

Asset Capitalization and Inventory Control

To ensure compliance with generally accepted accounting principles and fiscal accountability, Hagerstown Community College has established policies and procedures pertaining to asset capitalization and inventory control. The policy outlines capital thresholds, valuation and depreciation methods.

Investment in land, building, equipment and vehicles comprises a substantial portion of the College's total assets. For the purpose of capitalization and inventory control, capital assets will be valued at cost including ancillary charges necessary to place the asset in its intended location and condition for use.

Trade-in allowances will be included as part of the assets cost. Assets with a cost of \$10,000 or more will be tagged, capitalized, and depreciated over its useful life using the straight-line method of depreciation.

Assets with values less than \$10,000 will not be capitalized, tagged or inventoried, with the exception of technology such as computers, tablets and printers or other items with high theft risk with values over \$1,000. Items valued at less than the capitalization threshold will not be depreciated and will instead be expensed at the time of acquisition.

Grant funded non-consumable physical items will receive an inventory tag and be maintained in the inventory system for grant related tracking purposes. Specific grant documents will determine the ownership and treatment of the asset, as some assets pass immediately to the College, some revert at the end of the grant period, and others must be returned to the granting agency. Grant assets will be capitalized and depreciated only if and when ownership actually transfers to the College.

A physical inventory of capitalized and non-capitalized tagged assets will be conducted at least once every three years and accounting records will be adjusted based on inventory results.

Minimally, individual asset records will include the following:

- Fixed Asset Identification
- Complete item description (Manufacturer, Model and Serial Number)
- Asset Type and Category
- Location (Building and Room)
- Acquisition Method
- Acquisition Date
- Acquisition Cost
- Useful Life
- Depreciation Method
- Purchasing Information such as voucher or purchase order number