And now it’s time for……Accruals and Deferrals

What are accruals and deferrals?

**Accrual**: If a service/good has been received in FY 18-19, but the payment will not be made until July 1 or later, the expense must be accrued so that it appears on the June GL of the year that the service/good was received. Any single expense greater than $25,000 which has not hit the GL and is applicable to that fiscal year must be accrued. Encumbering an expense is NOT the same as an accrual.

**Deferral**: If a service/good will be received after June 30 of the current fiscal year, but the payment will be made prior to July 1 of the current fiscal year, the expense must be deferred so that it appears on the July GL of the year that the service/good will be received. Any single expense greater than $25,000 which has hit this year’s GL and is applicable to the following fiscal year must be deferred.

What do I need to do?

- Identify any expenses that meet the above criteria.
  - Review your June prelim general ledger.
  - Contact vendors that you are expecting invoices from to get copies of invoices or estimates of FY 18-19 expenses.
- Complete the [accrual/deferral journal template](#). Be sure to include as much information as possible to link the journal entry to the actual expense.
- Submit the completed journal form to [journals@ucop.edu](mailto:journals@ucop.edu) by or before July 19.

What will this look like on my GL?

Accrual: The journal will place a debit on your June GL and a credit on your July GL. The credit will zero out the expense when it is paid in the new fiscal year.

Deferral: The journal will place a credit on your June GL and a debit on your July GL. The credit will zero out the expense that was paid in the current fiscal year.

What did I accrue last year?

Within the next few days, we will send a list of your department’s accruals from last year to your department administrator/business partner.

Please note that accruals are not a budgetary tool to spend down current year surplus appropriations, they are financial tools used to ensure that we are recording expenses in the appropriate fiscal year.

YOU CAN REACH US AT:

- [brctravelandent@ucop.edu](mailto:brctravelandent@ucop.edu)   Mark – Team Lead
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