OVERVIEW
This job aid provides details on how to perform RU Accrual/Deferral entries for Month End and Year End closings.

ACCRUAL BASIS ACCOUNTING

- The accrual basis of accounting method is used by Rutgers University. Units are required to accrue/defer external expenses or revenues as a part of the monthly and year end closing processes. Internal revenue and expenses should not be accrued or deferred.
- Accruals will ensure appropriate recording of accounting transactions and will match revenue/expenses for a period to revenue/expenses incurred in that period.
- Revenue accruals are used to record revenue earned in one accounting period, but not billed or received until a future period. The offsetting debit to Accrued Revenue is usually Accounts Receivable.
- Expense accruals are recorded in the period when the expenses are incurred, regardless of when payment is made and an invoice is received.
- In the event a payment is made prior to incurring costs, a Prepaid Expense entry should be recorded for the costs or expenses not yet incurred. As an example, paying an insurance policy in June 2019, when the coverage is for all of FY20. The full amount is a prepaid expense as opposed to an operating expense.
- Deferred or Unearned Revenue is recorded when payment is received or billing occurs prior to the period in which the revenue is earned. The entry to record Unearned Revenue is a debit to Cash or Accounts Receivable and a Credit to Unearned Revenue. If revenue was previously recorded but determined to not yet be earned, then a debit to Revenue and credit to Unearned Revenue would be appropriate.

GENERAL LEDGER EXPENSE ACCRUALS/DEFERRALS

To process general ledger accruals and deferrals, navigate to a journal form or spreadsheet by selecting General Accounting>Journals>Tasks>Create Journal or Create Journal in a Spreadsheet hyperlink. Follow the job aid or video on the Controller's website with the following exception:

- In the category field, select RU Accrual/Deferral. (By selecting this category, once the journal entry is posted, it will auto reverse in the following month.)

- Always use the last day of the month in the Accounting Date. (Use the date of 6/30/XX to process year end accruals.)

- Select a balance sheet account segment, which can be found in the Chart of Accounts Segment listing on the Controller's website.
MANAGE JOURNALS

View general ledger revenue/expense accruals and deferrals in the General Ledger Accounting tile under Manage Journals. In the below example, the journal entry was posted in APR-19 and automatically reversed in MAY-19.

The search criteria for the Accrual entry is the Accounting Period of APR-19 and the Category of RU Accrual/Deferral.

The search criteria for the Reversing entry is the Accounting Period to MAY-19 and the Category of RU Accrual/Deferral.

To view details of the journal entries, click on the Journal or Journal Batch hyperlink. You can also run RU GL 089 Account Analysis Report or the GL Reconciliation Queries to see the entries.
PROJECT EXPENSE ACCRUALS/DEFERRALS

To process project expense accruals and deferrals, navigate to the Non Labor Costs spreadsheet by selecting Projects>Costs>Tasks>Capture Costs>Create Nonlabor Costs hyperlink.

Follow the job aid or video on the Controller’s Office website:

- Accruals: follow the job aid and video for (debit Projects -credit GL) GL to Projects
- Deferrals: follow the job aid and video for (credit Projects-debit GL) Projects to GL

With the following exceptions:

- In the header of the journal ensure that Accrual Batch = Yes. The Nonlabor Costs spreadsheet does not have a category field, therefore, by selecting “Yes” in the Accrual Batch field, the system recognizes the journal as a cost accrual. (Once the journal entry is posted, it will auto reverse in the following month.)

- Always use the last day of the month as the Nonlabor Costs Expenditure Batch Date. (Use the date of 6/30/XX to process year end accruals.) You can also add some other small descriptive information that would help you identify your transaction.

- Select a balance sheet account segment, which can be found in the Chart of Accounts Segment listing on the Controller’s website.
View project expense accruals in the Projects tile under Manage Project Costs. Enter your search criteria such as project number.

In the search results, filter on the quantity. Enter the positive number for the accrual entry and select the transaction number for more details.

Then enter negative amount for the reversing entry and select the transaction number for more details. You can also run report 505 Project Cost, Revenue, Budget, Commitments to view the entries.

Accrual Entry Details

Expenditure Item: 131

Reversing Entry Details

Expenditure Item: 330
PROJECT REVENUE ACCRUALS/DEFERRALS

To process project revenue accruals/deferrals, navigate to a journal form or spreadsheet by selecting General Accounting>Journals>Tasks>Create Journal or Create Journal in a Spreadsheet hyperlink.

Follow the job aid or video on the Controller’s website with the following exception:

- In the category field, select RU PGM Revenue Accrual. (By selecting this category, once the journal entry is posted, it will auto reverse in the following month.)

- Always use the last day of the month in the Accounting Date. (Use the date of 6/30/XX to process year end accruals.)

- Select a balance sheet account segment, which can be found in the Chart of Accounts Segment listing on the Controller’s website.