C O N N E C T I C U T   S T A T E   U N I V E R S I T Y   S Y S T E M

Capital Asset Valuation Manual

Board of Trustees - System Office
Hartford

Central Connecticut State University
New Britain

Eastern Connecticut State University
Willimantic

Southern Connecticut State University
New Haven

Western Connecticut State University
Danbury

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APPENDICIES

1. PURPOSE

The purpose of this manual is to provide the Connecticut State University System ("CSUS") Universities and System Office with the core policies and procedures necessary to establish adequate and appropriate physical and reporting controls pertaining to CSUS capital assets.

2. AUTHORITY

Authority for the development and utilization of this Manual may be found in the following sections of the Connecticut General Statutes and agency publications:

- Connecticut General Statutes Section 4-36: "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 value of one thousand dollars or more."

- Connecticut General Statutes Section 4-33a: "All boards of trustees of state institutions, state department heads, boards, commissions, (or) other state agencies responsible for state property and funds…shall promptly notify the Auditors of Public Accounts and the Comptroller of any unauthorized, illegal, irregular, or unsafe handling or expenditure of state…funds or breakdowns in the safekeeping of any other resources of the state…or contemplated action to do the same within their knowledge."

- Connecticut General Statutes Section 10a-150: "The boards of trustees of each of the constituent units of the state system of higher education are empowered to accept, on behalf of the state, any gifts of lands, money or other property donated to the institutions under their control. Said boards shall direct the application, distribution or disbursement of such lands, money or other donated property, or the income therefrom, for any purpose connected with said institutions under their respective control, consistent with the condition, if any, upon which the gift was created. . . . The Approval of the Commissioner of Public Works and the State Properties Review Board under section 4b-23 where acquisitions of real estate are involved shall be required. The Commissioner of Higher Education shall also be advised of any gift which is subject to the provisions of section 10a-150b."

- Office of the Comptroller 's Property Control Manual: The State Comptroller has issued a manual, revised June, 2006, which delineates State requirements and provides guidelines for the maintenance of a property control record system and compliance with State reporting requirements.

- OMB Circular A-21 "Cost Principles for Educational Institutions": The Office of Management and Budget OMB Circular A-21, as revised on May 10, 2004, establishes

- principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.

- OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Non-Profit Organizations": OMB A-110 establishes property and procurement standards. It sets forth uniform standards governing management and disposition of property whose cost was charged to a project supported by a federal award. It also establishes procedures for the procurement of supplies and other expendable property, equipment, real property and services with federal funds.

3. DEFINITIONS

Addition: The acquisition of a new asset or the modification of an existing asset that increases the useful life or the service potential of the existing asset. By definition, any addition to a capital asset with a value of $1,000 or more is capitalized because a new capital asset is created.

Appraised Value: The estimated value of an asset based on the expertise of a qualified independent appraiser. Land, non-structural improvements to land, buildings and equipment acquired by gift, and artwork are generally capitalized based upon an appraisal, which establishes the fair market value of the acquisition.

Asset Record: A record within the Capital Asset System which contains basic information pertaining to a capital asset.

Building: A facility intended for the permanent or temporary shelter of persons, animals, plants, or equipment.

Building Number: The number assigned to a building by the Department of Public Works and/or the Office of Policy and Management.

Building Record: Information contained in the Capital Asset System pertaining to the characteristics of the building, which supplements the general asset information. The building record contains the building number, name, location, construction type, status, and primary function.

Capital Asset: A capital asset is a financial resource meeting all of the following criteria:

(i) it is tangible in nature;

(ii) it has a useful life of more than one (1) year;

(iii) it is not a repair part or supply item; and

(iv) it has a purchase cost or appraised value greater than or equal to the $1,000 threshold established by the State of Connecticut.

Capital Asset System: The CSUS property management system, which is comprised of the Capital Asset Accounting System and the Capital Asset Management System. The Capital Asset Accounting System is a system of policies, procedures and methods of recording and reporting valuation/monetary amounts associated with capital asset transactions. The Capital Asset Management System is a system of methods, policies and procedures that address the acquisition, use, control, location, protection, maintenance and disposal of assets.

*Capitalization***:** Capitalization is the recording of a cost that benefits a future period as an asset rather than as an expense in the period in which it occurs (see Appendix 1).

Capitalized Assets: Assets which are acquired for use in operations, are long-term in nature, and possess physical substance. Capitalized assets may be purchased or constructed in-house. An asset must have a useful life greater than one (1) year and a cost of $1,000 or more to be capitalized. Included in the cost of the asset are the cost of modifications, attachments, and accessories to make the asset useful, freight, insurance, taxes (if applicable), and installation. Excepted from the $1,000 cost threshold are land and federally-purchased equipment transferred into CSUS from other institutions, which are capitalized regardless of cost.

*Construction in Progress***:** Incomplete construction of new buildings, renovations to existing buildings and non-structural improvements. This work is capitalized as Construction in Progress as of June 30 and reported on the University's financial statements. After the work is completed, the value of the work is added to the cost of the building or non-structural improvement. An acquisition date is recorded and depreciation is started.

Controllable Assets: Controllable assets are those assets:

(i) that have a unit value of less than $1,000;

(ii) that have an expected useful life of one (1) or more years; and/or

(iii) that, for good business reasons (such as the sensitive, portable or theft-prone nature of the asset), should be identified and controlled.

Depreciation: The accounting process of allocating the cost of capital assets to expense in a systematic and rational manner. Depreciation expense is allocated to those periods expected to benefit from the use of the asset. This is the asset's useful life. Land, library volumes, and artwork are not depreciated.

Equipment: Tangible, non-expendable personal property having an anticipated life of one (1) year or more and a unit acquisition cost of $1,000 or greater.

Historical Cost: The basis for valuing buildings, land, and non-structural improvements acquired through construction or purchase. Cash or the cash equivalent price of obtaining the asset measures historical cost. Historical cost includes not only the contract price but also such other related costs as taxes and other liens assumed, title search costs, legal fees, surveying, filing, grading, drainage and other costs of preparation for the use intended.

Improvements and Replacements: Substitution of one asset for another. An improvement is the substitution of a better asset for the one currently used. A replacement is the substitution of a similar asset.

Land: A measurable area of the earth's surface, whether improved or unimproved.

Non-Structural Improvements to Land: Improvements other than ordinary repairs, such as paving, fencing and lighting.

Plant Funds: Consist of unexpended plant, retirement of indebtedness, and investment in plant.

(i) Unexpended plant consists of the cash and expenses for construction, non-structural improvements, land purchases, and equipment.

(ii) Retirement of indebtedness consists of the reserve to pay off long-term debt and the interest expense on long-term debt.

(iii) Investment in plant consists of the long-term debt and the capital assets.

Repairs: Expenditures made to maintain capital assets in operating condition. Repairs are charged as an expense in the year in which they are paid, on the basis that that is the primary year benefited. Major repairs will be capitalized if it is determined through consultation that the expenditure will benefit more than one year.

Scanners: Electronic units that contain lasers capable of reading and downloading information contained in bar codes, which are utilized by CSUS to read Tag Numbers on Equipment during physical inventory counts.

Straight-Line Depreciation Method: A method of depreciation which considers time rather than usage and amortizes the cost of the asset, less its estimated salvage value, evenly over the estimated useful life of the asset. This method of depreciation is utilized by CSUS.

Tag Number: The number assigned by the Facilities/Inventory Control Unit to an item of capitalized equipment.

Type: The two-digit user code in the Capital Asset System that describes a category of assets with similar characteristics for grouping, reporting, and depreciation purposes. Broadly, the Types include land, buildings, structural and nonstructural improvements, and equipment. The Types are further defined in Section 11 of this Manual. The Type code also identifies the accounting subcodes to be utilized for all capital asset transactions fed into the accounting system.

Useful Life: An estimate of the total time that an asset is usable and in service

4. CAPITAL ASSET SYSTEM

All capital assets owned or lease-financed by CSUS, regardless of location, shall be entered into the Capital Asset System maintained by the System Office or by the University having ownership of that asset, as applicable. For those assets owned by, but not physically present at, the applicable University or the System Office, a designator to denote off-University/System Office use (for example "LOAN") will be entered into the location field of the Capital Asset System.

The information contained in the CSUS Banner Capital Asset System may be utilized for the following purposes: (i) establishing a basis for capital asset financial statement information; (ii) determining insurable values; (iii) control and accountability; and (iv) accounting for depreciation.

(i) *Establishing a Basis for Financial Statement Information*: GASB #35 requires all institutions of Higher Education to report depreciation as an operating expense in their financial statements effective June 30, 2002. The System's outside auditors will now certify the valuation and depreciation of its capital assets. CSUS must have the ability to meet the various requirements for correct and complete presentation of capital asset financial information.

(ii) *Determining Insurable Values*: Complete capital asset identification and valuation is a tool used to assist in preventing assets held by CSUS from being over or under-insured. In the event of a loss, information pertaining to property valuation, description, and location is necessary to ensure full recovery under applicable policies.

(iii) *Control and Accountability*: The CSUS Banner Capital Asset System will be used to maintain information relating to the location, status, and party responsible for the control of capital assets. The system will permit loss, theft, or damage to be identified by a comparison of the physical count on hand to the information found in the capital asset records.

(iv) *Accounting for Depreciation*: Depreciation of capital assets must be recorded to determine total expense charges to net capital assets. The amount of accumulated depreciation and the amount of depreciation expense must be maintained for financial reporting purposes.

5. CAPITAL ASSET CONTROL RESPONSIBILITIES

Responsibility for control of an asset and compliance with the requirements set forth in this manual rests with the head of the department or unit which has custody of the asset. In the case of a shared asset, this responsibility rests with the department or unit responsible for initiating the purchase of the asset. For example, the Information Systems Department may retain responsibility for the control of personal computers and laptops, although such assets are utilized by personnel in other University or System Office departments. Responsibilities of particular departments and/or personnel with regard to asset control are as follows:

- *Inventory Control Personnel* are generally responsible for handling the receipt and tagging of assets, maintaining inventory lists, processing paperwork associated with activities such as departmental and/ or university transfers (see Appendix 2) and surplus, and preparing the Capital Asset/Property Inventory Reports. Inventory control representatives make physical counts of all capital assets on an annual or cyclical basis, which counts confirm the existence, location, and quantity of capital assets and computer software.

- *The Accounting Department* has the responsibility to:

  (i) Record the "784xxx" account codes (meeting the required dollar threshold) in the appropriate asset account in the plant fund;

  (ii) Ensure that the "784xxx" account codes are complete and accurate and that repair and maintenance related expenditures are not capitalized;

  (iii) Review the repair and maintenance and other necessary accounts to ensure that there are no items that should have been capitalized;

  (iv) Maintain records relating to the acquisition of capital assets, depreciate capital assets, and report the acquisition and disposition of capital assets on the University or System financial statement;

  (iv) Reconcile the general ledger asset values to the capital asset equipment subsidiary ledgers; and

  (vi) Notify and/or discuss with other applicable departments any differences and actions needed to reconcile.

- *The Purchasing Department* is responsible for processing requests for purchase of assets. Purchase requests shall be approved by the budget authority on a purchase requisition form, manually or electronically in Banner, and submitted to the purchasing unit for the creation of a purchase order. The requisition should be completed with the necessary six-digit account code. Use of a “784xxx” account code shall inform the Purchasing Department that the requisition is for a capital expenditure. A purchase order (“PO”) must be prepared based on the requisition. The six-digit account code assigned will be the basis upon which the Accounting Department will capitalize the expenditures. The Purchasing Department should consult with Accounting and Inventory/Facilities personnel when there are questions about the proper 784xxx accounts to utilize or the coding of capital assets. The approved purchase order must be forwarded manually/electronically to the Accounts Payable Unit for payment of the vendor when the commodities are received or the services are performed.

A disbursement may be approved only if the department has sufficient funds available in its budget to support the requested expenditure. When there are insufficient budget funds to support a requested expenditure, a budget override must be obtained from the Finance Department staff member with authority to approve a budget override.

6. VALUATION OF CAPITAL ASSETS

Capital assets will be reported at historical cost or, if the cost is not practically determinable, at estimated cost. Donated capital assets will be recorded at their estimated fair market value at the time received. Cost is defined as the cash price, or its equivalent, plus all other costs necessary to place the asset in its intended location and condition for use. Cost includes purchase price plus ancillary charges such as installation, freight, transportation, site preparation, professional fees, and costs associated with legal claims directly attributed to the asset acquisition and any applicable taxes. Documentation of cost will include vendor invoices, canceled checks, copies of checks, expenditure journals and vouchers, transfer invoices, purchase orders, real estate closing documents, construction contracts, assessor's records, legislative minutes, certificates of title, price lists, insurance valuations, appropriation documents, and inventory cards

A. Estimated Cost: Unavailability of records may necessitate the estimation of cost. However, estimates must have a reasonable, authoritative basis. All CSUS Universities and the System Office must maintain, as part of their capital asset records, information identifying those assets for which cost has been estimated and the method of estimation utilized, since this information must be disclosed in the notes to the financial statements prepared using GAAP. There are both direct and indirect costing methods to estimate the cost of capital assets.

(i) *Direct Costing*: Direct costing is based on sources such as contracts, invoices, canceled checks and/or other transaction documents generated at the time of acquisition or construction.

(ii) *Indirect Costing*: There are two methods of indirect costing, standard costing and normal costing:

(a) Standard costing method: The standard costing method uses an average of original costs of similar assets that were approved and installed at the time the asset in question was acquired. Information regarding the cost of similar assets may be obtained from catalogues, price lists, consultants or trade publications.

(b) Normal costing method: The normal costing method first determines the cost to reproduce the asset at current prices, then indexes the reproduction cost back to the acquisition date using published indices.

Example of calculation of estimated cost: Assume that the City of New Britain provides the following information regarding a parcel of property at CCSU:

Year of acquisition: 1980
Taxable value in 2001: \$50,000 land / \$200,000 building
Taxable value is forty percent (40%) of the appraised value.

Historical cost is estimated to be sixty percent (60%) of the appraised value. For reporting purposes, estimated cost is calculated as follows:

Land: (\$50,000/.40)*.60=\$75,000
Building: (\$200,000/.40)*.60=\$300,000.

B. Cost of Land and Buildings:

(1) *Cost of Land*: Historical cost is the usual basis for valuing land. Historical cost is measured by the cash or cash equivalent price of obtaining the asset. Any related costs incurred following acquisition are added to the historical cost if those costs provide future service potential. (Costs that do not provide future service potential are expensed immediately.) Land is capitalized, but not depreciated. It is recorded at historical cost and remains at that cost until disposed. Items included as part of historical cost for land are:

(a) Purchase price;

(b) Legal and title fees;

(c) Appraisal fees;

(d) Site preparation;

(e) Costs of demolition of existing buildings;

(f) Liens, taxes or other liabilities assumed;

(g) Permanent improvements, such as landscaping; and

(h) Grading, filling, leveling, draining and clearing.

When land has been purchased for the purpose of constructing a building, all costs incurred up to the time of excavation for the new building are considered land costs. These costs, such as costs associated with the demolition of existing buildings, clearing, grading and filling, are considered land costs because they are incurred in order to prepare the land for its intended purpose. Any proceeds received from the process of preparing the land for its intended use, such as salvage receipts on the demolition of an old building or the sale of cleared timber, are treated as deductions from the price of the land.

Land acquired by gift is generally capitalized based upon an appraisal of its fair market value, which is either provided by the donor or obtained by CSUS. The appraisal amount will become the historical cost of the asset. Additional expenses incurred in connection with the acquisition are considered part of the total cost of the land.

Gain or loss on the sale of land is reported as a special item on the statement of revenues, expenses and changes in net assets.

(2) *Cost of Buildings*: The cost of a building is either its acquisition or construction cost. Related costs incurred following acquisition of a building are added to the building's cost if they provide future service potential. The cost of new construction should be carefully evaluated and should include all expenditures related directly to the construction. Building costs include the following:

(a) Purchase price;

(b) Direct material, direct labor, and overhead costs incurred during construction;

(c) Fees, including attorneys' and architects' fees and building permit fees;

(d) Interest charges incurred during construction; and

(e) Excavation costs.

C. <u>Cost of Equipment and Machinery</u>: The cost of equipment and machinery includes all expenditures incurred in acquiring the equipment or machinery and preparing it for use, plus the market value of any trade-ins or exchanges. Items that are included in the cost of equipment and machinery are:

(a) Purchase price;

(b) Freight and handling charges;

(c) Insurance while in the onset if FOB shipping point; and

(d) Assembling and installation costs.

7. SPECIAL COST CONSIDERATIONS

Special cost considerations occur when dealing with group purchases, trade-ins, gifts, vehicles, cash discounts, and additions to assets.

A. Group Purchases: If several dissimilar items are purchased for a lump sum, the costs should be allocated to each item as a percentage of that item's fair market value to fair market value of the totality of the items purchased.

When the University or System Office makes an initial purchase of several related capital asset items and the purchase order and invoice show one cost amount, the item(s) must be capitalized if the dollar cost and time thresholds are met. However, where a purchase order or invoice clearly itemizes the costs by item, only the items meeting the capitalization dollar and time thresholds are tagged and capitalized.

Some assets individually may fall below the capitalization threshold but may be purchased in large quantities by the University or the System Office. Examples are library books, textbooks and scientific apparatus. If such purchases are deemed material or significant by the University or System Office, they should be capitalized either individually or in the aggregate and depreciated.

B. Trade-ins: Cost of the asset acquired when payment includes both cash and trade-in is the sum of the cash paid plus the Fair Market Value of the asset traded in. If the Fair Market Value is not readily determinable cost may be recorded as the cash paid plus the net book value (cost less accumulated depreciation) of the asset traded in. Purchasing shall inform the Property and Inventory Control unit of all trade-ins, including the bar code number.

C. Gifts: Assets acquired by gift should be recorded on the basis of their estimated fair market value at the time of acquisition.

D. Vehicles: Vehicles should be recorded at historical cost and be depreciated over a determined useful life.

E. Cash Discounts: Assets should be recorded net of any quantity or trade discount received. The asset is recorded at a cost equal to the amount of cash paid, not the gross amount of the invoice.

F. Additions to Assets: Any addition to an asset which lengthens the asset's ability to provide service is capitalized. Capital additions include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, works of art and historical treasures.

8. CAPITALIZING AND RECORDING OF ASSET COST

A. Land: Land is capitalized but not depreciated. It is recorded at historical cost and remains at that cost until disposed of. Any gain or loss on the sale of land is reported as a special item on the statement of activities. Land paid for or donated in whole or part by the federal government is noted in the capital assets system.

B. Buildings: A building is capitalized when the Accounting Department of the University or System is notified by the Department of Public Works that the project is completed and has been accepted. Buildings are capitalized and should be recorded at either their acquisition or construction cost, as determined in accordance with Section 6.B.(2) ("Cost of Buildings") above. The acquisition cost of donated buildings is determined by the appraisal performed at the time the gift is made, whether provided by the donor or obtained by CSUS.

C. Leases: Regardless of whether CSUS is the lessor or lessee, a lease must meet one or more of the following four criteria to be capitalized as a capital lease:

(i) the lease transfers ownership of the property to the lessee by the end of the lease term;

(ii) the lease contains a bargain purchase option (a provision allowing the lessee to purchase the leased property for a price that is sufficiently lower than the expected fair value of the property);

(iii) the lease term is equal to seventy-five percent (75%) or more of the estimated economic life of the leased property; and/or

(iv) the present value at the beginning of the lease term of the minimum lease payments equals or exceeds ninety percent (90%) of the fair value of the leased property.

A lease which is not capitalized as a capital lease is classified as an operating lease and expensed.

D. Real Property Capital Asset Improvements: Improvements to real property, whether owned or leased, include such items as driveways, walks, fences, outdoor lighting, flagpoles, retaining walls, fencing, landscaping, and non-building improvements intended to bring the land into condition to commence erection of structures. Building improvements are capitalized if the cost or fair market value of the improvement is

$1,000.00 or more and if the improvement significantly extends the useful life or enhances the value of the individual building. Capitalized building improvements include computer and network cabling, electrical fixtures and wiring, sprinkler systems, roofing, plumbing, elevators, asbestos removal, heating ventilation and air conditioning systems (HVAC), alarm systems, telecommunication equipment, stationary switching equipment, wiring and station equipment only, cabinets, counters, refrigeration machinery and piping, built-in shelving, sterilizers and washers, fume hoods and interior partitions.

Improvements can be categorized as exhaustible or non-exhaustible:

(i) *Exhaustible*: Improvements with limited lives, such as private driveways, walks, fences, and parking lots, are exhaustible and therefore, depreciable over their estimated lives. Such improvements are recorded separately under non-structural improvements.

(ii) *Non-Exhaustible*: Expenditures for improvements that do not require maintenance or replacement, expenditures to bring land into condition to commence erection of structures, expenditures for improvements not identified with structures, and expenditures for land improvements that do not deteriorate with use or passage of time are generally non-exhaustible and are considered additions to the cost of land.

Expenditures that keep property in an efficient operating condition, including replacements and renovations, but do not add to its value or prolong its useful life are considered repair and maintenance-related expenditures and are to be expensed (e.g., repainting, mending leaks, plastering and conditioning gutters on buildings). The responsible director at each location should review capital projects to determine which expenditures: (i) are additions to existing buildings and should be capitalized; or (ii) should be expensed.

E. <u>Leasehold Improvements</u>: Improvements to leased property should be recorded on a separate inventory, which includes a brief description and the dollar value of the improvement made. Permanent improvements to leased assets are those items which cannot be removed without substantially damaging or necessitating substantial repair to the leased asset from which the improvement is removed. Assets which are located on leased property, even if not permanently installed thereon (e.g., computers and furniture), should also be recorded as capitalized assets it they meet the threshold for capitalization.

F. <u>Construction in Progress</u>: Construction in progress should be capitalized and not depreciated. It should be reported with land and other non-depreciating assets. Unspent debt proceeds from capital assets related debt should be reported in the net assets section of the statement of net assets as “restricted for capital projects.”

G. <u>Controllable Assets</u>: Controllable assets, such as audio-visual equipment, weapons, small expensive tools, scientific equipment and cameras, are to be expensed, not capitalized, and should be designated as controllable assets in the Capital Asset System. In cases of uncertainty as to whether an item is to be considered a controllable asset, the question shall be referred to the inventory control manager. The inventory control manager, in conjunction with the Assistant Vice Chancellor of Finance and Administration or the Controller, shall determine whether the asset is to be considered a controllable asset. If it is determined that the asset should be classified as a controllable asset, the Assistant Vice Chancellor of Finance and Administration or the Controller shall recommend to the Chancellor or his or her designee that the item be added to the controllable asset list.

Assets such as furniture, machinery and equipment, with an acquisition cost of $1,000 or more and a useful life greater than one (1) year, must be capitalized. All equipment is depreciated with the exception of artwork, livestock, and library volumes. Equipment acquired under capital leases should be recorded at the beginning of the lease term at the total lease cost. The initial recording value of a capital lease should be the lesser of the fair market value of the leased property or the present value of the minimum lease payments, excluding interest payments

Each equipment record should contain, at a minimum, the following information:

(i) the name, or a brief description of, the item;

(ii) the specific location (building number and room number) of the item;

(iii) the department or unit responsible for custody of the item;

(iv) the name and address of the manufacturer or vendor of the item;

(v) the item’s identification number;

(vi) the manufacturer's serial number;

(vii) the date upon which the item was acquired;

(viii) the method of acquisition;

(ix) complete expenditure coding (fund, sid, subcode, function);

(x) identification of the source of funding for the acquisition (restricted or federal funds);

(xi) the actual cost of the item and any ancillary charges associated with the acquisition (installation, freight, transportation charges, site preparation fees, professional fees, and the cost associated with legal claims directly attributable to asset acquisition; that is, all charges necessary to place the asset in its intended location and condition for use);

(xii) the estimated cost of the item if original documentation is lacking, if establishing the original cost is not practicable, or if the cost must be established after many years of operating without an equipment record;

(xiii) the purchase order number;

(xiv) the fair market value or appraised cash value at time of receipt of items either donated, United States government property received as surplus or State of Connecticut property received as surplus;

(xv) the condition of the item;

(xvi) the item's useful life (in months);

(xvii) prior year and current year depreciation;

(xviii) the date of disposition of the item; and

(xix) the method of disposition of the item.

H. Works of Art and Historical Treasures: Works of art and historical treasures valued at $1,000 or more should be capitalized. A separate inventory account for each item so classified, regardless of cost or value, must be maintained. These items should be recorded at historical cost or donated fair market value. Appraisals are no longer mandatory but are highly recommended when resources are available. Appraisals for all permanent collection pieces exceeding $10,000 in value should be conducted every five (5) years by an expert in the field. Fine art pieces that are close to the threshold should be reviewed prior to the next appraisal to determine if the item has appreciated in value and would qualify for an appraisal. A separate inventory class stated at cost or donated fair market value must be maintained for all fine arts items regardless of cost

I. Library Materials: Library materials include books, periodicals, maps, records, videos, electronic media, compact disks, microfiche, microfilm and other reference materials. All library materials should be capitalized, with the exception of electronic media materials, which should be expensed. Acquisitions should be recorded at cost and gifts at fair market value. Deletions (withdrawals) should be recorded separately at cost or estimated cost (prior to 1996 acquisitions) and allocated accordingly.

A separate inventory, stated at cost or fair market value, must be maintained for all library materials. This inventory should be approved and signed by the Director of Library Services and sent to Facilities Management by July 15th of each fiscal year.

J. Items not Capitalized: Items which are not capitalized should be charged to the applicable expense account.

9. DEPRECIATION

Depreciation is the process of allocating the cost of a capital asset over its estimated service life to the periods that are benefited by the use of the asset. Depreciation is calculated over the useful life of the asset using the straight-line method (as required by the State Comptroller) on a yearly basis. The following four factors are needed to calculate depreciation on a capital asset:

(a) Date upon which the asset was placed in service;

(b) Cost of acquisition of the asset;

(c) Estimated useful life of the asset (see below); and

(d) Method of depreciation to be utilized (straight line).

Estimated useful life means the estimated number of months or years that a capital asset will be used for the purpose for which it was purchased. All depreciable capital assets must have an estimated useful life of one (1) or more years. Assets that are consumed, used up, habitually lost, or worn out in less than one year should not be capitalized. CSUS capital assets shall be depreciated over the useful lives listed in Appendix 3 to this Manual using the straight line method of depreciation. Future determination of useful lives for CSUS capital assets will be made by a committee comprised of the University Controllers or their designees and the System's Assistant Vice Chancellor for Finance and Administration in order to ensure uniformity across the System.

10. CAPITAL ASSET MANAGEMENT PROCEDURES

It is mandated by the State of Connecticut that the System maintain a written inventory listing of controllable assets that has been approved by the agency head. Each controllable item must be tagged and maintained on the System's perpetual inventory.

A. Inventory: The taking of a physical inventory is necessary for both accountability and control. It establishes a direct relationship between actual and recorded capital assets and ensures that capital asset transactions are properly recorded. The inventory tag number, asset description, manufacturer, model number, serial number, purchase order number(s), vendor, building, room, department, unit, last inventory, status (active or inactive), acquisition date, and total cost are the data recommended for a good capital asset accounting and management system with good internal controls.

1. *Annual Physical Inventory*: The System is required by statute (Conn. Gen. Stat. §4-36) to take an annual physical inventory of capitalized assets owned by or in the custody of the State as of the end of each fiscal year. Assets received while the inventory is ongoing should be secured and remain segregated, if possible, until the inventory has been completed. If the asset has been received as of June

30th of the fiscal year for which the inventory is being taken, the asset should be tagged and counted. Transfers of assets while the physical inventory is ongoing should be discouraged. (In case of emergency, the asset should be transferred and manually included on the list.) These situations should be a part of reconciling the physical inventory with the subsidiary listings and General Ledger (Banner). It should be noted that any movement of a capital asset while the inventory is ongoing requires maintenance of a complete audit trail supported by documentation to track where the asset resides.

Personnel in the Property Control Unit or Business Office shall take the annual inventory of capital assets in each department and manage the capital asset inventory in the Capital Asset System. The amount of time which System personnel must devote to complete an annual inventory of assets may be reduced by:

(a) conducting the inventory in phases or cycles by department location or asset type at different periods during the year. This method requires specific cut-off times and accurate documentation of the location of assets at the cut-off. (The System's independent auditors will only accept use of this method if the System has demonstrated good inventory controls over a period of years.); and

(b) utilizing temporary employees (for example, student workers).

To maintain proper capital asset control a System location may perform the following four comparisons of capital assets on hand and capital assets subsidiary and/ or Banner records:

(a) compare a sample of various capital asset purchases to the capital assets listing to determine whether they were properly recorded;

(b) compare a sample of capital assets sold or written off to the capital asset listing to determine whether the asset records now indicate the asset was deleted or sold;

(c) compare a sample of assets selected by observation from throughout the University or System Office to the capital asset listing to determine whether the assets appear on the listing and that asset attributes such as department, location, and item description have been properly recorded; and

(d) select a sample of assets from the capital asset list, visit the asset location(s) indicated in the record, and determine whether the asset is physically located at the location indicated.

Making these comparisons alone is, however, insufficient. Should a comparison indicate that an error has been made or a weakness is beginning to develop, additional steps, such as monitoring the recording of purchases and sales, tracking assets that are not at the listed locations, or retraining inventory takers so that all assets are properly listed, must be taken immediately.

2. *Cyclical Counts:* If cyclical counts are performed periodically during the fiscal year, it may only be necessary to count those items not previously counted. However, periodic test counts will need to be performed by the Inventory Control Unit if this method is utilized. At the end of the fiscal year, a representative sample of five percent (5%) of the items counted must be compared from the dates of the latest counts to the 6/30/XX units the listing indicates. If this sample indicates a percentage of errors greater than two percent (2%), a full physical inventory must be performed.

EXAMPLE: University X did its last cyclical count on Item A on April 15, 2001, and counted 100 items on hand. 180 pieces of Item A were purchased between April 16, 2001 and June 30, 2001, and twenty (20) pieces of Item A were surplused during this same period. The inventory team tested this item on June 30, 2001, and counted 300 items. The test should have shown the following results:

Last inventory count	100
Purchases	180
Transfer/Sales/Write-offs	(20)
Total:	260

Because the difference in the counts exceeds two percent (2%), University X will have to perform a full inventory.

3. *Reconciliation*: At the conclusion of the physical inventory, regardless of method utilized, the corrected listing must be reconciled to the Banner General Ledger by account type. Capital assets appearing on the Ledger but not located during the inventory must be identified and the list of missing inventory must be submitted to the department responsible for custody of the missing inventory.

The Property Control Unit will work with the department to locate any missing equipment. If the department or Property Control Unit cannot locate the missing item, the department to which the equipment was assigned shall submit a completed form CO-853 (see Appendix 4), signed by the dean or department head, to the Inventory Control Unit. Once the form CO-853 is received, the Inventory Control Unit may remove the item from the capital inventory listing.

Each department will receive a copy of its final inventory list. If a variance exists, the General Ledger must be adjusted to the physical inventory valuation by General Ledger account. An adjusting journal entry is made to write down the General Ledger to the physical. The physical asset listing should reconcile to the General Ledger after this adjustment. The CO-59 (see Appendix 5) should also be reconciled with the General Ledger and Capital Asset inventory when it is filed.

4. *Computer Software*: The State of Connecticut Property Control Manual, revised April 2006, states that:

> A software inventory (or inventories) must be established by all agencies to track and control all of their software media, licenses or end user license agreements, certificates of authenticity (where applicable), 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 inventory covering all software components.

The Information Systems Departments at the Universities and the System Office will be responsible for establishing and maintaining a central software inventory to track and control all of the software media, licenses or end user license agreements, certificates of authenticity (where applicable), documentation and related items at their locations. The software inventory for all mainframe and server software licenses purchased and/or contributed by the System Office for the Connecticut State University System is to be maintained by the System Office. The Universities will maintain and annually submit to the CSUS Information Systems Department an inventory of all System office purchased and/or contributed server software licenses located at the Universities so that the University-located inventory can be added to the System Office inventory. The Universities shall maintain and record on their records any and all mainframe and server licenses purchased by the University. Only those licenses purchased and/or contributed by the System Office are to be reported for inclusion in the System Office software inventory.

This inventory will include software acquired with state funds (including external funding sources) and installed by the Universities or System Office. The Information Systems Departments will be responsible for making sure that the inventory is readily available for management and audit purposes and is maintained with a high degree of accuracy.

The property control record for computer software kept by the Information Systems Departments at the Universities and the System Office must contain the following minimum data**:**

(a) assigned identification number;

(b) title of software;

(c) description of functional application;

(d) version;

(e) manufacturer;

(f) serial/registration number (if available);

(g) method of acquisition;

(h) details of acquisition, including purchase order number, donation source or gift source;

(i) initial installation date;

(j) location and identification number of CPU device;

(k) cost of the software, if the cost exceeded $1,000.00 and the University or the System Office retains the rights to the copyright, as well as purchased software included within the software inventory; and

(l) method of disposal, if applicable (whether transferred, sold or destroyed).

A physical inventory of all software will be taken by each CSUS University and the System Office at the end of each fiscal year and be reconciled to the annual software inventory report. This copy will be retained for audit purposes. Self-developed software, to which the University or System Office retains ownership rights, is to be included within the software inventory and reported as a capital asset under the “Exception” category on the Form CO-59. Mainframe software, which is capitalized as part of the equipment, is excluded from this requirement.

The Information Systems Department will be responsible in conjunction with the Accounting and Property Control Units for the reconciliation of the software inventory to the Banner general ledger system to ensure that the accounting data maintained is valid. The Information Systems Department will be responsible for providing to the Property Control Unit the reconciliation of the software inventory as of the end of each fiscal year. (The department responsible for submitting the Form CO-59, “Capital Assets/Property Inventory Report/GAAP Reporting Form,” to the Comptroller’s Office must ensure that the values in the Form CO-59 reconcile with the general ledger.) The Property Control Unit will also be responsible for the reconciliation of computer equipment to the Capital Asset System to ensure that the data maintained is valid. The format used for the reconciliation should establish an "audit trail" so that the reconciliation can be traced to the source documents.

The Information Systems Departments will also be responsible for tracking and documenting customer support for product purchases, including, but not limited to: (i) technical documentation of any changes to the manual or application software; (ii) access to newsletters and technical bulletins; and (iii) bug fixes.

B. Equipment on Loan: State equipment is *not* intended to be used for *personal reasons***.** Loan permission shall be granted only in order to conduct State business. No asset shall be loaned to a CSUS employee or student if the loan of such asset will: (i) adversely impact the University or the System Office, as applicable; (ii) interfere with the normal operation of the agency; (iii) cause unreasonable wear and tear on the equipment; or (iv) cause expense to be incurred by the agency. No asset shall be provided to a CSUS employee or student for use on an indefinite basis.

A loan approval form (a CO-1079 or similar form – see Appendix 6 for example) must be completed and signed by the supervisor of each employee, or the student life representative of each student, to whom equipment is loaned, setting forth the duration of the loan. The duration of the loan of the asset may be extended by the supervisor of the employee or the student life representative of the student, provided the employee or student demonstrates a continued need for use of the equipment. A new loan approval form must be completed and signed by the supervisor of the employee, or the student life representative of the student, as applicable, setting forth the extended period of the loan. The Inventory Control Manager at the University or System Office shall also require additional approvals if appropriate. The Property Control unit will be responsible for maintaining a logbook to hold the forms and to follow-up on equipment out on loan. In the event of a theft of loaned property, the procedures for "*Reporting Lost or Damaged Property*" (see Section C below) shall be followed.

C. Loss of or Damage to Property: It is the responsibility of the faculty or staff member or student life representative to whom personal property has been assigned for use to report any loss or theft of, or damage to, such property. Theft of University property shall be reported to the University police department and to the University's Vice President for Finance and Administration. Theft of System Office Property shall be reported to the System's Vice Chancellor for Finance and Administration and the State Police Department, who will file any necessary criminal complaint. Loss of or damage to University or System Office property, whether real or personal, should be reported immediately to the Office of the State Comptroller and the Auditors of Public Accounts on a Form CO-853. Damage to real or personal University or System Office property which may have resulted from a criminal act should also be reported to the University police or the Connecticut State Police, respectively.

The following forms shall be completed when any property is stolen, lost or damaged:

(i) *For property other than motor vehicles:* Form CO-853 must be completed following the theft or loss of, or damage to, real or personal property, other than motor vehicles, regardless of cause. Copies of the CO-853 should be provided to the State Insurance and Risk Management Board (fax number: (860) 702-3424) and to any other parties identified in Section 2 of the form.

(ii) *Motor vehicles:* Form C0-854 (see Appendix 7) must be completed following the loss of, or damage to, a state-owned or leased vehicle. If the loss or damage was caused by theft or vandalism, a copy of the CO-854 must be provided to the Auditors of Public Accounts in order to fulfill the reporting requirements of Section 4-33a of the General Statutes. A copy of the CO-854 should also be provided to the State Insurance and Risk Management Board (fax number: (860) 702-3424).

D. Disposition of Surplus Equipment: Surplus property shall be disposed of in accordance with the "Connecticut State University System Procedures for the Disposal of Surplus Property." The following additional information applies to the disposal of software and library materials:

1. *Disposal of Software*: The Information Systems Departments will be responsible for determining that software is no longer needed by the University or the System Office, as applicable. Should the Information Systems Department determine that certain software is no longer needed, it will transmit that information to the Property Control Manager so that the cost of the software may be removed from the inventory records. Information Systems Department personnel will make the final determination on disposal of the software and will remove any licensed copies of the software from corresponding hardware**.** All disposal of software shall conform to the manufacturer's copyright requirements. The Information Systems Departments will be responsible for the removal of the software from the software inventory.

2. *Disposal of Library Materials:* Board Resolution No. 83-130 authorizes the Presidents of the Connecticut State Universities to sell, trade, or otherwise dispose of any unwanted, duplicate, outdated or irrelevant materials held by the university libraries.

11. BANNER ACCOUNT CODES

The Banner expenditure account codes and asset account controls listed in the following sections should be utilized in connection with the charging of expenditures relating to capital assets. (A table of Expenditure Account Codes and Asset Account Controls also appears in Appendix 1-1.)

A. Real Property:

(1) Land:

Expenditure Account Code: 784101
Asset Account Control: 181100

The recorded land cost should include the acquisition cost, legal and title fees, unpaid taxes assumed, surveying and recording fees, appraisal and negotiation fees, site preparation costs (clearing, leveling) and demolition of unwanted structures. If the acquisition is by gift, the land should be recorded at its fair market value. A separate inventory stated at cost or donated fair market value must be maintained for all land. All land acquisitions should be capitalized.

(2) Buildings and Building Equipment:

Expenditure Account Code: 784201 for buildings
Asset Account Control: 181201 for buildings

Expenditure Account Code: 784201 for building equipment
Asset Account Control: 181201 for building equipment

A separate inventory class must be maintained for buildings. The recorded building cost should include the purchase/construction cost, professional fees for architects, attorneys, appraisers, or financial advisors and any other expenditures necessary to construct a building or structure into its intended state of operation. Buildings should be capitalized if their fair market or donated value is $1,000 or more.

(3) Land and Building Improvements:

Expenditure Account Code: 784102 for improvements to land
Asset Account Control: 181050 for improvements to land

Expenditure Account Code: 784202 for improvements to buildings
Asset Account Control: 181201 for improvements to buildings

Site improvements include all improvements not specifically identifiable to an individual building (e.g., expenditures to improve roads, bridges, curbs, surface gutters, sidewalks, drainage systems, parking lots and lighting systems). Expenditures in connection with land improvements include paving, fencing, lighting, on-site sewer and water lines, shrubbery and other landscaping. A separate inventory stated at cost or fair value must be maintained for site (or land) improvements.

Capitalized building improvements include computer and network cabling, electrical fixtures and wiring, sprinkler systems, roofing, plumbing, elevators, asbestos removal, heating ventilation and air conditioning system (HVAC), alarm systems, telecommunication equipment, stationary switching equipment, wiring and station equipment only, cabinets, counters, refrigeration machinery and piping, built-in shelving, sterilizers and washers, fume hoods and interior partitions. The cost of a building improvement must be added to the cost of the applicable building. Depreciation of the improvement should commence in the year the improvement was made.

Expenditures that keep property in an efficient operating condition, including replacements and renovations, but do not add to its value or prolong its useful life are considered repair and maintenance-related expenditures and should be expensed (e.g., repainting, mending leaks, plastering, and conditioning gutters). The responsible director at each location should review capital projects to determine which expenditures should be capitalized and which should be expensed.

Two questions should be asked when determining whether an expenditure to improve a building or land should be capitalized: (i) does the expenditure extend the life of an existing asset; or (ii) does the expenditure add value to an existing asset? If the answer to either of these questions is yes, and the cost or fair market value of the expenditure is $1,000 or more, the improvement should be capitalized. Otherwise it should be expensed.

(4) Improvements to Leased Real Property:

Expenditure Account Code:	784102 for improvements to leased land
Asset Account Control:	181050 for improvements to leased land
Expenditure Account Code:	784202 for improvements to leased buildings
Asset Account Control:	181201 for improvements to leased buildings

Improvements to leased real property include all improvements to leased buildings and other structures, walkways, and equipment items permanently installed on property leased to CSUS. Permanent improvements to leased property are those items which cannot be removed without substantially damaging, or necessitating substantial repair to, the leased property from which the improvement is removed. Improvements to leased property should be kept on a separate inventory. The dollar value and a brief description of the improvement made should be included.

Improvements to leased property should be capitalized if the cost or donated fair market value thereof is $1,000 or more.

B. Furnishings and Equipment:

The following expenditure account codes and asset account controls should be used for furnishings and equipment:

Expenditure Account Codes:

784307: office equipment (typewriters, file cabinets, desks)
784302: carpet and window treatments (carpet, drapes, blinds)
784501: educational equipment (microscopes, student chairs and desks, anything normally associated with the instruction process)
784505: research equipment (microscopes, lab equipment, anything normally associated with research)
784305: hospital/medical/surgical equipment (any equipment normally associated with the medical profession)
784203: general plant equipment that is part of or attached to a building such as boilers or elevators.
784304: furniture and furnishings (all student residence equipment such as beds, bureaus and student center residential life equipment)
784401: computer equipment (both administrative and educational - computer hardware and support equipment, computer furniture, mainframes)
784601: telecommunication system, telecommunication equipment (owned telephone systems, fax machines, telecommunication satellites),
784308: miscellaneous equipment (all equipment that is not covered by the above categories) such as mobile equipment and shovels, cranes or other such equipment not for use on highways.[1]

Asset Account Controls:

181400: telecommunications equipment
181501: computer equipment
181308: all other equipment
181700: leased property (under capital lease).

[1] Note that mobile equipment that has a license plate and is registered with the Department of Motor Vehicles should be included under the motor vehicles category

Included in the furnishings and equipment category are all types of data processing equipment, movable telecommunications equipment, office machinery, furniture, and other machinery. An accessory or component should be included in the original acquisition cost of the equipment if it is: (i) an attached or installed option; and (ii) expected to operate with the piece of equipment as one unit for the remainder of the equipment's useful life.

Furnishings and equipment should be capitalized if their cost or fair market value is $1,000 or more. Assets which are located on leased property, even if not permanently installed thereon (e.g., computers and furniture), should also be recorded as capitalized assets if they meet the threshold for capitalization. Otherwise they should be expensed.

C. Stores and Supply Inventory:

Expenditure Account Code: 744100 for maintenance paper supplies
744105 for maintenance cleaning supplies
Asset Account Control: 173100

At year end, Asset Account Control 173100 should be adjusted to reflect the unused inventory value if $1,000 or more. Stores and supply inventory should be expensed, not capitalized.

D. Motor Vehicles:

Expenditure Account Code: 784306
Asset Account Control: 181306

Automobiles, buses, trucks, motorcycles, tractors, trailers and other vehicles with license plates are classified in this category. A separate inventory class, stated at cost or donated fair market value, must be maintained for motor vehicles. Each vehicle should be recorded separately. Motor vehicles purchased under capital lease should be recorded at the beginning of the lease term at the total lease cost. A vehicle should be capitalized if the cost or donated fair market value is $1,000 or more.

E. Boats and Aircraft:

Expenditure Account Code: 784301
Asset Account Control: 181301

A separate inventory class stated at cost or donated fair market value must be maintained for boats and aircraft. If the university obtains a large inboard vessel, the university should contact the Insurance and Risk Management Board which will advise the university regarding determining a survey value that should be completed every three (3) years.

F. Software Inventory:

Expenditure Account Code: 784402
Asset Account Control: 181510

The software inventory for all mainframe and server software licenses purchased and/or contributed by the System Office for the Connecticut State University System is to be maintained by the System Office. The universities will maintain and annually submit to the CSUS Information Systems Department an inventory of all System Office purchased and/or contributed server software licenses located at the Universities so that the University located inventory can be added to the System Office inventory. The Universities are to maintain and record on their records any and all mainframe and server licenses purchased by the University. Only those licenses purchased and/or contributed by the System Office are to be reported for inclusion in the System Office software inventory.

Software should be capitalized if its cost or donated fair market value is $1,000.00 or more.

G. Library Books, Maps and Records:

Expenditure Account Codes: 784502 for books
784504 for periodicals
784503 for all other library materials
Asset Account Controls: 181602 for books
81604 for periodicals
81603 for all other library materials

A separate inventory, stated at cost or fair value, must be maintained for all library materials. Library materials include books, periodicals, maps, records, videos, electronic media, CD disks, microfiche, microfilm and other reference materials. Acquisitions should be recorded at cost and gifts at fair market value. Deletions (withdrawals) should be recorded separately at cost or estimated cost (for pre-1966 acquisitions) and allocated accordingly. This inventory should be approved and signed by the Director of Library Services and sent to Facilities Management by July 15th of each fiscal year.

All library materials, except electronic media (which should be expensed), should be capitalized using the applicable Banner account code set forth above.

H. Fine Arts Inventory:

Expenditure Account Code: 784303
Asset Account Control: 181303

A separate inventory class, stated at cost or donated fair market value, must be maintained for all fine arts items, regardless of cost. Appraisals of all permanent collection pieces valued at more than $10,000 should be conducted every five (5) years by an expert in the field. Although it is no longer mandatory to do so, it is highly recommended that such an appraisal be conducted when resources are available to do so. Fine art pieces that are close to the threshold value should be reviewed prior to the next appraisal to determine if the item has appreciated in value and would qualify for an appraisal.

An item of fine art should be capitalized if its cost or donated fair market value is $1,000 or more.

APPENDIX 1
Capitalization/Non – Capitalization Matrix

	Capitalize*			**Don't Capitalize**
Item	Cost or Fair Value (at least)	Expenditure Object Code	Asset Account Control Code	Cost or Fair Value (less than)
Boats and Aircraft	$1,000	784301	181301	$1,000
Buildings	$5,000	784201	181201	$5,000
Capital Leases	All	Capital Leases	181700	Operating Lease
Fine Arts Inventory	$1,000	784303	181303	$1,000
Furnishing & Equipment				
Computer Equipment	$1,000	784501	181501	$1,000
Telecom Equipment	$1,000	784401	181400	$1,000
Office Equipment	$1,000	784307	181307	$1,000
Educational Equipment	$1,000	784501	181601	$1,000
Research Equipment	$1,000	784505	181605	$1,000
Hospital, Medical, Surgical Equipment	$1,000	784305	181305	$1,000
Furniture & Furnishing (Student Residence)	$1,000	784304	181304	$1,000
All Other	$1,000	784601	181308	$1,000
Improvements				
Site (or land)	$5,000	784102	181050	$5,000
Buildings	$5,000	784202	181202	$5,000
Land	All	784101	181100	(must)
Library – Books	All	784502	181602	(must)
Periodicals	All	784504	181604	(must)
Other Materials (excluding electronic)	All	784503	181603	(must)
Electronic Media	All	(must expense all)	All	All
Motor Vehicles	$1,000	784306	181306	$1,000
Software Inventory	$1,000	784402	181510	$1,000
Stores and Supplies	**		173100	

*****Useful life must be 1 or more years. ****** Do not capitalize during the year; reclassify stores and supplies on hand at year end to 173100

APPENDIX 2

INVENTORY TRANSMITTAL FORM

ADD: ______
CHANGE: ______ VENDOR:____________________
DELETE: ______

TAG NUMBER: ________________________

DESCRIPTION: ____
Item Type Model & Make

SERIAL NUMBER: ________________________

P.O. NUMBER: ________________________ P.O. DATE:_______/______
Month/Year

P.O. CODE: ______________________________

CATEGORY:______ BLDG.: ______ ROOM: ______ COST: ______

OWNER ID: ______`______ OWNER NAME: ________________________

DATE POSTED: ________________________

POSTED BY: ________________________

APPENDIX 3

USEFUL LIVES FOR CAPITAL ASSETS

DESCRIPTION	USEFUL LIFE
Building Components: Interior Furnishings	
Dorm-hardwood	7
Dorm-composition	10
Wall-paint	5
Wall-vinyl	10
Dorm wall-paint	2
Dorm wall-vinyl	5
Trim	50
Building Components: Elevators	
Elevator cars	25
Building Components: Plumbing	
Boiler	25
Boiler retubing	20
Heat exchangers	15
Distribution system	25
Fixtures	10
Building Components: HVAC	
HVAC system	20
Cooling towers	15
Fume hoods	25
Exhaust system	10
Circulating pump	10
Environment sec system	10
Building Components: Electrical	
Generators	20
Security systems	15
Lighting systems	20
Distribution system	25
Wiremold	15
Building Components: Fire Protection	
Sprinkler and alarm system	20
Fire alarm	20

DESCRIPTION	USEFUL LIFE
Building Components: Computer and Networking Cabling	
Computer and network cabling	20
Building Components: Telecommunications	
Fiber optics system	40
Copper system	20
Furniture	15
Lab and science equipment	10
Firearm	
Building Components: Shell	
Concrete, brick, steel	50
Modular, prefab	10
Precast	60
Masonry, brick	60
Window wall	50
Stone	50
Woodframe	50
Butler	50
Bus shelter	15
Building Components: Roof	
EPDM	5
Slate	50
Fiberglass	25
Standard seam metal	10
Built-up	20
Overly	20
Aluminum guttering and downspouts	20
Skylights	15
Building Components: Roofing	
Cladding-boards	30
Cladding-shakes	50
Cladding-aluminum	10
Cladding-vinyl	15
Cladding-metal panels	20
Cladding-exterior paint	8
Building Components: Partitions	
Interior walls, doors, windows	50
Acoustical panels	20
Folding walls	10
Drop-in ceiling	20

DESCRIPTION	USEFUL LIFE
Interior fences	10
Screen ceiling (barn)	10
Building Components: Interior Furnishings	
Floor-vct	10
Floor-carpeting	8
Floor-quarry tile	20
Floor-hardwood	15
Floor-composition	20
Floor-tile	10
Floor-resilient rubber	10
Floor-raised	25
Floor-epoxy	20
Dorm-vct	5
Dorm-carpeting	4
Dorm-quarry tile	10
Outdoor Athletics and Recreation	
Athletics-grading	50
Drainage	20
Fences-Chain link	10
Lighting metal	20
Irrigation System	20
Fields	20
Soccer Field	20
Volleyball Court	10
Basketball Court	15
Tennis Court	10
Parking Meters	25
Fire Hydrants	20
Fitness Course	10
Driveway paving and resurface	10
Curbs-concrete	15
Non-structural improvements: Paving	
Sidewalks, steps and handrails	15
Parking Lot Paving and resurface	10
Handicap ramp-wood	10
Handicap ramp-cement	20
Curbs-granite	25
Water system	50
Transformer	50

DESCRIPTION	USEFUL LIFE
Standby generator	20
Wells	50
Water mains and lines	50
Water tower	20
Storm drainage sewer system	25
Non structural Improvements: Landscaping	
Landscaping/planting	30
Grading/seeding	50
Retaining Wall	25
Non-structural improvement-sanitary sewer	
Sanitary sewer system	25
Land Improvements	
Land improvements	20
Land	Not depreciable
Building and Improvements	
Buildings	40
Building improvements	20
Building equipment and systems	10
Moveable Equipment	
Boats and aircraft	15
Carpet and window treatment	6
Fine arts	Not depreciable
Furniture and furnishings	15
Hospital, medical and surgical	10
Motor vehicles	5
Office equipment	5
Miscellaneous equipment	10
Equipment in process	Not depreciable
Telecommunication Equipment	
Telecom data equipment	5
Telecom video equipment	5
Telecom voice equipment	10
Telecom improvements	20
Telecom Equipment	5

DESCRIPTION	USEFUL LIFE
Information Systems Equipment	
Computer equipment	5
Software	5
Education Equipment	
Educational equipment	10
Library books	See policy manual
Other library materials	5
Periodicals	5
Research equipment	10
Capital Lease Property	Life of lease
Office equipment	5
Miscellaneous equipment	10
Equipment in process	Not depreciable
Telecommunication Equipment	
Telecom data equipment	5
Telecom video equipment	5
Telecom voice equipment	10
Telecom improvements	20
Telecom Equipment	5
Information Systems Equipment	
Computer equipment	5
Software	5
Education Equipment	
Educational equipment	10
Library books	See policy manual
Other library materials	5
Periodicals	5
Research equipment	10
Capital Lease Property	Life of lease

ASSET MANAGEMENT/ INVENTORY REPORT/
GAAP REPORTING FORM
C0-59 REV. 4 / 2007

STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER
55 ELM STREET
HARTFORD, CT 06106-1775
www.osc.state.ct.us

APPENDIX 4

INSTRUCTIONS: 1. IN ACCORDANCE WITH THE PROVISIONS OF SECTION 4-36 OF THE CONNECTICUT GENERAL STATUTES, THIS REPORT MUST BE ON FILE WITH THE OFFICE OF THE STATE COMPTROLLER ON OR BEFORE OCTOBER 1ST OF EACH YEAR REFLECTING THE TOTAL ASSETS / INVENTORY WITHIN THE AGENCY AS OF JUNE 30TH. 2. INDICATE THE ACTUAL DATE OF THE PHYSICAL INVENTORY IN APPROPRIATE BLOCK PROVIDED. IF PHYSICAL INVENTORY IS TAKEN THROUGHOUT THE YEAR ON A CONTINUOUS BASIS, USE LAST DATE OF FISCAL YEAR.
DATA GENERATED FROM THE EPM QUERIES CAN BE REPLICATED AND IF THE VALUES RECORDED ON THE CO-59 DO NOT RECONCILE WITH CORE-CT, AGENCY MUST PROVIDE A WRITTEN EXPLANATION OF DISCREPANCY IN AN ATTACHMENT.

AGENCY NAME AND ADDRESS	AGENCY ACRONYM	DATE OF PHYSICAL INVENTORY

1 **ASSET CATEGORY**	2 **ITEMS OF PROPERTY**	**COST DATA OR FAIR MARKET VALUE** 3 **LAST YEAR'S BALANCE** 06/30/ ____	4 **ADDITIONS**	5 **DELETIONS**	6 **CURRENT BALANCE** 06/30/ ____	**CURRENT VALUE** 7 **PRESENT VALUE THIS YEAR**
LAND	LAND NO. OF ACRES - ____					
IMPRO	SITE IMPROVEMENTS					
BUILD	BUILDINGS TOTAL NUMBER - ____					
LIMPR	LEASED PROPERTY (IMPROVEMENTS)					
CONST	CONSTRUCTION IN PROGRESS					
	TOTAL REAL PROPERTY					
EQUIP	EQUIPMENT					
LEQUIP	LEASED EQUIPMENT (CAPITALIZED)					
SOFT	SOFTWARE (CAPITALIZED) OWNED BY STATE					
INFRA - STRUCTURE **(DOT ONLY)**	ROADS, BRIDGES, RAILWAYS, AIRPORT LANDING AREAS					
	GAAP GROUP PERSONAL PROPERTY SUB- TOTAL					
ART	FINEART					
INVENTORY MODULE	MATERIALS AND GOODS- IN-PROCESS					
	STORES & SUPPLIES					
	OTHER PROPERTY OWNED WITH TRUSTEE FUNDS (OUTSIDE OF CORE- CT)					
	TOTAL PERSONAL PROPERTY					
	GRAND TOTAL FOR REAL AND PERSONAL PROPERTY					

PREPARED BY	TELEPHONE NUMBER	DATE	AUTHORIZED SIGNATURE	DATE

DISTRIBUTION: ORIGINAL-COMPTROLLER/FISCAL POLICY DIVISION PHOTOCOPY-AGENCY

☐ ADEQUATE ☐ INADEQUATE

APPENDIX 5

REPORT OF LOSS OR DAMAGE TO STATE OWNED REAL AND PERSONAL PROPERTY (OTHER THAN MOTOR VEHICLES)
CO-853 REV. 7/2007

STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER
55 ELM STREET
HARTFORD, CT 06106-1775
www.osc.state.ct.us

DATE OF LOSS
AGENCY BUSINESS UNIT

INSTRUCTIONS:

1. USE THIS FORM 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.

2. PREPARE IN QUADRUPLICATE (4). AND IMMEDIATELY FORWARD ORIGINAL TO THE OFFICE OF THE STATE COMPTROLLER-FISCAL POLICY DIVISION. ONE COPY TO THE AUDITORS OF PUBLIC ACCOUNTS, ONE COPY TO INSURANCE AND RISK MANAGEMENT AND RETAIN ONE COPY FOR YOUR FILE.

AGENCY NAME AND ADDRESS

LOCATION OF PROPERTY PERTAINING TO LOSS

BRIEF DESCRIPTION OF PROPERTY LOSS OR DAMAGE

CAUSE OF LOSS

REPLACEMENT VALUE *(Make the necessary adjustments to your property control records as required)*

1) **DATE PURCHASED OR RECEIVED:** ______________

2) **VALUE REPORTED ON THE ANNUAL INVENTORY REPORT TO THE COMPTROLLER (CO-59):** **$** ______________

3) **DEPRECIATED VALUE:** **$** ______________

SECURITY *(indicate by placing & checkmark in the appropriate block)*

WHAT STEPS HAVE BEEN TAKEN WITHIN YOUR AGENCY TO PREVENT A RECURRENCE? EXPLAIN:

MISCELLANEOUS *(If loss or damage was not reported immediately, indicate reason for delay.)*

APPENDIX 6

PRINT OR TYPE NAME OF INDIVIDUAL TO BE CONTACTED RELATIVE TO LOSS.	AREA CODE TELEPHONE NUMBER ( )
AUTHORIZED SIGNATURE	DATE

DISTRIBUTION: ORIGINAL - OSC FISCAL POLICY DIVISION COPY - AUDITORS OF PUBLIC ACCOUNTS COPY - INSURANCE & RISK MANAGEMENT COPY - AGENCY

FOR COMPTROLLER'S USE ONLY

RECORD OF EQUIPMENT ON LOAN
CO-1079 REV 9/98

STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER

DATE ______________________ REPORT NO. ______________________

______________________ IS AUTHORIZED TO REMOVE FROM ROOM ______________________

OF THE ______________________ BUILDING ______________________
ADDRESS BUILDING NO.

THE FOLLOWING EQUIPMENT:

TAG NO.	SERIAL NO.	DESCRIPTION/CONDITION	VALUE

THE EQUIPMENT WILL BE USED FOR ______________________

WHICH IS RELATIVE TO WORK BEING DONE IN THE ______________________
SPECIFIC UNIT

AT THE ______________________
AGENCY NAME

THE EQUIPMENT WILL BE LOCATED AT ______________________
GIVE COMPLETE ADDRESS

______________________ UNTIL ______________________
DATE OF RETURN

AT WHICH TIME IT WILL BE RETURNED TO THE AGENCY

THE ABOVE NAMED INDIVIDUAL WILL BE RESPONSIBLE FOR LOSS DUE TO THEFT OR OTHER CAUSE AND ANY DAMAGE AND WILL PROVIDE DUE CARE AND SECURITY FOR THE ABOVE DESCRIBED EQUIPMENT UNTIL THE EQUIPMENT IS RETURNED TO THE AGENCY. IN THE EVENT OF A THEFT, A COPY OF A POLICE REPORT MUST ACCOMPANY THE NOTIFICATION TO INVENTORY CONTROL TO REMOVE AN ITEM FROM THE ASSET LISTING. THE RECIPIENT WILL BEAR RESPONSIBILITY FOR THE RETURN OF EQUIPMENT IN THE SAME CONDITION AS AT THE TIME OF RELEASE.

APPROVED DIRECTOR OR DEPARTMENT HEAD SIGNATURE	PRINTED NAME
RECIPIENT SIGNATURE	PRINTED NAME

COMPLETE AND RETURN A COPY TO THE PROPERTY CONTROL MANAGER. RETAIN A COPY AND COMPLETE THE LOWER PORTION UPON RETURN OF THE EQUIPMENT.

DATE ______________________ THE ABOVE EQUIPMENT HAS BEEN RETURNED TO

______________________ IN THE SAME CONDITION AS,
BUILDING NO. AND ROOM

IT WAS ACCEPTED AT THE TIME OF THE LOAN, WHERE REASONABLE EXPECTED.

PLEASE NOTE ANY EXCEPTIONS:

____

____

____

DIRECTOR OR DEPARTMENT HEAD SIGNATURE	RECIPIENT SIGNATURE

APPENDIX 7

REPORT OF LOSS OR DAMAGE TO STATE- OWNED AUTOMOBILE
(COMPREHENSIVE)
CO-854 REV. 4/2006

STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER

DATE OF LOSS
DATE COMPTROLLER NOTIFIED

INSTRUCTIONS:

1. USE THIS FORM TO REPORT ALL LOSSES OR DAMAGES TO STATE-OWNED AUTOMOBILE DUE TO FIRE, THEFT, VANDALISM, AND/OR GLASS BREAKAGE OF ALL TYPES.
2. PREPARE IN DUPLICATE. FORWARD ORIGINAL COPY TO THE OFFICE OF THE STATE COMPTROLLER, FISCAL POLICY DIVISION. FAX ONE COPY TO STATE INSURANCE AND RISK MANAGEMENT BOARD, AT (860) 702-3424. RETAIN ONE COPY FOR YOUR FILE.

TO: FISCAL POLICY DIVISION, 55 ELM STREET, HARTFORD CT 06106-1775

AGENCY NAME AND ADDRESS

LOCATION OF AUTOMOBILE AT TIME OF LOSS

NAME AND TELEPHONE NUMBER OF INDIVIDUAL TO BE CONTACTED RELATIVE TO LOSS

INDICATE THE NATURE OF THE DAMAGE

☐ **GLASS BREAKAGE** ☐ **FIRE DAMAGE** ☐ **THEFT** ☐ **VANDALISM** ☐ **OTHER - SPECIFY**

VEHICLE OR EQUIPMENT DATA	**MAKE MODEL AND YEAR OF AUTOMOBILE**
	REGISTRATION NUMBER
	EQUIPMENT NUMBER
	IDENTIFICATION NUMBER
	INVOICE NUMBER
	ESTIMATED COST

CIRCUMSTANCES - BRIEF DESCRIPTION

AUTHORIZED SIGNATURE	**DATE**