

## UTAH COUNTY ACADEMY OF SCIENCES POLICIES AND PROCEDURES

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**SECTION:** D – Fiscal Management  
**POLICY TITLE:** Assets, Liabilities, and Cost Accounting  
**FILE NO.:** DC  
**DATED:** September 15, 2020

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#### 1. PURPOSE AND PHILOSOPHY

In order to have proper oversight and accountability, the Utah County Academy of Sciences (UCAS) will clearly define school assets and how reporting of assets will be conducted.

#### 2. ASSETS

Economic resources that are recognized and measured in conformity with generally accepted accounting principles.

#### 3. CRITERIA FOR CAPITALIZING AND DEPRECIATING FOR PROPERTY AND EQUIPMENT

All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$1,000 or more is capitalized and recorded in the statement of net assets. Depreciation associated with the fixed asset will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be recorded in the statement of revenues, expenses, and changes in net assets.

#### 4. CHANGE IN ASSET VALUE

If there is a recognized change in asset value, the appropriate adjustment is made, accompanied by a description of the change. Maintenance and repairs are expensed as incurred. Any depreciation associated with the change will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be recorded in the financial statements.

## **5. LIABILITIES**

Economic obligations that are recognized and measured in conformity with generally accepted governmental accounting principles. Liabilities also include certain deferred amounts that are not obligated, but are recognized and measured.

## **6. ACCOUNTS PAYABLE**

Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable.

## **7. ACCRUED LIABILITIES**

Salaries, wages earned, and payroll taxes, together with professional fees, rent, and insurance costs incurred, but unpaid, are reflected as a liability when entitlement to payment occurs. Liabilities are accrued annually.

## **8. ACCRUED TEACHERS' SALARY**

The portion of any teachers' salaries paid for a school year that extends into the next fiscal year (e.g., a twelve-month salary schedule from September 1 to August 31 of the following year) should be accrued at the end of the fiscal year for which services were rendered.

## **9. DEBT**

- 9.1.** When applicable, short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that is not expected to be repaid within one year.
- 9.2.** All short-term and long-term debt is approved by the Board.
- 9.3.** Loan agreements approved by the Board should be in writing and should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

## **10. NET ASSETS**

Net assets are recorded in accordance with generally accepted government accounting principles applicable to special purpose governmental units. Net assets include the following:

- 10.1.** Unrestricted
- 10.2.** Restricted
- 10.3.** Investment in Capital Assets, net of related debt

## **11. COST ACCOUNTING PERIOD**

The fiscal year of UCAS is July 1st through June 30th. The same accounting period is used for all adjusting entries and accruals.

## **12. GAIN OR LOSS ON DISPOSITION OF ASSETS**

Gains and losses from the sale or other disposition of property are recorded as revenue in the year in which they occur, and are reflected as such on applicable financial statements.

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## **REFERENCES**

UTAH CODE ANN. § 53E-3-703

UTAH CODE ANN. § 53A-3-414, et seq.  
UTAH ADMIN. CODE R277-113  
UTAH ADMIN. CODE R277-120-4

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**FORMS**

None

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**HISTORY**

**Revised – September 15, 2020.** Policy DC – Purchasing renumbered to Policy DE. Policy DC – Assets, Liabilities, and Cost Accounting adopted.

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