

# PROPERTY CONTROL MANUAL

January 2025 Revised

## OVERVIEW

### Authority:

Section 4-36 of the Connecticut General Statutes, inventory of state property provides:

"Each state agency shall establish and keep an inventory account in the form prescribed by the Comptroller, and shall, annually, on or before October first, transmit to the Comptroller a detailed inventory, as of June thirtieth, of all of the following property owned by the state and in the custody of such agency:

**1. Real property, and**

**2. Personal property having a cost of one thousand dollars or more.**

For audit purposes, each state agency shall establish and keep a list of personal property having a value less than the capitalization threshold and defined as "controllable property" in the property control manual published by the Office of the State Comptroller."

The Office of the State Comptroller [Memorandum 2015-05](#) revised the capitalization threshold for personal property as follows:

**Personal property acquired prior to July 1, 2015 will have a capitalization threshold of one thousand dollars and effective July 1, 2015 the capitalization threshold for personal property is five thousand dollars.**

Section 4-33a of the Connecticut General Statutes, illegal, irregular or unsafe handling of state or quasi-public agency funds provides:

"All boards of trustees of state institutions, state department heads, boards, commissions, other state agencies responsible for state property and funds and quasi-public agencies, as defined in Section 1-120, shall promptly notify the Auditors of Public Accounts and the Comptroller of any unauthorized, illegal, irregular or unsafe handling or expenditure of state or quasi-public agency funds or breakdowns in the safekeeping of any other resources of the state or quasi-public agencies or contemplated action to do the same within their knowledge."

### Purpose:

All State agencies must have policies and procedures in place to ensure that all assets currently owned, purchased under a capital lease, or certain non-owned property in possession of the state where insurance is required be properly recorded and reported by each respective state agency. This manual establishes guidelines for providing adequate oversight.

**Because property represents one of the largest investments being made by the State, complete accountability must be maintained, and safeguards established to protect this investment.**

The information generated from property records required in this manual will be used to determine the total value of all property owned by or in the custody of each State agency for the Office of the State Comptroller's [Annual Report](#) and additional cost accounting reports. The establishment of accurate records and reporting is necessary to ensure that State resources are adequately accounted for in accordance with generally accepted accounting principles (GAAP) for State governments and methods of reporting will provide this office with current values for determining adequate insurance coverage on all the assets of the State.

### Scope:

This policy applies to all branches of state government.

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## Agency Responsibilities:

Each agency shall appoint a person to be responsible for the following:

1. The establishment and maintenance of a Property Control System, which includes an agency policy and procedure manual.
2. The creation of an Agency Software Asset Policy and the designation of an agency Software Librarian.
3. The preparation and timely submission of the Annual Report (Form CO-59 Fixed Assets/Property Inventory Report/GAAP Reporting Form) of all Real Property regardless of cost and **Personal property having a cost of one thousand or more for assets acquired prior to July 1, 2015 and effective July 1, 2015 personal property having a cost of five thousand dollars or more.**
4. The reporting of Adjustments to Real and Personal Property Form CO-853 (Section 4-33a of the General Statutes of Connecticut).

The Office of the State Comptroller's Central Accounts Payable Security and Asset Management must be notified of the name of the person designated by the agency head to be responsible for property control. This information must be updated annually on or before **October 1st** on the CO-59 form provided by the Comptroller's Office as part of the Annual Report of Real and Personal Property package.

All questions regarding assets and inventory are to be directed to the Office of the State Comptroller's Asset Mailbox at [osc.assets@ct.gov](mailto:osc.assets@ct.gov).

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January 2025 Revised

**Questions and/or comments regarding the manual may be directed to:**

Office of the State Comptroller,  
165 Capitol Ave., Hartford, Connecticut 06106  
[Osc.assets@ct.gov](mailto:Osc.assets@ct.gov)

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## Chapter 1 - PROPERTY CONTROL SYSTEMS

### Approved System

All state agencies with the exception of Legislative Management, Judicial Branch, the Community Colleges, the State Universities and the University of Connecticut are required to use the Core-CT Asset Management Module as their property control system to record and control all property owned by and/or in the custody of their agency. Agencies with inventory that meets the capitalization threshold may choose to use the Core-CT Inventory Module. If an agency requires assistance when adding an asset to the Core-CT Asset Management Module, they should log a ticket with the Core-Help Desk.

Written approval must be secured from the Office of the State Comptroller's Security and Asset Management Unit before any system is selected by an agency exempt from using the Core-CT Asset Management Module to manage their assets. Written approval must also be secured from the Office of the State Comptroller's Security and Asset Management Unit before using any inventory system, including the Core-CT Inventory Module. This also applies to changes from one property control system to another. Office of the State Comptroller's Security and Asset Management Unit is available for assistance and consultation relative to the various systems available.

### Types of Systems

There are two basic types of systems, third party software packages and agency developed automated systems, either type may be used. There are many third party software solutions available that are inexpensive and can establish or enhance a property records control system. Established software packages provide the benefits of learning from the experience of others in already proven property records systems. Many feature report writers that permit users to generate their own special reports with little or no programmer assistance. Agency developed automated systems are also acceptable.

The property system must include a control account for each reportable category on the Form CO-59, Asset Management/Inventory Report/GAAP Reporting Form and a detailed subsidiary record for each individual item in the category. The subsidiary records must be reconciled with the control account. The property system must be periodically reconciled, at least annually by June 30, with the respective official records made available to the Office of the State Comptroller and any other authorized oversight agencies such as DAS State Surplus or The Auditors of Public Accounts (APA). The property system will provide for the establishment of record retention and record destruction schedules.

### Property Control System (Assets and Inventory)

The main purpose of the property control system is to help ensure that the State's property is acquired, managed and disposed of in the best interest of the State and its citizens. This mission is promoted through the development and maintenance of adequate accounting and property records both at the State and agency level. Such records are an essential tool for management in its effort to make sound decisions based on timely and accurate information.

Management must review the status of items stored at off-site premises (exclusive of computerized backup) and ensure there is a formal plan to utilize the items at the agency within a reasonable period of time.

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Excess levels of all property should be avoided because State property should be productive and utilized. Items without immediate use should be declared surplus. Storage costs should be eliminated for items stored off-site that do not have an identified use to the agency. Identify obsolete items on hand, which have not been used during the past six months. Determine whether there is a future use for the items. If no future use is identified, determine whether the items can be utilized in another department.

### **Asset Management System**

An effective asset management system requires:

1. Amount of property
2. Frequency of transfers of personal property
3. Available personnel and type of equipment
4. Other reporting requirements

### **Tag Information**

All assets must have a unique identification. Tagging each asset is the most common way to identify an asset. The primary purpose of tagging is to maintain a unique identification number for each asset owned by the State.

Tagging is important for:

1. Providing an accurate method of identifying individual assets;
2. Facilitating the inventory process on a periodic basis;
3. Controlling the location of all physical assets;
4. Assisting in maintaining fixed assets.

The tag should provide a unique number and the property owner's name (agency name). The format of the tag used serves the primary purposes of identification; therefore, the number should be the predominant feature on the tag. The numbering sequence utilized should be a simple, consecutive series of numbers. Numbers should be assigned in consecutive order without regard to asset type or location. However, agencies may designate different color tags and/or a specific series of identification numbers for different asset types, if desired.

The consecutive numbering allows each asset item to carry a unique number throughout its entire life regardless of change in location, responsible person, or other data elements assigned to the asset item, until such asset is retired or disposed of. Once disposition has occurred, the number is retired. The retired identification number should be maintained in a history file for three years after disposition for audit trail control purposes.

Items incapable of receiving a physical tag will be assigned a unique tag identification number for control purposes. These types of untaggable assets include heat-sensitive or finely-tuned equipment items for which physical tagging would be impractical or would otherwise alter the item's usefulness. The unused tags should be stored in an agency logbook or otherwise controlled to avoid duplicate use of tag numbers.

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Use of serial numbers in lieu of tags is not recommended, however, in certain instances may be reasonable and is not specifically disallowed. Serial numbers can be recorded to support the inventory tag number.

### **Types of Tags**

No single statewide identification tag is mandated for inventory purposes. Agencies may continue to use current tag formats as long as the following tagging procedures are met. There are several options for identifying assets and are listed below.

#### **Metal tags**

These tags come in a variety of sizes, shapes and colors, and should have the agency name stamped on them. Brass and aluminum are the normal materials used. Normally, the identification number should be painted or enameled so that it will stand out more easily from the tag itself. These types of tags are more permanent. They work very well on machinery, vehicles, furniture and other equipment subject to wear, accumulation of oil and grease, or periodic repainting. However, these tags require time and effort to apply and are prone to be knocked off.

#### **Decal tags**

These tags are available in a variety of forms and should have the agency name stamped on them. This type of tag works well on office furniture, office machines and small plant equipment. However, great care must be exercised when applying the decal to be sure that the surface is free from grease, furniture wax, oil or other substances that will prevent the tag from properly adhering to the surface. Variations in temperature also may prevent proper adhesion.

#### **Bar coding**

Bar codes are similar to applying decals. Bar coding can be done by tagging specific items and also has the capability of coding a specific room, in total. There are handheld scanners that can read the bar coding which results in improved periodic inventory taking.

#### **Stencil**

A template of the tag number is made out of cardboard or similar material, and then the template is spray painted on the item.

#### **Etching**

A special tool is used like with engraving. Usually used on items that are small and/or handled a lot, where a regular tag would fall off or wear out.

### **When to Tag**

As soon as each item is received and accepted, an identification number must be assigned, recorded on the receiving report or other source document and marked.

### **Who Should Tag**

Who assigns the tag number and who does the tagging varies from state agency to state agency. Since property recordkeeping normally is the responsibility of the accounting department, this department might assign the number and tag any new assets. The individual responsible for



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maintaining the asset records should supervise this operation to ensure compliance with requirements.

### **Where to Tag**

The placement of the tag is important. It is important to know where to find a tag when verifying the asset to the property control record. For some items there is no good place to put tags. Tags must be placed consistently, and they must be accessible. The tag should be placed in an area where the number can be seen easily and identified without disturbing the operation of the item. This placement will allow for easy periodic inventory taking.

**Assets should not leave State premises unless an inventory tag is on the asset.** The division or department should maintain the forms. The forms should be numbered consecutively. It is the responsibility of the unit to follow up on an asset out on loan. If the asset has not been returned by the expected date indicated, procedures should include making direct contact by letter or phone on a weekly basis with the individual until the asset is returned. Assets should not be loaned for extended periods of time and all assets should be returned to the agency during a physical inventory.

### **Group Control Items (This section is optional for agencies to use.)**

Group control items are those assets that have multiple parts and must be accounted for as an asset. Assets may be controlled by group within location if the original unit cost meets the capitalization threshold. A group control number (one tag number) is assigned for the group, but they should be tagged for identification as a state asset. Group items may be tracked by total number of units at a location, and not by individual units.

A detailed example would be modular furniture associated with providing an open office workstation. If fifteen (15) panels plus shelves, rolling files, lighting, etc. were required to create an office area, and the aggregate cost met the capitalization criteria, but the individual cost per item did not, the item(s) would be capitalized. One group control number would be assigned for the entire system (the workstation) with multiple parts.

### **Equipment with Component Parts (This section is optional for agencies to use.)**

Parent/child relationship in Core-CT. A component part is that part of a unit of equipment that cannot be used independently of the remaining piece of equipment or is physically connected to the major asset. This definition applies even though the component part may meet the capitalization criteria by itself. For example: A CPU box is used for simplification purposes, this "box" actually contains boards for CPU and all ancillary equipment, speakers, etc. Various boards or cards can be purchased to increase the functions of the CPU such as a network interface card, fax modem card, external tape drive card, etc. This is considered to be one unit consisting of multiple parts - none of which can be used independently. Therefore, the total cost of the CPU should be capitalized and tagged. The asset description would show a CPU consisting of the box and multiple cards.

Under normal conditions, if one of the cards had to be replaced, it would either be covered under a maintenance contract and no cost would be incurred or it would be considered a repair and expensed. But, the property control record must be updated with the replacement's serial number information if applicable. Enhancements to the CPU would be subject to the normal considerations on whether the enhancement extended the life or functionality of the CPU enough to modify the asset record. If it is determined to meet one of those thresholds then change the property control record to reflect the additional cost.

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Due care and diligence should be exercised in determining whether an item is truly a component. If deemed to be a component, it should be included as part of the cost and description of the overall asset. If it is not, it should be recorded as a separate piece of equipment with its own cost and description.

### **Inventory Management System**

The items stored collectively must meet the capital threshold. The storage area must be secured. An agency must perform a cost evaluation to determine if it is beneficial to retain inventory. In other words, is the benefit of storing the inventory worth the cost? The following should be included in the cost evaluation: The staff time involved, personnel costs, overhead costs of the storage area, are among the costs that should be considered before establishing an inventory.

An effective inventory management system requires:

- Posting of receipts and issues to individual ledger accounts
- Track all movements of property
- Performing and recording of periodic physical inventories
- Reconciliation of book balances with physical counts
- Carry out accounting and storage functions
- Reporting requirements

### **Managing Inventory Levels**

Inventory is an asset that must be more closely guarded because inventory, if not managed properly, can lead to excessive spending. The best way to view inventory is to think of it as cash, an asset of the State. The State manages cash by ensuring it is adequately safeguarded and maintained in accounts that maximize earning power. Cash is not maintained as dormant so inventory should not be considered dormant either. Keep in mind, excess inventory levels should be avoided. Inventory items not being used during a reasonable period of time wastes State funds that could be used elsewhere.

The following property management techniques should be considered:

- Identify items on hand, which exceed the level of usage that is usual for your agency. For example, if there are 25 of an item on hand and your department is using only 2-3 every six months, an excess inventory situation exists and inventory is not being effectively utilized.
- When there is an excess of current needs, management should review the ordering decision process and make appropriate corrections; reduce the level of future orders and establish a formal plan to reduce existing inventory levels.
- Identify obsolete items on hand, which have not been used during the past six months. Determine whether there is a future use for the items. If no future use is identified, determine whether the items can be utilized in another department.

### **Safeguarding Inventory**

Safeguarding the inventory items is important to prevent theft and loss of State property that must be replaced by expending additional State funds. Review the adequacy of existing physical safeguards designed to protect State property that is under your responsibility. Appropriate safeguards should be implemented to prevent potential losses. Any losses should be reported using the process described in Chapter 7.

### **Property Record (Assets and Inventory)**

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### **Off-Site Copy of Property Record (Assets and Inventory)**

A copy of the agency's detailed property records must be filed off-site in case of a partial or total loss of the building that contains the property records. This will provide the detailed information to substantiate a loss, if necessary. The copy can be in any electronic format or hard copy. Core-CT Assets and Inventory modules' property records are backed up and stored off-site.

### **Record Retention and Destruction of Records (Assets and Inventory)**

*A carefully planned Property Control System will provide for the establishment of record retention and record destruction schedules.*

Periodically, each agency should conduct an analytical review of all its books, records, papers and documents to determine whether the administrative, fiscal and/or legal requirements mandate the retention of this data.

When the analytical review has been completed, each agency should submit to the Public Records Administrator, State Library, for approval, retention schedules for all such books, records, papers and documents.

As a general rule, records affecting the fiscal operations of any agency may be destroyed after those records have been audited. However, purchase orders for equipment must be kept for "the economic life of the equipment" per Connecticut State Library directive "**State Agencies' Retention/Disposition Schedules**". The record retention schedules are available on the Connecticut State Library Website (<https://ctstatelibrary.org/publicrecords/>). As required by statute prior approval must be obtained from the Public Records Administrator to destroy any public record.

**Do not destroy any public record without the proper authorization. The RC-108 form, "Records Disposal Authorization", can be downloaded from the [Connecticut State Library](https://ctstatelibrary.org).**

We refer you to Sections 11-8 and 11-8a of the Connecticut General Statutes. **Also, please direct questions pertaining to record retention, schedules, and destruction of records to the Public Records Administrator at 860-757-6540.**

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## Chapter 2 - ACQUISITIONS OF PROPERTY

### Acquisition Methods

Assets may be acquired by various methods. These methods include purchase, donation, construction, miscellaneous acquisitions, and property of the US government.

#### Purchase

**The cost of personal property acquired through purchase** includes ancillary costs such as freight and transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition. **The cost does not include warranties or training on the use of the property.**

For example: If an equipment item was purchased for \$4975 and there are charges such as shipping, and/or installation for the item on the purchase order, bringing the cost equal to or greater than capitalization threshold, then the item would be capitalized, inventoried, and reported on the CO-59.

#### **Acquisitions through the Capital Equipment Purchases Fund, Fund 12051**

Account for these assets like any other capital purchase.

Data processing equipment purchased with a unit price of less than the capitalization threshold, a useful life of not less than five years and is procured with Capital Equipment Purchase Fund dollars will be coded as minor equipment and will not be capitalized. It is recommended that such items be designated as controllable property.

**The cost of land and buildings acquired through purchase** includes not only the contract price but also such other ancillary related costs as taxes and other liens assumed, title search costs, legal fees, surveying, filling, grading, drainage, and other costs of preparation for the use intended.

#### **Art Acquisitions**

CGS Sec. 10-402 - The Department of Economic and Community development may establish and administer a state art collection. DECD shall establish policies and procedures with respect to the activities of the art collection and perform every other matter and thing requisite to the proper management, maintenance, support and control of the Connecticut art collection. DECD may apply for and receive aid or grants from individuals, private artists, state sources, private foundations, local arts organizations and the federal government for the state art collection.

The art collection shall be representative of various media, diverse styles and periods of Connecticut artists and shall be representative of Connecticut's ethnic, racial and cultural groups.

#### **Trade-In of State Property**

In an effort to upgrade equipment, a state agency may explore the feasibility of exchanging like items through the process of trading-in (including vehicles), as opposed to transfer or sale, when it is in the best economical interest of the State as determined by the owning agency.

#### **Firearms, Weapons, and Ammunition**

Any agencies with surplus firearms, weapons, and/or ammunition should complete a DPS-293-C [Surrendered Firearms Log Sheet](#), a court order (if applicable) and a **National Crime Information Center (NCIC)** report for any firearms that are deemed surplus to their needs. Once this information has been compiled, contact the Firearms Recovery Unit at the Department of Emergency Services and

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Public Protection (DESPP) at 203-630-5600 to arrange a drop off. The options for scheduling are Tuesdays or Wednesdays from 10am-3pm and the time of the process varies based on the number of items being turned in.

### **Capital Equipment Purchase Fund**

The Capital Equipment Purchase Fund (CEPF) is authorized pursuant to Section 4a-9 of the Connecticut General Statutes. The Secretary of the Office of Policy and Management administers the fund. *"The fund shall be used for the purpose of acquiring, by purchase or the exercise of prepayment or purchase options in existing long term leases entered into by the state, capital equipment with an anticipated remaining useful life of not less than five years from the date of purchase and (1) to the extent of not more than two million nine hundred thousand dollars, payment for projects under subsection (a) of section 4-67f, and (2) to the extent of not more than one hundred thousand dollars, payment for awards under subsection (b) of said section."*

Subsection (a) of Section 4-67f provides that OPM shall increase efficiencies through capital investment and energy efficiency measures. State agencies can request funding for capital purchases from the Office of Policy and Management.

A state agency may purchase necessary data processing equipment that has a unit price of less than the capital threshold from the Capital Equipment Purchase Fund, provided such equipment has a useful life of not less than five years. See Office of the State Comptroller Memorandum No. 2015-05 <http://www.osc.ct.gov/2015memos/numbered/201505.htm>.

### **Donation**

#### **Acquisition by Donation**

Property acquired by donation is capitalized if it meets the established criteria. The asset is recorded at the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date is referred to as acquisition value. The following assets should be measured at acquisition value:

1. Donated capital assets, as provided in paragraph 18 of Statement 34, as amended
2. Donated works of art, historical treasures, and similar assets as provided in paragraph 27 of Statement 34
3. Capital assets that a government receives in a service concession arrangement as provided in paragraph 9 of Statement 60.

### **Construction**

#### **Construction by Contract**

All costs of an asset acquired by contract must be recorded whenever any portion of construction work in-process is placed in the custody of the State agency. The cost should be recorded separately to the assigned building number. A building can be in one of the following four stages of construction process:

##### **1. Construction in Progress**

The building is not occupied. As the Department of Administrative Services, Division of Construction Services administers most capital projects, construction in progress data is

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maintained at the Department of Administrative Services. DAS will include the total in the Construction in Progress on the annual CO-59. Once the construction is complete, DAS will remove the total from Construction in Progress and the responsible agency would then report the total in the "Buildings" section of their CO-59. For capital projects that are administered by other State agencies, construction in progress information would be maintained at that agency.

### 2. Substantially Complete

A component portion of a capital project (e.g., a new wing or floor) is substantially complete or complete and ready for use. Client agencies and DAS should receive a **"Temporary Certificate of Occupancy"** which is issued by the State Building Official and authorizes the use of portions of a partially constructed building. A letter from the Department of Administrative Services, Division of Construction Services is issued declaring that the project is partially complete and ready for use, describing the areas that are partially complete, transferring ownership of the completed component to the client agency, and stating the approximate cost. This approximate cost figure for the partially completed project is used for insurance purposes and also for reporting by the client agency to the Office of the State Comptroller via the CO-59. The client agency records the estimated costs of the asset that is stated in the letter from the Department of Administrative Services, Division of Construction Services in the addition column on the CO-59. The Department of Administrative Services will send a copy of the declaration of partial completion which are intended to move totals from one agency CO-59 to another to the Office of the State Comptroller at [osc.co-59@ct.gov](mailto:osc.co-59@ct.gov). In order to avoid duplicate reporting of capital project costs on the CO-59, it is important that the client agency delete the construction-in-progress costs previously reported to the Office of the State Comptroller and add the estimated building cost included in the **"Certificate of Substantial Completion"** letter from DAS to the CO-59.

### 3. Completed

The Department of Administrative Services, Division of Construction Services prepares a **"Certificate of Completion"** when a building is entirely completed that indicates the final construction contract cost, pending potential closeout or contingency costs. It includes, unlike the "Certificate of Substantial Completion", certain additional project costs. Examples of these adjunct costs are additions or deletions to the original construction contract, design and DAS fees, and other project costs like telecommunication, hazardous material removal as part of major renovation that increases the economic life of the building, or construction performed separately by a contractor other than the major contractor. Project costs previously reported to the Office of the State Comptroller via the CO-59 should be adjusted, as part of the CO-59 reporting process, to reflect the final cost of the completed capital project.

A completed "project cost memorandum" should be attached to the **"Certificate of Completion"** by the Department of Administrative Services, Division of Construction Services to inform the receiving agency of the actual cost of the building which should be reported on the CO-59 going forward. Once the "Certificate of Occupancy is issued, a copy must also be sent to the Office of the State Comptroller at [osc.co-59@ct.gov](mailto:osc.co-59@ct.gov).

Costs should **not** be based upon a percentage of construction completion, but on actual costs as reconciled with the Department of Administrative Services, Division of Construction Services or, for lesser projects and those not controlled by the Department of

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Administrative Services, those actual costs maintained at the agency level. Project costs should include all costs pertaining to the project.

Do not include non-capital, repair expense items. Routine repair, and maintenance; including replacements and renovation costs that are incurred to maintain the asset in its operating condition and that do not increase the asset's economic benefits over those originally intended are not to be included and are expensed. For example, roof replacement, painting, and paint removal are not capital costs.

### **Final closeout**

This occurs when all foreseen project contingencies have been resolved and all project costs have been finalized. If determined there are difference between the project cost memorandum and the resolved final cost, the difference should be communicated to the client agency and the Office of the State Comptroller at [osc.assets@ct.gov](mailto:osc.assets@ct.gov).

### **Agency (self) Administered Projects**

The same project cost accounting rules apply to agency administered projects as discussed in the previous "Construction by Contract" section. The difference is that the Department of Administrative Services, Division of Construction Services has less, and conceivably no oversight of the project, and therefore it is the responsibility of the agency to properly account for and report their capital project expenditures.

### **Construction by Agency**

The principal factors to be considered in recording the cost of assets constructed by an agency's own labor force is based upon the use of cost accounting concepts.

#### **Additions, Renovations, Improvements and Repairs to Assets**

In order to properly perform the property management function, the agency should oversee all costs incurred for the maintenance of its property. By reviewing and controlling maintenance costs, the agency can demonstrate stewardship over its available resources. Being able to capture maintenance costs associated with a particular asset is essential in providing management with the information necessary to make allocation of resource decisions such as:

1. Consider replacing a particular asset that has maintenance costs higher than other similar assets.
2. Determine if the agency would be able to reduce maintenance cost by entering into a service contract.
3. Determine if the service contract costs more than a repair-as-needed program would cost for certain assets.

Also, the agency would have available detailed information about each asset regarding maintenance contract dates (e.g., inception, expiration, renewal, warranty), maintenance contract number, and maintenance cost. Controlling maintenance contracts and cost is essential in ensuring that the property management function is appropriately addressed.

All additions, renovations, or improvements, which increase the economic benefits to be derived from an asset, will be capitalized. The expenditures must clearly and significantly enhance the value.

Routine repair and maintenance; including replacements, return the asset to its original condition. Agencies should treat any maintenance or repair that returns a capital asset to its original condition, regardless of the amount spent, as an expense. These costs do not increase the asset's economic benefit.

## PROPERTY CONTROL MANUAL

Building additions or renovations are a large portion of the State's capital projects. The completed Construction in Progress records will provide support for the total cost of a building, including the project (or projects) under which it was built and the projects which represent additions or renovations.

A few examples will illustrate this point:

### A. Repair and Maintenance

Any repair to bring an asset that still has useful life remaining will be expensed if it does not add lifespan or additional functionality. \$25,000 to repair an existing roof using patching that does not significantly extend the life of the roof should be expensed.

### B. Renovations

Any replacement to an asset that has not reached the end of its useful life and been fully depreciated, will have remaining depreciation expensed. (Keeping both components on the books until the first asset fully depreciates to avoid the depreciation expense will overstate the value of the asset by \$100,000 and is **NOT** authorized. When a component is replaced it should be removed from service and the remaining depreciation should be expensed at that time.)

$-\$100,000$  - original roof cost, 50% of useful life not depreciated (the asset is retired, and the **remaining depreciation is expensed \$50,000**)

$\$100,000$  - New roof with useful life of full 40 years (this cost is capitalized)

$\$ 0$  - Change to building value

If a building has a subcomponent of a roof, and the roof has reached the end of its useful life, the replacement cost of the roof will be capitalized as a component with the old roof component being retired. The total building value will show the cost of the new roof, but the cost of the old roof will be removed, leading to a net 0 change in the building valuation.

$\$100,000$  - cost of new roof (this cost is capitalized)

$-\$100,000$  - cost of original depreciated roof (this asset is retired)

$\$ 0$  - change to building value

### C. Improvement

If a component is added that increases the functionality or extends the life of an asset then the cost will be added to the asset. If the State decides to install a new roof with solar collection panels at a cost of \$750,000.

1) determining the cost of the replacement if it were to be done and

2) subtracting this amount from the total cost of the renovation determines the capitalized amount.

$\$750,000$  for solar roof (new capitalization)

$-\$100,000$  for old roof being taken off (retired asset)

$\$650,000$  add to the value of the building

Agency personnel will review capital projects and determine which are true additions or betterments to existing buildings versus those which are merely repairs and maintenance. This decision must be made on a case-by-case basis.

### Note:



# PROPERTY CONTROL MANUAL

For capital projects that do not require a certificate of completion, record the asset when final payment has been made.

## Miscellaneous Acquisitions

### **Acquisition by Foreclosure**

Property acquired in this manner should be recorded at appraised value at time of acquisition.

### **Acquisition by Eminent Domain**

Eminent domain is the right of the State to appropriate private property for public use, usually with compensation to the owner. The property should be recorded as if acquired through purchase. The cost would be the amount of compensation paid to the owner and other ancillary charges.

### **Acquisition Methods Intangible Assets**

Intangible Assets may be:

- Purchased
- Licensed
- Donated
- Internally Generated

The acquisition cost of an intangible asset is based on actual cost or fair value and the capitalized amount is recorded. Regardless of the method of acquisition, all ancillary costs of the intangible asset are to be included in the total costs. Donated intangible assets are recorded at the fair value at time of acquisition plus ancillary charges required acquiring the asset. Constructed or Internally Generated: Direct cost of materials, components, contracted services, professional fees & services, in-house employee payroll and fringe benefit costs directly allocable to the project. Do not include any training costs. If acquisition costs are not readily available, historical cost estimation methods can be used.

### **Easements**

An easement is the right of one party to use the property of another party. An easement is an intangible asset that has a useful life equal to the contractual agreement. Permanent easements are considered intangible assets. When land is the primary purchase and an easement is included, the easement should be included as part of the purchase price and reported as land owned by the State. Each permanent land easement that is acquired should be identified as an asset. Executive branch agencies using the Core-CT Asset Management Module should record the easement with the correct asset profile.

## **Property of the US Government**

Separate records should be maintained of all property of the United States Government for which the State is held accountable. **The records should be segregated** because of the various types of information required for insurance purposes and cost analysis. However, all items under this category will be retained at the agency.

### **1. On Loan from Federal Agencies**

Agencies of the federal government may, as a result of an Act of Congress or by Executive Order, loan certain items to an agency of the State of Connecticut. The obligation of the State agency to the loaning agency of the federal government is spelled out in an agreement and varies with the nature of the materials on loan.

### **2. Items Purchased with Federal Funds**

## PROPERTY CONTROL MANUAL

Agencies that use federal funds to purchase assets must track those items for the associated federal programs. Assets purchased in this manner must be released from their obligation under the federal program before they can be transferred or sent to surplus. Agencies should consult with their federal program administrator for more guidance on these items and should follow all federal guidelines including those under 2 CFR 200.

### 3. **Insurance Purposes**

In some cases, the State must provide insurance in the name of the federal agency and against specified perils. The policy must be forwarded to the particular loaning agency of the federal government and the State must bear the cost. In other cases the State must insure the federal property against perils that are normally insured by the State within its own program. The federal agency will repay the State for this coverage when billed. Other federal property requires no specific insurance, and the obligation of the controlling State agency may not warrant the purchase of coverage thereon. If the agency of the State knows the details of the contractual obligation of the State to the agency of the federal government, then a notation should be made in the records as to the manner in which that obligation pertains to insurance.

# PROPERTY CONTROL MANUAL

## Chapter 3 - Asset Management System Accounting Standards

The property record is the crucial element of the property control system. Each agency is vested with the responsibility for the control, care, and security of all property within the agency regardless of the dollar value. It is essential that agencies utilize the property to the fullest extent and have complete and accurate property records.

### **Equipment Utilization**

All agencies contain equipment, including personal computers, desks, chairs, tables, bookcases, cabinets, etc. Excess items may accumulate for various reasons, including State reorganizations and restructuring of employee responsibilities. It is important to ensure that these assets are effectively utilized.

A screening process is necessary to avoid unneeded or duplicative purchases through systematic reviews of underutilized fixed assets already controlled by the agency. A custodian should be assigned responsibility for each asset. This assignment facilitates physical inventory procedures and is useful in making inquiries regarding the asset's condition, status and location.

Adequate maintenance procedures are necessary for controlling fixed assets. These procedures should be sufficient to keep assets in good working condition, without being overly costly or otherwise uncontrolled.

### **Tangible Assets**

Tangible assets have physical substance and include buildings (real property) and their contents, inventories, personal property, and vehicles.

### **Capitalization Policy**

The Office of the State Comptroller has established a statewide policy for the capitalization of assets controlled by agencies. If the asset meets the following criteria, it will be deemed an asset and will be disclosed on the Office of the State Comptroller's annual financial statements:

#### **1. Separate**

Capital assets are assets that:

1. are used in operations and
2. have an initial useful life that extends beyond a single reporting period.

Capital assets includes both tangible assets (land, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, and infrastructure) and intangible assets (easements, software, water rights, etc.). Real property (land, building and building improvements) is recorded as a capital asset regardless of cost.

#### **2. Valuation**

An asset must meet the capitalization threshold. Agencies desiring to capitalize assets with a value less than the capitalization threshold due to programmatic requirements or other justifiable reasons, should write to the Office of the State Comptroller for an exception to the capitalization threshold limit, stating the reason and justification for the exception. If an item is in a storage area or warehouse and meets the capital threshold, it is to be treated as an asset.

### **Controllable Property Policy**

Controllable property is property with a unit value less than the capitalization threshold, an expected useful life beyond a single reporting period and/or, at the discretion of the agency head requires identity and control. It is **mandatory** that each agency maintains a written listing of controllable property that has been approved by the

## PROPERTY CONTROL MANUAL

agency head or designee. Such assets must be identified and controlled because of their sensitive, portable, and theft-prone nature. The item must be tagged and maintained on the agency's inventory list. Different color or style tags can be used to separate controllable items from capitalized items. Controllable items are to be coded as minor equipment.

Similar to capitalized property, controllable property is subject to the requirements of this manual regarding security, maintenance and utilization. **These assets will be flagged with a control indicator in order to distinguish them from capitalized assets.** Controllable assets must be inventoried on a regular basis, possibly more frequently *than capitalized assets* due to the nature of the items listed. Examples of sensitive, portable and theft-prone items are listed below; however, this list is only a suggestion. Individual agencies may add or delete items in this list based on the nature of their business.

- Audio Visual Equipment
- Cameras
- Cell Phones
- Computer Equipment and Accessories
- Firearms and Weapons
- Measuring or Metering Devices
- Radios
- Scientific Equipment
- Small but Expensive Tools
- Shop Equipment
- Telephones

### **Property Record**

**The property record contains all documents for the property.** The property records for each asset classification must contain the following:

#### **A. Land**

Land is non-expendable, real property whose title is held by a state agency. The recorded asset cost should include, in addition to the acquisition price, such ancillary costs as legal and title fees, unpaid taxes assumed, surveying and recording fees, appraisal and negotiation fees, damage payments, site preparation costs (clearing, filling, and leveling), and demolition of unwanted structures.

#### **Note:**

The cost of land does not include expenditures in connection with land improvements such as paving, fencing, and lighting.

When land is being added to Core-CT it needs to go through the Comptroller's Office for an AJES number, [osc.asset@ct.gov](mailto:osc.asset@ct.gov). The following information should be included in the request for the AJES number:

- Agency Number
- Town Name
- Date Acquired
- Cost (Dollars Only)
- Owned or Leased
- Usable-Unusable
- Purchased-Gift-Transferred
- Number of Acres (Do Not Carry Beyond two decimal points)
- Plot Number

## PROPERTY CONTROL MANUAL

- Number of Buildings on Plot

Land acquired by the State by gift, requires the approval of the Governor and the Attorney General, as prescribed by Section 4b-22 Connecticut General Statutes.

**The property control record for LAND owned by the State must contain the following minimum data:**

- 1. Name of town**
- 2. Date of acquisition**
- 3. Method of acquisition**
- 4. Complete expenditure coding - Fund, Department, Sid, Program, Account, Budget Reference, and Chart field.**
- 5. Original Cost - If applicable, plus other related costs as taxes and other liens assumed, title search costs, legal fees, surveying, filling, grading, drainage, and other costs of preparation for the use intended or the Appraised Value.**
- 6. Appraised By**
- 7. Dimensions - Number of acres**
- 8. Additional Costs**
  - a. Amount**
  - b. Description**
  - c. Purchase order reference**
- 9. Deed - If a copy of the deed is not available, the data can be obtained from the Office of the Town Clerk in the town in which the land is located.**
  - a. Kind**
  - b. Date**
  - c. Where recorded**
  - d. Where filed**
- 10. Miscellaneous - Additional information may be recorded depending upon the needs and requirements of the particular agency.**
- 11. Date of Disposal**
- 12. Manner of Disposal**
- 13. Amount Received**

### **B. Site Improvements**

Site improvements include all improvements not specifically identifiable to an individual building except non-depreciable improvements to land parcels such as grading or filling expenditures. Included within this category are agency-maintained surface gutters, parking lots, light and similar assets which, while not identifiable to any particular structure, nevertheless have a quantifiable value to the agency.

**Site improvements that increase the value of the original property require a separate property control record. Site improvements include:**

- 1. Fences**
- 2. Walls**
- 3. Shrubbery/Other Landscaping**
- 4. Parking Lots**

### **C. Buildings**

Buildings include any structure subject to approval or inspection by the State Building Inspector and State Fire Marshal as prescribed by Chapter 541 of the Connecticut General Statutes; or any real estate improvement

## PROPERTY CONTROL MANUAL

determined to be a building by written judgement of the State Building Inspector. The recorded asset cost should include the purchase or construction cost, professional fees for architects, attorneys, appraisers, or financial advisors, and any other expenditure necessary to put a that structure into its intended state of operation.

"Buildings" - Per **CGS 29-252a** (d) (1) No state or Connecticut Airport Authority building or structure erected or altered on and after July 1, 1989, for which a building permit has been issued pursuant to subsection (b) of this section, shall be occupied or used in whole or in part, until a certificate of occupancy has been issued by the State Building Inspector, certifying that such building or structure substantially conforms to the provisions of the State Building Code and the regulations lawfully adopted under said code and the State Fire Marshal has verified substantial compliance with the Fire Safety Code and the regulations lawfully adopted under said code for such building or alteration to such building, as the case may be.

Anytime a Certificate of Occupancy is issued a copy must be sent to Office of State Comptroller's - Budget and Finance at [osc.co-59@ct.gov](mailto:osc.co-59@ct.gov).

The asset classification "Buildings" includes improvements to buildings as well as the original building cost. The main criteria for capitalization of building improvements are that they expand the useful area of the structure, or significantly enhance the value or useful life of the original building. This does not include routine maintenance or repairs to existing, or previously useful structures to bring them from an unusable state back into a useable state.

### **Expenditures not meeting these criteria should be expensed.**

Building Fixed Equipment - Include fixtures which are permanently attached to and made part of a building, and which cannot be removed without damaging walls, ceiling or floors or without impairing the building in some manner. Examples are:

- Built-in benches
- Built-in Shelving and Autoclaves
- Cabinets
- Conveying Systems
- Counters
- Fume Hoods
- Lockers
- Refrigeration Machinery and Piping
- Sterilizers
- Washers
- Tables

A property record similar to that used for capitalized equipment should be maintained as part of the building inventory record for all fixed equipment for that particular building. The recorded asset cost should include the purchase or construction cost, professional fees for architects, attorneys, appraisers, or financial advisors, and any other expenditure necessary to put a building or structure into its intended state of operation.

### **State Building Inventory System**

The State of Connecticut has a centralized building inventory system containing information that is used by the Office of the State Comptroller, the Office of Policy and Management and the Department of Administrative Services. Information reported under the system is used to support the State's real property leasing, acquisition and disposition processes as well as assisting in the development of statewide real property policy initiatives. The data is collected annually.

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State Building Inventory "JESTIR" contains information of structures that are owned by the State of Connecticut. This inventory is currently maintained by the Bureau and the information is self-reported by those agencies which have custody and control over State owned buildings. This information is updated annually.

Each agency with custody and control over state owned structures must utilize the system, to track and report their building inventory information. Agencies are required to enter all owned buildings in the system. For additional information regarding the system please contact:

State of Connecticut - Office of Policy and Management  
450 Capital Avenue - MS#54FIN, Hartford, CT 06106-1308

[State Real Property Inventory \(ct.gov\)](http://StateRealPropertyInventory.ct.gov)

**Enter the total number of buildings owned by the agency on the CO-59. This number is the summary total from the Building Inventory System Report. The CO-59 and State Building Inventory System must contain the same totals.**

### D. Improvements on Leased Property

Improvements to leased buildings and other structures, walkways, and permanently installed equipment items located on property leased to the State must be capitalized. Improvements on leased property require a separate property control record. The dollar value and a brief description of the improvements made should be recorded. Permanent improvements to leased assets are those items that cannot be removed without substantially damaging or necessitating substantial repair to the leased asset from which the improvement is removed. Other assets owned by the agency that are merely located on leased property, rather than permanently installed thereon, should be recorded as capitalized assets.

### E. Construction

Total cost of all construction in progress.

### Maintenance of Property

In order to properly perform the property management function, the agency should oversee all costs incurred for the maintenance of its property. By reviewing and controlling maintenance costs, the agency can demonstrate stewardship over its available resources. Being able to capture maintenance costs associated with a particular asset is essential in providing management with the information necessary to make allocation of resource decisions such as:

1. Consider replacing a particular asset that has maintenance costs higher than other similar assets.
2. Determine if the agency would be able to reduce maintenance cost by entering into a service contract.
3. Determine if the service contract costs more than a repair-as-needed program would cost for certain assets.

Also, the agency would have available detailed information about each asset regarding maintenance contract dates (e.g., inception, expiration, renewal, warranty), maintenance contract number, and maintenance cost. Controlling maintenance contracts and cost is essential in ensuring that the property management function is appropriately addressed.

### F. Equipment

#### 1. Equipment (Capitalized)

All personal property that meets the capitalization threshold and has a useful life beyond a single reporting period must be capitalized. **Each item must be recorded separately.**

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*Note: Insurance coverage will be provided under the "All Risk" insurance policy, if insurance coverage is requested. If the equipment has been purchased with funds other than the general fund, a premium reimbursement may be required to be paid to the State Insurance and Risk Management Board. Mobile equipment, such as motorized lawn mowers, tractors, shovels, cranes, or other such equipment not for use on highways, should be recorded as Equipment of the building in which, or on the premises of which, this equipment is normally located. Mobile equipment that has a license plate and is registered with the Department of Motor Vehicles is to be recorded as equipment.*

### **2. Donated Equipment**

If Equipment (capitalized) is donated, record the fair value of the donated equipment. A donated asset is capitalized if it meets the established criteria at its estimated fair value at time of acquisition. If additional costs are incurred, these costs should be considered as part of the total cost of the asset. That is, the value should incorporate the fair value plus any cost required placing the asset in service, (e.g., freighting).

**The property control record for Equipment owned by the state must contain the following minimum data:**

- 1. Name of Item or Brief Description**
- 2. Specific Location - (Building Number or Name and Floor).**
- 3. Department or unit responsible for custody**
- 4. Name of Manufacturer or Vendor and address**
- 5. Identification Number - (Tag number assigned by the agency at the time of acquisition. May be the same as the serial number).**
- 6. Manufacturer's serial number (If applicable).**
- 7. Date Acquired**
- 8. Method of Acquisition**
- 9. Complete Expenditure Coding (Fund, Department, Sid, Program, Account and Budget Reference).**
- 10. Source of Funds (Restricted or federal funds).**
- 11. Catalogue of Federal Domestic Assistance (CFDA) number (If applicable).**
- 12. Cost - Actual Cost and Ancillary Charges (installation, freight, transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition). All charges necessary to place the asset in its intended location and condition for use.**
- 13. Estimated Cost - if there is lack of original documentation or because establishing the original cost is not practicable or if the cost must be established after many years of operating without these records.**
- 14. Purchase Order Number**
- 15. Maintenance Costs**
- 16. Fair value or appraised cash value at time of receipt of items either donated, received as surplus U.S. Government property or surplus state property with cost.**
- 17. Condition**
- 18. Useful Life (in months)**
- 19. Date of Disposition**
- 20. Method of Disposition**

### **G. Books, Maps, Records**

Institutions of higher education and any other agencies that maintain a library with a librarian assigned to it are required to maintain a separate inventory for library materials. Library materials include but are not limited to: books, maps, records, videos, electronic media, CD disks, other reference materials, etc. Because institutional libraries normally contain large volumes of individually categorized materials, and maintain sufficient records to support the total value, it is not appropriate to enter duplicate detailed information. Instead, acquisitions and



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deletions of materials for a library should be recorded directly into the separate control account and will be summarized on the CO-59 form. The summary total from the library inventory should be entered.

All additions **should be valued at cost**. If the cost is not ascertainable, estimate cost by using "The Annual Library and Book Trade Almanac". This classification includes a regular book collection that is not included in the Fine Arts category and **should be valued at cost**.

### H. Livestock

Includes but is not limited to animals, fish, or birds owned by an agency.

### I. Motor Vehicles (Cars, Trucks, Buses, Motorcycles, etc.)

Each vehicle must be recorded separately. Motor vehicles being purchased under a capital lease should be recorded in this category at the beginning of the lease term. The initial recording value of a lease is the lesser of the fair market value of the leased property or the present value of the minimum lease payments (excluding interest payments). Operating leases are **not** reportable.

**The property control record for MOTOR VEHICLES must contain the following minimum data for each vehicle:**

1. Year, make and model
2. Vehicle identification number (VIN)
3. Serial number
4. Type of body
5. Type of engine
6. License plate number
7. Purchased from (date, name and address)
8. Additional equipment - permanently affixed to the vehicle or an item that would customarily be a part of the vehicle.
9. Gross cost (do not deduct trade-in amounts)
10. Date and contract award number
11. Assigned driver (if permanently assigned)
12. Permanently garaged at
13. Date of disposition
14. Method of disposition
15. Amount received or trade-in value

### J. Boats and Aircrafts

Any boat, aircraft or aircraft equipment owned by an agency. Each boat, aircraft and aircraft equipment must be recorded separately. All larger inboard vessels are subject to a survey value periodically. **A reassessment should occur every time there is a "major" overhaul of a boat or an aircraft.** The reassessed value must be kept at the agency level but not entered on the CO-59, where only the initial cost is entered. Rowboats, outboards, and the motors thereon, are included in the regular inventory for the agency or commission having jurisdiction and should not be included in this record. To obtain assistance in determining a survey value, notify the State Insurance and Risk Management Board who will advise the agent of record.

**The property control record for BOATS, AIRCRAFTS AND AIRCRAFT EQUIPMENT must contain the following minimum data for each:**

1. Identification number
2. Type of body

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3. Type of engine
4. Registration number
5. Purchased from (date, name and address)
6. Additional equipment - permanently affixed to the boat or aircraft or an item that would customarily be a part of the boat or aircraft.
7. Gross cost - do not deduct trade-in amounts
8. Date and contract award number
9. Inventory value
10. Assigned driver - if permanently assigned
11. Permanently garaged at
12. Date of disposition
13. Method of disposition
14. Amount received at disposition or trade-in value

### K. Railroad Car Free Rolling/Self-Propelled, owned by an agency.

The property control record for RAILROAD CAR FREE ROLLING/SELF PROPELLED must contain the following minimum data for each car:

1. Full Description (make and model)
2. Identification Number - tag number assigned by the agency at the time of acquisition.
3. Engine Number
4. Original Cost - actual cost and ancillary charges.
5. Building Number, where garaged
6. Name of Manufacturer or Vendor and address
7. Manufacturer's serial number (if applicable).
8. Date Acquired
9. Method of Acquisition
10. Complete Chartfield Coding - Fund, Department, Sid, Program, Account and Budget Reference.
11. Source of Funds - restricted or federal funds.
12. Present Value
13. Purchase Order Number
14. Condition
15. Useful Life
16. Date of Disposition
17. Method of Disposition

### L. Capital Leases

Equipment being purchased under a **capital lease** should be recorded in this category at the **beginning** of the lease term. The initial recording value of a lease is the **lesser** of the fair market value of the leased property or the present value of the minimum lease payments (excluding interest payments). Operating leases are not reportable. Refer to leases below. The State Accounting Manual, section "[Installment Purchases, Lease Purchase And Capital Leases](#)", elaborates criteria for determining if a lease is capital.

The property control record for CAPITAL LEASES each item must contain the following minimum data:

1. Name of Item or Brief Description
2. Specific Location - (Building Number or Name and Floor).
3. Department or unit responsible for custody
4. Name of Manufacturer or Vendor and address

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5. Identification Number - (Tag number assigned by the agency at the time of acquisition. May be the same as the serial number).
6. Manufacturer's serial number (If applicable).
7. Date Acquired
8. Method of Acquisition
9. Complete Expenditure Coding (Fund, Department, Sid, Program, Account and Budget Reference)
10. Source of Funds (Restricted or federal funds).
11. Catalogue of Federal Domestic Assistance (CFDA) number (If applicable).
12. Cost - Actual Cost and Ancillary Charges (installation, freight, transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition). All charges necessary to place the asset in its intended location and condition for use.
13. Estimated Cost - if there is lack of original documentation or because establishing the original cost is not practicable or if the cost must be established after many years of operating without these records.
14. Purchase Order Number
15. Maintenance Costs
16. Fair market value or appraised cash value at time of receipt of items either donated, received as surplus U.S. Government property or surplus state property with cost.
17. Condition
18. Useful Life (in months)
19. Date of Disposition
20. Method of Disposition

### M. Leases

**GASB 87 (Asset Management and Inventory Directive #4)** [Asset Directives Memoranda - Central Accounts Payable Division -- Office of the State Comptroller](#) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. **A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.**

Easements are only to be included under GASB 87 if the easement meets the lease definition and is for a period of time for an exchange or exchange-like transaction.

If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract.

### N. Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

### O. Software

Each agency should have a software asset policy and a Software Librarian as outlined in Chapter 5. The agency's policy should hold information related to the use of software by the agency's employees, including information

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related to the recording of available licenses, current distribution to users, and installation on hardware platforms. Software owned by the State of Connecticut and internally generated software which the State owns, is capitalized if it meets the capitalization threshold. An agency's software library should be a centralized listing of all software registered to or leased by the state, and should encapsulate all software installed on agency owned or leased devices. Agency software libraries should contain all categories including: perpetual capital, subscription capital, controllable, subscription controllable, non-capital, subscription non-capital. Subscription software only needs to be included in the library during the life of the subscription. Once the subscription expires it can be removed from the software library.

**Software Subscriptions (Capitalized SBITA)** - Those subscriptions that meet the threshold and are longer than 12-months. Subscription Based Information Technology Agreements less than 12-months are expensed. GASB 96 Subscription-Based Information Technology Agreements (Asset Management and Inventory Directive #5a) [Asset Directives Memoranda - Central Accounts Payable Division -- Office of the State Comptroller](#). The agency's software library should list all subscriptions as 'leased' for the acquisition type.

**Software Perpetual (Capitalized)** - Software not identified as a SBITA and meeting the capital threshold. This asset identification was previously identified as Software (Capitalized) Owned by State and should include all non-subscription capitalized software listed in an agency's software library.

**Software Perpetual (Non-Capital)** - Software not identified as SBITA and does not meet the capital threshold. This asset identification was previously identified as Licensed Software. This should include all non-subscription and non-capital software listed in an agency's software library.

Any maintenance costs or minor unspecified upgrades associated with the software are to be expensed and are not to be included as part of the cost. Any upgrades to existing software should be capitalized and reported on the CO-59 as additions and the old version costs should be retired and reported as deletions on the CO-59.

**The Agency Software Librarian should maintain records on agency software similar to the categories shown below. The specific structure of an agency's software library (inventory record) should be described in their Agency Software Asset Policy as reviewed by the Comptroller. Alterations in the record structure must be recorded in their policy and submitted to the Comptroller for review prior to implementation. Agencies may choose to expand upon the property control record sample below:**

- 1. Assigned Identification Number**
- 2. Title of Software**
- 3. Description - software name or functional application**
- 4. Version**
- 5. Manufacturer**
- 6. Software Serial/Registration Number (if available)**
- 7. Acquisition Type - purchased, leased, or donated (gift)**
- 8. Acquisition Detail - purchase order number, donation source or gift source**
- 9. Initial Installation Date**
- 10. Current Installation(s)/Location(s) (if applicable)**
- 11. Number of Licenses (if applicable)**
- 12. Cost - the cost of the purchased software**
- 13. Disposal - transferred, sold or destroyed**
- 14. Disposal Date**

### **P. Other Intangible Assets**

Intangible assets that meet the capitalization threshold must be capitalized. These costs are incurred in the same manner as the tangible assets and should be depreciated over their useful life. Intangible Assets are recorded in the

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same manner as capitalized tangible assets and require a property record. An intangible asset is an asset that possesses all of the following characteristics:

- Lack of physical substance
- Nonfinancial nature
- Initial useful life extending beyond a single reporting period
- Common types of intangible assets include but are not limited to:
  - Rights of Way and other easements
  - Patents, copyrights, trademarks
  - Land use rights
  - Licenses and permits
  - Computer software (internally generated, government websites, purchased or licensed)

All intangible assets that meet the definition in GASB 51 (**Asset Management and Inventory Directive #3 and #3a**) [Asset Directives Memoranda - Central Accounts Payable Division -- Office of the State Comptroller](#) should be classified as capital assets. All guidance related to capital assets should be applied to intangible assets. Since intangible assets are considered capital assets, they are not reported as assets in governmental fund financial statements. Intangible assets are recorded in the same manner as capital assets, are subject to depreciation and if applicable, impairment.

Internally Generated Intangible Assets are created or produced by the State or are acquired from a third party but require more than minimal incremental effort on the part of the State to begin to achieve their expected level of service capacity.

Costs of internally generated intangible assets must meet certain conditions before any costs are capitalized. These conditions include:

- Determination of a specific objective of the project and the nature of the service capacity that is expected to be provided by the intangible asset
- Demonstration of the technical or technological feasibility for completing the project so the intangible asset will provide its expected service capacity
- Demonstration of the current intention, ability and presence of effort to complete or, in the case of a multiple-year project, continue development of the intangible asset.

Only costs that meet these criteria are capitalized. Costs incurred prior to meeting these criteria are expensed.

GASB has implemented multiple statements 51, 87, 96 and 99 which have defined tangible and intangible assets and changed the reporting requirements for Leases and Subscription - Based Information Technology (SBITA). The Comptroller's Office issued Asset Directives for each one of the GASB Statements to help further assist agencies with the understanding and reporting of the statements. For further information on each of the statements, go to the Asset Directive [Asset Directives Memoranda - Central Accounts Payable Division -- Office of the State Comptroller](#).

### **Q. Infrastructure**

Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure includes roads, bridges, railways and airport landing areas.

### **R. Art**

Collections of art and historical treasures.

### **Fine Art**

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**Sec. 21-47n. “Fine art” defined. License required.** (a) For purposes of sections 21-47n to 21-47u, inclusive, “fine art” means any (1) drawing; (2) painting; (3) sculpture; (4) mosaic; (5) photograph; (6) work of calligraphy; (7) work of graphic art, including any etching, lithograph, offset print, silkscreen or other work of graphic art; (8) craft work in clay, textile, fiber, metal, plastic or other material; (9) art work in mixed media, including any collage, assemblage or other work combining any of the artistic media named in this definition, or combining any of said media with other media; or (10) a master from which copies of an artistic work can be made, such as a mold or a photographic negative, with a market value of at least two thousand five hundred dollars. “Fine art” shall not include (A) commissioned work prepared under contract for trade or advertising usage, provided the artist, prior to creating the work, has signed an agreement stating that said work shall be a commissioned work which may be altered without consent, and (B) work prepared by an employee within the scope of such employee's employment duties.

### Works of Art

**CGS Sec. 4b-53 State building works of art account.** (a) In this section, "State building" means publicly accessible state-owned or leased structures, excluding specific types. "Proposal development expenses" cover costs for detailed plans set by the Department of Economic and Community Development. "Work of art" includes integrated elements in state buildings and various visual art forms, excluding landscape architecture. (b) The State Bond Commission allocates at least one percent of state bond proceeds for works of art in state building projects, excluding land acquisition and non-construction costs. Approval by the Commissioner of Administrative Services, in consultation with the Department of Economic and Community Development, is required. (c) A nonlapsing state building works of art account is established in the General Fund, designated for purchasing art, creating a major works of art bank, and repairing acquired works. Regulations, adopted by the Department of Economic and Community Development with the Commissioner of Administrative Services, ensure accountability. (d) A subaccount, the "maintenance account," is established within the state building works of art account for conserving and repairing artworks. The Department of Economic and Community Development determines the percentage (up to ten percent) of the one percent allocation credited to this subaccount. (e) The Department of Economic and Community Development selects artists, reviews designs, and executes works of art in state building projects. Approval by the Joint Committee on Legislative Management is required for works of art in buildings under its supervision. The Commissioner of Administrative Services, in consultation with the department, manages contractual arrangements and adopts regulations for subsection (b) and this subsection.

### Historical Treasures

Antiquated military and other equipment, historical documents and artifacts, buildings considered part of a display, and museum collections, including books. Agencies that have these items in their custody must maintain a **separate inventory account for each item regardless of cost or value**. An additional enhancement would be a photograph of each item in case of a loss. Each item must be listed separately.

**Note:** Appraisals for works of art and historical treasures are no longer a mandatory requirement, but highly recommended when resources are available. It is recommended that appraisals for all permanent collection pieces exceeding **\$20,000** should be conducted every **five (5) years** by an expert in the field.

To be a collection according to GASB 34 the following conditions are to be met:

1. Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
2. Protected, kept unencumbered, cared for, and preserved subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

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The arts inventory, which has a \$25,000 deductible, is reported to the Insurance & Risk Management Board. Fine art items that are lower than deductible but meet the capitalization threshold may not be reported to the Board but must be included on the CO-59.

**Each property control record for ART must contain the following minimum data:**

- 1. Assigned Identification Number**
- 2. Name of Artist - First and Last**
- 3. Subject Name - if a painting, portrait, mural, statue, etc.**
- 4. Brief Description of Each Piece**
- 5. Medium (Oil Painting, Watercolor, Drawing, Graphics, Sculpture, Photography-Mixed Medium or Other)**
- 6. Dimensions: (Height, Width, and Depth)**
- 7. Signature Location**
- 8. Other Inscriptions and/or Labels**
- 9. Date Crafted**
- 10. Is it an original or copy**
- 11. Date of Acquisition**
- 12. Method of Acquisition**
- 13. Cost at Acquisition**
- 14. Location**
- 15. Name/Address/Telephone Number**
- 16. Appraised Value**
- 17. Appraiser**
- 18. Date of Appraisal**
- 19. Date of Disposition**
- 20. Method of Disposition**
- 21. Amount Received at Disposition**

### **Inventory**

Includes Materials and Goods in Process and Stores and Supplies Inventory

### **Inventory Management System**

Items stored must meet the capital threshold collectively. The storage area must be secured. An agency must perform a cost evaluation to determine if it is beneficial to retain inventory and determine if the benefit of storing the inventory is worth the cost. Staff time involved, personnel costs, overhead costs of the storage area, are among the costs that should be considered before establishing an inventory.

An effective inventory management system requires:

- Posting of receipts and issues to individual ledger accounts
- Track all movements of property
- Performing and recording of periodic physical inventories
- Reconciliation of book balances with physical counts
- Carry out accounting and storage functions
- Reporting requirements

### **Inventory Policy**

Inventory is a cumulative asset on the balance sheet. Inventory is different from assets because it is consumable. The best way to view inventory is to think of it as cash because inventory includes raw materials and finished goods that can be converted into cash within one year or less. Inventory must be accounted for because its value may change over time. Factors that influence inventory value include deterioration, obsolescence, changes in customer

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preferences, demand, and supply. The Inventory System must assure that the State's resources are effectively utilized by not carrying excessive inventory levels.

All agencies that have inventory that meets the capitalization threshold will have an inventory system and must report the inventory on the CO-59. All inventory systems, including agencies wishing to use the Core-CT Inventory Module must have the system approved by the Office of the State Comptroller's Security and Asset Management. Agencies may send all the requests and questions to the Asset Management Mailbox, [osc.assets@ct.gov](mailto:osc.assets@ct.gov).

Agencies must do a cost evaluation to determine if it is beneficial to retain inventory. Is the benefit of storing the inventory worth the cost? The staff time involved, personnel costs, overhead costs of the storage area, are among the costs that should be considered before establishing an inventory. The items stored collectively must meet the capitalization threshold and the storage area must be secured.

### **Each inventory control system must:**

- Have an established storage area, (i.e., stockroom or warehouse) that is properly secured and restricts unauthorized access. The inventory system must assure that items are secured from pilferage, obsolescence and loss due to deterioration.
- Have adequate means of determining the agency's needs so sufficient quantities of goods are on hand to meet agency needs and agency funds are not tied up in excessive inventory.

### **Agencies will:**

- Issue stock under the First In First Out (FIFO) method.
- Count and inspect all supplies and materials received when on receipt and
- Immediately report any discrepancies.
- Maintain all inventory records.
- All issuances from inventory must be supported by signed requisitions.
- Annual periodic physical count must be taken of all items in inventory.

### **The Inventory property control record for ALL inventories must contain the following minimum data:**

- 1. Description of items**
- 2. Storage location**
- 3. Unit of measure**
- 4. Cost**
- 5. Minimum and maximum levels**
- 6. Reorder quantity**
- 7. Date and quantity of additions to inventory**
- 8. Date and number of inventory requisition**
- 9. Quantity deleted from inventory**
- 10. Inventory balance**

### **Materials & Goods-In-Process**

Items under this section represent any resalable articles which are manufactured, fabricated or assembled in a school, prison or in any shop that is under the jurisdiction of any State agency.

### **The property record for INVENTORY MATERIALS & GOODS-IN-PROCESS item should contain the following data.**

- 1. Item Description**
- 2. Cost of Each Item**
- 3. Raw Materials on hand**
- 4. Materials partly processed - Goods-in-process that require additional work.**



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5. Description of items
6. Storage location
7. Unit of measure
8. Cost
9. Minimum and maximum levels
10. Reorder quantity
11. Date and quantity of additions to inventory
12. Date and number of inventory requisition
13. Quantity deleted from inventory
14. Inventory balance

### Stores & Supplies

A separate perpetual (continuous) inventory should be maintained of all stores and supplies (including repair parts for machinery, plumbing, general housekeeping, etc.) if the cost of the entire inventory meets the capitalization threshold. Perpetual inventories with a cost less than the capitalization threshold would not need to be maintained. Due to the rapid rate of turnover, strong internal control is especially important. A perpetual inventory system can provide the strongest possible internal control over the inventory of merchandise. The information required for a perpetual inventory system can be processed electronically or manually. In a manual system a subsidiary record card is used for each type of merchandise on hand. If the agency has in stock 100 different kinds of products, then 100 inventory record cards will make up the subsidiary inventory record. It should be reconciled annually for verification of amounts.

**The property record for STORES & SUPPLIES INVENTORY should contain the following data:**

1. Item Description
2. Storage location
3. Unit of measure
4. Unit Cost
5. Minimum and maximum levels the number of items that should be on hand before ordering and the greatest number of items on hand that can be effectively maintained in inventory without incurring unnecessary storage or handling charges and with a minimal risk of the inventory becoming obsolete.
6. Reorder quantity
7. Balance available to fill an order
8. Date, quantity, and dollar value of items received into inventory
9. Date and number of inventory requisition
10. Quantity deleted from inventory
11. Inventory balance on hand both quantity and dollar value

The inventory system must be maintained on a first-in, first-out (FIFO) basis. Listing the minimum and maximum levels on each inventory card strengthens controls over the amount invested in the inventory. By maintaining quantities within these limits, overstocking and out-of-stock situations can be avoided. An adjusting entry can be made to reflect shortages, overages, or out-of-condition stock as disclosed by an annual or periodic physical inventory.

### Transfers

A transfer is any movement of an asset by virtue of change in responsible unit and/or physical location. Each request for transfer must be submitted to the appropriate Property Control Unit on a suitable form authorizing the transfer of the property. Such forms should provide for a complete description of the property transferred, The current responsible unit and the new responsible unit/recipient. The property control unit moves the asset out of one department's records and adds it to the records of the receiving department, thus effecting a change in the record of responsibility. **Property should not be transferred without formal written authorization. Transfers between agencies MUST be recorded on a CO-64 and kept by both agencies for audit.**

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### **Property Transfer Within An Agency**

The Office of the State Comptroller has developed a [Property Transfer Within An Agency](#) form CO-58 as a guide for agencies. This form or a suitable substitute that has at least the same amount of information included is acceptable to record transfers within an agency.

### **Property Transfers Between Agencies**

The CO-64 [Property Transfer Between Agencies](#) form is to be used to track movement of assets between agencies. Both agencies' Property Control Units need to take action to ensure the change in responsible party is properly documented in the State's financial systems and shows up appropriately on the next CO-59. Fully completed CO-64 forms must be kept on file with both agencies for audit purposes.

### **Firearms Inventory Control Policy**

Each agency must establish written internal procedures regarding firearms that include the agency's property control unit and cover the disposal, surplus, destruction or loss of firearms. Firearms are to be reported on the agency's inventory regardless of the fair market value or cost; all firearms are considered controllable at a minimum or should be reported as a capitalized item if it meets the capitalization threshold. Each agency must ensure that all firearms are properly stored in a secure manner in accordance with Connecticut General Statutes, Section 29-37i - Responsibilities regarding the storage of loaded firearms with respect to minors. Firearms loaned to another State agency or a municipality must be documented. The [Record of Equipment on Loan](#) form CO-1079 or facsimile must be completed.

All seized or confiscated items held in storage pending disposition should be covered by a separate written policy. Seized or confiscated firearms that are subsequently issued (assigned) to agency personnel, or used by the agency, for training purposes, must be added to the agency inventory.

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## Chapter 4 - Physical Inventory

### **Physical Inventory (Assets and Inventory)**

A complete physical inventory of all property must be taken by the end of the fiscal year (June) to ensure that property control records accurately reflect the actual inventory on hand within the current fiscal year. The key to ensuring an accurate physical inventory is the quality of the planning effort prior to conducting the physical counts. Core-CT asset agencies must use the Asset Management Module for the physical inventory of assets. Agencies using the Core-CT Inventory Module must use the Inventory Module for physical inventory. Agencies with Inventory that do not participate in the Core-CT Inventory Module must also conduct an annual physical inventory.

Each storage area, warehouse or facility must have a physical inventory completed by June 30th of each fiscal year. Agencies may choose one of two methods for their physical inventory, wall to wall or cycle counts.

Wall to wall inventories are inventories that count all items within a given storage area, warehouse or facility at the same time and are conducted once per year.

Cycle counts are inventories of a small subset of items, in a specific location, counted on a specified day, and conducted on a continuous basis throughout the fiscal year. If an agency chooses the cyclical inventory method, the physical inventory must be completed by the end of each fiscal year.

The inventory must be reconciled to the inventory system. If items are found to be stolen, vandalized, obsolete, expired or spoiled, damaged by criminal or malicious activities, lost or misplaced, missing (cause unknown) or damaged caused by wind, fire or lightning, impaired, the Report of Adjustment to State Owned Real and Personal Property (CO-853) must be completed to document the removal of the inventory item. The item must be removed from the inventory system. If an agency finds that items are obsolete, the item must be surplus and removed from the inventory record. Follow the instructions in Chapter 8 of this Manual, Disposition of Surplus Property to dispose the items.

### **Physical Inventory Staffing**

The individual responsible for the day to day property management function should not conduct the physical inventory so internal controls, specifically segregation of duties, are maintained. Inventory count activities should be conducted by count teams made up of a team supervisor and an agency personnel member. The agency must determine the method of staffing the inventory count team that best utilizes its available resources.

### **Conducting a Physical Inventory**

It is permissible to perform physical inventories prior to the end of the fiscal year to redistribute the major time commitment involved. However, an adequate control system must exist for updating the inventory balance from the interim inventory date to year-end. The accuracy of the interim transactions may be tested during an audit.

In addition to the verification of the property control records, a physical inventory will identify if unrecorded or improperly recorded transactions have occurred, identify any excess, defective or obsolete assets on hand and identify losses not previously revealed. Conducting a physical inventory will enable you to inspect the physical condition of each item with respect to the need for repairs, maintenance, or replacement.

### **Agency Guidelines/Procedures Requirements**

Agencies are required to have written guidelines/procedures for conducting physical inventory on file at their agency. A copy must be submitted to the Office of the State Comptroller - Central Accounts Payable no later than January 1, 2025. If an agency makes significant changes to the guidelines/procedures already approved by the Comptroller's, they shall submit an updated copy for review prior to conducting an inventory under the new

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procedure. The Comptroller's will review for adherence to internal controls and segregation of duties in accordance with GAAP.

If agency doesn't currently have established procedures for conducting physical inventory, follow the below outline when creating the agency plan:

1. Agency should establish a timetable and coordinate efforts with all agency divisions to conduct the physical inventory.
2. A defined "Segregation of Duties" must be identified and followed.
3. Establish a plan within each division to guarantee all assets have been identified during the physical inventory process.
4. Establish procedures for supervisors on how to review the accuracy of the physical inventory.
5. Define procedures for record retention and audits of physical inventories.

As individual agencies have different access to inventory tracking technology, each agency should submit their inventory reconciliation process to the Comptroller's Office for individual review of adherence to sound internal controls and segregation of duties.

### **Property Movement (Assets and Inventory)**

There should be no movement of property while the physical inventory is being conducted in order to ensure that items are not counted twice or inadvertently not counted. Transfers should also be prohibited during counting. If the movement of assets is unavoidable control sheets should be established for each area where previously counted assets are being transferred to work areas. To avoid double counting, assets should not be transferred back from working areas to storage areas.

### **Updating the Property Record**

- Items found that are not listed must have a property record established at the time of the physical inventory. The item should be subsequently researched and entered into the system. Items reported on the agency inventory report and found to be located elsewhere will require a transfer document to be completed, to record the change of location.
- Asset or Inventory items found to be obsolete or no longer needed by the agency are to be surplus and removed from the property record. Follow the instructions in Chapter 8 of this Manual, Disposition of Surplus Property to dispose the items.
- Once all the agency locations have been checked, the additions and deletions to departmental inventory records must be updated immediately.

### **Lost/Missing/Unaccountable/Expired/Spoiled/Damaged Property**

Property that is deemed "lost, missing, unaccountable, expired, spoiled or damaged" as a result of taking a physical inventory must be removed from the property record. Instructions for reporting this property are prescribed in Chapter 7 of this manual. The property must be immediately removed from the property record and a CO-853 form must be completed. Agencies using the Core-CT Asset Module must "**retire**" the asset until such time as it may be recovered. If the item is found it is added back to the property record in the Core-CT Asset Module as "reinstated". Agencies using the Core-Inventory Module must adjust the inventory in Core-CT and complete a CO-853.

### **Property on Loan Policy**

Property owned by the State may be removed from its assigned location only with prior written permission from the appropriate agency head. State assets are **not** intended to be used for **personal reasons**. Loan permission is to be granted only in order to conduct State business. The asset may be loaned if the agency head is convinced that the removal of the asset will not:

1. interfere with the normal operation of the agency
2. cause unreasonable wear and tear on the asset
3. cause expense to be incurred by the agency

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4. provide for profit-making activities

The "[Record of Property On Loan Form](#)" - CO-1079 must be completed. An individual who has been authorized to use a state asset on loan must sign the form. One copy is retained by the division or department and available upon request or audit. Due care and security of the asset are required until returned to agency. The loanee must notify the loaning agency immediately in the case of theft, loss, or damage of the asset.

### **Reconciliation**

All property control accounting records, and other related property management data shall be reconciled to the property system. Agencies using the Core-CT Asset Management Module and Core-CT Inventory Module must ensure the accounting data maintained is valid. The format used for the reconciliation must establish an "audit trail" so that the reconciliation can be traced to the source documents or scan records.

It is critical to account for all records related to physical inventory, which may include tickets/sheets issued to counters, records of scanning, or other documents or electronic records related to a physical count because they will become the basis for any audit or review of the physical inventory in the accounting records. Additionally, internal controls applied to physical inventories should be strictly adhered to, including dual review, segregation of duties, and independent review, to reduce errors and help eliminate the possibility of fraud.

### **Managing Inventory Levels**

Inventory is an asset that must be more closely guarded because inventory, if not managed properly, can lead to excessive spending. Excessive inventory levels should also be avoided. Inventory items not being used during a reasonable period of time wastes State funds that could be used elsewhere.

### **Safeguarding Inventory**

Safeguarding the inventory items is important to prevent theft and loss of State property that must be replaced by expending additional State funds. Review the adequacy of existing physical safeguards designed to protect State property that is under your responsibility. Appropriate safeguards should be implemented to prevent potential losses. Theft of state property regardless of value is a Felony per CGS 53a-122 and 53a-123.

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## Chapter 5 - SOFTWARE LIBRARY

### Purpose

For the purposes of this chapter the term 'software' shall include but not be limited to any electronic program, data file, subscription to an electronic service, or operating system necessary to conduct business on an electronic device. To maintain inventory control of software, to establish a uniform policy for the prevention of software copyright infringement, and to allow agencies the flexibility to respond to changes in a constantly evolving IT business environment. This section allows agencies to establish detailed software asset policies that will provide for their unique and diverse operating methods while maintaining positive control on their software inventories.

### Software Librarian

Each agency head shall act as their agency's Software Librarian or designate a manager level employee to act in their stead. Each agency's Software Librarian shall maintain their agency's software asset policy, ensuring it contains sufficient internal controls to safeguard state assets, takes steps to prevent internal and external fraud, allows for the periodic (at least annually) inventory of all software assets, and provides a means for concise reporting on the current status of agency software upon request by any auditing or oversight authority. The Software Librarian will also be responsible for being the agency point of contact for software audits and for submitting an updated copy for Comptroller review any time the agency's software asset policy is modified.

### Oversight Responsibility

The Office of the State Comptroller (OSC) is responsible for defining the method and record of accounting for software inventories used by state agencies. This record, referred to as an agency's Software Library, may also be used to provide documentation to verify an agency's compliance with the Copyright Act, United States (U.S.) Code - Title 17. The Department of Administrative Services' Bureau of Information Technology Solutions (BITS), under direction from the Chief Information Officer (CIO), will provide administrative and policy oversight and support to agencies under its purview and shall assist the Software Librarian of any agencies under their purview in maintaining their associated software library. Software Librarians are responsible for ensuring staff compliance with software manufacturers' licensing requirements and proper deployment of software systems to avoid copyright violations.

### Policy

1. Software is protected by the Copyright Act, U.S. Code - Title 17. This act gives the owner of the copyright the exclusive rights to reproduce, sell, and distribute the copyrighted work. The agencies of the State of Connecticut will comply with all provisions of this law.
2. An agency that purchases/licenses a copy of software has the right to use it in accordance with the terms of the software license. All software either purchased or leased by the State of Connecticut will be registered with the software issuer as licensed to the **State of Connecticut** (preferred) or **State Agency Name** if required by the terms of the license agreement (for example, to qualify for an educational discount).
3. State agencies shall procure software licenses for all programs necessary to meet their needs in accordance with copyright law. The use of this software is restricted to conducting the state's business.
4. Only state agency authorized software shall be installed or used on state-owned or leased hardware. The use of unlicensed software copies (software used in violation of the software license), personally owned software, and unauthorized open source or shareware software is strictly prohibited.
5. The State of Connecticut will enforce internal controls to prevent the making or using of unauthorized software copies, including measures to verify compliance with these standards and appropriate disciplinary actions for violations of these standards. Agencies will comply with all BITS/CIO policies regarding software and licensing, or adopt agency policies with similar internal controls to ensure best practices regarding software and emerging technologies are applicable across state political subdivisions.

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## Agency Responsibilities

1. Agencies are to maintain a software library as described in chapter 3. Agency heads may delegate the position of Software Librarian to a manager level employee to coordinate and maintain the agency's software library.
2. The agency Software Librarian shall develop an Agency Software Asset Policy and submit it to OSC for review prior to enactment. After enactment they shall take measures to enforce staff compliance with their agency's software asset policy. Any revisions or modifications to policies shall be submitted to OSC for review.
3. The agency Software Librarian shall maintain a centralized repository (software library) of agency software assets to track and control all of their software media, licenses or end user license agreements, documentation and related items. Agencies may decide in what manner they are to accomplish this - whether by agency, division, bureau, geographical area or other means that relates to their own internal organizational structure. However, there must be at least a central library covering all software assets. Due to the nature of the assets involved, it is highly recommended that the library is centralized in an agency's IT unit. This library, must be located in a secure area and maintained in a secure manner. Agencies must detail their software library structure in their agency software asset policy provided to the Office of the Comptroller at [osc.assets@ct.gov](mailto:osc.assets@ct.gov).
4. Software Librarians are responsible for ensuring that the agency is abiding by the terms of all software licenses and shall conduct a periodic review, at least annually, of their agency's software to ensure compliance with applicable policies and copyright laws.
5. An annual inventory of agency software assets and audit of the software library will be undertaken by all agencies prior to the end of each fiscal year, June 30th. This inventory will be used to complete annual inventory requirements related to the CO-59. This will be retained by the agency for a period of not less than three years for audit purposes. These reports will be available to the Auditors of Public Accounts and Office of the State Comptroller upon request.
6. After each audit, agencies should update the software library to match the real deployment in their agency. If any deployments violate licensing restrictions they should be rectified immediately, either by acquiring the appropriate licenses or removing unlicensed copies of programs from service.
7. An agency may choose to have an external entity maintain the software inventory for the agency as part of a purchase or lease agreement. If the agency selects this option, the external entity's software inventory management system must meet the minimal requirements established in the Property Control Manual, along with any additional requirements as described by the agency's Software Asset Policy, and must be approved by the Office of the State Comptroller. Documents to be sent for review and approval can be emailed to [osc.assets@ct.gov](mailto:osc.assets@ct.gov). The entity shall be required to maintain records related to the software inventory in accordance with state agency records retention policies, and shall make those records available to any authorized state auditing entity upon request.

## Software Projects

Software is an intangible asset. Software is considered internally generated if it is created or produced by a state agency, made by contracted entities specifically for state use, or if a commercially available program is acquired from a third party but required substantial customization efforts on the part of the state agency to begin to achieve their expected level of service capacity thereby altering it from its commercial configuration. State websites are considered internally generated software if it meets the criteria of an intangible asset.

Since computer software is a common type of internally generated intangible asset, GASB 51 also provides specific guidance for applying the specified conditions approach to internally generated computer software. The activities of developing and installing internally generated computer software typically fall into the following stages:

### **1. Preliminary project stage**

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Activities in this stage include conceptual formulation and evaluation of alternatives, the determination of the existence of needed technology, and the final selection of alternatives for the development of the software. These costs are expensed.

### **2. Application development stage**

Activities in this stage include the design of the chosen path, including software configuration and software interfaces, coding, installation to hardware, and testing, including the parallel processing phase. These costs are capitalized. Costs associated for training that occur in the application development stage are expensed as incurred.

### **3. Post-implementation/operation stage**

Activities in this stage include application training and software maintenance. Any costs during the post-implementation/operation stage should be expensed as incurred.

Data Conversion is considered an activity of the application development stage only to the extent it is determined to be necessary to make the computer software operational. Otherwise, data conversion is considered an activity of the post-implementation/operation stage.

Software assets are generally depreciated on a straight line with a 3-5 year useful life. The software must meet the capitalization threshold to be capitalized.

### **Licensed Software**

Licensed software that meets the capitalization threshold is considered an intangible asset and must be capitalized. Any maintenance costs or minor unspecified upgrades associated with the software are to be expensed. If the software license requires an annual renewal, the software could be classified as a subscription. Agencies should review the software for GASB 96 applicability. Any upgrades to existing software should be capitalized as additions and the old version costs should be retired as deletions.

### **Software Reporting**

**Software Subscriptions (Capitalized SBITA)** are capitalized for GAAP reporting purposes and reported on the CO-59 if they meet the threshold and are longer than 12-months. GASB 96 Subscription-Based Information Technology Agreements (Asset Management and Inventory Directive #5a) [Asset Directives Memoranda - Central Accounts Payable Division -- Office of the State Comptroller](#). Subscription Based Information Technology Agreements less than 12-months are expensed.

**Software Perpetual (Capitalized)** Software not identified as a SBITA and meeting the capital threshold are reported on the CO-59. This asset identification was previously identified as Software (Capitalized) Owned by State and should include all non-subscription capitalized software listed in an agency's software library.

**Software Perpetual (Non-Capital)** Software not identified as SBITA and does not meet the capital threshold. This asset identification was previously identified as Licensed Software. This should include all non-subscription and non-capital software listed in an agency's software library.

Any maintenance costs or minor unspecified upgrades associated with the software are to be expensed and should not be included as part of the cost. Any upgrades to existing software should be capitalized and reported on the CO-59 as additions and the old version costs should be retired and reported as deletions on the CO-59.

Agency Software Libraries should contain all categories including: perpetual capital, subscription capital, controllable, subscription controllable, non-capital, subscription non-capital. Subscription software only needs to be



## PROPERTY CONTROL MANUAL

included in the library during the life of the subscription. Once the subscription expires it can be removed from the software library.

### **Audits of Software**

Agencies should include their audit procedures in their Agency Software Asset Policy to be reviewed by OSC. Agency wide software audits should be conducted at least annually, prior to June 30. The results should be reconciled against the agency's registered license agreements and corresponding purchase documents. It is up to each agency to make sure that this information is readily available for management and audit purposes.

**Objective:** Agencies are responsible for conducting audits/inventories to determine whether they are complying with applicable software license agreements and are properly enforcing their agency software policies. Software compliance is a legal responsibility for state agencies and non-compliance can impact an agency as they may be held financially liable for unlicensed copies. Agencies may be asked to perform additional audits by the Auditors of Public Accounts, the Office of the State Comptroller, or other authorized auditing body.

### **The purpose of a self-audit is:**

1. To provide a reference point for agencies establishing software inventory and to ensure their current software library is accurate; and
2. To determine what application software is installed on state owned hardware, including portable devices; and
3. To remove or replace any unauthorized software found or make efforts to purchase necessary software and licenses; and
4. To eliminate or reduce the state's exposure to fines and penalties resulting from violations of software copyright laws; and
5. To evaluate the current state of staff compliance with state and agency policies and conduct (re)training as needed.

### **Shareware/Demonstration Software**

Agencies may elect to prohibit installation of any shareware, freeware, or demonstration software by their employees or limit the installation to specific individual circumstances. It is strongly recommended that agencies restrict user's access to loading unauthorized program to state-owned devices. Any software of this type that an agency deems necessary for operations should have specific guidelines written into their agency software policy regarding installation and use on agency owned hardware.

### **Personal Software**

Personal software is software that is **not** licensed to the State of Connecticut or one of its subdivisions. Personal software may not be installed on any computer owned or leased by the State or the Federal Government or purchased with Federal Funds for use by the State. Any installation of personal software may compromise the integrity of the State's compliance with copyright laws and/or security protocols. If there are any questions regarding personal software, please refer to Office of Policy and Management [Acceptable Use of State Systems Policy \(ct.gov\)](#) as well any applicable BITS/CIO policies.

### **Disposal of Software**

The procedures for the disposal of surplus software are outlined in Chapter 8 of this manual.

## PROPERTY CONTROL MANUAL

### Chapter 6 - ADJUSTMENTS AND INSURANCE RECOVERIES TO REAL AND PERSONAL PROPERTY

This section of the Property Control Manual establishes procedures for the notification and reporting of all adjustments to State property as required by the Office of the State Comptroller and the Department of Administrative Services State Insurance and Risk Management Board (SIRMB). Also included are procedures for handling and reporting accidents involving State-owned vehicles and third-party losses.

#### **Authority**

Pursuant to Section 4-33a of the Connecticut General Statutes, "**Illegal, irregular and unsafe handling of state funds**", the Comptroller and the Auditors of Public Accounts **must** be notified **promptly** of all losses/damages to State property **upon discovery** even though they may not be covered under the current insurance programs or policies.

#### **Vehicles:**

All damages to state vehicles should be reported on an appropriate Accident/Incident report, such as the DAS Accident/report [Report State Owned Vehicle Accidents--How To \(ct.gov\)](#). Damage that results in a total loss of a vehicle must be reported on a CO-853. State owned items within a vehicle (not part of a vehicle) must be reported on a CO-853.

#### **Report of Adjustment to State Owned Real and Personal Property (CO-853):**

Use Form CO-853 to report all adjustments except vehicle repairs described above including losses or damages to real and personal property pertaining to theft, vandalism, obsolescence, expired or spoiled, criminal or malicious damage, lost or misplaced funds, missing property (cause unknown), or damages caused by wind, fire or lightning, impairment, data breaches, losses of intangible assets, any security breach or to document the removal of any asset or inventory item that is not retired or surplus and items recovered. This form can be found on the Office of the State Comptroller's website: <http://www.osc.ct.gov/agencies/forms/index.html>. Please complete the on-line form and send the form to the email addresses below.

Office of the State Comptroller: [osc.co-853@ct.gov](mailto:osc.co-853@ct.gov)

Auditors of Public Accounts: [CO-853@ctauditors.gov](mailto:CO-853@ctauditors.gov)

DAS-Insurance and Risk Management: Sherry-Ann Chance, Fiscal Administrative Officer: [sherry-ann.chance@ct.gov](mailto:sherry-ann.chance@ct.gov) or Melissa Frank, Director of Insurance and Risk Management: [melissa.frank@ct.gov](mailto:melissa.frank@ct.gov).

Complete all required information on the CO-853 form and submit to the parties listed above. In addition to the required distribution, if the loss or damage appears to have been caused by criminal action or under mysterious circumstances, contact the Local Police Department or if applicable, local security division, i.e. campus police, capitol police, etc. For missing property or property lost due to theft the item must be retired from the Core-CT Asset Management system or for non-Executive Branch State agencies, the applicable asset management system. For expired, spoiled or obsolete inventory, Core-CT inventory agencies must complete an adjustment to remove the item from the Inventory module.

If the CO-853 form is not suitable for reporting of an incident/occurrence, an agency can submit a 4-33a letter to the Office of the State Comptroller and the Auditors of Public Accounts using the email addresses listed above. For the 4-33a letter requirements refer to Chapter 7 - ADJUSTMENTS TO REAL AND PERSONAL PROPERTY.

#### **Recovery of Lost or Stolen Property**

## PROPERTY CONTROL MANUAL

If property is recovered, the agency business office will return the recovered item(s) to the department that reported the loss if replacement has not been made or place the item(s) on the surplus property list for DAS/State and Federal Property Distribution Center if a replacement has been made. Agencies must complete a CO-853 form to document the recovery of the item. See Appendix B. If the recovered item has not been replaced, then it must be restored and added to the property control system. Executive Branch agencies will restore the item in the Core-CT Asset Module or in the Core-CT Inventory Module. Restoring the item to the Core-CT Inventory Module only applies to those agencies that use this module.

### **Insurance Coverage**

#### **Authority (all property)**

Pursuant to Section 4a-20 of the Connecticut General Statutes, the State Insurance and Risk Management Board determines "**the method by which the State shall insure itself against losses by the purchase of insurance...to obtain the broadest coverage at the most reasonable cost**". Additional Insurance information can be found on the State Insurance Risk Management Board web-site at [State Insurance Risk Management Board \(ct.gov\)](#).

### **Basis for Insurance Coverage**

The types of coverage and amount are based upon two factors:

- A. The effective transfer of risk for a reasonable premium.
- B. The accurate valuation of all real and personal property with necessary detail by location.

In order that optimum insurance coverage is provided at a minimum cost, it is imperative that:

- A. All losses/damages to State property are reported promptly; and
- B. Accurate property control records are maintained for operating and reporting purposes.

### **Types of Insurance Coverage**

The State currently provides the following types of insurance protection, including:

- A. Liability for selected exposures (Contract/Statute).
- B. Fire and extended coverage (Blanket property - See Property information below).
- C. Automobile Fleet physical damage coverage on selected vehicles.
  - a. This policy covers vehicles valued over \$100K and has a \$50K deductible.
- D. Hull property coverage on selected vessels.
  - a. As identified by agencies
- E. Boiler and machinery coverage.
- F. Works of Art and coverage on selected works.
  - a. As identified by agencies and scheduled to insurance policies. Insurance coverage is available for both owned artwork and artwork on loan, if scheduled to the policies.
- G. Statutory bonds for Commissioners and other state employees.
- H. Property coverage is provided in the following areas (subject to applicable policy limitations):
  - a. State-owned buildings and premises.
  - b. State-owned contents in buildings both owned and leased by the State.
  - c. Equipment owned by other organizations (Federal Government, Leasing Companies, Student, Patient and Inmate Activity Funds, etc.) in the care and custody of the State and scheduled to the property policy. This is contingent upon the agreement between the State and the parties involved.
  - d. State-owned property located off State premises if scheduled to the property or other policy

### **Claims**

The prompt reporting of claims protects the State's interests and assists in minimizing the potential value of the loss. Late and/or inaccurate claim reporting could jeopardize the state's defense of the claim and increase the amount of the loss. The responsibility for the claim does not end when the claim has been reported. Every state agency and employee has an obligation to assist in the management of the claim.

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**Immediately following a loss, every necessary precaution should be taken to prevent further damage or legal liability to third parties.**

Following an accident which results in a claim, you may be contacted by a number of people. Information should only be given to law enforcement authorities, claim adjusters hired by the state, defense attorneys representing the state, the SIRMB staff and/or the AOR.

The timely and accurate reporting of a claim is critical in protecting the interests of the state. Claims administered by the Board fall into four categories:

- **General Liability**  
Losses for damage or injury to third parties; 1) arising from defective state owned and maintained highways or bridges; or 2) for which the state is contractually required to provide insurance.
- **Automobile Liability**  
Losses for damage or injury to third parties involving state owned or leased motor vehicles.
- **Property**  
Losses to state owned real and personal property (other than motor vehicles) resulting from perils such as fire, windstorm, theft, vandalism, etc. Property includes such items as buildings, contents, equipment, fine arts.

### **General Liability Loss Reporting**

- **State highways/bridges or state contractual obligations**: Losses for damage or injury to third parties; 1) arising from defective state owned and maintained highways or bridges; or 2) for which the state is contractually required to provide insurance are to be reported immediately to the state's TPA.

### **Automobile Liability Loss Reporting**

Per the DAS General Letter No. 115 - Policy for Use of Motor Vehicles to Conduct State Business [DAS-GL-115.pdf \(ct.gov\)](#), every accident involving a state-owned vehicle shall be reported to DAS Fleet Services. The operator of the vehicle must complete the DAS Vehicle Incident/Accident Report accident report, linked here: [Vehicle-Accident-Form.pdf \(ct.gov\)](#) and email the report to [fleet.accidents@ct.gov](mailto:fleet.accidents@ct.gov), [osc.CO-853@ct.gov](mailto:osc.CO-853@ct.gov) and his or her supervisor within 48 hours of the incident. If a DAS vehicle must be towed from the scene, the operator must inform DAS Fleet Operations of its location by calling (860) 713-5160. Any accident involving a state-owned vehicle that causes damage or injury to a third party will be reported to the State's Third Party Claims Administrator. For questions regarding reporting to the TPA, please contact Melissa Frank [melissa.frank@ct.gov](mailto:melissa.frank@ct.gov) or Sherry-Ann Chance: [sherry-ann.chance@ct.gov](mailto:sherry-ann.chance@ct.gov).

- **State owned or leased vehicles**: Losses involving state owned or leased vehicles resulting in a personal injury and/or property damage to a third party are to be reported immediately, using the process outlined above.
- **CT Transit Buses**: For losses involving CT Transit buses resulting in a personal injury and/or property damage to a third party and are to be reported directly to the Department of Transportation CT Transit offices. Pursuant to their contract, the bus management contractor is responsible for handling these claims. If the claim exceeds \$25,000 or results in serious personal injury, that claim may be referred to the State's TPA for handling. To report a claim call Customer Service in Hartford Office 860-525-9181, in New Haven Office 203-624-0151 or in Stamford Office 203-327-7433.

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### **Automobile Physical Damage Loss Reporting**

- **Vehicle Total Loss:** Total loss value should be reported on an CO-853 to account for Capital Depreciation reporting.
- **State owned or leased vehicles valued under \$100,000:** Physical damage to these vehicles as a result of collision, theft and/or vandalism are the responsibility of each state agency to repair or replace.
- **State owned or leased vehicles valued in excess of \$100,000 and insured by the Board:** Physical damage to these vehicles as a result of collision, theft and/or vandalism are to be reported to the state's Agent of Record (AOR) to expedite the handling of the claim. Email claim report to [Doreen.lessard@assuredpartners.com](mailto:Doreen.lessard@assuredpartners.com) and [brian.tamms@assuredpartners.com](mailto:brian.tamms@assuredpartners.com) or call 860-426-6170.
- **DAS Fleet vehicle:** Physical damage to DAS Fleet vehicles must be reported to Fleet Operations within 48 hours of the incident by completing a fillable electronic form **DAS Vehicle Incident/Accident Report (linked above)**. DAS Fleet Operations does not accept handwritten, or printed and scanned, copies of the DAS Incident/Accident Report. For additional information refer to the information linked here: [Report State Owned Vehicle Accidents--How To \(ct.gov\)](#) and the DAS General Letter No.115, Policy for Motor Vehicles Used for State Business linked above.

### **Losses Caused by Third Parties**

All third-party losses must be reported immediately to the agency head. When damages to an injured employee and State vehicle are due to the negligence of an outside individual, it should be recovered from the outside individual or outside individual representative.

For Example: A State employee, driving a State vehicle, is in an automobile accident caused by a third party.

#### **Procedure**

The accident report must be completed and submitted as indicated above.

If the dollar amount of the loss/damage cannot be readily determined, the agency is responsible for obtaining an estimate of damage. A designated person within the agency should submit a claim with the insurer of the party that caused damage to a state vehicle and work with the insurer to obtain recovery on behalf of the state. Agencies should work with their agency legal counsel or the Office of the Attorney General, and may contact Melissa Frank with questions at [melissa.frank@ct.gov](mailto:melissa.frank@ct.gov).

Upon recovery, the method of handling the payment received will depend upon the method the agency used to budget for third-party recoveries:

- a. If the total cost for the repair or replacement of a loss is a part of the agency's normal operational budget, then all third-party recoveries are to be deposited to Miscellaneous Income-Revenue Account # 44151.
- b. If the total cost for the repair or replacement of the loss is **not** part of the agency's normal operational budget, then all third-party recoveries are to be deposited as either current or prior year refunds #44420 (current) or #44410 (prior years) in accordance with the rules for such deposits as outlined in the State Accounting Manual.

### **Property Loss Reporting**

- **State owned real and personal property (other than motor vehicles):** The SIRMB purchases property insurance for state-owned real and personal property, including such items as buildings, contents, equipment, fine arts and computer equipment. Immediately report a loss to the state's AOR to ensure

## PROPERTY CONTROL MANUAL

timely reporting and to expedite the handling of the claim. Call 860-426-6170 or email claim report to [Doreen.lessard@assuredpartners.com](mailto:Doreen.lessard@assuredpartners.com) and [brian.tamms@assuredpartners.com](mailto:brian.tamms@assuredpartners.com) and email the state's property carrier at [newlossboston@fmglobal.com](mailto:newlossboston@fmglobal.com). Please also copy Melissa Frank at [melissa.frank@ct.gov](mailto:melissa.frank@ct.gov).

- Use **Form CO-853** to report all losses or damage to state owned real and personal property (other than motor vehicles) pertaining to theft, vandalism, criminal or malicious damage, lost or misplaced funds. Notify state police, or security division. Prepare and electronically submit the form to [OSC.CO-853@ct.gov](mailto:OSC.CO-853@ct.gov). Submit a copy electronically to Auditors or Public Accounts at [CO-853@ctauditors.gov](mailto:CO-853@ctauditors.gov) and to the State Insurance and Risk Management Board at [melissa.frank@ct.gov](mailto:melissa.frank@ct.gov) and [sherry-ann.chance@ct.gov](mailto:sherry-ann.chance@ct.gov).
- Retain one copy electronically at agency.

### **Recovery**

In the event that a claim is filed, agencies shall work with SIRMB staff, the AOR and the insurance adjuster to provide all necessary information in support of the claim. Once a claim is settled, the insurer will issue payment to the SIRMB for deposit into its account with the DAS Business Office. The agency shall then coordinate with the DAS Business Office for receipt of payment of the claim settlement funds. Agencies are responsible for any deductible associated with an insured loss.



## PROPERTY CONTROL MANUAL

### Chapter 7 - ADJUSTMENTS TO REAL AND PERSONAL PROPERTY

This section of the Property Control Manual establishes procedures for the notification and reporting of all adjustments to State property as required by the Office of the State Comptroller (OSC), Auditors of Public Accounts (APA) and the Department of Administrative Services State Insurance and Risk Management Board (SIRMB). The State Comptroller's Office will be reviewing forms as they are received to ensure sufficient information as it relates to each unique scenario to provide meaningful insights into internal controls and safekeeping of state assets. Additionally, agencies will be provided with a detailed annual list so they can perform their own analysis of internal processes and identify solutions based on larger patterns. This reporting process allows agencies to conduct investigations and provide updated information regarding the final disposition of the items. Properly recording these final resolutions will lead to increased accuracy in determining the fiscal impact to the state

#### **Authority**

Sec. 4-33a. illegal, irregular or unsafe handling of state or quasi-public agency funds. breakdown in safekeeping of agency resources, breach of security, notification, all boards of trustees of state institutions, state department heads, boards, commissions, other state agencies responsible for state property and funds and quasi-public agencies, as defined in section 1-120, shall promptly notify the auditors of public accounts and the comptroller of any (1) unauthorized, illegal, irregular or unsafe handling or expenditure of state or quasi-public agency funds, (2) breakdowns in the safekeeping of any other resources of the state or quasi-public agencies, (3) breach of security, as defined in section 36a-701b, or (4) contemplated action to commit one of the acts listed in subdivisions (1) to (3), inclusive, of this section within their knowledge. in the case of such notification to the auditors of public accounts, the auditors may permit aggregate reporting in a manner and at a schedule determined by the auditors.

#### **Procedures**

The CO-853 form which can be found on the Comptroller's website at: <http://www.osc.ct.gov/agencies/forms/index.html>. Reasons for adjustments including losses or damages to real and personal property pertaining to:

- Theft
- Vandalism
- Obsolescence
- Expired or Spoiled
- Criminal or Malicious damage (including vehicle total loss, items within a vehicle (not part of the vehicle))
- Lost or Misplaced funds
- Missing Property (cause unknown)
- Damages caused by Wind, Fire or Lightning
- Impairment
- Data Breaches
- Losses of Intangible Assets
- Security Breach
- Document the removal of any asset or inventory item that is not retired or surplusd
- Items recovered.

For any of the cases listed above, a CO-853 form must be filled out. As the CO-853 forms are completed, they must be submitted to the email addresses below.

Office of the State Comptroller: [osc.co-853@ct.gov](mailto:osc.co-853@ct.gov)

Auditors of Public Accounts: [CO-853@ctauditors.gov](mailto:CO-853@ctauditors.gov)

DAS-Insurance and Risk Management: Melissa Frank, Director of Insurance and Risk Management:

[melissa.frank@ct.gov](mailto:melissa.frank@ct.gov), and Sherry-Ann Chance, Fiscal Administrative Officer: [sherry-ann.chance@ct.gov](mailto:sherry-ann.chance@ct.gov)

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## **4-33a letter requirements:**

If the CO-853 form is not suitable for reporting of an incident/occurrence, an agency can submit a 4-33a letter to the Office of the State Comptroller and the Auditors of Public Accounts using the email addresses listed above. The 4-33a letter must be a very comprehensive letter containing the following:

- Background - A detailed background providing information on any documentation which supports the process.
- Condition - A thorough description of what occurred and the outcome due to the illegal, irregular or unsafe handling of state funds or property.
- Action Taken - What action has been taken to prevent this type of incident/occurrence from taking place going forward.

If agency would like an example 4-33a letter template, send an email request to [osc.co-853@ct.gov](mailto:osc.co-853@ct.gov).

## **CO-853 - Form and Field Descriptions**

The CO-853 form should be completely filled out prior to submission. If any of the required fields are not properly completed or the information is deemed insufficient the form will be sent back to the submitter with instructions to revise the form. Go to Appendix B for link to full instructions.

Required Fields:

- Date of Discovery - Date the loss or damage occurred
- Agency Name
- Street Address/Town of Property
- Property Physical Location
- Access Restricted
- Reason for Adjustment - Reason the property is being adjusted on a CO-853. Examples outlined in Procedures section
- Description of Occurrence
- Description of Property - If available, any model numbers, serial numbers, or other information should be added here. Additionally, if the property was an electronic device, was it encrypted or is there any risk of a data breach
- Original Cost
- Current Estimated Value
- Purchase Date
- Internal Controls Review Performed
- Internal Controls Changes
- For all contacts listed: Name, Email, Signature (if available).

## **Recovery of Lost or Stolen Property**

If property is recovered the agency business office will return the recovered item(s) to the department that reported the loss. All recovered items must be reinstated in the property control system. Agencies must complete a CO-853 form to document the recovery of the item. All recovered items must be reinstated in the property control system. Executive Branch agencies will restore the item in the Core-CT Asset Module or in the Core-CT Inventory Module. Restoring the item to the Core-CT Inventory Module only applies to those agencies that use this module.

## **Annual Report**

The State Comptroller will publish this information annually. In addition to this public release, agency heads will receive a detailed list with specific asset information which will provide the ability to focus on the categories and types of loss and more accurately determine where processes can be modified to reduce the exposure or loss of state assets.



# PROPERTY CONTROL MANUAL

## Definitions

**Major Category** -OSC Classification for reporting items that focuses on transparency and public perception of types of losses the state may encounter.

- **Impairment**-The diminishing in quality, strength, amount or value of an asset.
- **Data Breach**-The unlawful and unauthorized acquisition of personal information that compromises the security, confidentiality, or integrity of personal information.
- **Missing Property**-Property that has been reported missing as the result of inspection, audit or inventory reconciliation.
- **Recovery**-Regaining possession or control of something that was lost, stolen or missing.
- **Surplus**-Equipment beyond its useful life or no longer serves a purpose and has been sent for disposal.
- **Other**-Items not covered in another major category
- **Unlawful Damage**-Destruction of or damage to money, securities or other property caused as a direct consequence of a crime attempted or committed by any person.
- **Missing Funds**-Funds that are missing as a result of theft, transactional error or human error.

### **Type of Loss**

- **Accidental** - An unexpected happening causing loss or damage which is not due to any fault or misconduct.
- **Data Breach / Fraud** - The unlawful and unauthorized acquisition of personal information that compromises the security, confidentiality, or integrity of personal information. Intentional deception to secure unfair or unlawful gain. \*\*\*Items in this category that are paid for by third party administrators are recorded as zero-dollar losses.\*\*\*
- **Inventory / Paperwork** - Inconsistent documentation practices or discoveries resulting from a physical inventory or audit.
- **Malicious** - Intention, without justification or excuse, to commit an act that is unlawful.
- **Other** - Damage to property that is unusual or does not fall into another category.

**Original Cost** - Original item cost as reported on the CO-853, this would be the purchase price or fair market value at time of acquisition. In cases of damage, it should be the total to repair the damage; in the case of a loss to the state, it will be the monetary value of the loss to the state.

**Current Estimated Value** - A value based on a calculation of whether an item is Capital, Cash, or depreciating and then gives a reasonable value of loss to the state based of an estimated remaining value of the item.

**Replacement Repair Cost** - The cost of repairs or remediation in cases where the loss is due to repairable damage, fraud, or data breaches.

**Fiscal Year** – The accounting period during which an asset’s final disposition, after investigations have been completed, is able to be reported.

# PROPERTY CONTROL MANUAL

## Chapter 8 - DISPOSITION OF SURPLUS PROPERTY

### **Purpose**

For the purposes of this chapter, personal property includes donated items and non-inventoried items (typically on hand items for internal company use).

The purpose of the DAS State Property Surplus Administration is to act as a clearinghouse for the transfer, sale or disposal of property that is surplus to the needs of a holding agency. Property that may be considered obsolete or unusable by one agency may serve another agency's operational needs. The DAS State Property Surplus Administration:

1. Ensures that the State achieves the best possible utilization of its property
2. Provides agencies with a cost-effective means of acquiring personal property
3. Establishes an audit trail for State property

For additional guidance on State Property Surplus go to the DAS Surplus web-site at [Surplus and Auctions](#).

### **Authority**

The DAS Procurement Surplus Administration is the legally authorized agent for the disposal of surplus state property.

**Section 4a-4a** of the Connecticut General Statutes, Control of State Property and Equipment provides: "The Commissioner of Administrative Services shall consider and devise ways and means of establishing and maintaining proper control of State property and equipment, including vehicles and office equipment; shall require the establishment of proper permanent inventory records and the taking of physical inventories of both stores and equipment; shall discover unused and improperly used or neglected equipment and shall authorize the transfer, use, or disposal of such equipment."

**Section 4a-4b** The Office of the Chief Court Administrator shall consider and devise ways and means of establishing and maintaining proper control of Judicial Department property and equipment, including vehicles and office equipment, require the establishment of proper permanent inventory records and the taking of physical inventories of Judicial Department equipment, and authorize the transfer, use or disposal of unused and improperly used or neglected Judicial Department equipment. For the purposes of this subsection, the term "Judicial Department" does not include the courts of probate, the Division of Criminal Justice and the Public Defender Services Commission, except where they share facilities in state-maintained courts.

**Section 4a-4c** The chief executive officer of each constituent unit of the state system of higher education may consider and devise ways and means of and The University of Connecticut shall be responsible for establishing and maintaining proper control of equipment, including all vehicles and office equipment of such unit, require the establishment of proper permanent inventory records and the taking of physical inventories of the equipment of such constituent unit, and may authorize the transfer, use or disposal of unused and improperly used or neglected equipment of such unit.

**Section 4a-52** of the Connecticut General Statutes, Regulations provides:

"The Commissioner of Administrative Services shall adopt regulations for the following purposes... (6) to provide for the transfer to or between such state agencies of supplies, materials, and equipment which are surplus with one such agency, but which may be needed by another or others, and for the disposal by sale of supplies, materials, and equipment which are obsolete or unusable."

**Section 4a-57a. Distribution of surplus state property (a).**

The Commissioner of Administrative Services shall administer a property distribution program for the disposition of usable property that a state agency deems surplus to its operating needs.

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The State Property Distribution Center (PDC) also referred to as DAS Surplus Unit is the legally authorized agent for the disposal of surplus state property for DAS entities only. Judicial Department and University of Connecticut should refer to their internal policies regarding surplus.

### **Responsibility of Holding Agencies**

Prior to designating any items procured with federal funds, or on loan from the federal government, as surplus the holding agency must receive authorization to transfer ownership of the asset to the state. No items with a federal interest are eligible for state surplus. Please contact your federal grant administrator for more information or to obtain authorization to transfer ownership.

State agencies are responsible for maintaining adequate inventory controls for their personal property. **State agencies shall not stockpile property.** Each agency should routinely survey its property to determine what is excess to its needs. Agencies should assess whether property can be used in other areas of the agency and if so, reassign. For all property deemed excess to agency needs, unserviceable, obsolete, or otherwise unusable, state agencies must comply fully with the reporting requirements and enter into the DAS Surplus System and remove from agency property record. It is essential for the proper control and use of state inventory that each agency's surplus property is redistributed to other agencies that have a need for the property. When surplus property is entered into the DAS Surplus System, the agency must provide all pertinent information regarding the property. Accurately reporting the condition of the property is critical so receiving agencies can select property with a clear understanding of its value.

### **State agencies must properly maintain property.**

It is the responsibility of the holding agency to provide proper accountability, care, and storage of its inventory. This requirement is mandatory until final disposition has been implemented through transfer, sale, scrap or other methods approved by the DAS Surplus Administration. **After property has been declared surplus**, the holding agency must make every effort to maintain such property in the same condition as reported to the DAS Surplus Administration. **Agencies may not cannibalize, recover or remove parts, accessories or components of property after they have been entered on the DAS Surplus System without written approval from the DAS Surplus Administration.** If an agency does not comply with these requirements or loses a surplus item, they are obligated under [Section 4-33a of the CT General Statutes](#) to notify the Auditors of Public Accounts and the Office of the State Comptroller of "breakdowns in safekeeping" of state property by completing a [CO-853 Adjustment Report](#) and copying the [DAS Surplus Administration](#).

### **Authorizations and Access**

The head of each state agency must assign, through the DAS Surplus Administration, one of its employees as its authorized system lead, and must notify the DAS Surplus Administration immediately if this assignment is transferred to another employee. The representative will be the contact person with the [DAS Surplus Administration](#) for surplus property issues.

### **State Property Disbursement Process**

Surplus State personal property shall be disbursed in the following order:

1. Transfers between state agencies ([OSC CO-64 form](#) needed)
2. Sale to municipalities
3. Sale by public auction (DAS prohibits resale of electronics with memory.)
  - Computers, laptops, hard drives, tablets, cell phones must be cleared before auction. Data and memory must be wiped to specifications.
4. Donations to approved non-profit organizations (excluding vehicles)

## PROPERTY CONTROL MANUAL

Unless granted a temporary exception by the DAS Surplus Administration, **all** state agencies (including quasi-public agencies) must declare surplus property through the DAS Surplus System. Current system(s) can be located on the [State Surplus Links for State Agencies](#) webpage. DAS Surplus Administration may charge service fees for the disposition of surplus property.

### **Disposal of Surplus Real Property**

In accordance with Sec 4b-21 of the General Statutes of Connecticut, any agency having custody and control of land, an improvement to land, or interest in land belonging to the state will inform the Secretary of the Office of Policy and Management (OPM), in writing, along with pertinent details of property including location, when the land, improvement or interest, or any part thereof, is not needed by the agency.

State of Connecticut - Office of Policy and Management  
450 Capital Avenue - MS#54FIN, Hartford, CT 06106-1308  
[State Real Property Inventory \(ct.gov\)](#)

The Commissioner of the Department of Administrative Services will receive a copy of the notice sent to OPM.

The notice package to OPM and DAS will include a listing of:

1. Any current/remaining third party (private or other state agency) occupying the site;
2. All current Operating Permits issued by the State of Connecticut Department of Energy and Environmental Protection and the Federal Environmental Protection Agency; and
3. The legal property descriptions and site utility plans.

If OPM determines that the property may properly be treated as surplus, OPM will notify all state agencies that the property is available and requests re-use proposals by a specific date.

Any interested agency can submit a plan to OPM regarding proposed use. Specific agencies have an affirmative obligation to assess potential use of property. OPM shall analyze plans and decide whether to transfer property to interested agency. If no agency submits a proposal or OPM rejects any re-use proposals, OPM will designate the property as surplus and notify DAS of the determination and transfer the responsibility for its sale to DAS. In most cases, the agency who surplused the property retains responsibility and budget for operating the property.

DAS shall then offer to convey such property to the municipality based on the town/city assessment if the value is under \$500,000 or obtains one appraisal if between \$500,000 to \$1,000,000 or two appraisals if over \$1,000,000.00. Municipality must notify DAS if it wants to accept or decline the conveyance of the land within 60 days of receipt of notice. The municipality can request an extension of 30 days under the statute. If municipality ACCEPTS the conveyance, the municipality and the State work out terms and conditions and signs a purchase and sale agreement. If the municipality WAIVE/DECLINE the conveyance or fails to notify DAS within the deadline, DAS is charged with disposing of the surplus property via a Public Request for Proposals, advertised and marketed.

Before entering into any agreement, DAS must notify the municipality, the municipality's legislative delegation, the regional planning organization, the Connecticut Economic Resource Center and any developer registered with the Department of Economics and Community Development (DECD).

DAS will select preferred candidate, negotiate and draft purchase and sale agreement. Agreement must be approved by OPM and State Properties Review Board (SPRB). If property was purchased/improved with tax-exempt bond money, DAS shall notify the Treasurer after the RFP and contract is in place to obtain confirmation that the sale will not affect the tax status of the bonds. GAE and Finance Committee must each convene a meeting to vote to approve or disapprove the purchase and sale agreement or notify DAS in writing that it is waiving its right to convene a meeting. If a Committee does not meet within the 30 days, the agreement shall be deemed to be approved by that Committee. The Attorney General (AG) must approve the purchase and sale agreement. The

## PROPERTY CONTROL MANUAL

buyer conducts any due diligence, etc. and then the property closes (transfers) pursuant to the fully approved purchase and sale agreement.

Note: If DAS does not submit a purchase and sale agreement to SPRB within 1 year from the date of the original notice or if SPRB fails to approve a proposed agreement within 2 years from the date of the original notice, DAS must issue a re-notice to the municipality and its legislative delegation.

### **Disposal of Surplus Property**

(excluding vehicles unless approved by the DAS Surplus Administration)

Instructions on using the system, links, forms, and Frequently Asked Questions (FAQs) are on the [DAS website](#).

Agencies should have an internal process to request the surplus/disposal of items. Agencies may use form [DPS-38 Disposal of Surplus Property Form](#) and/or [DPS-38A Disposal of Seized Property Form](#) for those internal requests.

Each agency will enter their surplus items into the DAS Surplus System with descriptions and conditions listed as thoroughly and accurately as possible (See [State Surplus Property Auctions for State Agencies to Sell](#) for details). Computers, laptops, servers, and hard drives must have a [Surplus/Reallocation form](#) completed and attached to each auction. Upon final disposition this form must be completed and attached to the Closed auction notes section.

The item is posted on the DAS Surplus System and will be available for other agencies to claim for 8 calendar days **unless otherwise approved by the DAS Surplus Administration**. For the last 4 calendar days of this period, municipalities will also be able to purchase surplus property. Once an item has been claimed or purchased, it becomes the claiming/purchasing agency's responsibility to pick up the item from the holding agency ([detailed instructions](#)). Unless granted an exception by the DAS Surplus Administration, agencies are responsible for making the item(s) accessible to the buyer, which includes, but is not limited to, disconnecting all utilities.

If the item is not claimed during the initial 8 days, it is now available for the public to bid on for up to 4 days, **unless otherwise approved by the DAS Surplus Administration**. Exception: computers, laptops, tablets, cell phones, CRT monitors are not made available to the public.

If an item goes through the Public Auction and no one bids on it, the DAS Surplus Administration staff may relist the auction to make it available to registered Non-Profit users. Non-Profits now have up to 4 days to claim these items, **unless otherwise approved by the DAS Surplus Administration**. If the auction closes with no claim, the DAS Surplus Administration will determine the next step. The agency will be notified via e-mail.

Items remain on agency inventory record until final disposition has been reached (a buyer picks up and all paperwork has been processed; reallocation occurs, and a CO-64 has been processed; etc.). State agencies shall affix the system generated auction number to the corresponding inventory items when retiring in Core-CT.

**Notation:** Computers, Laptops, Servers, Tablets, Cell Phones, Hard Drives

Per the National Institute of Standards and Technology Guidelines for Media Sanitization, "An organization may choose to dispose of media by charitable donation, internal or external transfer, or by recycling it in accordance with applicable laws and regulations if the media is obsolete or no longer usable. It is important that the organization ensure that no easily re-constructible residual representation of

## PROPERTY CONTROL MANUAL

the data is stored on the media after it has left the control of the organization or is no longer going to be protected at the confidentiality categorization of the data stored on the media." Each agency must have a **data destruction protocol** that adheres to these standards and to [OPM's Policy on Disposal of Digital Media](#).

### **Disposal of Surplus Software**

When it is determined that software is no longer needed by an agency, the software will be listed on the DAS Surplus System and after approval be removed from the inventory as follows.

1. Authorized personnel will make the final determination on disposal and will provide a procedure to remove any licensed copies of that software from the corresponding hardware. All disposal of software must conform to the software publisher's or manufacturer's license agreements or copyright agreements.
2. The software media and associated documentation will then be removed from the agency software inventory and library.
3. It is the agency's responsibility to remove all software from a computer's CPU before the equipment is listed with the DAS Surplus Administration.

Items remain on agency inventory record until final disposition has been reached.

### **Disposal of Items Deemed Scrap**

Property shall not be abandoned or destroyed by a state agency unless deemed by the DAS Surplus Administration to have no commercial value, or the estimated cost of its continued care and handling would exceed any potential income from its sale. Once the DAS Surplus Administration has authorized the scrapping of material, the holding agency will assume all responsibility, including cost, for disposing of items deemed "scrap". The holding agency retains ownership (cannot remove it from their inventory) until the scrapping transaction is complete. Items remain on agency inventory record until final disposition has been reached. State agencies shall affix the system generated auction number to the corresponding inventory items when retiring in Core-CT.

Any item which has been designated to be "scrapped" may not be given away to any State employee or any individual; however, under certain circumstances, an interested and qualified non-profit organization may be eligible to receive "scrapped" property subject to the approval and authorization of the DAS Surplus Administration.

Upon request, the [DAS Surplus Administration](#) will provide guidance to State agencies in determining the best alternative for disposing of scrap items.

**Notation:** Computers, laptops, servers, hard drives, tablets, cell phones

Computers, laptops, servers, and hard drives must have [Scrap Request form](#) completed and attached to each auction.

**All** computers, laptops, servers, hard drives, tablets, cell phones deemed no longer usable must be recycled in an environmentally appropriate manner per Regulation of Connecticut State Agencies Sec. 22a-449(c)-113. Check the [DAS contract portal](#) for the current state vendor.

Per the National Institute of Standards and Technology Guidelines for Media Sanitization, "An organization may choose to dispose of media by charitable donation, internal or external transfer, or by recycling it in accordance with applicable laws and regulations if the media is obsolete or no longer



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usable. It is important that the organization ensure that no easily re-constructible residual representation of the data is stored on the media after it has left the control of the organization or is no longer going to be protected at the confidentiality categorization of the data stored on the media." Each agency must have a **data destruction protocol** that adheres to these standards and to [OPM's Policy on Disposal of Digital Media](#).

### **Disposal of Surplus Vehicles**

**State agencies must comply with the following requirements for the disposal of state-owned vehicles:**

1. A *completed Sale Declaration Report Form (DPS-29)*, Electronic DPS-29 - Sale Declaration Report (needed to surplus vehicles) along with all **ownership documents** must accompany a surplus vehicle turned over to the DAS Surplus Administration.
2. Owning agencies are responsible for accurately reporting all vehicle defects or irregular conditions that have been identified by the agency.
3. Owning agencies are responsible for either delivering surplus vehicles to a site designated by the DAS Surplus Administration or arranging a pickup according to the DAS Surplus Manual procedure, On-line Surplus Vehicle Auction Instructions for State Agencies.
4. Items remain on agency inventory record until final disposition has been reached (vehicles listed on monthly Surplus Sales Deposit Summary).

### **Disposal of Firearm, Weapons, and Ammunition**

Any agencies with surplus firearms and/or ammunition should complete a DPS-293-C Surrendered Firearms Log Sheet located at <https://portal.ct.gov/DESPP/Division-of-Emergency-Service-and-Public-Protection/Forms>, a court order (if applicable) and a National Crime Information Center (NCIC) report for any firearms that are deemed surplus to their needs. Once this information has been compiled, contact the Special Licensing and Firearms Unit at the Department of Emergency Services and Public Protection (DESPP) at 860-685-8290 or DESPP.SLFU@ct.gov to arrange a drop off.

### **Disposal of Items Containing Hazardous Materials or Radioactivity**

Based on prior disposal approval from the DAS Surplus Administration, seek guidance from the [Department of Energy and Environmental Protection \(DEEP\)](#) relating to the disposal of pesticides, environmental hazards, health hazards or radioactive items. No material in these categories will be handled by the DAS Surplus Administration.

### **Trade-In of State Property**

In an effort to upgrade equipment, a state agency may explore the feasibility of exchanging like items through the process of trading-in (including vehicles), as opposed to transfer or sale, when it is in the best economical interest of the State as determined by the owning agency.

## PROPERTY CONTROL MANUAL

# Chapter 9 - ASSET MANAGEMENT/INVENTORY REPORTING

### Required Forms

The following forms are to be completed by all applicable State agencies:

1. [Asset Management/Inventory Report/GAAP Reporting Form CO-59](#)
2. [Summary of Motor Vehicle Report CO-648B](#), if applicable

### Required forms to be submitted annually:

1. **Asset Management/Inventory Report/GAAP Reporting Form, CO-59 (For additional instructions refer to Appendix D)**

The purpose of this form is to report all property owned by each State agency. The CO-59 specifies the classification of property by type for accounting purposes. Classifications reflect how property is reported on balance sheets.

Executive Branch agencies will generate information for assets by using the Core-CT Asset Management Module. Information on capitalized assets will be included on the CO-59.

Agencies will use the Asset Management queries to complete the CO-59 form. Those agencies using the Inventory Module to record the inventory transactions will use the Inventory queries to complete the CO-59 form. Other agencies with inventory will use an inventory system approved by the **Office of the State Comptroller's**.

If the values recorded on the CO-59 do not reconcile with Core-CT, the agency must provide a written explanation of the *discrepancy in an attachment*.

*The annual report of all capitalized real and personal property must be in the format prescribed by the Office of the State Comptroller. The report must be submitted by **October 1st** and must reflect the sum total of the physical inventory as of June 30th. The CO-59 form should be completed electronically through OSC's website [CO-59 » Office of the State Comptroller » State of Connecticut](#), and questions can be submitted to [osc.co-59@ct.gov](mailto:osc.co-59@ct.gov). The physical inventory must be completed by June 30th of each fiscal year. Agencies who utilize the CORE-CT Asset Management Module must conduct the physical inventory of assets using either a handheld scanner count or manual count.*

Asset Classifications listed on the CO-59 specify the asset by type for accounting purposes and how assets are reported on the balance sheet. These classifications on the CO-59 reflect the asset category used in the Core-CT Asset Module. An asset profile is assigned to every asset in the Core-CT Asset Module and should match the asset classification on the CO-59.

### **Capital Asset Expenditure STARS Reporting and EPM Report (Core-CT Agencies)**

CO-59 detail/summary information can be obtained directly from The Statewide Analytical Reporting System (STARS) Fixed Assets Overview Interactive Dashboard. Additionally, EPM reports may be used as a tool to assist state agencies in compiling the Annual Physical Inventory of all Real and Personal Property, CO-59. Instructions on how to use these tools can be found in **Appendix D - GAAP Reporting - CO-59 Instructions**.

2. **Summary Motor Vehicle Report, CO-648B**

This report must include all registered and unregistered vehicles owned by the State and in the custody of the agency as of June 30th. The Department of Administrative Services will report all Fleet vehicles. All other agencies will report agency-owned motor vehicles. The report must be submitted by **October 1st** and must reflect the sum total of the physical inventory as of June 30th. **Submit to: Office of the**



# PROPERTY CONTROL MANUAL

State Comptroller, Security and Asset Management, 165 Capitol Ave., Hartford, CT 06106 or [osc.assets@ct.gov](mailto:osc.assets@ct.gov).

Indicate the total number of motor vehicles owned by the agency for each category of vehicle (Aircraft, Ambulance, Boats, Buses, Camper, Cushman Vehicle, Forklift, Tractor, Payloader, Grader, Motorcycle, Bike, Passenger Car, Snowmobile, Trailer, Train Cars, Truck, Jeep, Van, Watercrafts, and Miscellaneous)

## Capital Assets

There are three major asset categories utilized by the State and the individual state agencies for financial reporting. Proper accounting for assets requires the **capitalization** of appropriate expenditures for each of the following major asset categories:

**1. Real Property** (includes land, buildings, easements, site improvements and improvements on leased property).

**2. GAAP Group Personal Property** is property that meets the capitalization threshold (includes equipment, Leased Equipment, Software Subscriptions (Capitalized SBITA), Software Perpetual (Capitalized), Software Perpetual (non-Capital), other intangible assets, etc.).

**3. Personal Property** is property that meets the capitalization threshold (includes Fine Art, Inventory - Materials and Goods in Process, Inventory-Stores & Supplies, Other Property, etc.).

## TOTAL REAL PROPERTY

- **LAND** - In addition to listing the associated values in columns 2 through 5, in the first column list the total Acres of land the agency owns.
- **LEASED LAND** - In addition to listing the associated values in columns 2 through 5, in the first column list the total Acres of land the agency leases.
- **SITE IMPROVEMENTS** - Site improvements are real estate improvements that are not classified as buildings. Examples are parking lots, signage, sewer, water, or electrical improvements.
- **BUILDINGS** - In addition to listing the associated values in columns 2 through 5, in the first column list the total number of buildings that the agency owns.
- **LEASED BUILDINGS** - In addition to listing the associated values in columns 2 through 5, in the first column list the total number of buildings that the agency owns.
- **LEASED PROPERTY IMPROVEMENTS** - Leased property improvements are real estate improvements that are not classified as buildings. Examples are parking lots, signage, sewer, water, or electrical improvements.
- **CONSTRUCTION IN PROGRESS** - Construction in Progress are buildings which have begun to have value assigned during the construction process, but are not yet able to be occupied. Once a certificate of occupancy is acquired this value will move to the building section. See Chapter 2 for more information.
- **EASEMENTS** - Easements are intangible rights to others' property. This is usually in the form of right of way permissions, or agricultural land use restrictions.

## GAPP PERSONAL PROPERTY

- **EQUIPMENT** - All Capitalized Equipment owned by the agency.
- **LEASED EQUIPMENT** - All Leased Equipment subject to GASB 87 and the Capitalization threshold.
- **SOFTWARE SUBSCRIPTIONS** - Capitalized SBITAs as described in GASB 96.
- **SOFTWARE PERPETUAL (CAPITALIZED)** - All Capitalized software licenses owned by the state. These are perpetual licenses not subject to GASB 96.
- **OTHER INTANGIBLE ASSETS** - Other Intangible assets with a value above the capitalization threshold. This can be intellectual property, marketing assets or other intangibles such as those governed by GASB 94.

## PROPERTY CONTROL MANUAL

### **TOTAL PERSONAL PROPERTY**

- **FINE ART** - The total cost of all assets designated as "Work of Art" under CGS 10-402 except it shall not include (A) commissioned work prepared under contract for trade or advertising usage, provided the artist, prior to creating the work, has signed an agreement stating that said work shall be a commissioned work which may be altered without consent, and (B) work prepared by an employee within the scope of such employee's employment duties.
- **INVENTORY** - Material and Goods in Progress and/or Stores and Supplies. Any assets for consumption in an agency's operations but maintained in ready quantities on site where the collective value of the items maintained exceeds the Capitalization Threshold.
- **OTHER PROPERTY** - Property in the administrative custody of the state on behalf of its owners, such as the personal property of patients and inmates or equipment owned by Student, Patient or Inmate Activity Funds. These items remain a fiscal obligation of the state until such time as they are returned to the full custody of their proper owners.

## PROPERTY CONTROL MANUAL

### Appendix A - GLOSSARY OF TERMS

**Acquisition:** To come into possession of property through purchasing, as a gift, by foreclosure or process of eminent domain, escheatment, construction, or transfer.

**Acquisition Date:** The date that an asset was received by an agency.

**Agency:** Any political subdivision of the government of the State including, but not limited to, any executive office, department, division, bureau, board, commission or committee therein.

**Asset:** Anything that has current or future economic value to the state. Anything which could be used to satisfy liabilities against the state.

**Asset Tag:** The physical marking of property and/or in some cases its container. To provide the means by which ownership can be ascertained.

**Building:** Any structure subject to approval or inspection by the State Building Inspector and State Fire Marshal as prescribed by Chapter 541 of the Connecticut General Statutes; or, any real estate improvement determined to be a building by written judgement of the State Building Inspector.

**Cannibalization:** The intentional removal of components from one asset to facilitate the repair of another asset, or to sell or salvage the component to gain additional value beyond that of the original asset's sale/salvage value.

**Capital Asset:** An Asset that has a useful life of 12 months or more; and which has a value above the capitalization threshold.

**Capital Lease:** A contracted lease, lasting longer than 12 months, with a value of lease payments that exceeds the Capitalization Threshold. The initial recording value of a lease is the value of the contracted lease payments.

**Capital Threshold:** Dollar value at which a government elects to capitalize tangible or intangible assets.

**Controllable Property:** Controllable property is tangible property with a unit value less than the capitalization threshold and an expected useful life of more than 12 months. What type of assets an agency will designate as controllable are determined through agency policy set by the agency head. However, at a minimum it should include:

1. Items prone to theft or loss; and
2. Items which are sensitive in nature (contain HIPAA, FERPA, PII or confidential information); and
3. Weapons.

**Copyright:** The rights granted to the owner of intellectual property by the Copyright Act.

**Cost:** The value necessary to acquire or replace something.

**Depreciation:** The method of allocating the cost of a fixed asset over its estimated useful life. The state standard is straight-line monthly depreciation.

**Easement:** An agreement between the owner of real property and another party for the right to use the real property for a specified purpose and time period.

**Electronic Signature:** A signature applied to a document in a manner consistent with electronic commerce. The state currently accepts electronic signatures that comply with the standards used by AdobeSign and DocuSign for ensuring the authenticity of a signors identity.

**Equipment:** A non-financial, tangible asset that is not Real Property to be used across multiple periods.

**Fair Market Value:** The estimated value at which an asset might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, and acting in their own economic best interest.

**Fixed Assets:** Assets with a useful life greater than one year. Fixed assets is the combination of two major asset categories, Real Property and Personal Property.

**Historical Cost:** Original cost of an asset as distinct from the replacement cost. This would be the total cost of an asset when acquired, including ancillary asset cost.

**Improvement:** An addition, alteration or structured change to an asset that results in greater durability or extended useful life or to comply with current code or regulations.

**Intangible Asset:** An intangible asset is an asset that possesses all of the following characteristics, lack of physical substance, nonfinancial nature, and initial useful life extending beyond a single reporting period.

## PROPERTY CONTROL MANUAL

**Internally Generated Software:** Software that is created or produced by the government, or an entity contracted by the government, to which the State holds all rights and licenses. The copyright and use of the software is entirely owned by the state and no other entity.

**Inventory:** A list of assets belonging to an organization. Inventory can also be used to describe the items included on that list, especially when describing consumable items used in agency operations.

**Land:** Ground, earth/soil and the water and resources thereon, for which the State has title.

**Lease:** An agreement to use land or equipment where asset ownership is not transferred to the lessee. Leases should be recorded in compliance with their governing GASB pronouncement, ex GASB 87 or GASB 96. Maintain sufficient detail to identify property and location including value. The value of a lease is generally the value of the obligated term of the lease agreement.

**Maintenance:** Day-to-day, routine, normally recurring repairs or activities that keep an asset in its existing state and help to prevent failure or decline. Maintenance activities keep an asset in good working condition throughout its estimated useful life.

**Personal Property:** All property or rights therein, other than that determined to be real property.

**Physical Inventory:** The process of preparing an itemized list recording land, buildings, equipment and other tangible property having an identity which remains constant. This process allows for accountability and results in an asset listing for the purpose of asset management.

**Procurement:** To acquire or make available. The function responsible to buy or make available material or equipment.

**Radioactive Material:** Objects that are subject to spontaneously emitting alpha, beta, or other electromagnetic waves harmful to humans. Any material designated as a radioactive material by the US Nuclear Regulatory Commission.

**Real Property:** Land and rights therein, ground improvements, utility distribution systems, buildings and structures. It includes foundations and other work necessary for the installation of special equipment.

**Receiving:** The function or act of reviewing and accepting property into one's accountability or possession.

**Repair:** Work required to return a fixed asset to a condition that it may continue to be effectively used for its intended purpose by overhaul or replacement of parts or materials which have deteriorated due to weather or wear and tear. Routine repair and maintenance, including replacements and renovation costs that are incurred to maintain the asset in its operating condition and that do not increase the asset's economic benefits over those originally intended are not to be included and are expensed.

**Scrap:** Property that has no reasonable prospect of being sold except for the recovery value of its basic material content.

**Site Improvement:** Site improvements include all improvements not specifically identifiable to an individual building except non-depreciable improvements to land parcels such as grading or filling expenditures. Included within this category are agency - maintained surface gutters, parking lots, lights and similar assets which, while not identifiable to any particular structure, nevertheless have a quantifiable value to the agency.

**Software:** Programs, written in a language for use on computers or other electronic devices to process information or cause equipment to operate in a manner intended by the software developer.

**Stolen:** A categorization applied to items which are discovered to have been taken or removed from its designated location without proper authorization. Items with this designation require special documentation and reporting.

**Surplus Property:** Any property owned by the State that an agency no longer needs to support its operations. This includes property that the agency has not formally declared as surplus.

**Useful Life:** The life reasonably expected of new property based on average experiences, allowing for normal wear and tear, anticipated functional and economic obsolescence, and hazards. Useful life expectancies are derived from mortality data and study of specific properties under actual operating conditions.

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### Appendix B - FORMS AND COMPLETION INSTRUCTIONS

#### TITLE & INSTRUCTIONS

DAS Vehicle Incident/Accident Report

Property Transfer Within Agency (Revised 01/2024)

Asset Management/Inventory Report/GAAP Reporting (Revised 7/2023)

Property Transfer Between Agencies (Revised 01/2024)

Motor Vehicle Report Summary (Revised 03/2024)

Report of Adjustments to Real and Personal Property (Other Than Motor Vehicles)

Record of Property On Loan Form (Revised 3/2024)

Sale Declaration Report - Motor Vehicle

Surrendered Firearms Log Sheet

#### FORM NUMBER

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[CO-58](#)

[CO-59](#)

[CO-64](#)

[CO-648B](#)

[CO-853](#)

[CO-1079](#)

[DPS-29](#)

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#### ADDITIONAL LINKS

[DAS Accident Report Instructions](#)

[General Letter No.15](#) for informational and educational purposes

[State Surplus Vehicles - State Agency Procedures to Surplus](#)

[Surrendered Firearms Log Sheet](#)

## PROPERTY CONTROL MANUAL

### Appendix C - STATUTORY REFERENCES AND US CODE

#### CHAPTER 1 PROPERTY CONTROL SYSTEMS

[Chapter 47 - State Property and Funds \(ct.gov\)](#)

**Sec. 4-32. State Revenue Accounting**

[Chapter 47 - State Property and Funds \(ct.gov\)](#)

**Sec. 4-33a. Illegal, irregular or unsafe handling of state or quasi-public agency funds**

[Chapter 47 - State Property and Funds \(ct.gov\)](#)

**Sec. 4-36. Inventory and list of state property.**

#### CHAPTER 2 ACQUISITIONS OF PROPERTY

[Chapter 58 - Purchases and Printing \(ct.gov\)](#)

**Sec. 4a-52. (Formerly Sec. 4-111). Regulations.**

[Chapter 184b - Department of Economic and Community Development: Culture and Tourism \(ct.gov\)](#)

**Sec. 10-402. State art collection.**

[Chapter 188 - State Library \(ct.gov\)](#)

**Sec. 11-8. Records management program. Public Records Administrator.**

[Chapter 188 - State Library \(ct.gov\)](#)

**Sec. 11-8a. Retention, destruction and transfer of documents. Centralized microcopying services.**

#### CHAPTER 3 ASSET MANAGEMENT SYSTEM ACCOUNTING STANDARDS

[Chapter 57 - Department of Administrative Services \(ct.gov\)](#)

**Sec. 4a-9. Capital Equipment Purchase Fund**

[Chapter 60 - Construction and Alterations of State Buildings](#)

**Sec. 4b-53. (Formerly Sec. 4-131a). Allocation of bond proceeds for art work in construction or remodeling of state buildings. State building works of art account. Maintenance account. Regulations.**

[Chapter 409a - Fine Art Secured Lenders \(ct.gov\)](#)

**Sec. 21-47n. "Fine art" defined. License required.**

#### CHAPTER 4 - PHYSICAL INVENTORY

[Chapter 57 - Department of Administrative Services \(ct.gov\)](#)

**Sec. 4a-4. (Formerly Sec. 4-23j). Control of state property and equipment.**

[Chapter 47 - State Property and Funds \(ct.gov\)](#)

**Sec. 4-33a. Illegal, irregular or unsafe handling of state or quasi-public agency funds**

[Sec. 53a-119. Larceny defined.](#)

**Sec 53a-119(6)**

[Sec. 53a-122. Larceny in the first degree: Class B felony.](#)

**Sec. 53a-122**

[Sec. 53a-123. Larceny in the second degree: Class C felony.](#)

**Sec. 53a-123**

#### CHAPTER 5 - SOFTWARE LIBRARY

[Copyright Law of the United States | U.S. Copyright Office](#)

**Copyright Act, United States (U.S.) Code - Title 17**

# PROPERTY CONTROL MANUAL

[Chapter 949g - Computer Crimes \(ct.gov\)](#)

**Sec. 53-451(b)(6) Computer crimes.**

## CHAPTER 6 - ADJUSTMENTS AND INSURANCE RECOVERIES TO REAL AND PERSONAL PROPERTY

[Chapter 57a - State Insurance and Risk Management Board \(ct.gov\)](#)

**Sec. 4a-20. (Formerly Sec. 4-37b). Duties.**

## CHAPTER 7 - ADJUSTMENTS TO REAL AND PERSONAL PROPERTY

[Chapter 60 - Construction and Alterations of State Buildings](#)

**Sec. 4b-53. (Formerly Sec. 4-131a). Allocation of bond proceeds for art work in construction or remodeling of state buildings. State building works of art account. Maintenance account. Regulations.**

[Chapter 529 - Division of State Police \(ct.gov\)](#)

**Sec. 29-37i. (Formerly Sec. 29-37c). Responsibilities re storage of firearms.**

[Chapter 959 - Court Jurisdiction and Power](#)

**Sec. 54-36e. Firearms and ammunition to be turned over to state police. Sale at public auction.**

## CHAPTER 8 - DISPOSITION OF SURPLUS PROPERTY

[Chapter 57 - Department of Administrative Services \(ct.gov\)](#)

**Sec. 4a-4. (Formerly Sec. 4-23j). Control of state property and equipment.**

[Chapter 58 - Purchases and Printing \(ct.gov\)](#)

**Sec. 4a-52(6) (Formerly Sec. 4-111). Regulations.**

[Chapter 58 - Purchases and Printing \(ct.gov\)](#)

**Sec. 4a-57a. Distribution of surplus state property. Lease of property to municipalities.**

## CHAPTER 9 - ASSET MANAGEMENT/INVENTORY REPORTING

[Chapter 50 - Office of Policy and Management: General Provisions; Budget and Appropriations; State Planning \(ct.gov\)](#)

**Sec. 4-67f. State agency projects to reduce costs and increase efficiencies. Employee awards. Innovations review panel. Savings realized.**

## PROPERTY CONTROL MANUAL

### Appendix D - GAAP Reporting - CO-59 Instructions

#### GAAP Inventory Reporting Form

##### Asset Management/Inventory Report/GAAP Reporting Form, CO-59

The purpose of this form is to report all property owned by each State agency. The CO-59 specifies the classification of property by type for accounting purposes. Classifications reflect how property is reported on balance sheets. The CO-59 Asset Management/Inventory Report/GAAP Reporting Form can be found on the Comptroller's website under forms [Office of the State Comptroller - Forms](#).

Executive Branch agencies will generate information for assets by using the Core-CT Asset Management Module. Information on capitalized assets will be included on the CO-59.

Agencies will use the Asset Management queries to complete the CO-59 form. Those agencies using the Inventory Module to record the inventory transactions will use the Inventory queries to complete the CO-59 form. Other agencies with inventory will use an inventory system approved by the **Office of the State Comptroller's, Security and Asset Management**.

If the values recorded on the CO-59 do not reconcile with Core-CT, the agency must provide a written explanation of the *discrepancy in an attachment*.

*The annual report of all capitalized real and personal property must be in the format prescribed by the Office of the State Comptroller. The report must be submitted by **October 1st** and must reflect the sum total of the physical inventory as of June 30th. The CO-59 form should be completed electronically through OSC's website [CO-59 » Office of the State Comptroller » State of Connecticut](#), and questions can be submitted to [osc.co-59@ct.gov](mailto:osc.co-59@ct.gov). The physical inventory must be completed by June 30th of each fiscal year. *The Executive Branch agencies must conduct the physical inventory of assets in the Core-CT Asset Management Module by using either a handheld scanner count or manual count.**

##### **Required Queries (Core-CT Users Only):**

The Core-CT System uses four (4) queries to retrieve the information for the CO-59 form. There is a web-based learning assistant document with a tutorial on running the queries. All agencies using the Core-CT Inventory Module will need to report on their stores and supplies inventory and material and goods, if applicable.

The following queries are to be used by agencies using the Core-CT System. Agencies not using the Core-CT System will continue to report their assets on the CO-59 using their asset management module and inventory module.

- **CT\_CORE\_FIN\_AM\_COST\_NEG**  
Select this query to calculate the negative cost of assets for a range of accounting dates for the CO-59 report to the Office of the State Comptroller. This report is displayed by business unit and category. This query is for agencies using the Core-CT Asset Module.
- **CT\_CORE\_FIN\_AM\_CO59\_NEG\_DETAIL**  
Select this query for detail information to support the above query.
- **CT\_CORE\_FIN\_AM\_COST\_POS**  
Select this query to calculate the positive cost of assets for a range of accounting dates for the CO-59 report to the Office of the State Comptroller. This report is displayed by business unit and category. This query is for agencies using the Core-CT Asset Module.



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- **CT\_CORE\_FIN\_AM\_CO59\_POS\_DETAIL**

Select this query for detail information to support the above query.

- **CT\_CORE\_FIN\_IN\_CO\_59\_RCV**

Select this query to calculate the receptions or items in inventory for a range of transaction dates for the CO-59 report to the Office of the State Comptroller. This report is displayed by business unit. You can also use this query to get results by transaction group and business unit. This query is only for agencies using the Core-CT Inventory Module.

- **CT\_CORE\_FIN\_IN\_CO\_59\_DEP**

Select this query to calculate the depletions of items in inventory for a range of transaction dates for the CO-59 report to the Office of the State Comptroller. This report is displayed by business unit. You can also use this query to get results by transaction group and business unit. This query is only for agencies using the Core-CT Inventory Module.

### **Only For OSC Use**

#### **CT\_CORE\_FIN\_AM\_DEPR\_NEG**

Select this query to calculate the negative depreciation of assets for a specific fiscal year for the CO-59 report to the Office of the State Comptroller. This Report is displayed by business unit and category.

#### **CT\_CORE\_FIN\_DEPR\_POS**

Select this query to calculate the positive depreciation of assets for a specific fiscal year form CO-59 report to the Office of the State Comptroller. This report is displayed by business unit and category.

### **CORE-CT > STARS > Dashboards > Fixed Assets**

Agencies can review the asset totals in CORE through STARS in Core. The totals in Core should match the totals listed on the CO-59 form.

### **CO-59 Completion Instructions:**

**Agency Name and Address** - Complete Your Agency's Name and Address

**Agency Acronym** - 3 Letter Agency Acronym

**Date of Fiscal Year** - 06/30/20XX

**Date of Physical Inventory** - Date the last physical inventory was taken.

### **Column 1 - Asset Classification**

Asset Classifications listed on the CO-59 specify the asset by type for accounting purposes and how assets are reported on the balance sheet.

For agencies using the Core-CT Asset Module, the classification on the CO-59 reflects the asset category used in the Core-CT Asset Module. An asset profile is assigned to every asset in the Core-CT Asset Module, and matches the asset classification on the CO-59.

### **TOTAL REAL PROPERTY**

- **LAND** - In addition to listing the associated values in columns 2 through 5, in the first column list the total Acres of land the agency owns.
- **LEASED LAND** - In addition to listing the associated values in columns 2 through 5, in the first column list the total Acres of land the agency leases.
- **SITE IMPROVEMENTS** - Site improvements are real estate improvements that are not classified as buildings. Examples are parking lots, signage, sewer, water, or electrical improvements.
- **BUILDINGS** - In addition to listing the associated values in columns 2 through 5, in the first column list the total number of buildings that the agency owns.

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- **LEASED BUILDINGS** - In addition to listing the associated values in columns 2 through 5, in the first column list the total number of buildings that the agency owns.
- **LEASED PROPERTY IMPROVEMENTS** - Leased property improvements are real estate improvements that are not classified as buildings. Examples are parking lots, signage, sewer, water, or electrical improvements.
- **CONSTRUCTION IN PROGRESS** - Construction in Progress are buildings which have begun to have value assigned during the construction process, but are not yet able to be occupied. Once a certificate of occupancy is acquired this value will move to the building section. See Chapter 2 for more information.
- **EASEMENTS** - Easements are intangible rights to others' property. This is usually in the form of right of way permissions, or agricultural land use restrictions.

### GAPP PERSONAL PROPERTY

- **EQUIPMENT** - All Capitalized Equipment owned by the agency.
- **LEASED EQUIPMENT** - All Leased Equipment subject to GASB 87 and the Capitalization threshold.
- **SOFTWARE SUBSCRIPTIONS** - Capitalized SBITAs as described in GASB 96.
- **SOFTWARE PERPETUAL (CAPITALIZED)** - All Capitalized software licenses owned by the state. These are perpetual licenses not subject to GASB 96.
- **OTHER INTANGIBLE ASSETS** - Other Intangible assets with a value above the capitalization threshold. This can be intellectual property, marketing assets or other intangibles such as those governed by GASB 94.

### TOTAL PERSONAL PROPERTY

- **FINE ART** - The total cost of all assets designated as "Work of Art" under CGS 10-402 except it shall not include (A) commissioned work prepared under contract for trade or advertising usage, provided the artist, prior to creating the work, has signed an agreement stating that said work shall be a commissioned work which may be altered without consent, and (B) work prepared by an employee within the scope of such employee's employment duties.
- **INVENTORY** - Material and Goods in Progress and/or Stores and Supplies. Any assets for consumption in an agency's operations but maintained in ready quantities on site where the collective value of the items maintained exceeds the Capitalization Threshold.
- **OTHER PROPERTY** - Property in the administrative custody of the state on behalf of its owners, such as the personal property of patients and inmates or equipment owned by Student, Patient or Inmate Activity Funds. These items remain a fiscal obligation of the state until such time as they are returned to the full custody of their proper owners.

#### **Column 2 - Last Year's Balance 06/30/XX**

This should be the same as the ending cost balances from the previous year's CO-59.

#### **Column 3 - Additions**

Additions are all property added for the year at the property's cost or fair market value depending upon the method of acquisition (estimated value if necessary). Additions should include transfers from the State and Federal Property Distribution Center during the fiscal year. They should also include purchases of new as well as used assets, all donated assets and assets acquired through capital leases. Refer to the appropriate section of the manual on acquisitions.

#### **Column 4 - Deletions**

Deletions are all property deletions for the year at the property's original cost or fair market value depending upon the method of acquisition (estimated value if necessary). Deletions should include retired property that was scrapped, lost or transferred to the State and Federal Property Distribution Center during the fiscal year as well as the types of deletions listed below:

#### **Corrections**

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Often, changes are made to an existing record. Usually, these changes are corrections to the original recording. Changes would include, but not necessarily be limited to, the following:

1. Error in prior classification of an asset
2. Item disposed of and property record previously not deleted.
3. Correction of cost
4. Price adjustment

### **Erasures**

The deletion of an item, which previously was recorded and should not have been recorded as an asset, is considered an erasure. Erasures are used when an error indicated that an item was recorded in a prior year as an addition, but should not have been capitalized. By making the item an erasure, the item can be removed completely from the master file just as if it had never been recorded in the first place. Therefore, the item will not be reported subsequently on a disposal listing.

### **Lost/Missing/Unaccountable Equipment**

Equipment that is deemed "lost, missing or unaccountable" when the physical inventory is taken must be accounted for. Instructions for reporting a loss are prescribed in Chapter 8 of this manual. The equipment is then considered a "**deletion**" from the inventory until such time as it may be recovered. The item can then be added back to the inventory as an "**addition**".

### **Column 5 - Current Balance 06/30/XX**

Add columns 2 and 3. Subtract column 4. This is your current balance for column 5.

### **Column 6 - Present Value This Year**

Blocks in this columns that are shaded will remain as is. Blocks that have not been shaded should indicate the **present appraised value**. If no appraised value has been determined then the value should equal the "Current Balance 06/30/XX" column six (6).

### **Other Property**

The summary of the total from the agency's inventory report of items not owned by the State, such as personal property of patients and inmates or equipment owned by Student, Patient or Inmate Activity Funds.

### **Total Personal Property**

Add the vertical column entitled, "**GAAP Group Personal Property Sub-Total**" above, and the individual items below that sub-total for the summary total of personal property.

### **Grand Totals For Real And Personal Property**

Add The Vertical columns entitled, "**Total Real Property**" and "**Total Personal Property**" together for the "**Grand Total**."

**Prepared By** - Name of individual who prepared the report.

**Prepared By Signature** - Can be a hand written or electronic signature

**Email** - Preparer's email address

**Telephone Number** - Preparer's phone number.

**Date** - The date the report was prepared.

**Authorized Name and Title** - Name of either the Agency head or his/her designee.

**Authorized Signature** - Must be hand written or electronic signature

**Email** - Authorized email address

**Telephone Number** - Authorized phone number.

**Date** - The date the report was signed by the agency head or designee.