



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Assistant Superintendent

Dave Jones

148 North Binkley Street Soldotna, Alaska 99669

Phone (907) 714-8838 Fax (907) 262-5867

Email djones2@kpbsd.k12.ak.us

October 25, 2010

TO: Board of Education
FROM: Dave Jones, Assistant Superintendent
SUBJECT: Approval of Policy Revisions

The following policies were reviewed by the Board Policy Committee on August 9, 2010 were reviewed by both the Board Policy Committee and Board Worksession on October 18. They were also presented to the Board for a first reading at the Board Meeting on October 18, 2010.

The administration recommends making the following changes to policy:

BP 3471 Equipment Reserve – Revised to incorporate the GASB 54 regulations on special revenue funds into our policy. This policy establishes that the Board will annually commit a percentage of the District’s interest income to the Equipment Reserve Fund. Changes access to funds in Equipment Reserve Fund for capital purchase from \$10,000 to \$500. Also, establishes an application process to determine the need and award funds for the purchase or replacement of capital equipment.

AR 3471 Equipment Reserve Fund – NEW – The percentage of interest income (currently 20%) is noted in the AR. The amount will be reviewed with the district having the flexibility to increase or decrease depending the available interest and needs. This establishes criteria for determining need for the purchase or replacement of capital equipment.

At the recommendation of the Board Policy Committee, Board Worksession or the auditor, the following changes have been made since the first reading:

- BP 3471, second paragraph: “annually commit to transfer a percentage of the general fund interest” changed to “annually commit a percentage of the District’s interest income”.
- AR 3471(a), second paragraph: “by the School Board to a transfer of 20% of the General Fund interest revenue” changed to “by the School Board of 20% of the District’s interest income”.
- AR 3471(b), first paragraph: “not covered” changed to “not funded”.
- AR 3471(b): The last two paragraphs were added at Board request.

EQUIPMENT RESERVE FUND

The School Board recognizes the need to plan for the cyclical replacement of capital assets and the impact such replacement has on the operating budget. The School Board, has therefore, authorized the creation and maintenance of a special revenue fund that is dedicated to the acquisition and/or replacement of such capital equipment.

(cf. 3000 – Concepts and Roles)
(cf. 3300 – Expenditures/Expending Authority)

In order to comply with GASB 54 regulations on special revenue funds, the School Board will annually commit a percentage of the District’s interest income to the Equipment Reserve Fund to be spent solely on the purchase or replacement of capital equipment.

Access to ~~revenue funds~~ in the Equipment Reserve Fund will be limited to capital purchases in excess of ~~ten thousand five hundred~~ dollars (\$~~10,000~~500). ~~Funds—All expenditures~~ drawn from the Equipment Reserve Fund will be ~~transferred—assigned~~ to the appropriate expenditure account as necessary to record the purchase within the Equipment Reserve Fund.

(cf. 3120 – Transfer of Funds)
(cf. 3310 – Purchasing Procedures)
(cf. 3311 – Bids)

In order to protect the integrity of the fund, ~~a fiscal plan for recompensation must be included with the transfer request. The Superintendent will determine an appropriate life cycle for equipment purchased and an amortization schedule for fund regeneration~~supervise or determine an annual application process that will determine need within the District and award funds for the purchase or replacement of capital equipment as warranted.

(cf. 3400 – Management of District Assets/Accounts)
(cf. 3460 – Periodic Financial Reports)

NEW

Business and Instructional Support Operations

AR 3471(a)

EQUIPMENT RESERVE FUND

Failure to plan and budget for the cyclical replacement of capital assets can have drastic impacts on the general operating budget. The Equipment Reserve Fund was established by the School Board in recognition of the need to plan and budget for this cyclical replacement. This fund is dedicated to the orderly and planned acquisition and/or replacement of such capital equipment.

Revenue Source

The foundation of revenue for this special revenue fund shall stem from an annual commitment by the School Board ~~to a transfer~~ of 20% of the ~~General Fund District's interest income~~ revenue in the prior fiscal year to the Equipment Reserve Fund. This revenue shall be used solely for the purchase or replacement of capital equipment from the Equipment Reserve Fund.

Equipment Types

The District's account code structure addresses two types of equipment as follows:

Object Code 5101	Equipment – General
Object Code 5102	Equipment – Technology

Equipment – Technology refers to the computer technology related equipment, some of which is ~~that~~ addressed in the District Technology Plan.

Equipment – General refers to all of the remaining equipment purchased throughout the District.

Equipment Replacement Plans

~~Equipment – Technology is currently replaced~~ Plan purchases made on a three- year cycle as part of the District Technology Plan are and is paid for through the use of E-Rate funds revenue out of the general fund. ~~The replacement of Equipment – General is paid for~~ Equipment not covered by the Technology Plan is eligible to be purchased from the Equipment Reserve Fund.

EQUIPMENT RESERVE FUND - continued

Equipment – General Replacement Process

There will be an annual application process for buildings and departments to apply for funding for needed equipment purchases not funded by the Technology Plan. Buildings and departments will be able to apply for three specific need areas as follows:

1. Health and safety needs
2. Established program needs
3. New or additional program needs

All needs shall be reviewed and scored ~~based~~ according to the following prioritized criteria:

1. An established life or safety concern for students, employees or members of the public
2. Directness of the link to classroom instruction
- ~~3. Vandalism~~
3. Useful life status of existing equipment
4. Vandalism with consideration that proper precautions have been taken to protect school equipment
5. ~~Any~~ The extent to which a building or department has ~~contribution~~ contributed to equipment failure through improper use
6. Other relevant material

If the application process for the year is complete and a building experiences unexpected loss, the administrator can apply for special permission for equipment needed to provide for emergency health and safety needs.

Of the current \$6.7 million in the equipment fund, \$1.5 million is reserved for Information Services expenditures, \$1.7 million is reserved for Charter School expenditures and \$3.4 million is reserved for the Equipment-General Replacement Process.

Up to a limit of \$1.5 million of the \$3.47 million will be allowed to be spent for the Equipment-General Replacement Process in FY 11.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Adoption Date: _____