

IV:04:10 RENEWAL AND REPLACEMENT FUNDS

Definition: The renewal and replacement fund consists of funds set aside to provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements to plant. Some portion of renewals and replacements may be capitalized as additions to plant.

Assets of this fund may include cash, investments, deposits with others, amounts due from other fund groups, and construction in progress. Liabilities may consist of accrued liabilities; accounts, notes, and bonds payable; and amounts due to other fund groups.

Fund balances represent the unexpended resources of this fund. Separate accounts for each purpose for which funds are set aside are maintained. Additions to fund balances generally come from transfers from the current unrestricted fund or reallocations from the unexpended plant fund. Interest income will be allocated to this fund based on monthly cash balances in each account. Deductions from fund balances consist of expenditures for and related to renewal and replacements, transfers of unrestricted resources back to unrestricted current funds, and reallocations to the unexpended plant fund.

Administration: During each budget cycle, the Vice President for Business and Finance will determine if fund balances in the renewal and replacement fund appear adequate to meet the long-term replacement needs of the college. As a result, budget transfers will be made to or from the fund as deemed appropriate. Factors that will be considered are specific short term and long-term needs, the overall financial condition of the institution, the state economic and budget situation, the general condition and age of college equipment, instructional programs that are being offered, etc.

Examples of renewal and replacement accounts whereby funds may be set aside include: instructional equipment, computer equipment, communications equipment, motor vehicles, furniture, operation and maintenance equipment, and parking lots.

Expenditures of these funds will follow normal planning, budgeting, and purchasing practices. These funds will be used to support the college's mission, strategic plan, and institutional effectiveness plans.

VSCC Source: May 1, 1989, October 15, 1998, October 28, 1998, President;
December 2, 2008, President