



City of North Royalton

Mayor Larry Antoskiewicz

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Date: August 22, 2022
To: Mayor Antoskiewicz and Council
From: Jenny Esarey, Finance Director
Re: Depreciable Threshold and Establish Salvage Value (Capital Assets)

During the 2021 Audit, the auditors recommended a few items regarding Capital Assets.

Depreciable Threshold

- Currently, the Depreciable Threshold is \$1,000, which is an extremely low threshold.
- Since purchase costs have gone up substantially, a \$1,000 depreciable threshold creates an unnecessary burden to track assets that would not normally be necessary to track, along with an exhaustive in size asset listing.
- By increasing the depreciable threshold, the Capital Asset listing will be a more accurate and be more manageable to track.
 - ***I am recommending a \$10,000 Depreciable Threshold with an effective date of January 1, 2022***

Salvage Value

- Currently there is no salvage value established, so assets that are fully depreciated are still being carried on the asset list.
- By establishing a Salvage Value, it will reduce the number of assets on the asset list that have no value or not currently being used by the City.
 - ***I am recommending a Salvage (Residual) Value of 5% with an effective date of January 1, 2022***
 - This will allow the Capital Asset to be Depreciated to 95%, and leave the residual value of 5% on the Capital Asset listing until Disposal of Asset.

I look forward to our discussion at the September 20, 2022 Finance Committee Meeting, but please feel free to contact me prior to the meeting with any questions.

Thank you!
Jenny 😊