

BUSINESS AFFAIRS SUB-COUNCIL

October 26, 2001

MINUTES

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Mr. Dwight Johnson, Chairperson (STCC); Dr. Bob Adams (APSU); Ms. Debra Bauer (NSTI); Mr. Horace Chase (JSCC); Mr. Bill Fuqua (RSCC); Mr. Danny Gibbs (VSCC); Mr. Mike Gower (MTSU); Mr. Clay Harkleroad, Jr. (TSU); Mr. Ken Horner (CoSCC); Dr. Charles Hurley (CLSCC); Mr. Al Irby (APSU); Ms. Rosemary Jackson (WSCC); Mr. Ron Kesterson (PSTCC); Ms. Linda Maxwell (TTU); Mr. Raymond Pipkin (UOM); Mr. Mike Posey (MSCC); Mr. Terry Rector (TTU); Mr. Mitch Robinson (DSCC); Ms. Claire Stinson (NSTCC); Ms. Tammy Swenson (CSTCC); Dr. John Rudley, Ms. Kathy Crisp, Ms. Lisa Hall, Ms. Ann Rutland, Mr. Ron Simmons, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

Mr. Johnson called the meeting to order.

BUSINESS

1. Division of Risk Assessment Update

Jamie Fohl from the State's Division of Risk Assessment updated the BASC on the property insurance coverage, premium increases, and the semi-annual property reports for FY 02.

The State's property insurance for FY 02 includes an aggregate deductible of \$5 million, a separate deductible for flood and earthquake damage of \$5 million (\$25 million total loss cap on flood and earthquake damage), a per occurrence deductible for flood and earthquake damage of \$50,000, and a per occurrence deductible for all other losses of \$10,000. These limits went into effect July 31, 2001.

Although the State's insurance coverage has been reduced through the above deductibles, the premium increased 30% and is expected to increase again in FY 03. The September 11th terrorist attack has resulted in heavy losses for the insurance industry, some estimate as much as \$100 billion. Insurance premiums in some markets have doubled since September. Risk Assessment will have more information regarding the FY 03 premium in January 2002.

The format of the semi-annual property report has been revised. The new report can now be found on the Department of Treasury's website at www.treasury.state.tn.us/risk. All institutions should have downloaded the report, made all necessary changes, and returned the report to the Division of Risk Management no later than October 31, 2001. The updated report will be available on the web by December 31. Mr. Fohl stressed the importance of reporting accurate values on the semi-annual property report, particularly for building contents. Any reimbursement for insured losses will be limited by the amounts on the semi-annual property report.

Mr. Harkleroad inquired if terrorists' attacks at institutions are covered. Mr. Fohl

responded that terrorists' attacks are covered in FY 02, but would not be covered in FY 03. Our insurance carrier has already announced that future policies will exclude losses due to terrorists' attacks.

Mr. Fohl concluded his update with a reminder that the Division of Risk Management should be contacted immediately when losses occur, particularly losses related to water damage. The Division will respond with restoration professionals, who can sometimes minimize water damage losses.

2. Report of the Finance Committee

Ms. Stewart highlighted the following issues from the October 4, 2001 Finance Committee meeting.

A. Proposed Policy on Use of Information Technology Resources

Kerry Goodwin, Legal Counsel, discussed the proposed systemwide policy on the use of information technology resources (See Attachment A). The intent of the policy is threefold: 1) to ensure that all institutions have an appropriate policy available to discipline improper IT usage; 2) to provide notice to employees of their responsibilities; and 3) to ensure more consistent treatment across the system of legal issues associated with information technology.

The BASC noted that Section 6.1 references obtaining "proper authorization" prior to use, but does not define the term. Mr. Goodwin stated that there was no intent to change existing procedures in place at campuses.

B. Blind Vendor Agreements

The Finance Committee recommended formation of a subcommittee to work with UT staff to propose changes to existing state statute governing Blind Enterprises' right to operate food services and vending on higher education campuses. Mr. Robinson, Mr. Chase, and Mr. Irby will work with Ann Rutland on this subcommittee.

C. Capitalization Threshold for Buildings and Improvements Other than Buildings

The Finance Committee recommended setting a capitalization threshold of \$100,000 for buildings and \$50,000 for improvements other than buildings. UT is currently using a threshold of \$100,000 for buildings, but it is not included in any written policies/procedures. UT does not have a current threshold for improvements, but is interested in establishing one. State thresholds were unavailable. See Attachment B for updated capitalization procedures.

D. Policy 4:02:10:00 Purchasing Policies and Procedures

Ms. Crisp informed the BASC that the revisions to the purchasing policy were being pulled from consideration at this time. The proposed revisions gave protest rights to bidders on both goods and services. These protest rights should only be available to bidders on services. The MTSU attorney is working with Ms. Crisp and Ms. Rutland to correct the proposed revisions. When the proposed revisions are finalized, Ms. Crisp will issue the revised policy as a legal opinion to use on an interim basis until approved at the March Board meeting.

One correction to the Finance Committee minutes was noted. The revisions to Section V should state that the sixth paragraph was modified to include the statutory provision that a vendor's financial information does not have to be disclosed until an intent to award is issued.

E. Regent's On-line Degree Chargeback

The Finance Committee recommended expensing the chargeback for the Regent's On-line Degree in the following function/subcategory: Instruction/General Academic Instruction.

F. Account Controls for Depreciation Expense

The BASC approved using the 17X9 account controls for accumulated depreciation (1729 – accumulated depreciation for improvements other than buildings, 1739 – accumulated depreciation for buildings, 1749 – accumulated depreciation for equipment, etc.) and 5430/5440 for recording depreciation expense and adjustments.

G. Athletic Fees

The BASC approved recording mandatory athletic fees payable at the time of registration in the sales and services of educational activities revenue category, not in tuition and fees as recommended by the Finance Committee.

The minutes of the Finance Committee were approved with the revisions noted above.

3. Report of the Human Resource Officers Committee

Ms. Stewart informed the BASC that the Human Resources Officers canceled their quarterly meeting. All pending items were deferred until the January 2002 meeting.

4. Report of the GASB 34/35 Committee

Ms. Stinson updated the BASC on the status of the position papers forwarded to State Audit. The position paper on reporting special allocations, desegregation funds, and Centers of Emphasis/Excellence as restricted net assets was approved. All institutions should begin moving the special allocation and desegregation accounts from unrestricted

to restricted. This process must be complete prior to the submission of the FY 02 estimated budget. State Audit did note that the Department of Finance and Administration would have to reclassify these restricted net assets as unrestricted for reporting in the Comprehensive Annual Financial Report of Tennessee.

State Audit also approved the position paper on compensated absences and library holdings. However, State Audit questioned whether sufficient audit evidence existed for using a 10-year useful life for library holdings. The GASB 34/35 Subcommittee will review this issue further.

The BASC approved the proposed position paper on fixed assets and depreciation. This position paper will be forwarded to State Audit for approval.

OTHER BUSINESS

Dr. Rudley updated the BASC on events that have occurred at the Central Office since the prior BASC meeting. He discussed the Chancellor's evaluation, the status of pending compensation plans, and the Defining Our Future effort. Dr. Rudley requested the cooperation of the CBO's throughout the above-mentioned and other on-going efforts. Mr. Harkleroad was asked to play a more prominent role in the Geier Consent Decree programs. Mr. Gower was asked to ensure that future incidental fee requests not include fees that the Board will not support, such as those denied in prior years. This request was extended to all CBO's.

Dr. Rudley also discussed the uncertainty surrounding the current budget and any future impoundments. The current budget was expected to end in a deficit prior to the September terrorists' attacks. The situation is now expected to worsen without tax reform.

There being no further business, the BASC adjourned.

DRAFT VERSION

TENNESSEE BOARD OF REGENTS

Subject: Information Technology Resources

Section 1 Objectives of this Policy

The objectives of this policy include: 1) to articulate the rights and responsibilities of persons using information technology resources owned, leased, or administered by the Tennessee Board of Regents (TBR); 2) to protect the interests of users and the TBR; and 3) to facilitate the efficient operation of TBR information technology systems.

Section 2 Definitions

“Information technology resources” or **“IT resources”** include computers and computer time, data processing or storage functions, computer systems and services, servers, networks, printers and other input/output and connecting devices, and related computer records, programs, software, and documentation.

“Institutions” shall mean the TBR Universities, Community Colleges, and Technology Centers.

“Personal or private for-profit use” shall mean a use of TBR information technology resources which has as a primary objective financial gain of the user. Activities by a student which are typical of the student job search process (e.g. use of campus e-mail to contact potential employers or posting of one’s resume on the Institution’s website, if allowed under Institutional policies and procedures) are not to be considered personal or private for-profit uses.

“Public record” means all documents, papers, letters, maps, books, photographs, microfilms, electronic data processing files and output, films, sound recordings, or other material, regardless of physical form or characteristics made or received pursuant to law

or ordinance or in connection with the transaction of official business by any governmental agency. (Tennessee Code Annotated, Title 10, Chapter 7, Section 301(6).)

Section 3 Supplementary Institutional Policies and Regulations

As each Institution may deem necessary and appropriate, TBR Institutions are authorized and encouraged to develop additional Institution-specific policies and regulations relating to the use of information technology resources, provided such policies and regulations are consistent with Federal and State law and with this and other policies of the Tennessee Board of Regents. In particular, Institutions and the TBR Central Office may develop policies and regulations regarding installation of non-standard software (including shareware, freeware, or software developed or purchased by the user) onto TBR IT resources.

Section 4 Conformance with State policies

This policy is intended to be fully consistent with the State of Tennessee Internet Acceptable Use Policy and the State of Tennessee Electronic Mail Acceptable Use Policy, as they currently exist or as they may be amended in the future, as well as with any other applicable policies regarding information technology systems which may be promulgated in the future by the State of Tennessee Department of Finance Office of Information Resources (OIR). To the extent that a discrepancy exists between this policy and State policy, State policy shall take precedence.

Section 5 Applicability

This policy shall apply to all persons and organizations using the information technology facilities and resources owned, leased or administered by the TBR, including all persons employed (either as full-time, part-time or temporary employees or as independent contractors) by the Tennessee Board of Regents and its constituent Institutions, and to all students enrolled at TBR Institutions. Those provisions contained herein which apply solely to employees and independent contractors are so identified individually. Unless so identified, provisions contained herein apply equally to all persons and organizations covered by this policy.

Section 6 User responsibilities

The following lists of user responsibilities are intended to be illustrative, and not

exhaustive. Subject to conformance with Federal and State of Tennessee law and with State of Tennessee and Tennessee Board of Regents policies, individual TBR Institutions are authorized to supplement the user responsibilities contained herein.

Section 6.1 Access

- 1) Users shall obtain proper authorization before using TBR information technology resources.
- 2) Users shall not use TBR information technology resources for purposes beyond those for which they are authorized.
- 3) Users shall not share access privileges (account numbers and passwords) with persons who are not authorized to use them.
- 4) Users shall not use TBR information technology resources in an attempt to access or to actually access computers external to the TBR system when that access is not authorized by the computer's owner (no "hacking" allowed).

Section 6.2 Respect for others

- 1) A user shall not attempt to obstruct usage or deny access to other users.
- 2) Users shall not transmit or distribute harassing, threatening, or defamatory material using TBR information technology resources.
- 3) Users shall respect the privacy of other users, and specifically shall not read, delete, copy, or modify another user's data, information, files, e-mail or programs (collectively, "electronic files") without the other user's permission. Users should note that there should be no expectation of privacy in electronic files stored on the resident memory of a computer available for general public access, and such files are subject to unannounced deletion.
- 4) Users shall not intentionally introduce any program or data intended to disrupt normal operations (e.g. a computer "virus" or "worm") into TBR information technology resources.
- 5) Forgery or attempted forgery of e-mail messages is prohibited.
- 6) Sending or attempts to send unsolicited junk mail or chain letters is prohibited.
- 7) Flooding or attempts to flood a user's mailbox is prohibited.

Section 6.3 Respect for State-owned property

- 1) A user shall not intentionally, recklessly, or negligently misuse, damage or vandalize TBR information technology resources.
- 2) A user shall not attempt to modify TBR information technology resources without authorization.
- 3) A user shall not circumvent or attempt to circumvent normal resource limits, logon procedures, or security regulations.
- 4) A user shall not use TBR information technology resources for purposes other than those for which they were intended or authorized.
- 5) A user shall not use TBR information technology resources for any private or personal for-profit activity.
- 6) Except for those not-for-profit business activities which are directly related to an employee's job responsibilities or which are directly related to an organization which is affiliated with the Institution, a user shall not use TBR information technology resources for any not-for-profit business activities, unless authorized by the President or Director (or his/her designee).
- 7) Users shall at all times endeavor to use TBR information technology resources in an efficient and productive manner, and shall specifically avoid excessive game playing, printing excessive copies of documents, files, data, or programs; or attempting to crash or tie-up computer resources.

Section 6.4 Additional Responsibilities of Employees and Independent Contractors

- 1) Users who are Employees and Independent Contractors shall not make use of TBR information technology resources for purposes which do not conform to the purpose, goals, and mission of the TBR and to the user's job duties and responsibilities.
- 2) Users shall not use TBR information technology resources for solicitation for religious or political causes.

Section 7 No unlawful uses permitted

Users shall not engage in unlawful uses of the information technology system resources of the TBR. Unlawful activities are violative of this policy and may also

subject persons engaging in these activities to civil and / or criminal penalties. This list of unlawful activities is illustrative and not intended to be exhaustive.

Section 7.1 Obscene materials

The distribution and display of obscene materials is prohibited by the laws of Tennessee (see Tenn. Code Ann. § 39-17-902). Obscene materials are defined under Tennessee law (see T.C.A. § 39-17-901(10)) as those materials which:

- a) The average person applying contemporary community standards would find that the work, taken as a whole, appeals to the prurient interest;
- b) The average person applying contemporary community standards would find that the work depicts or describes, in a patently offensive way, sexual conduct; and
- c) The work, taken as a whole, lacks serious literary, artistic, political, or scientific value.

Federal law (18 U.S.C. 2252) prohibits the distribution across state lines of child pornography.

Section 7.2 Defamation

Defamation is a civil tort which occurs when one, without privilege, publishes a false and defamatory statement which damages the reputation of another.

Section 7.3 Violation of Copyright

Federal law gives the holder of copyright five exclusive rights, including the right to exclude others from reproducing the copyrighted work. Sanctions for violation of copyright can be very substantial. Beyond the threat of legally imposed sanctions, violation of copyright is an unethical appropriation of the fruits of another's labor.

Pursuant to the Digital Millennium Copyright Act of 1998, the TBR designated agent for receipt of complaints of copyright infringement occurring with the use of TBR information technology resources is the TBR Assistant Vice Chancellor for Information Technology. The TBR agent shall develop and maintain a policy regarding receipt and disposition of complaints of copyright infringement. The Institutions are authorized to

designate agents to serve their specific campus, however the Assistant Vice Chancellor for Information Technology shall be promptly informed of all complaints received by such Institutional agents.

Section 7.4 Gambling

Gambling, including that performed with the aid of the Internet, is prohibited under Tennessee state law (see Tenn. Code Ann. § 39-17-502).

Section 8 World Wide Web Home pages

The principles of use articulated above in Sections 6 and 7 are generally applicable to world wide web home pages. For example, use of TBR information technology resources to post a web page for personal or private for-profit use is prohibited under Section 6.3.5. Threatening, harassing, or defamatory content in web pages stored on TBR IT resources is prohibited under Section 6.2.2. Obscene content is prohibited under Section 7.1. Incorporation of copyrighted material, without either permission of the copyright holder or under a lawful exemption, is prohibited under Section 7.3.

In addition to the principles of use outlined in Sections 6 and 7, users may not incorporate into web pages or other electronic documents the trademarks or logos of others without express, written permission. Persons who are not employees of an Institution may not make use of Institutional trademarks or logos without express, written permission. Institutions are authorized to develop policies and regulations regarding use of Institutional trademarks on the Institution's website by employees. The Institution Presidents and Directors are authorized to designate persons (e.g. campus webmaster) who may approve a proposed use of the Institution's trademarks and logos by employees on Institutional web pages.

Section 9 Advertising

Use of TBR information technology resources to promote or advertise activities or entities which are not related to the Institution is prohibited, unless such use is consistent with the mission of the Institution and results in substantial benefit to the Institution. The President or Director of each TBR Institution is authorized to determine

whether a given use is consistent with the mission of the Institution and results in substantial benefit to the Institution, consistent with other TBR Policies (in particular, TBR Policy 3:02:02:00). Sale of advertising in web-based versions of Institution-affiliated student publications is specifically permitted.

Section 10 TBR monitoring and inspection of electronic records

Electronic records sent, received, or stored on computers owned, leased, or administered by the TBR is the property of the Tennessee Board of Regents. As the property of the TBR, the content of such records, including electronic mail, is subject to inspection by TBR personnel. While the TBR does not routinely do so, the TBR is able and reserves the right to monitor and / or log all network activity of users without notice, including all e-mail and Internet communications. Users should have no reasonable expectation of privacy in the use of these resources.

Section 11 Disclosure of electronic records

Pursuant to the Tennessee Code Annotated, Title 10, Chapter 7, and subject to exemptions contained therein, electronic files (including e-mail correspondence) which are 1) generated or received by TBR employees and 2) either owned or controlled by the State or 3) maintained using TBR IT resources may be subject to public inspection upon request by a citizen of the State of Tennessee. TBR personnel receiving such a request for public inspection should refer the request to the President or Director of their Institution (or to the President's or Director's designee). Institutions may charge reasonable fees for making copies of such records, pursuant to T.C.A. § 10-7-506.

While disclosure under T.C.A. Title 10, Chapter 7 applies to employees, disclosure of the electronic records of all users which are maintained using TBR IT resources may be made pursuant to a valid subpoena or court order, when otherwise required by federal, state or local law, or when authorized by the President or Director of the Institution.

Section 12 Retention of electronic records

Electronic records needed to support Institutional functions must be retained, managed, and made accessible in record-keeping or filing systems in accordance with

established records disposition authorizations approved by the Public Records Commission and in accordance with TBR Guideline G-070, "Disposal of Records". Each employee of the TBR, with the assistance of his or her supervisor as needed, is responsible for ascertaining the disposition requirements for those electronic records in his or her custody. The system administrator is not responsible for meeting the record retention requirements established under T.C.A. Title 10, Chapter 7, and the TBR, as owner of electronic records stored on TBR computers, reserves the right to periodically purge electronic records, including e-mail messages. Users who are either required to retain an electronic record, or who otherwise wish to maintain an electronic record should either:

1. Print and store a paper copy of the record in the relevant subject matter file; or
2. Electronically store the record on a storage medium or in an electronic storage location not subject to unannounced deletion.

Section 13 Violation of this policy

Section 13.1 Reporting allegations of violations

Persons who have reason to suspect a violation of this policy, or who have direct knowledge of behavior in violation of this policy should report that allegation of violation to the Institution President or Director or his/her designee.

Section 13.2 Disciplinary procedures

Allegations of violation of this policy shall be investigated by the designee of the President (typically, the Computer Center Director) or of the Director. Upon finding that a preponderance of evidence supports the allegation, the designated investigator is authorized to impose sanctions upon student users up to and including revocation of access privileges. Note that this authorization carries with it the authorization for the designee to make subjective judgments, such as whether given material is obscene or whether a given statement is threatening. If, in the opinion of the designee, sanctions beyond revocation of access privileges against a student are merited, the matter shall be referred to the individual or Institutional body responsible for student disciplinary

matters under TBR Policy 3:02:00:01. When the preponderance of the evidence indicates a violation of this policy by an employee, the designee shall refer the matter to the employee's immediate supervisor for appropriate disciplinary action.

Section 13.3 Sanctions

Persons violating this policy are subject to revocation or suspension of access privileges to TBR IT resources. Additionally other penalties, as outlined in TBR Policy 3:02:00:01, may be imposed upon student users. Sanctions for violation of this policy by employees may extend to termination of employment. Violations of law may be referred for criminal or civil action.

Section 13.4 Appeals

Sanctions imposed upon students at a TBR University or Community College and imposed at the discretion of the Computer Center Director (or other designee of the President) may be appealed to the Chief Student Affairs Officer. Other sanctions may be appealed under established Institution procedure.

ATTACHMENT B

THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE

PROCEDURES FOR CAPITALIZING FIXED ASSETS

ADDITIONS AND IMPROVEMENTS TO LAND AND BUILDINGS

Additions and improvements valued at or above \$50,000 should be capitalized if the expenditures meet the criteria listed below. Additions and improvements less than \$50,000 should be treated as repairs and maintenance even though they have the characteristics of capitalized expenditures. All doubtful cases as to the expected benefits of the addition or improvement should also be expensed.

1. Additions - The addition of a new unit or the extension, expansion, or enlargement of an existing asset. An addition results in an increase in quantity.

Example:

- A new wing is added to an existing building at a cost of \$700,000. This would be a building capitalization.

2. Improvements - A substitution that increases the quality of an asset. The improvement results in: (a) an increase in the useful life of the asset beyond the original estimate; or (b) an increase in its operating efficiency or capacity. Alterations that modernize rather than improve the quality of the asset should be expensed unless the alteration is so extensive as to increase the estimated life of the asset.

Land improvements are functional and cosmetic improvements that ready land for its intended use. Examples include, but are not limited to, site improvements such as landscaping (including shrubbery, flowers, trees); retaining walls, parking lots, fencing, sidewalks, sculptures, and art work. Land improvements are normally depreciated over a useful life of 20 years.

Leasehold improvements include, but are not limited to, the construction of new buildings and reconstruction and improvement of existing buildings. If option to renew lease for additional years is uncertain or the likelihood of renewal is uncertain, the leasehold improvements are generally depreciated over the lesser of the original term of the lease or useful life of the asset.

Re-roofing costs should not be capitalized unless they are part of a major renovation of a building. Asbestos removal costs that can be identified should be expensed.

Examples:

- 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.
- A deteriorating roof on an existing building is replaced at a cost of \$55,000. This would not be capitalized.
- A dormitory is completely renovated at a cost of \$1,000,000 including a new roof. The entire cost would be capitalized under buildings.
- A parking lot is re-paved at a cost of \$20,000 in order to restore to its original condition. This would be considered maintenance and would not be capitalized.

LAND

Land is a non-depreciable asset with costs that directly relate to the land's unlimited life. All land acquired by the institution should be recorded at its purchase price. Included in the price is not only the contract amount but also all other costs relative to its acquisition. Related costs include costs incurred in closing such as title to the land, attorney's fees and recording fees; costs incurred in getting the land in condition for its intended use, such as excavation, grading, filling, draining, and clearing; assumption of any liens, mortgages, or encumbrances on the property; and any additional land improvements that have an indefinite life.

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. Land acquired by donation, or the intent of donation such as acquisitions of one dollar, should be recorded on the basis of an appraisal of the fair market value at the date of acquisition. The cost of the appraisal itself, however, should not be capitalized.

BUILDINGS

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, erected for the purpose of sheltering persons or property. Examples include, but are not limited to, such items as academic buildings, dormitories, apartments, and barns. All buildings valued at or above \$100,000 should be capitalized. Buildings valued at less than \$100,000 should be expensed. Buildings are normally depreciated over a useful life of 40 years.

Buildings acquired by purchase should be capitalized at their total purchase prices. This includes the contract amount, unpaid taxes assumed, legal and closing fees, and all expenditures necessary to place the property into acceptable condition for its intended use.

Buildings acquired by construction should be capitalized at their contract prices plus all other costs relative to their acquisition. Included are such items as architectural and engineering fees, costs of building temporary construction offices, fees for permits and licenses, easements, and allocable overhead, if applicable.

Buildings acquired by donation, or the intent of donation such as acquisitions of one dollar, should be recorded on the basis of an appraisal of the fair market value at the date of acquisition. The cost of the appraisal itself, however, should not be capitalized.

INFRASTRUCTURE

Infrastructure is defined as improvements related to the skeleton structure and function of the campus. 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 or television towers, water lines, signage, all-weather track, telecommunications and computing wiring, and energy management systems. Improvements valued at or above \$50,000 should be capitalized. Improvements valued at less than \$50,000 should be expensed. Infrastructure items are normally depreciated over a useful life of 20 years.

PERSONAL PROPERTY

Examples of non-expendable personal property include machinery, implements, tools, furniture, vehicles and other apparatus with a unit cost of \$5,000 or more and a minimum useful life expectancy of one year. The cost of personal property includes the purchase price, transportation costs, installation costs, and other direct costs of readying for use.

Personal property acquired by donation, or the intent of donation such as acquisitions of one dollar, should be recorded on the basis of an appraisal of the fair 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, file cabinets, safes. 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 equipment – 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 educational 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, music, artistic, and reference materials. Examples include, but are not limited to, books, periodicals, microfilm, microfiche, government documents, films, videocassettes, audiocassettes, phonorecord compact disc – audio, slide set, filmstrip, transparency, maps, multimedia kit, three-dimensional models, non-catalogued pamphlets, computer software manuscripts and archival, photograph, and compact disc. Library holdings are normally depreciated over a useful life of 10 years.

SOFTWARE

Computer software should be expensed.

LIVESTOCK

Livestock should be expensed.