



BRIDGE TO SUCCESS

# Hastings Public Schools

INDEPENDENT SCHOOL DISTRICT 200  
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To: Policy Committee, Superintendent Champa

From: Jennifer Seubert, Director of Finance & Operations

Date: July 29, 2024

Subject: Capitalization procedure change to asset thresholds

The Governmental Accounting Standards Board issued an implementation guide which made changes effective for the 2023-2024 school year. Our auditing firm has recently provided guidance regarding implementing these changes.

As a note – the district has not had a fixed asset policy in the past. The practice has been that individual assets exceeding \$5,000 were capitalized. The district does not currently have a practice for grouped purchases.

The implementation guide changes how capital assets ordered in groupings are capitalized. For example, if an individual item costs \$300, with an order of 20 the total would be \$6,000. In the past, we would not have treated the 20 items as capital assets since the individual cost was lower than our threshold. Now, with the new implementation guidelines, since the grouped total is over our threshold the district would be required to capitalize the 20 individual assets.

The recommendation from our auditing firm is to implement a fixed asset policy. This should occur prior to the completion of the 23-24 audit. In addition, there will need to be a designation of the capital asset thresholds for FY24 of \$5,000 per individual item, and \$50,000 for group purchases. Going forward, this designation will occur at the organization meetings.