

MIDDLE TENNESSEE STATE UNIVERSITY

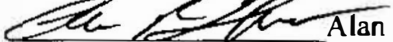
BUSINESS AND FINANCE PROCEDURES

PROCEDURE NO: BF-100

DATE: July 1, 2017

SUPERSEDES POLICY NO: TBR B-110

SUBJECT: Fixed Assets and Sensitive Minor Equipment

APPROVED:  Alan R. Thomas, Vice President for Business and Finance

I. Purpose

- A. These guidelines largely represent a consolidation of the existing practices and are intended to serve as a reference document for University staff responsible for fixed asset administration.
 - 1. The guideline includes provisions for capitalizing land, land improvements, leasehold improvements, buildings, additions and improvements to buildings, infrastructure, nonexpendable personal property, software, and livestock.
 - a. Additionally, the guideline also includes provisions for the inventory of sensitive items.
- B. Property records should be maintained for all land and capitalized assets.
 - 1. Procedures should ensure the proper recordkeeping of capitalized assets, including the initial recording, movement and eventual disposal of assets and should ensure that these assets are periodically inventoried.
 - 2. Property records for assets acquired with federal funds should conform to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

II. Definitions

- A. Capital Assets are property, such as land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible and intangible assets that:
 - 1. are acquired for use in normal operations and not held for purposes of investment or resale;
 - 2. are permanent in nature, having initial useful lives extending beyond a single reporting period; and
 - 3. have a value equal to or greater than certain thresholds established by the following guidelines and/or federal regulations at the date of acquisition.
- B. Useful Life is the period during which an asset is initially expected to be usable for the purpose it was acquired

- C. Capitalization Costs are expenses that are necessary to place the asset (acquired or constructed) into its intended location and make it ready for use. Such costs include capitalized interest and any ancillary charges (e.g., freight, transportation costs, site preparation costs, cost of trial runs and tests, costs of reconditioning used equipment, insurance, handling, storage, professional fees, etc.)
 - 1. Capital assets, if donated, should be recorded at their appraisal of the fair value at the date of the gift.
- D. Equipment represents personal property that is movable; does not lose its identity when removed from its location, and is not changed materially or expended in use. Equipment may be purchased, fabricated, or received by donation. Examples of movable equipment include furniture, office equipment, teaching equipment, computer equipment, audio visual equipment, laboratory equipment, heavy equipment, and motor vehicles.
 - 1. Sensitive Minor Equipment is tangible personal property that is particularly vulnerable to theft and has a cost between \$1,500.00 and \$4,999.99. Examples of sensitive minor equipment include: boats, boat motors, boat trailers, cameras, canoes, computers, audio and video equipment, microscopes, oscilloscopes, vector scopes, and other scientific equipment not meeting the capitalization threshold.
 - a. All weapons, regardless of cost, will be considered sensitive minor equipment.
 - b. Items that possess attributes of equipment, but do not meet the cost threshold (< \$1,500) will be expensed as a supply.
- E. Real Property refers to non-movable items such as built-in shelving and cabinets, light and plumbing fixtures, boilers, and other such built-in mechanical or electrical equipment that become an integral part of a structure.
- F. Maintenance costs are incurred to bring an asset back to an earlier condition or to maintain the asset operating at its present state. Replacement parts and extended warranties are recorded as maintenance.

For example, if a motor for a machine is replaced or an extended warranty is purchased at a cost of \$6,000, the item would be properly classified as maintenance expense; not as equipment. However, if a new machine is purchased to replace an existing machine, the new item would be classified as equipment and the old machine removed from inventory.

III. Land

- A. Land is generally considered to have an unlimited life and is therefore a non-depreciable asset. Land acquired by the University should be recorded at its original cost which includes a variety of expenditures related to its acquisition and its preparation for use as intended by the University.
- B. The following are examples of expenditures that should be capitalized as a part of the cost of land:
 - 1. The original acquisition price.
 - 2. Commissions related to the acquisition.
 - 3. Legal fees related to the acquisition.

4. Cost of surveys.
 5. Cost of an option to buy the acquired land.
 6. Cost of removing unwanted buildings from the land, less any proceeds from salvage.
 7. Unpaid taxes (to the date of acquisition) assumed by the University.
 8. Cost of permanent improvements (e.g. landscaping) and improvements that will later be maintained and replaced by other governments (e.g. street lights, sewers).
 9. Cost of getting the land in condition for its intended use, such as excavation, grading, filling, draining, and clearing.
- C. Land acquired through forfeiture should be capitalized at the total amount of all taxes, liens, and other claims surrendered, plus all other costs incidental to acquiring ownership and perfecting title.
1. Assumption of liens, mortgages, or encumbrances on the property increases the purchase price and should be included in the original cost.
 2. A liability should be recognized for the amount of the lien, mortgage, or encumbrance assumed by the University.
- D. Land acquired by donation, or the intent to donate, e.g., for one dollar, should be recorded on the basis of an appraisal of the market value at the date of acquisition.
1. The cost of the appraisal itself, however, is expensed at the time incurred.
 2. When costs are incurred but the land is not acquired, the costs should be expensed.
- E. Land held for investment purposes should be classified as investments rather than as property.

IV. Land Improvements

- A. Expenditures for land improvements that have limited lives and exceed \$50,000 should be capitalized in a separate account from the Land and depreciated over their estimated useful lives.
1. Examples of land improvements include, but are not limited to, site improvements such as landscaping that has a limited life (e.g. shrubbery, flowers, trees); retaining walls, parking lots, fencing, sidewalks, sculptures, and art work.
 2. Land improvements are normally depreciated over a useful life of 20 years.
- B. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use.
1. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

V. Leasehold Improvements

- A. Leasehold improvements include improvements to existing or new leased spaces. These improvements should be capitalized if the cost exceeds \$50,000 and the cost is borne by the University.
- B. Leasehold improvements are generally depreciated over the lesser of the original term of the lease or the useful life of the improvements.
- C. If the lease contains an option to renew for additional years but renewal is uncertain or the likelihood of renewal is uncertain, the improvements should be depreciated over the original term of the lease or the useful life of the improvement.

VI. Buildings

- A. The cost of a building includes all necessary expenditures to acquire or construct and prepare the building for its intended use.
 - 1. Buildings consist of relatively permanent structures, including all permanently attached fixtures, machinery and other appurtenance that cannot be removed without damaging the building or the item itself.
- B. Buildings are erected for the purpose of sheltering persons or property. Examples include, but are not limited to such items as academic buildings, dormitories, apartments, barns, etc.
 - 1. All buildings costing \$100,000 and above should be capitalized.
 - 2. Buildings costing less than \$100,000 should be expensed.
 - 3. Buildings are normally depreciated over a useful life of 60 years.
- C. Buildings acquired by purchase should be capitalized at their original cost. The following major expenditures are capitalized as part of the cost of buildings:
 - 1. The original bargained purchase price of the building.
 - 2. Cost of renovation necessary to prepare the building for its intended use.
 - 3. Cost of building permits related to renovation.
 - 4. Unpaid taxes (to date of acquisition) assumed by the University.
 - 5. Legal and closing fees.
- D. Buildings acquired by construction should be capitalized at their original cost. The following major expenditures are capitalized as part of the cost of buildings:
 - 1. Cost of constructing new buildings, including material, labor, and overhead.
 - 2. Cost of excavating land in preparation for construction.
 - 3. Cost of plans, blueprints, specifications, and estimates related to construction.
 - 4. Cost of building permits.
 - 5. Architectural and engineering fees.
 - 6. Landscaping and other improvements related to the building construction that cannot be separately identified from the building project (e.g. wiring within the building, shrubbery and sidewalks around the building).
- E. Buildings acquired by donation, or the intent to donate, e.g. for one dollar, should be recorded on the basis of an appraisal of the market value at the date of acquisition.
 - 1. The cost of the appraisal itself, however, should not be capitalized.

2. Removable fixtures, including but not limited to furnishing for the new building, should be distinguished from the cost of the building and capitalized or expensed in the appropriate accounts even if they are acquired as a part of the purchase or the construction project.
- F. The cost of a building that is acquired but immediately removed to prepare the land for construction of a new building is treated as part of the cost of the land rather than as part of the cost of the new building.
- G. The cost of removing an old building that you have occupied in the past but that is now deteriorated and must be removed prior to constructing a new building, should be capitalized as a part of the cost of the new building.
1. The precedent supporting this treatment is the requirement to capitalize all normal costs of readying an asset for use, i.e., capitalizing demolition costs of unwanted building(s) with the purchase of land, capitalizing renovation costs when a building is purchased, capitalizing excavating costs in preparation for construction of a new building and, when a building is constructed with plans to expand later any demolition costs are capitalized with the cost of the addition.
- H. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

VII. Additions and Improvements to Buildings

A. Additions

1. Additions represent major expenditures that are capital in nature because they increase the service potential of the related building.
2. Additions costing \$50,000 or above should be capitalized.
3. Additions costing less than \$50,000 should be treated as repairs and maintenance even though they have the characteristics of capitalized expenditures. Example:
 - a. A new wing is added to an existing building at a cost of \$700,000. The cost would be capitalized.
 - b. A new wing is added to an existing building at a cost of \$49,999. The cost would be expensed since it does not meet the dollar level established for capitalization.
4. Two major issues are involved with accounting for additions and generally require some professional judgment:
 - a. Useful life: If the estimated useful life of the addition is independent of the building to which it relates, the addition is treated as a separate asset and depreciated over its estimated useful life, regardless of the life of the original asset. If the addition is not independent of the original asset, the useful life must be determined in relation to the original building. In this case, the cost of the addition is depreciated over the shorter of the estimated life of the addition or the remaining life of the original building.

- b. Capitalized costs: If the original building was constructed with a plan to expand, cost related to the original building incurred when the addition takes places should be capitalized. However, costs that could have been avoided with appropriate planning at an earlier date should be expensed rather than capitalized.

B. Improvements

1. Improvements represent the substitution of a new part of an asset for an existing part.
 - a. For example, the roof of a building may be replaced or a new HVAC may replace an old HVAC system.
 - b. If the new part of the asset is similar in nature to the part being eliminated, the substitution is called a replacement.
 - c. If the new part represents an improvement in quality over the part being eliminated, the substitution is called betterment.
2. Both replacements and betterments are subject to capitalization if the cost is \$50,000 or more.
 - a. The appropriate accounting treatment is determined by whether the original part of the existing asset is separately identifiable.
 - b. If separate identification is possible, the new expenditure should be substituted for the portion of the book value being replaced or improved.

1. Example: Roof replacement at cost of \$50,000 (original cost separately identified is \$30,000).

a)	Building (new roof)	\$50,000
b)	Accumulated Depreciation	27,000
c)	Loss on replacement of roof	3,000
d)	Building (old roof)	(30,000)
e)	Cash	(50,000)

- c. The separately identified asset is depreciated over the shorter of the expected life of the separate asset or the remaining life of the building.
- d. If separate identification is not possible, the cost of replacements and betterments is treated as an increase in the book value of the Building, thereby increasing the basis for depreciation over the remaining life of the Building.
- e. If the replacement or betterment is designed primarily to enhance the quality of the service potential of the building, the cost is charged to the Building asset account.
- f. An appropriate increase in depreciation expense is recognized in future years but the useful life is not increased. Example:

1. Building \$70,000
2. Cash (\$70,000)

- g. If the replacement is designed primarily to extend the length of the service life of the asset, the book value is increased by debiting Accumulated Depreciation. The revised book value is then depreciated over the revised useful life. Example:

1. Accumulated Depreciation – Building \$70,000
2. Cash (\$70,000)
3. Note:

- a) Alterations that modernize rather than improve the quality of a building should be expensed unless the alteration is so extensive as to increase the estimated life of the building.
- b) Re-roofing costs that are not replacing a separately identified asset should not be capitalized unless they are part of a major renovation of a building.

- h. Examples:

1. An old gymnasium is converted to a block of individual rooms at a cost of \$500,000. This is considered a major renovation and would be a building capitalization. This renovation enhances the service quality of the building but does not extend the life of the building.

- a) Debit: Building \$500,000
- b) Credit: Cash (\$500,000)

2. A deteriorating roof on an existing building (the original roof costs are not separately identified) is replaced at a cost of \$55,000. These costs should be expensed in the year(s) costs are incurred.

- a) Debit: Maintenance of buildings \$55,000
- b) Credit: Cash (\$55,000)

3. A dormitory is completely renovated at a cost of \$1,000,000 including a new roof. It is estimated that the renovation will add an additional 10 years to the life of the building. The entire project costs would be capitalized under buildings.

- a) Debit: Accumulated depreciation \$1,000,000
- b) Credit: Cash (\$1,000,000)
- c) Note: The life of the building should be changed to reflect the additional 10-years of service. The debit to accumulated depreciation is the accumulated depreciation on the original building.

4. A parking lot is repaved at a cost of \$20,000 in order to restore to its original condition. This would be considered maintenance and would not be capitalized.

- a) Debit: Paving expense \$20,000
- b) Credit: Cash (\$20,000)

3. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use.
 - a. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

VIII. Infrastructure

- A. Infrastructure is defined as improvements related to the skeletal structure and function of the campus.
 1. Examples include, but are not limited to, roads, steam lines, chiller systems, storm sewers, tennis courts, sewer lines, severe weather systems, athletic scoreboards, turfs, lighting, radio and television towers, water lines, signage, all-weather track, telecommunications and computing wiring, and energy management systems.
- B. Improvements valued at or above \$50,000 should be capitalized.
- C. Improvements valued at less than \$50,000 should be expensed.
- D. The same accounting rules that apply to improvements to buildings also apply to improvements to infrastructure. Infrastructure items are normally depreciated over a useful life of 20 years.
- E. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use.
 1. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

IX. Nonexpendable Personal Property

- A. Examples of nonexpendable personal property include machinery, implements, tools, furniture, vehicles and other apparatus with a unit cost of \$5,000 or more and a minimum life expectancy in excess of one year.
- B. The following list includes some of the costs that should be capitalized in the appropriate asset account:
 1. The original bargained acquisition price.
 2. Freight, insurance, handling, storage, and other costs related to acquiring the asset.
 3. Cost of installation, including site preparation, assembling, and installing.
 4. Cost of trial runs and other tests required before the asset can be put into full operation.
 5. Cost of reconditioning equipment acquired in a used state.
- C. Nonexpendable personal property acquired by donation, or the intent of donation, e.g. acquisition for one dollar, should be recorded on the basis of an appraisal of the market value at the date of acquisition.
 1. Furniture – Movable furniture that is not a structural component of a building. Examples include, but are not limited to, desk, tables, filing cabinets, and safes. Office furniture purchased in components should be capitalized

only if the individual components that cannot be separated cost at least \$5,000. Furniture is normally depreciated over a useful life of 20 years.

2. Office and operational equipment – Office and operational equipment other than computers and peripherals. Examples include, but are not limited to, copiers, sorters, folders, filing system, printing press, shop equipment, athletic equipment, kitchen equipment, generators, and yard equipment. Office and operational equipment are normally depreciated over a useful life of 10 years.
 3. Computers and peripheral – Computers and peripheral equipment are normally depreciated over a useful life of 5 years.
 4. Educational and scientific equipment – Classroom or laboratory equipment used to conduct the normal program of education and research activity. Examples include, but are not limited to, audiovisual equipment, classroom demonstration models, electronic instruments, lab equipment, surveying equipment, radio equipment, pianos, and other musical instruments. Educational and scientific equipment are normally depreciated over a useful life of 10 years.
 5. Motorized vehicles – Examples include, but are not limited to, cars, mini-vans, vans, boats, and light general-purpose trucks. Motorized vehicles are normally depreciated over a useful life of 5 years.
 6. Heavy equipment – Examples include, but are not limited to, buses, heavy general-purpose trucks, forklifts, snowplows, and agricultural equipment. Heavy equipment items are normally depreciated over a useful life of 10 years.
 7. Library holdings – Library holdings include library books, music, artistic, and reference materials included in the University's library collection. Examples include, but are not limited to, books, microfilm, microfiche, government documents, films, videocassettes, audiocassettes, phonograph records compact disc - audio, slide set, filmstrip, transparency, maps, multimedia kit, three-dimensional models, non-catalogued pamphlets, computer software manuscripts and archives, photographs, and compact disc. Library holdings are normally depreciated over a useful life of 10 years.
- D. The same accounting rules that apply to building improvements apply to improvements to nonexpendable personal property.
- E. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use.
1. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

X. Software

- A. Software with a cost of \$100,000 or greater should be capitalized and amortized.
1. Capitalized software costs will include external direct costs of materials and services consumed in developing or obtaining internal-use computer software.
 2. Training costs are not internal-use software development costs and should be expensed as incurred.

3. Data conversion often occurs during the application development stage. Data conversion costs should be expensed as incurred.
 4. Internal costs incurred for maintenance should be expensed as incurred.
- B. Software costs are normally being amortized over a useful life of 10 years.
- C. For each module or component of a software project, amortization should begin when the computer software is ready for its intended use, regardless of whether the software will be placed in service in planned stages that may extend beyond a reporting period.
1. For purposes of this guideline, computer software is ready for its intended use after all substantial testing is completed.
 2. Amortization shall begin the year in which the first module is placed in service. A full year of amortization will be charged the first year regardless of the actual implementation date.
- D. Software with a cost less than \$100,000 should be expensed unless the University determines, and provides justification, for capitalizing.
1. For example, if the University purchases a separate software package to support the Banner system (example Luminous Premier), it may be appropriate to capitalize the cost even if less than \$100,000 since it is directly related to the Banner system.
 2. It should be noted that software licensing agreements that are not perpetual in nature will be expensed, regardless of cost.
- E. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use.
1. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

XI. Livestock

- A. Livestock should be expensed.

XII. Works of Art, Historical Treasures and Other Similar Assets

- A. Works of art, historical treasures, and other similar assets should be capitalized whether held as individual items or as a collection. These can include, but are not limited to, paintings, works of art on paper, photography, sculptures, maps, manuscripts, recordings, film, artifacts, textiles, and other memorabilia.
- B. These items with a cost (or fair value at the date of donation) in excess of \$5,000 will be capitalized at their historical cost or fair value at the date of donation.
- C. Collections that meet all of the following criteria will not be capitalized:
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.
 3. Proceeds from the sales of collection items must be used to acquire other items for collections.

- D. Notwithstanding paragraph XII.C above, any collections already capitalized at June 30, 1999, will remain capitalized and any additions to such collections will be capitalized.
- E. Capitalized collections or items which are exhaustible, such as exhibits whose useful lives are diminished by display or educational or research applications, should be depreciated over their estimated useful lives. Inexhaustible collections or items are items where the economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long. Depreciation is not required for collections which are inexhaustible.
- F. Capitalized collections deemed exhaustible should be depreciated over a useful life of 10 years.

XIII. Adjustments of Estimated Useful Life

Estimated useful lives for asset categories are based on the general guidelines provided above; however, useful lives should also take into account the asset's present condition, remaining time needed to meet service demands, and the university's plans for the assets. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy or the original estimate and adjusted to reflect the anticipated number of years of continued use. Any adjustment to the estimated useful life of an asset is a change in accounting estimate and will be applied prospectively to current and future depreciation calculations.

- A. Factors that necessitate the review and potential change in the useful life of an asset include:
 - 1. Impairments result when an asset's ability to provide the intended service is significantly reduced in a way that could not have been anticipated.
 - 2. Additions representing major expenditures that are capital in nature which increases the service potential of the asset.
 - 3. Improvements representing the substitution of a new part of an asset for an existing part or representing an improvement in quality over the part being eliminated.
- B. Per GASB 34, paragraph 161, governments can estimate useful lives using (a) general guidelines obtained from professional or industry organization, (b) information for comparable assets of other governments, or (c) internal information.
- C. When a determination is made to extend or decrease the asset estimated useful life, documentation in support of the change will be maintained, including a comparison of similar assets and quantification of the financial impact of the change in estimate.
- D. The extension of useful lives for additions and improvements (defined above) are to be determined from the amount paid and nature of the purchase.
 - 1. For an addition or improvement that is not separately identifiable but is expected to increase the life of the asset, the University will adjust the useful life of a building in accordance with the schedule below:

< \$50,000	Should be treated as repairs and maintenance
\$50,000 - \$100,000	Combine with historical cost for depreciation purposes
\$100,000 - \$500,000	No additional life, but recalculate for depreciation
\$500,000 - \$1,000,000	10-year additional life, unless reason to believe otherwise
> \$1,000,000	20-year additional life, unless reason to believe otherwise

2. If the useful life of the addition is independent of the building to which it relates, the addition is treated as a separate asset and depreciated over its estimated useful life, regardless of the life of the original asset.
3. Exceptions for capitalizing and extending the useful life of the additions or improvements are the following:
 - a. Alterations that modernize rather than improve the quality of a building should be expensed unless the alteration is so extensive as to increase the estimated life of the building, regardless of the cost.
 - b. Re-roofing costs that are not replacing a separately identified asset should not be capitalized unless they are part of a major renovation of a building, regardless of the cost.
 - c. Costs that could have been avoided with appropriate planning at an earlier date should be expensed rather than capitalized.

XIV. Impairment of Fixed Assets

Capital fixed assets are held primarily to provide service to the university. When an asset's ability to provide service is significantly reduced in a way that could not have been anticipated, that event should be recognized in the financial statements as an impairment loss. The University evaluates fixed assets annually for impairment losses.

- A. The following five indicators of impairment – or triggers – are indicative of an impairment loss:
 1. evidence of physical damage;
 2. passage of laws, issuance of regulations, or other changes in environmental factors that affect the use of an asset;
 3. technological developments or evidence of obsolescence;
 4. changes in the manner or expected duration of use of a capital asset; and
 5. construction stoppages.
- B. An impairment loss has occurred if both:
 1. the magnitude of the decline in service utility is significant and
 2. the decline in service utility is unexpected; outside the normal life cycle of the capital asset.
- C. An impairment loss should be recorded if the net gain or loss exceeds the following amounts, which are net of any realizable insurance recoveries:

- | | |
|----------------------------|-----------|
| 1. Equipment: | \$100,000 |
| 2. All other fixed assets: | \$250,000 |

XV. Maintenance of Capital Assets

In order to maintain an adequate fixed asset accounting system that allows for overall safeguarding of fixed assets, the University's Fixed Asset Module requires periodic update (annual inventory) and maintenance to remain current and valuable. Additional fixed asset acquisitions, transfers, sale of surplus, disposal and corrections must be entered into the system in a timely manner.

XVI. Sensitive Minor Equipment

- A. Sensitive minor equipment items are of a movable nature which is particularly vulnerable to theft and have a cost or fair value (for donated items only) between \$1,500.00 and \$4,999.99, regardless of funding source.
 1. The following items are examples of items that may be viewed as sensitive minor equipment: binoculars, boat motors, boat trailers, boats, cameras, camera lenses, canoes, computers, external computer storage devices, ham radios and receivers, marine band transmitters and receivers, microscopes, musical instruments, scientific equipment, oscilloscopes, PDAs, printers, projectors, radio scanners, external computer scanners, spectrum analyzers, televisions, two-way radio transmitters and receivers, vector scopes, video cameras, video recorders and players, and waveform monitors.
 2. All weapons, regardless of cost, should be considered sensitive minor equipment.
- B. The University will perform a risk assessment to determine which items should be designated as sensitive minor equipment.
 1. The useful life of sensitive minor equipment is estimated at 3 years, after which the fair value will be considered to be nominal.
- C. Although sensitive minor equipment items are not capitalized, they must be identified and inventoried.
 1. Physical inventory of sensitive minor equipment should be conducted annually.
 2. Sampling is an acceptable method of conducting the physical inventory of sensitive minor equipment.

Sources

TBR -New Guideline approved at Presidents Meeting, August 17, 2010. Revised at Presidents Meeting, February 4, 2014; Revised at Presidents Meeting, August 19, 2014; Revised at Presidents Meeting, May 19, 2015; MTSU Procedure, July 1, 2017