



**Title of Policy:** Capitalization and Inventory Control Policy

**Policy (check one):** New  Revised  Reformatted

**Applies to (check all that apply):**

Faculty  Staff  Students

Division/Department  College

**Topic/Issue:**

Investment in property, plant and equipment comprises a substantial portion of the total assets of Baltimore City Community College. It is essential for both financial statement and cost accounting purposes that the College including auxiliary services and all components follow a uniform policy regarding capitalization, valuation, and control of plant, related assets, and inventory.

**Background to Issue/Rationale for Policy or Procedure:**

**(For procedures, cite appropriate approved College Policy addressed)**

Baltimore City Community College ensures the efficient use of capital invested in the College's inventory of materials and supply, provides consistent guidelines for the management and protection of the College's property, establishes uniform procedures for reporting inventory values, provides consistent guidelines for reporting missing and stolen College property, and disposal of excess and surplus personal College property. In addition to complying with generally accepted accounting principles and prudent financial management relative to the capitalization and inventory control of the College's assets.

**State/Federal Regulatory Requirements (cite if applicable):**

- The State of Maryland Department of General Services Inventory Control Manual
- Section 4-306 of the State Finance & Procurement Article, Annotated Code of Maryland.

- Section 4-501 through 508 of the State Finance & Procurement Article giving authority for disposing of excess or surplus personal property to the Secretary of the Department of General Services.
- Executive Order No. 01.01.1987.19 of July 1, 1987, the Maryland State Agency for Surplus Property (MSASP) was transferred from the University of Maryland to the Department of General Services. Disposition of State surplus property as well as distribution of Federal surplus property is a function of MSASP as a result of the Executive Order.
- General Accounting Standards Board Statement (GASB) No. 34 - Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments
- General Accounting Standards Board Statement No. 35 - Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34
- Office of Management and Budget Circular A-110, Subpart C, Sections 30-37, "Property Standards", Circular A-21, Section J.18. "Equipment and other capital expenditures", and Section J.26. "Interest"

**Proposed Policy Language:**

It is the policy of Baltimore City Community College (BCCC) to apply a uniform capitalization and inventory policy which includes standards for controlling inventories of materials, supplies, and plant and related fixed assets and to establish the means for BCCC to determine the value of these inventories. BCCC capitalizes all furniture, fixtures and equipment purchased or donated to the College with a value of \$100 or more and \$50 or more for sensitive items. The College requires a listing of all capital equipment be maintained which includes at a minimum a description of the asset, its cost, and physical location. All capital equipment must be tagged or otherwise identified. Capital equipment will be inventoried no less than once every year.

**Proposed Implementation Date:** Upon Board Approval

**Proposed by: Kim James, Vice President for Business and Finance**  
**Vice President/Senior Staff Member**

**Approved by the Board of Trustees:** June 22, 2010

**Originator/Division: Property Administration/Financial Services and Business and Finance**

***\*This policy once approved by the Board of Trustees supersedes all other policies.***