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Subject: Letter re: adjustments to  
remove the state owned art  
collection (The Annapolis  
Collection and The Peabody  
Collection) from the state's asset  
records for FY 2010 closeout

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COMPTROLLER  
*of* MARYLAND  
*Serving the People*

Peter Franchot  
*Comptroller*

Roland L. Unger  
*Director*

*General Accounting Division*

August 19, 2010

Mr. Timothy D. Baker  
Deputy State Archivist  
Maryland State Archives  
Edward C. Papenfuse State Archives Building  
350 Rowe Boulevard  
Annapolis, Maryland 21401



Dear Mr. Baker:

We have received your letter dated July 26, 2010, requesting that the items comprising the state-owned art collection, both The Annapolis Collection and The Peabody Collection, be removed from the Fixed Asset System.

As you stated in your letter and at the meeting of the Commission on Artistic Property on May 12 at which the General Accounting Division was represented, the policy of the majority of museums is that collections are not capitalized as assets. Members of the Commission have recommended that the state adopt this same policy in order to ensure the integrity of the art collection and remain consistent with national museum standards. You noted that the collection is maintained in accordance with the GASB Statement 34 criteria for exemption from capitalization.

We believe that your reasons for removing your art collection from the fixed asset system are sufficient and meet the criteria for exemption in GASB 34.

The General Accounting Division will make all adjustments to remove the state-owned art collection from the state's fixed asset records for the fiscal year 2010 close-out. Be advised that this change in the accounting and reporting of fixed assets does not alter or replace the Department of General Services' inventory control (fixed assets) policies and procedures. Further, in accordance with GASB Statement 34, paragraph 118, relating to disclosures for collections not capitalized, the state's financial report will provide a description of the collection and the reasons these assets are not capitalized.

If I may provide any further explanation regarding this issue, feel free to contact me.

Very truly yours,

Roland L. Unger

RLU:bb

cc: Kenneth Henschen, General Accounting Division