



The following key terms appear in the [Accounting Basics](#) course. Take the course for more context on how these terms interact with basic accounting.

Accounts Payable (AP) - money the university owes its vendors and suppliers

Accounts Receivable (AR) – money owed to the university

Accrual Basis Accounting – an accounting method that records revenue at the time they are earned and expenses when they are incurred, regardless of when the cash is sent or received. This method is used at the University of Utah.

Assets – resources that an organization owns. This includes tangible assets (e.g. cash, equipment, real estate) and intangible assets (e.g. prepaid expenses, accounts receivable).

Balance Sheet – a statement that tracks the university’s assets, liabilities, and fund balances. The goal is to ensure that $Assets = Liabilities + Fund\ Balance$.

Balance Sheet	
As of July 31, 20XX	
Asset	
Cash	14,814,885.42
Account Receivable	11,754,254.97
Plant	41,856,741.13
Total Assets	\$ 70,402,153.24
Liability	
Account Payable	67,570.24
Vac Sick Liability	794,983.83
Deferred Revenue	(20.00)
Deferred Revenue	10,633,751.57
Bonds Pay	2,957,454.91
Total Liabilities	\$ 15,172,090.88
Total Fund Balance	\$55,230,062.36
Total Liabilities & Fund Balance	\$70,402,153.24

Amounts Balance

Budget – a projection of future revenue and expenses

Cash Basis Accounting – an accounting method that records revenue and expenses when cash is received or sent out, not when it is earned or incurred.



Debit (DR) Entries and Credit (CR) Entries – lines on a journal entry that track transactions. *See the table below to view how the entries affect different account types.*

The following chart lists the account types and indicates whether the associated dollar amount should normally be a debit or a credit.		
Account Type	Transaction Descriptions (what debits and credits do)	
Asset	DR	increase the amount of an asset
	CR	decrease the amount of an asset
Liability	CR	increase the amount of a liability
	DR	decrease the amount of a liability
Fund Balance	CR	increase the amount of the fund balance
	DR	decrease the amount of the fund balance
Revenue	CR	increase the amount of revenue
	DR	decrease the amount of revenue
Expense	DR	increase the amount of an expense
	CR	decrease the amount of an expense
Transfer IN	CR	increase the amount of a transfer IN
	DR	decrease the amount of a transfer IN
Transfer OUT	DR	increase the amount of a transfer OUT
	CR	decrease the amount of a transfer OUT

Double-Entry System / Dual-Entry System – an accounting system that requires each journal entry to have at least two lines/entries of equal and opposite dollar amounts. Entries are made up of debit and credit lines.

Encumbrances – an open commitment to pay for goods or services if/when they are received. An encumbrance is not a liability, but a “reserve” on fund balance.

Expenses – money spent by an organization (e.g. salaries, benefits, financial aid, supplies, travel)

Fund Balance – the total equity after assets have been used to satisfy outstanding liabilities;
 $\text{Fund Balance} = \text{Assets} - \text{Liabilities}$

General Ledger – a complete record of financial transactions that documents assets, liabilities, fund balances, revenue, expenses, and transfers.

Income Statement – a financial statement that summarizes all revenue and expenses over a given period of time

Journal Entry – a record of business transactions that originate from file transfers, manual data entry, or other university subsystems such as Purchasing, Student Financials, or Accounts Payable. Journal entries include details about transactions, such as date, amount, description of entry, journal ID, and journal source.

Journal ID – a unique reference number for a business transaction that is located within a journal entry



Journal Source – an indicator of which department or source a journal entry originated from; found directly on the entry

Liabilities – amounts owed to an external entity (e.g. accrued expenses, contracts, bonds, accounts payable)

Reconciliation – the process of making sure that posted transactions are accurate

Revenue – payments received (e.g. departmental deposits, gifts from donors)

Transfers (In & Out) – used to track the movement of funds within the university. Because the university's overall cash does not change, transfers are not considered a revenue or expense.

Unearned Revenue – a type of liability; money the university has received for a good or service that they have not yet provided or delivered