



March 12, 2025

Procedures for Recording New/Donated/ Transferred/Disposed of Assets

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county 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 county 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 CTAS website material.

Sincerely,

The University of Tennessee
County Technical Assistance Service
226 Anne Dallas Dudley Boulevard, Suite 400
Nashville, Tennessee 37219
615.532.3555 phone
615.532.3699 fax
www.ctas.tennessee.edu

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Reference Number: CTAS-1983

Counties must have an effective system in place to ensure accurate recording of new and donated assets. Numerous counties have accomplished this by having all accounts payable clerks make a copy of all invoices that are over the capitalization threshold. This documentation can assist in the recognition of new capital assets. Most large donations tend to be to the county school system from booster clubs, parent-teacher organizations, and other similar groups, so all school principals should be made aware of GASB 34 capitalization requirements for donated assets. It also is recommended that the capital asset manager (or his/her equivalent) be notified whenever the county receives a sizable donation so that the current value, and supporting documentation of the asset's value, at the time of donation to the county can be recorded, as this is the amount that will be capitalized.

Example:

TRW Industries is donating new playground equipment to Jere Whitson Elementary School. Upon receipt of the playground equipment, the principal contacts the county's capital asset manager, who speaks with TRW to determine a fair value for the asset. TRW provides a copy of the invoice for the cost of material that was purchased at the time of donation and installation of the playground equipment. The county records the donated playground in its capital asset records and maintains the invoice and any official minutes where the donation was accepted as backup documentation.

The transferring of assets between county departments and/or disposal of assets, whether that is through surplus, destruction, or theft, should be reported promptly to the capital asset manager. Asset tags should be removed from movable assets that are being disposed of. Likewise, the function of transferred assets should be, if applicable, reclassified in the county's capital asset records.

Example:

Blue County's solid waste department agrees to transfer a pickup truck to the county's jail in exchange for \$1,000. The net value (cost less accumulated depreciation) of the asset is reclassified in the county's capital asset software and records from asset function #55710-Sanitation Management to #54210-Jail. The \$1,000 is not added to the asset's depreciable basis as this transaction is an intergovernmental exchange (i.e. between two departments of the same county government).

Department heads and officials should ensure that the capital asset manager is alerted whenever assets are declared surplus so any capitalized assets can be identified, have inventory tags removed, and any applicable funds received for surplus asset sales are recorded. Sample spreadsheet for tracking disposed of assets, and the related gain or losses from these assets.

Example:

Gray County declares a small school bus surplus and sells the bus at public auction. The bus is totally depreciated and has no salvage value recorded. However, lately this type of school bus has become very popular among the local farmers, who use them to haul hay. The bids come hard and fast at the auction, and the bus is sold for \$1,800. Since the net book value of the bus is zero (0), the \$1,800 is recorded as a gain on the sale after the bus and its accumulated depreciation is removed from the county's capital asset software.

As some officials and department heads will prove better than others on reporting purchased, donated, transferred, and surplus assets, it is necessary to ensure a thorough physical capital asset inventory is performed on at least an annual basis.

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