

NIPPERSINK SCHOOL DISTRICT 2

4213 US Highway 12

Richmond, IL 60071

* * * * *

Telephone: 815-678-4242

FAX: 815-675-0413

www.nippersinkdistrict2.org

Dr. Tom Lind, Superintendent
Denise Levendoski, Business Manager
Dr. Patrick Enright, Asst Superintendent C&I

Laura Taubery, Richmond Grade School Principal
Brandon Creason, Nippersink Middle School Principal
Chris Pittman, Spring Grove School Principal

- TO: The Board of Education of Nippersink School District 2
- FROM: Denise M. Levendoski, CSBO
- DATE: October 28, 2026
- SUBJECT: Proposed Increase to Capitalization Threshold

BACKGROUND AND RATIONALE

During the exit interview with the auditors, Eccezion LTD, it was recommended that we increase our capitalization threshold from the current \$500 to \$10,000. The proposed \$10,000 threshold is more consistent with current recommended practices and provides a more practical approach to accounting for fixed assets.

The proposed change would apply retroactively to expenditures incurred beginning July 1, 2026, so that the policy is applied consistently from the beginning of the fiscal year. Items purchased below the new \$10,000 threshold would be expensed rather than capitalized, while expenditures of \$10,000 or more that meet the other capitalization criteria would continue to be recorded as fixed assets.

The change also provides a more appropriate level of materiality for capitalization. A \$500 threshold results in relatively low-dollar assets being capitalized even though those amounts are not significant to the overall financial statements. Increasing the threshold to \$10,000 would allow capitalization to focus on expenditures that are more financially significant to the organization.

RECOMMENDATION

Approval is requested to increase the capitalization threshold from \$500 to \$10,000, effective July 1, 2026. This change will provide greater consistency in the treatment of expenditures and align the organization's capitalization practices with current accounting expectations.