



Municipal Technical  
Advisory Service

INSTITUTE for PUBLIC SERVICE

## **MTAS on the 10 Most Common Audit Findings for Tennessee Municipalities** (Part 10 of 10-part series)

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### **Inadequate Capital Assets Records**

Al Major, MTAS Finance and Accounting Consultant

Capital assets are those things you should inventory such as equipment, furniture, vehicles, buildings, etc. You set the dollar threshold that defines a capital asset.

An annual physical inventory should be performed, documented, and reconciled to the property records.

Capital assets acquired with grant funds should be adequately identified to ensure that they are maintained, accounted for and disposed of in accordance with the terms of the grant.

It is increasingly important to identify the customer class that benefits from the capital asset. This would allow for documenting any rate differential due to higher depreciation costs.

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This series will review the 10 most common audit findings as reported by the Tennessee State Comptroller's Office. All published parts in this series can be read here:

<https://www.mtas.tennessee.edu/knowledgebase/10-most-common-audit-findings-tennessee-municipalities>

If you have questions or need assistance, contact MTAS at 865-974-0411. Also, visit our website at [www.mtas.tennessee.edu](http://www.mtas.tennessee.edu).