


memo

Harvey Public Schools District 152

To: Board of Education

From: Dr. James D. McEnroe 
Interim Assistant Superintendent for Business Operations and
Human Relations

CC: Dr. Sonya Whitaker

Date: July 10, 2017

Re: Change in Fixed Asset Capitalization Threshold

To capitalize a fixed asset requires that it must cost in excess of a particular dollar amount and that it will have a useful life of more than one year.

Each year as a part of the Independent Auditors Report, our CPA firm makes recommendations for changes or improvements in our accounting processes. The 2015 – 2016 Auditors Report recommended that we change our fixed asset capitalization dollar amount from \$500 to \$5,000.

Capitalizing the investment in a fixed asset, for instance a new boiler, allows us to recognize the expense related to that boiler over the number of years that we expect it to remain in service. Having a capitalization threshold that is too low overcomplicates our recordkeeping and can cause our financial statements to be less accurate than desired.

It is my recommendation that the capitalization threshold for our District be re-set to \$5,000.

Please let me know if I can answer any questions about this change.