capital assets to review asset existence / value and will be responsible for adjusting the value of inventory to the actual results of the inventory count.
4. The Executive Director of Finance or their designate will reconcile the general ledger to the capital asset register on an annual basis.

Capital Assets

1. Assets with a per unit or per item cost in excess of five thousand dollars (\$5,000) are to be capitalized.
 - a) The cost of a capital asset includes the purchase price and other acquisition costs such as installation costs, transportation and site preparation costs.
 - b) The cost of enhancing the service potential of the useful life of a capital asset is to be added to the capital cost of the asset and may result in an enhancement of the remaining life of the asset. Costs incurred to maintain the useful life and value of the asset are considered repair costs.

2. Amortization of a capital asset shall be an annual operating charge against the expenditures of MESOC. Amortization will be on a straight line basis and rates are to reflect the nature of the asset, its limited life, and its use by the District.
3. Capitalization and Amortization – Assets with a cost of \$5,000 shall be capitalized and amortized as follows:

Asset Category	Amortization Period
Buildings	20 years
Furniture and Fixtures	3 years
Vehicles – light duty	5 years
Vehicles – buses and heavy duty	12 years
Technology and Equipment	5 years
Land improvement (pavement and playgrounds)	20 years

4. On a monthly basis, the Executive Director of Finance will calculate amortization expense for each asset category using the amortization rates in the table above and post the required entry to the accounting system.
5. On disposal of a capital asset the difference between the net proceeds on disposal and the net carrying amount is recognized as an income or expense in the period of the transaction. This applies whether or not the capital asset has been fully amortized.

Assets of less than five thousand dollars (\$5,000)

1. Assets with a per unit or per item purchase cost below five thousand dollars (\$5,000) are to be expensed in the year acquired, unless they are held for inventory use for the next fiscal period.

References

MESOC Board of Governors Policy; EL-5