



CATEGORIES (CHART OF ACCOUNTS)

(with illustrations using Quicken Premier Home & Business 2005)
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This paper is part of a larger set of materials written for in service training and to be used as a reference when procedural questions arise in the future.

The power of computerized record keeping programs lies in their ability to produce reports which organize the financial information as directed by the user. Of course, a computer can't sort information unless the user has provided the information to the computer in the first place. For example, the computer must be told whether or not the transaction is an expense or an income, what kind of expense or income it is, and whether or not it is tax related.

Most of this type of information is contained in the chart of accounts (called categories in Quicken). Every time a transaction is entered, whether it is a deposit or withdrawal, categories should be assigned to the transaction. We will further define information using classes as well but we'll discuss categories first.

CATEGORIES

When keeping a set of computerized financial records, each transaction is "tagged" with a category name to enable the user to create reports that sort the information in various ways depending on the purpose for the report. Because the ability to assign categories to transactions is probably the most important reason for using computers for financial record keeping, extensive thought has gone into creating a standardized list of categories in the Non-tax Financial Recordkeeping system.

The University of Nebraska Financial Management team has carefully considered the financial reports that you will be required to produce for your local Extension Board, for the district business offices and for State Administration. These reports have been created and saved for your use.

If you are sitting in a training session, you have received the following instruction before being introduced to this topic but if you are going through these materials piecemeal, please read the following two paragraphs carefully.

When you first open Quicken, you will see a dialog box titled “**What do you want to do?**” choose “**Open a file on this computer.**” **DO NOT** click on “**Guided Setup**” at this time. Guided Setup is intended for individuals with limited knowledge of what categories they may need. It makes a best guess based on information you provide about your marital status, job, investments, etc. This list of categories would not fit our purposes.

The team has created a standardized list of categories for all counties to use. The **Setting Up/Getting Started** paper provides instruction on how to start your county’s records with a standard data file that contains a standardized set of accounts, categories, classes and reports for you to use. All that is lacking is your county’s financial data.

Open a data file

If the **Edit Opening Balances** file is not the active file, perform the following steps

1. Click on **File** in the grey menu bar
2. Click on **Open** in the drop-down menu
3. The listing of existing data files appears, click on **Edit Opening Balances**

This file was created to demonstrate how to update the opening balances in your county file. It is essentially empty except for the opening balances. Lets make an entry in the Checking account ledger.

Expense Entries

1. Double click on **Checking** under the Cash Flow heading on the Quicken Home Screen.
2. Click on the first empty line in the ledger and enter the following information:
 - a. Date: 07/10/2004
 - b. Num: 200
 - c. Payee: Wild Bill’s Catering
 - d. Amount: \$600.00
 - e. Category: 4-H Program Expense

When you activate the category field, you are allowed to choose an existing category. Choosing from the drop down category list prevents you from creating several categories which may be the same but spelled differently (e.g. 4-H Program Expense or Ag Program Expense). It also allows you to look at the category list if you happened to forget the category name (e.g. is the 4-H Program Expense or 4-H Programs Expense?). The appropriate category can then be highlighted and put into the category field of the register.

Deposit Entries

1. Click on the next empty line in the ledger and enter the following information:
 - a. Date: 07/12/2004
 - b. Num: Deposit
 - c. Payee: Home Town Bank

- d. Amount \$250.00
 - e. Category Ag Program Income
2. Click on the **Enter** button to save the entry.

SUBCATEGORIES

Subcategories can provide greater detail for making reports. You may create subcategories if desired for tracking specific programs. Reports to the Business Offices are set up to hide the subcategory detail and merge the income and expenses under the main category. You will be given instruction on how to customize reports to show the subcategory detail for your own purposes.

For example: An Ag Educator may want to track income and expenses for the 10-20 program.

- 1) In the category field of the register or write/print check mode, type the category name followed by a colon(:) followed by the subcategory name
(Ag Program Income:10-20 Income).
Note: There are no spaces between the category name, the colon, and subcategory name.
- 2) If the subcategory does not exist in the list of categories, you may add it to the list.

Note: Subcategories should be used sparingly since they add to the complexity of entering transactions and greatly expand the list of categories. Subcategories are specific to the category for which they were created. Each of the categories must have their own subcategories (e.g. **Ag Program Income:10-20 Income** and **Ag Program Expense:10-20 Expense**).

Lets edit the \$250.00 deposit entry made on 7/12/2004 and add a sub-category that has not been previously created and defined (10-20 Income)

- 1. Click on the entry to activate it, then click on the Category field.
The entry shows Category: **Ag Program Income**
- 2. Type a colon immediately after the “e” (Ag Program Income:)
- 3. After the colon, type the new sub-category name (**10-20 Income**)
- 4. When you attempt to Tab to the memo field or click on the Enter button, a **Set Up Category** dialog box comes up. Based on the action you took in the category field of the transaction, Quicken has made several “guesses” in the Set Up Category box.
 - a. Quicken has filled out the **Name** field with **10-20 Income**
 - b. In the **Type** box, Quicken has guessed you are creating a **subcategory** and has guessed you want it to be a subcategory of **Ag Program Income**
 - c. All this information is correct. Click on **OK** to accept the information and create the new subcategory.

CLASSES

Classes can be used in various ways to further allocate income and expenses to particular areas (advertising, food, registrations, rent etc.). The following examples are designed to illustrate the logic behind the use of classes for the purposes stated above.

To learn how to assign a class to a transaction do the following:

Open the Wild Bill's Catering transaction that you previously entered. Click on the **CATEGORY FIELD** of the register transaction and add the class name "Food" behind the Category name by first typing a / (slash) then the class name after the category name *with no spaces*. The edited entry in the category field should now be **4-H Program Expense/Food** (Be sure to click on the **Enter** button to save this change)

The county financial team has created a standardized list of classes for your use. Quicken does not have a pull down class list when adding a class to an entry. If a box appears when you tab to the memo field or click on the **Enter** button asking if you want to add a class name to the class list, make certain you have not misspelled the class name. You can view your class list by clicking on the **CLASS** icon on the tool bar you cannot open the class list when editing an entry. **It is a good idea to print the class list and have it available when using Quicken.** If there is not a class name that can be used to represent the type of income/expense you are entering and you desire to add a new class to the list, **contact your district business office for prior approval** before adding a new class.

Note: It is critical that you associate a class with every transaction to ensure your reports are accurate. Quicken **will not warn you** if you fail to assign an income or expense to particular class.

SPLIT TRANSACTIONS

A Split Transaction is a single transaction which is allocated to several categories and/or classes. This happens when you pay expenses associated with different categories (e.g., 4-H Program Expense, Ag Program Expense and FCS Program Expense) or classes like (food, rent and Publications) by writing one check but you need to divide the expense between multiple categories or classes. Quicken's Split transaction feature is designed to facilitate this process. It can be done when you enter a new transaction or a previously recorded transaction can be edited to reflect split information.

For example, Suppose that your Community Development Association wants to co-sponsor a County Zoning Meeting for the ag and urban audience in your county. They want the Ag Educator and Community Development Educator to facilitate the meeting.

The total cost of the meeting (rent and food) is \$1600.00, paid from Non-Tax funds and split between the Ag Programs and Community Development Programs.

When the transaction is recorded you want to keep track of the expense to each of the program areas.

1) In the register enter the following transaction.

Date: 7/14/2004
Num: 205
Payee: Legion Club
Amount: \$1600
Cat: Split

2) In the category field click on the **Split** icon to open the **Split Transaction Window**.

3) Fill in the correct Category name and Amount for each line of the split:

Category/Class	Memo	Amount
Ag Program Expense/Rent	Zoning Meeting	\$ 100.00
Com Dev Prgm Expense/Rent	Zoning Meeting	\$ 100.00
Ag Program Expense/Food	Zoning Meeting	\$ 700.00
Com Dev Prgm Expense/Food	Zoning Meeting	\$ 700.00

NOTE: You can use the Calculator options to figure the amounts. To select the Calculator option, click on the **Calculator** icon in the “Amount” column.

NOTE: Since you entered the total transaction amount on the main screen before opening the split screen, Quicken will keep running Split total as each line in the split is completed and you move to the next line. It also reports the Remainder that needs to be designated in the split to agree with the total.

3) When you finish entering the information in the Split transaction window, click on **OK** to record the split information. The word *SPLIT* should appear where *Category* previously appeared.

4) Be sure to click on the **Enter** button to record the transaction.

Let’s make a split deposit:

The Community Development Association voted to sponsor the meals for the County Zoning Meeting mentioned above.

1) In the register enter the following transaction.

Date: 7/19/2004
Num: Dep
Payee: Community Development Association
Amount: \$1400
Cat: Split

- 2) In the category field click on the **Split** icon to open the **Split Transaction Window**.
- 3) Fill in the correct Category name and Amount for each line of the split:

Category/Class	Memo	Amount
Ag Program Income/Donation - Sponsorship	Zoning Meeting	\$ 700.00
Com Dev Prgm Income/Donation - Sponsorship	Zoning Meeting	\$ 700.00

If you need to modify a split transaction...

- 1) Go to any transaction you wish to change and open the split screen by clicking on **Split**
- 2) Make any changes.
- 3) Click on **OK** to **Record** the new changes in the split.
- 4) Don't forget to click on the **Enter** button to record the modified transaction.

If you need to delete one or more lines in a split transaction...

- 1) Open the split screen by clicking on **Split or the green check mark**.
- 2) Go to the line you want to delete and click on **Edit** and **Delete**. Repeat on any other lines you want to delete.
- 3) If all lines have been deleted then the word "Split" will disappear, then you must provide a category in the **Category** field.
- 4) When editing the entry on the main screen, if you want to clear all splits click on the **red X** and all split lines will be cleared.

A FEW TIPS...

A few thoughts to ensure your Computerized Financial Management experience is a success.

1. In our "connected" world the possibility always exist for someone to access you computer without your knowledge (i.e. via your internet connection). It would be wise to password protect your Quicken files. This is done by clicking on **FILE, PASSWORDS** and **FILE**.
2. Further protect all of your computer programs, files and data by having up-to-date virus protection software in place at all times such as Norton or McAfee. Installing personal firewall protection software like Black Ice or Zone Alarm is also very helpful (especially if you're internet connection is always connected).
3. Be sure to have your computer surge protected and for further insurance have a battery back-up system in place to avoid losing data when your home electricity goes out during a computer session.
4. Always have a current backup of your data.

