GUIDELINES FOR COMPLETING INCOME AND EXPENDITURE ACCRUAL AND DEFERRAL REPORTS

I. INTRODUCTION. Proper accounting practice for recording income and expense directs that for fiscal reporting purposes, the books of account reflect only income earned and related expenses incurred for goods and services actually delivered or performed during the fiscal period being reported. It is, therefore, necessary to record various entries to adjust General Ledger income and expense statements to reflect this situation. Managers are asked to review their May 31 income and expense ledgers and monitor June activity (using GL Inquiry, QDB or online financial system reports) and submit the appropriate reports to General Accounting to be used as the basis for making adjusting entries.

We have enumerated below the types of items to be reported and have provided sample situations to be used for reference. Complete details regarding the method used to compile the figures should be available in your files for University or external auditors, who may wish to audit the reports in detail.

II. REVIEW OF EXPENDITURE LEDGER STATEMENTS

A. Expenditure Accruals Operating expense items (as distinguished from inventory or equipment) which have been received by June 30 but check requests or invoices have not yet been sent to Accounts Payable for the June 30 final ledger should be listed on Form E, Accrued Expense (Operating Expense Incurred but Not Recorded as Expense as of June 30). This is true even though the ledger reflects a valid encumbrance for the item.

NOTE: Vendor invoices and check requests relating to FY21-22 must be received by EOD Friday, June 03, 2022 in order to be processed in the current fiscal year. Vendor invoices and check requests received after the June 03, 2022 cutoff will be processed on a first-come, first-served basis, as workload permits.

BruinBuy system will be open through EOD July 1, 2022 to process orders received up to June 30. All orders and requisitions will post to the accounting period delineated by the EFFECTIVE DATE. The effective date will default to the current date unless over-ridden at time of entry. Departmental preparers should use a June effective date for any orders or requisitions for which invoices should be processed as current fiscal year business.

If invoices have not yet been received, it may be necessary to contact the vendor in order to determine the cost to be accrued.
Example: Word Processing Services provided by outside contractor through June 30, but invoice is not received until July 5.

**UNIVERSITY OF CALIFORNIA, LOS ANGELES**

**Accrued Expense (Operating Expense Incurred but not Recorded as Expense as of June 30, 20XX)**

<table>
<thead>
<tr>
<th>LOC</th>
<th>Account</th>
<th>CC</th>
<th>Fund</th>
<th>Project</th>
<th>Fin. Class</th>
<th>Sub</th>
<th>Object</th>
<th>Source</th>
<th>Description</th>
<th>Reference Number</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>401073</td>
<td>3X</td>
<td>61022</td>
<td>03</td>
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<td>Insta – Type</td>
<td>1640X12345</td>
<td>184.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Department: Pediatrics – Biopsy Study

Prepared By: S. Jones Ext. 5XXXX Date: 7/5/XX

Approved By: Date

*If the anticipated expense is a recharge from a campus service department or approved recharge unit, the expense should be handled as a recharge and not accrued.*

If the recharge unit will not be able to meet the cutoff of June 30 for current fiscal year recharges, they should charge you based on an estimate, and adjust to actual in next fiscal year.

**B. Expenditure Deferrals.**
Expenditure items recorded for current fiscal year that are costs incurred to earn income that will not be recorded in the ledger until the ensuing fiscal year should be listed on **Form F**, Deferred Expense (Operating Expenses Recorded as of June 30, but Applicable to Income to be Earned in next fiscal year).

Example: Printing and related cost for publications that will not be released for sale until the new fiscal year, but appear in the May expenditure ledger statement as an expense.

**UNIVERSITY OF CALIFORNIA, LOS ANGELES**

**Deferred Expense (Operating Expense Recorded as of June 30, 20XX but Applicable to Income to be Earned in next fiscal year)**

<table>
<thead>
<tr>
<th>LOC</th>
<th>Account</th>
<th>CC</th>
<th>Fund</th>
<th>Project</th>
<th>Fin. Class</th>
<th>Sub</th>
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</table>

Department: Library Publication

Prepared By: G. Dale Ext. 5XXXX Date: 7/7/XX

Approved By: Date
III. REVIEW OF INCOME LEDGER STATEMENTS

A. Income Accruals

Income Accounts should be reviewed for income items pertaining to goods or services completed and delivered to customers by June 30 but which will not be recorded as income earned on the June ledger. These items should be listed on Form G, Accrued Income (Income Earned but not Recorded as of June 30).

Example: Work was completed and delivered to customer on June 27, but the university invoice will not be recorded in the ledger until July 15.

<table>
<thead>
<tr>
<th>Order</th>
<th>Description</th>
<th>Date Goods Delivered</th>
<th>Customer</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rabies Test</td>
<td>June 27, 20XX</td>
<td>Dr. Martin</td>
<td>203 00</td>
</tr>
</tbody>
</table>

Recharges for current year business must be recorded on the June preliminary ledger. **Recharge income cannot be accrued.** If you are unable to determine the actual recharge amount, recharges should be submitted based on an estimate. Recharges should be prepared and processed in the new fiscal year to adjust the current fiscal year estimates to actual.

B. Income Deferrals

Income items recorded as of the June 30 preliminary ledger which represents payment for goods or services that will not be provided to customers until the next fiscal year should be listed on Form H, Deferred Income (Income Recorded as of June 30, but Will Not Be Earned until next fiscal year). If the payment recorded includes reimbursement for orders that have been partially delivered to customers, the amount recorded should be prorated between delivered and undelivered goods. The amount to be shown on Form H should reflect only the undelivered portion of the order.
Example 1: Check for annual subscription to “Grass Roots” at a cost of $30.00 (12 issues at $2.50 each) received by mail in April. As of June 30, three issues have been mailed, nine are still undelivered.

Example 2: Order for annual subscription received on June 16, but the first publication to be mailed will be the July issue. However, the university invoice (non-BAR or BAR) has been recorded in the June ledger.

<table>
<thead>
<tr>
<th>Description</th>
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<th>Type Entry</th>
<th>Transaction Number</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Subscrip/Research Labs</td>
<td>April 20XX</td>
<td>33</td>
<td>104321</td>
<td>22 50</td>
</tr>
<tr>
<td>Subcrip/Univ. of Wisconsin</td>
<td>June 20XX</td>
<td>50</td>
<td>12SBSA</td>
<td>30 00</td>
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