

**City of Franklin  
Capital Assets Policy Preview**

Topic	Current Practice	Purpose of Policy
1 Definitions for capital assets	Defined in City's chart of accounts (general ledger).	Formally define in new policy. Capital assets include land, buildings, improvements, equipment, infrastructure, and intangible assets.
2 Thresholds for capital assets	Defined as assets of \$25,000 or greater in annual budget document.	Formally define in new policy. Would be able to adopt separate thresholds for each type of asset.
3 Costs to include in capital assets	Usually determined during procurement process.	Formally define in new policy. Would be able to specify which costs are to be included in the asset value.
4 Recording of capital assets	Codes included within City's chart of accounts (general ledger).	Formally define in new policy. Which codes should be used for which type of asset. Provide new codes where needed.
5 Capital asset numbering	Recommended best practice.	Formally implement. Asset numbers, i.e. identifiers, are needed for each capital asset. Identifiers are needed to track capital assets over their life.
6 Depreciation of capital assets	Adopted by BOMA on 5/14/2002.	Formally note the Board's decision in the policy. The City depreciates infrastructure in its financial reporting. The other option was to use condition analysis.
7 Donated capital assets	Implemented as accounting requirement.	Formally implement. What is needed for a donated asset.
8 Transfer of capital assets between a governmental and proprietary fund (water and wastewater)	Implemented as accounting requirement.	Formally implement. When assets transfer between governmental and proprietary funds, a financial transaction is needed to record the transfer. (One is fund is disposing of the asset, the other is procuring the asset.)
9 Annual reporting of capital assets to Finance	Recommended best practice.	Departments are to report its capital assets to Finance within 30 days of fiscal year end. (The list of capital assets provided to risk management for insurance purposes may be used.) Maintaining capital assets in the City's asset system is preferred.
10 Annual testing for audit	Recommended best practice.	Finance will perform annual testing of capital assets on a sampling basis.