



Policy Type: Required  
Policy Title: Asset, Liabilities, and Net Assets  
Effective: September 10, 2015

## Assets:

Assets are defined as economic resources that are recognized and measured in conformity with generally accepted accounting principles. Assets also include certain deferred charges that are not resources, but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of assets.

1. Bank Accounts
  - a. The Board may authorize bank accounts for general or specific purposes. No school assets shall be kept at any bank or financial institution that is not on the approved list of the Utah Money Management Council.
  - b. All Bank accounts shall be reconciled as often as statements are available.
  
2. Petty Cash Payments
  - a. Petty cash payments are made from a fund not to exceed \$500, and should be for cash advances, local expense reimbursement, and small-dollar vendor purchases, provided proper documentation is furnished with each request. No individual payment shall be greater than \$100.
  - b. The petty cash account is balanced periodically by the Business Manager.
  
3. Criteria for Capitalizing and Depreciating for Property and Equipment
  - a. All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$5,000 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. Impairment of Assets

- a. A recognized impairment of an asset is reflected when circumstances warrant. The appropriate adjustment is made for any impaired assets, accompanied by a description of the impaired asset and the measurement assumptions used in determining the impairment. All impairments should be reported to the Board of Trustees for approval of the adjustment to the fixed asset subsidiary ledger.

#### 5. Betterments

- a. Expenditures for significant betterments of existing leased/owned properties are recorded in fixed assets at cost. Maintenance and repairs are expensed as incurred. Depreciation associated with the betterment 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.

### Liabilities:

Liabilities are defined as economic obligations that are recognized and measured in conformity with generally accepted accounting principles. Liabilities also include certain deferred amounts that are not obligated, but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of liabilities.

#### 1. Accounts Payable

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

#### 2. Accounts Payable Payment Policy

- a. Vendors and suppliers are paid as their payment terms require, taking advantage of any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

#### 3. Accrued Liabilities

- a. 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.



4. Accrued Teachers' Salary

- a. The portion of any teachers' (or other employees whose salaries are paid over a period different than during which work was performed) 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.

5. Debt

- a. 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.
- b. All short-term and long-term debt is approved by the Board of Trustees.
- c. Loan agreements approved by the Board of Trustees shall be in writing and specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

**Net Assets:**

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

- 1. Unrestricted
- 2. Restricted
- 3. Investment in Capital Assets, net of related debt

**Certification**

The Undersigned officers and/or directors of Lakeview Academy certify that this Assets, Liabilities and Net Assets policy was duly adopted as of September 10, 2015 and replaces all previous Assets, Liabilities and Net Assets policies.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_