

Individual Property Records and Filing System

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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A subsidiary ledger card system should be adequate for small- and medium-size cities. Cities with computer capabilities probably will want to computerize their CAAS records. A separate card should be prepared for each unit of property (any item that can be readily identified and accounted for individually or any group of items, such as chairs, purchased at the same time).

This record of individual properties constitutes the subsidiary ledger. The total of the amounts shown on the subsidiary ledger cards corresponds to the control totals for the capital assets.

The following information should be on each individual property card:

- Asset number, including the class code;
- Sequence or payment voucher number;
- Date of acquisition;
- Name and address of vendor;
- Abbreviated description;
- Department, division and unit charged with custody;
- Location;
- Cost;
- Fund and department from which purchased;
- Method of acquisition;
- Estimated life;
- Date, method, and authorization for disposition; and
- Depreciation method and annual depreciation expense.

Once information has been entered on the asset ledger card, the next step is to develop a filing system to provide controls. Group the cards first by department. In the case of equipment, this usually amounts to grouping by location. Within each department or location, arrange the cards according to the classification of capital asset (i.e., land, building, infrastructure). Further subdivisions may be advisable if justified by the number of cards. For example, equipment could be divided into automotive, construction, office, etc.

Before completing the property card, assign and attach an individual asset number to each asset. This number should appear on the property card. Assigning each item a permanent number provides the necessary link between asset and property record card.

There are a number of adequate numbering systems for recording capital assets. A simple, flexible system might be a numerical sequence code system, with an alpha prefix. The alpha prefix classifies the asset according to the seven classes recommended for accounting and statement presentation purposes (L: land, B: building, I: infrastructure, O: improvements other than building, E: equipment, N: intangibles and C: construction in progress). This code numbering system might also identify the department and asset number.

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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