



**LINCOLN UNIVERSITY  
DEPARTMENT OF FISCAL AFFAIRS**

**TITLE:** Prepaid Expenses

**POLICY NO:** PP 100

**SUBMITTED BY:** Jay S. Simmons, Controller

**APPROVED BY:** Charles T. Gradowski, VP of Fiscal Affairs

**EFFECTIVE DATE:** 07/01/18

**I. Purpose:** To establish a guideline for determining what constitutes a prepaid expense and how to account for it in the General Ledger.

**II. Scope:** Any item over \$5,000 that is paid during one period for which the benefit occurs in a subsequent period will be considered a prepaid expense.

**III. Policy:** Prepaid expenses will initially be recorded in Account **01\_00\_000000\_12030 General : Prepaid Expense – Other** in the General Ledger. The Senior Accountant will review the prepaid expense account monthly and allocate all expenses to the appropriate accounting period. It will also be the responsibility of the Senior Accountant to maintain a monthly **Prepaid Expense Schedule** which ties to the General Ledger.

**Note:** In addition to the Prepaid Expense – Other account there is a Prepaid Travel and a Prepaid Insurance account whose policies may differ slightly.

  
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Jay S. Simmons, Controller

5/22/18  
Date

  
\_\_\_\_\_  
Charles T. Gradowski, VP of Fiscal Affairs

5/22/18  
Date