

MU Credit Card Transactions in QuickBooks

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Other Resources:

Link to Security Awareness Course <http://bblearn.missouri.edu>

Link to MU User's Manual <http://extension.missouri.edu/staff/adminmgmt/creditcard/MUOff.docx>

Link to MU Credit Card TEST site https://extweb.missouri.edu/ccc_test/

Link to MU Credit Card processing <https://extweb.missouri.edu/ccc>

Link to Direct Deposit & credit card payment method

<http://extension.missouri.edu/acctmanual/Deposits/Direct%20Deposits.pdf>

Fiscal Policies and Procedures for County Councils

http://extension.missouri.edu/acctmanual/policy/Fiscal_Policies_and_Procedures.pdf

This is an addendum to the MU Off-Campus Credit Card System [User's Manual](#).

This procedure explains several options available to the Council, County Program Director, and the Bookkeeper regarding posting of credit card transactions in QuickBooks.

Credit Card transactions are considered income that will be received and deposited in the future. In accounting, this is referred to as accrued income. The customer credit card that is received for purchase of Extension products or services is not money that is available immediately but will be deposited in Council funds at a later date. Temporarily in QuickBooks, it is referred to as **undeposited funds**.

Credit Card Receipt

After submitting a credit card transaction in the MU system, an email message (credit card receipt) will be delivered to the extension office's email box. The receipt includes customer name, amount, type of credit card, confirmation number, and description.

- Print the receipt and place it in a folder for later processing.
- It is recommended that the County Program Director review and initial the receipts on a weekly or daily basis, depending on the volume of transactions.

Monthly Distribution

Once a month, the University will send either a check via postal mail or a direct deposit transfer to the council's bank account. The Extension office may sign up for the direct deposit transfer. Review [Direct Deposit](#) procedure for credit card payment method. The check total will be the **net amount** for all transactions within the monthly time frame. (Sales amount less fees=Net amount)

Council Considerations

1. Post Gross Sales or Net Sales Amount from Monthly Distribution

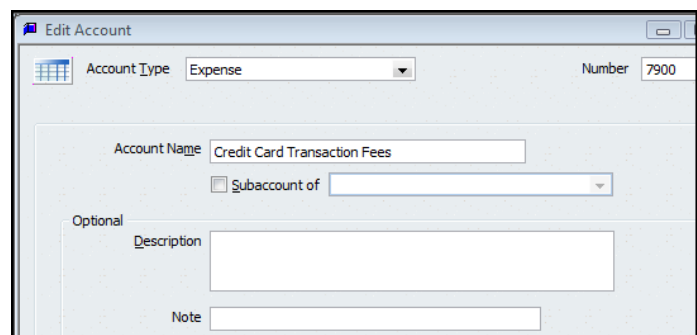
The Council, County Program Director, and the Bookkeeper may decide to post either the gross sales or net sales amount of the university's monthly distribution. If council wishes to track credit card fees, then separate the gross amount and fees when posting transactions in QuickBooks.

Whichever amount (sales or net) is recorded, it is recommended that the procedure be consistent during the year. The Council's decision should be reported in the meeting minutes.

Credit Card Transaction Fee Expense Account

To track credit card fees, create a new account under the 7xxx.

- Select **Lists**.
- Select **Chart of Accounts**.
- Select **Account button** at lower left corner of screen.
- Select **New**.
- Select **Expense** as Account type, click **continue**.
- Enter a number under **7xxx**
- Enter **account name**.
- If you wish to create this fee expense as a subaccount, place a ✓ preceding Subaccount of. (Optional)
- **Save** and close.



2. Posting Method

Depending on the volume of credit card transactions, the Extension Financial team (Extension Council, the County Program Director, and the County Bookkeeper) may adopt one of the two following posting methods: Cash or Accrual basis. Whichever procedure is adopted, it is recommended that the procedure be consistent during the year. The Council’s decision should be reported in the meeting minutes.

- a. Cash Basis** – Enter each customer credit card transaction in QuickBooks as a **deposit transaction** when the amount is deposited in the council’s bank account. The extension office will receive a **Money Transfer Report in the office’s email box once a month.**
- Post each credit card amount to the appropriate customer name, income account, class code in the deposit screen.
 - If the monthly distribution was a university check, then enter the **check number**.
 - Select **Credit Card** as the Payment Method type, if you wish to separate the credit card transactions from other payment methods, such as cash and check. Review the [Direct Deposit](#) procedure for information on creating a new credit card payment method type.

If not reporting credit card fees to an expense account, then skip the next bulleted item.

- As a **negative** amount, enter the **Credit Card transaction fees**, using the appropriate expense account, 7xxx, and assign a class code related to the credit card transaction amount. Credit card fees are included on the university money transfer report.
- **Multiple credit card deposits**, posted on the bank statement, may be recorded in the same deposit screen.
- **Do not mix Cash and Check payment method types with Credit Card type.** A Deposit slip cannot be printed for credit card payment methods.
- Select the **Print** button at the top of deposit screen to print a Deposit Summary report.
- **Save** the Deposit transaction.
- The Money Transfer Report and the Deposit Summary report should be compared to the monthly bank statement. Each transaction on the Money Transfer report should be checked off when matched to the bank statement. Paper-clip or staple all reports and file.
- When matched, the credit card receipt should be marked as deposited and transferred to another file folder, marked as “completed credit card transactions.”

Advantage – less transactions; only deposit transaction is created in QuickBooks.

Disadvantage – the credit card amounts are posted to the accounting system approximately 30 days later and may not be reported within the month the credit card transaction was processed.

This procedure is recommended when the volume of credit card transactions is low. The Extension Council decides the low volume value.

Sample Deposit Transaction for single day or one month reporting of credit card transactions – Cash Basis

Received ...	From Account	Memo	C..	Pmt Meth.	Class	Amount
Myers, John	0100 · Student Fees:0114 · Short ...	Master Ga...		Credit Card	3000 - Education and Services:3205 - Mast...	55.00
Dawn Bailey	0900 · Resales/Educ Services Fees...	3 Soil Tests		Credit Card	3000 - Education and Services:3100 - Soil ...	60.00
Bob Sullivan	0100 · Student Fees:0120 · 4-H E...	4H Camp		Credit Card	3000 - Education and Services:3800 - 4-H ...	110.00
	7900 · Credit Card Transaction Fees	CC fees		Credit Card	3000 - Education and Services:3205 - Mast...	-1.35
	7900 · Credit Card Transaction Fees	CC fees		Credit Card	3000 - Education and Services:3100 - Soil ...	-1.45
	7900 · Credit Card Transaction Fees	CC fees		Credit Card	3000 - Education and Services:3800 - 4-H ...	-2.45
Deposit Subtotal						219.75

A **Deposit Detail Report configuration** is located at the end of this document.

- b. **Accrual Basis** – Enter each customer credit card transaction in QuickBooks as a **Sales Receipt transaction** when the credit card email receipt is received. The extension office will receive a **Money Transfer Report in the office’s email box once a month.**

Advantage – the credit card amounts are posted as Undeposited funds to the accounting system on the credit card transaction date.

Disadvantage – Two-step method: create sales receipt plus deposit transaction later. Two layers of posting: Sales Item plus income/expense (if reduction of expense) account.

Create a new **Sales Item, when needed**

Create a **Sales Receipt for credit card transaction**

Move sales amount to **Deposit** Transaction when amount is deposited in bank account

Create Item for Customer Income

Before creating a Sales Receipts transaction, appropriate sales items are required. A Sales Item must be created and linked to an existing income account (or expense account, if reduction of expense). Here is a sample list of Sales Items.

Name	Description	Type	Account	O.	Price
♦ Farm Tax Recd	Farm Tax Record FM6702	Service	0900 · Resales/Educ Services Fees:0910 · ...		6.50
♦ Glo Germ	Glo Germ	Service	0100 · Student Fees		10.00
♦ Manual #6	Recertification Manual #	Service	0900 · Resales/Educ Services Fees:0910 · ...		3.00
♦ Master Wildlife		Service	0100 · Student Fees:0110 · Non-Credit Co...		50.00
♦ Soil Testing	Soil Testing	Service	0900 · Resales/Educ Services Fees:0920 · ...		15.00
♦ Student Fees		Service	0100 · Student Fees:0114 · Short Course F...		0.00

- Open the Item List. **Lists** from the menu bar, **Item List**.
- Select the **Item** button at bottom left of screen.
- Left click on **New**.
- Click the down arrow for **Type** and select **Service**. (for most Extension-related activities)
- Type an **Item Name**
- The Description box is optional.
- Enter a **rate**, if the rate is fixed. Otherwise, leave the rate field blank.
- Under **Account**, select appropriate Income Account, or Expense account if amount received is a reduction of expense. **An Account is Required!**
- Click **OK**.

Create Sales Receipt

Printed Credit Card Sales Receipts may substitute for the manual receipt book.

Using the information provided in the MU Credit Card Receipt email message, for each credit card transaction create a Sales Receipt transaction.

- Select **Customer** from the menu bar.
- Select **Enter Sales Receipts**.
- Select **customer name**, or select Add New to create a new Customer. (Do not use a vendor name when identifying a person in the Sales Receipt screen.)
- Enter **class code**.
- Enter **date**.

- In **Sale No** field, enter credit card confirmation number located on the credit card receipt.
- Select **Credit Card as Payment Method**
- Select appropriate **Item Name**, or select Add new to create a new sales item.
- Enter a **description, quantity, and rate**, when appropriate.
- Select a **class code** in the second class field.
- Enter an **amount**.
- Enter information in the **Memo** text box.
- For the **Deposit To** field, select **1499-Undeposited Funds**. The Undeposited Funds is a temporary holding account and is represented in the Chart of Accounts and Balance Sheet report.
- Do **not** select **Process Credit Card payment when saving**. This is reserved for offices who subscribe to the QuickBooks Credit Card Service.
- Click **Save** and Close, or Save and New.
- Print Sales Receipt and attach to MU Credit Card receipt and file in appropriate folder. A copy of the Sales Receipt or the MU Credit Card receipt may be given to the customer.

Customer: Job: Ag Expo Class: 3000 - Edu... Template: Print Preview
 Date: 07/14/2010 Sale No.: 160021451
 Sold To: [Empty]
 Check No.: [Empty] Payment Method: Credit Card

Item	Description	Qty	Rate	Class	Amount
Farm Tax Recd	Farm Tax Record FM6702	10	6.50	3000 - Edu...	65.00

 Customer Message: [Empty] Total: 65.00
 To be printed To be e-mailed Memo: Farm Tax Records
 Deposit To: 1499 - Undeposited Funds Process Credit Card payment when saving
 Buttons: Save & Close, Save & New, Revert

Add Sales Receipt Amount to Deposit

When the credit card transactions less fees are deposited in the Council’s bank account (bank statement) and the university money transfer report is received, the sales receipt amounts are moved from the **Payments to Deposits screen** to the **Deposit screen**.

- ★ Select **Bank** from menu bar.
- ★ Select **Make Deposits**.

The following “Payments to Deposit” screen will display, if there are undeposited customer sales receipts.

If the screen does not display, select  Payments in the Deposits Screen.

Payments to Deposit
 Select View: View payment method type: All types [What are payment method views?](#)
 Select Payments to Deposit

<input checked="" type="checkbox"/>	Date	Time	Type	No.	Payment Method	Name	Amount
<input checked="" type="checkbox"/>	07/14/2010		RCPT	160021451	Credit Card	Ag Expo	65.00

- ★ Insert a ✓ in the checkmark column for the Sales Receipt payment that was deposited in the council’s bank account.
- ★ Click **OK**. The Sales Receipt data will display in the Make Deposit screen.

In the Deposit Screen

- ★ Appropriate sales receipt data are included in the deposit screen.
- ★ The Account field is protected. You will not be able to change the account number. QB records all Sales Receipt data temporarily in an account named, **1499-Undeposited Funds**. The Sales Receipt amount is offset in the Undeposited Funds when the amount is recorded and saved in the Deposits screen. The original sales receipt transaction included the income (or expense) account.
- ★ **Multiple credit card deposits**, reported on the bank statement, may be recorded in the same deposit screen.

If not reporting credit card fees to an expense account, then skip the next bulleted item.

- ★ As a **negative** amount, enter the **Credit Card transaction fees**, using the appropriate expense account, 7xxx, and assign a class code related to the credit card transaction amount. Credit card fees are included in the university money transfer report.
- ★ **Do not mix Cash and Check payment method types with Credit Card type.** A Deposit slip cannot be printed for credit card payment methods.
- ★ Select the **Print** button at the top of deposit screen to print a Deposit Summary report.
- ★ Click **Save and Close**, or Save and New
- ★ The Money Transfer Report and the Deposit Summary report should be compared to the monthly bank statement. Each transaction on the Money Transfer report should be checked off when matched to the bank statement.
- ★ When matched, the credit card receipt should be marked as deposited and transferred to another file folder, marked as "completed credit card transactions."

Sample Deposit Transaction – Accrual Basis

Recei...	From Account	Memo	C..	Pmt Meth.	Class	Amount
Ag Expo	1499 · Undeposited Funds	Farm Tax Records		Credit Card	3000 - Education and Services:3200 - Re...	65.00
	7900 · Credit Card Transaction Fees	CC fees		Credit Card	3000 - Education and Services:3200 - Re...	-1.55
Deposit Subtotal						63.45

Reports

County Program Director Verification

It is recommended that the CPD review and initial credit card transactions and review and sign weekly or monthly Undeposited Funds Report for outstanding credit card transactions.

Here are two sample reports that will assist in tracking credit card transactions. Report configurations follow the two illustrations.

For Accrual Basis Only

University Extension Council									
Undeposited Funds Report									
June through July 2010									
Type	Date	Num	Name	Memo	Class	Split	Amount	Balan...	
Ag E...									
Sales R...	06/14/2010	160021...	Ag Expo	Farm Tax R...	3000 - Education and Services:3200...	0910 · Re...	65.00	65.00	
Deposit	07/15/2010		Ag Expo	Farm Tax R...	3000 - Education and Services:3200...	0050 · Ch...	-65.00	0.00	
Total Ag E...							0.00	0.00	
Alliance Water R...									
Payment	06/22/2010	123456...	Alliance...			1900 · Ac...	45.00	45.00	
Deposit	06/30/2010	123456...	Alliance...	Deposit	3000 - Education and Services:3100...	0050 · Ch...	-45.00	0.00	
Total Alliance Water ...							0.00	0.00	
Liberty Christian Chu...									
Sales R...	07/15/2010	3	Liberty ...		3000 - Education and Services:3700...	0114 · Sh...	200.00	200.00	
Total Liberty Christian Ch...							200.00	200.00	
Robert Johan...									
Sales R...	07/01/2010	1	Robert ...	Master Wild...	3000 - Education and Services:3203...	0110 · No...	100.00	100.00	
Deposit	07/20/2010		Robert ...	Deposit	3000 - Education and Services:3203...	0050 · Ch...	-100.00	0.00	
Total Robert Joha...							0.00	0.00	
T...							200.00	200.00	

Cash and Accrual Basis

12:11 PM		University Extension Council						
07/15/10		Deposit Detail - Sorted by Payment Method						
Accrual Basis		July 2010						
Date	Pay Meth	Name	Memo	Account	Class	Amount	Balance	
Cash								
07/06/2010	Cash	Robert Johanson	Publ	0910 - Resale Pu...	3000 - Education and Services:3200 - Re...	-10.00	-10.00	
07/06/2010	Cash	Soil Test from C...	2 soil tests	0920 - Soil Test F...	3000 - Education and Services:3100 - So...	-30.00	-40.00	
Total Cash						-40.00	-40.00	
Credit Card								
07/13/2010	Credit Card	Robert Johanson	Deposit	1499 - Undeposit...	3000 - Education and Services:3203 - Ma...	-100.00	-100.00	
07/15/2010	Credit Card	Ag Expo	Farm Tax Re...	1499 - Undeposit...	3000 - Education and Services:3200 - Re...	-65.00	-165.00	
07/15/2010	Credit Card		CC fees	7900 - Credit Car...	3000 - Education and Services:3200 - Re...	1.55	-163.45	
07/13/2010	Credit Card		CC fees	7900 - Credit Car...	3000 - Education and Services:3203 - Ma...	2.25	-161.20	
Total Credit Card						-161.20	-161.20	
TOTAL						-201.20	-201.20	

Configure the Undeposited Funds Report (for Accrual Basis)

- Select **Report** from menu bar.
- Select **Customer Transaction Detail** report.
- Select **Modify Report** button.
- Select the **Filter** tab.
- Under **Choose Filter**, select **Accounts**.
- Move cursor to the right and under **Account**, click down arrow and select **1499-Undeposited Funds account**.
- Select the **Header/footer** tab and under **Report Title**, change the title to Undeposited Funds Report, or another title.
- Click **OK**.
- Remove the columns: Clr and Account from the report. Optional.
- At the top middle of report (under the Refresh button), click the down arrow for **Total By** and select Customer.
- To the right of Total By, select the down arrow for **Sort By** and select **Date**.
- Select appropriate **Date Range**.
- Select Memorize button and save report in the Memorized Report List.

The Undeposited Funds outstanding balance will appear in the **Balance Sheet** report.

Configure the Deposit Detail Sorted by Payment Method (for Cash and Accrual Basis)

- Select **Report** from menu bar.
- Select **Customer Transaction Detail** report.
- Select **Modify Report** button.
- Select the **Filter** tab.
- Under **Choose Filter**, select **Accounts**.
- Move cursor to the right and under **Account**, click down arrow and select **Multiple Accounts**.
- Select all income and expense account (Select 1499-Undeposited Funds if you are using the Accrual Posting Method)
- Return to **Choose Filter** and select **Transaction type**.
- To the right, under Transaction Types, select the down arrow and select Deposit.
- Select the **Header/footer** tab and under **Report Title**, change the title to **Deposit Detail - Sorted by Payment Method**, or another title.
- Select the **Display** tab, and under Columns select **Pay Meth**.
- Under Columns, **uncheck Type, Num, and Split**.
- Click **OK**.
- In the report, you can move the Pay Meth column to the far left, if you wish.

- At the top middle of report (under the Refresh button), click the down arrow for **Total By** and select **Payment Method**. (or Customer Name)
- To the right of **Total By**, select the down arrow for **Sort By** and select **Name**. (or Date)
- Select appropriate **Date** Range.
- Select **Memorize** button and **save report** in the Memorized Report List.

Note: When the 1499-Undeposited Funds account is included in this report, QuickBooks will reverse all positive and negative amounts.

Refund

When a credit card transaction results in a Refund and the original transaction was posted in QuickBooks, create a reversing transaction in the Checking Register, using the same income and fee expense account and class codes as the original credit card transaction.

Sample Refund transaction

Account	Amount	Memo	Cust...	Billable?	Class
0100 · Student Fees:0114 · Short...	55.00	Reverse CC transaction			3000 - Education and Services:3205 - Master G...
7900 · Credit Card Transaction...	-1.35	Reverse CC Fees			3000 - Education and Services:3205 - Maste...