Accounts Receivable Accrual

What is it?
An accounts receivable accrual occurs when the University has earned revenue but has not yet received it.

How does it affect me?
Following GAAP guidelines, it is important to ensure that revenue is reflected in the period when it was earned. At year-end especially, we want to ensure that any revenue earned in the current fiscal year but not yet received is properly reflected in the general ledger.

How do I account for it?
The object code for accounts receivable accrual is 0130. This is the code that will be used on the debit line of the journal.

The object code for the credit line will be where the revenue belongs once earned.

Example
Department X is hosting a summer conference that occurs in June, 2021. There are 23 attendees, and they owe $100,000 to the University for the conference. The payment—when received—belongs in object code 5360—Event+Program Services, External.

Because the revenue was earned in FY21 (the conference took place in June), and because the revenue has not yet been received, there must be an accounts receivable accrual performed.

The journal type must be “Auto JV Rvrs,” so it will reverse automatically in the next period—in this case, the next fiscal year.