

MONTANA BOARD OF REGENTS OF HIGHER EDUCATION
Policy and Procedures Manual

SUBJECT: FINANCIAL AFFAIRS

Policy 901.1 – Renewal and/or replacement of equipment in recharge centers; Montana University System

Adopted: October 25, 1990; Revised: November 18, 1999

I. Board Policy

A. The campuses of the Montana University System are authorized to establish "Renewal and Replacement" (R & R) accounts in the PLANT FUND for the systematic accumulation of funds for the renewal and/or replacement of equipment used to support a particular recharge center.

B. Requests for such an R & R account must be accompanied by a "life cycle plan" outlining the procedures to be followed in accumulating R & R funds. Action plans must be approved by the Commissioner of Higher Education.

II. Procedures

A. Each campus requesting approval for the establishment of an R & R account relating to equipment replacement in recharge centers must provide the Commissioner of Higher Education with the following information:

1. an inventory of the major equipment items included in the particular recharge center, (asset class with a combined cost exceeding \$10,000), the estimated useful life, and the salvage value;
2. the cost of the asset class (new equipment) or the fair market value (used equipment);
3. the remaining useful life for each existing asset class together with a specific R & R rate. The useful life for an asset class must be consistent from campus to campus. (However, depending upon campus usage, specific rates may include a "range" for a particular asset class);
4. a projection of the annual R & R that would be recovered through recharge rates over the remaining useful life of the equipment, and
5. following approval, the accumulated amounts would be identified as R & R funds and transferred to an interest earning account in the PLANT FUND.

Definitions

Recharge Center - An account in the DESIGNATED SUBFUND established for the purpose of accumulating costs and revenues for campus wide service activities. Typical recharge centers include, but are not limited to, computing, motor pool, telephone systems, and reprographics (copy machines/printing services). Other recharge centers may be designated by the University campuses.

Repair and Replacement (R & R) Fund - The systematic accumulation of funds over a specified period of time that would equal the cost of an asset (or asset class) less any salvage value.

History:

Item 69-001-R1090, Renewal and/or Replacement of Equipment in Recharge Centers; Montana University System, October 25, 1990; as revised November 18, 1999 (Item 104-103-R0999).