



Maintaining a Capital Asset Accounting System

Dear Reader:

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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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Once you establish a CAAS, proper maintenance is imperative. All accounting systems require current and accurate information to be meaningful. The best capital asset records can quickly become outdated if they are not maintained. Conversely, the most elementary records will become more accurate if properly maintained.

In small cities it may be sufficient to update the capital asset records at the close of each fiscal year. Large cities may require monthly updates.

We suggest that the person paying or approving invoices prepare a preliminary list of all items to be accounted for in the CAAS. Establish definite accounting procedures to ensure proper recording of asset purchases, sales, transfers and retirements.

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