



# Master Business Process Manual

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# Master Business Processes

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### Intra Company Transaction

Sometimes, one activity may use the facility of another activity. Facilities can not make a profit from each other, so a mess requisition needs to be filled out at cost. This will produce a GJV putting the expense in the one cost center and a decrease in inventory in a different cost center.

This transaction will not be entered into the POS. The POS is not configured to handle transfers between cost centers.

When services are offered there should not be a charge to the other facility unless there is an additional cost involved in the activity. For example, if the CDC takes the kids swimming during normal operating hours and no additional staff is needed, there should not be a charge. However, if the kids go before the normal operating hours and the lifeguards arrive early for that reason, then those costs can be charged to the CDC.

### Service example with no additional expense

In this example, the CDC takes the children to bowl during regular business hours. Since there was no additional expense to the bowling center, there is no movement of expenses.

### Service example with additional expense

In this example, the CDC takes the children to the pool during a time outside of the regular hours. The pool has arranged to have lifeguards at the pool. The lifeguards wages will be posted to the pool during the regular payroll summary posting. Since the lifeguards were called into work specifically for a CDC function, the expense of the additional wages can be transferred to the CDC cost center by either a movement of hours in Kronos or with a GJV.

Manual GJV

DR MWR Internal Services Rend/Recd 742000	\$ additional wages
cc CDC	
CR MWR Internal Services Rend/Recd 742000cc Pool	\$ additional wages

### Inventory/Resale Example

In this example, the auto hobby repairs the bus for the CDC. Only parts are used in this repair.

Mess Requisition form

DR Repairs & Maint. Vehicles 681000 to cc CDC	\$ Cost of parts
CR Auto hobby shop Inventory 151000	\$ Cost of parts

### Tickets given to another activity

In this example, the ITT gives tickets to the liberty center. The credit on the ITT cost center will be different depending on whether the tickets were prepaid, consignment or on-line.

Mess Requisition form

DR Entertainment/Tickets 787000 cc Liberty      \$ Cost of tickets (excl. service fee)

CR Prepaid Tickets 163000 cc ITT                      \$ Cost of tickets (excl. service fee)

Or

CR Ticket Expense 506011 cc ITT

#### Intercompany transactions

Sometime MWR & NGIS will do business with each other. MWR might repair a NGIS golf cart at the auto hobby shop. As long as an intercompany code relationship has been configured, the two entities will pay each other by the use of inter-company cash (101005). Physical cash is not moved between bank accounts nor is an AP/AR relationship created. The act of posting to both company codes in one journal will automatically move the book cash at the same time the journal is posted. The accounting technician must have SAP authorization to both company codes to post the journal.

Often there is a MOA or MOU which outlines what can be charged and at what rate. The entities need to follow what is outlined in the agreements. The below is only an example to demonstrate the inter-company cash posting.

Example:

Auto hobby repairs a vehicle for NGIS

MWR charges NGIS \$ 25/hour plus an admin fee:

Parts = \$ 150

Labor = \$ 50 (2 hours)

Admin = \$ 10

Mess Requisition form is received

NGIS      DR Repairs & Maintenance Vehicles 681000      \$ 210

MWR      CR Auto hobby shop Income (resale or program)                      \$ 210

SAP will automatically do this posting:

MWR      DR Intercompany Cash 101005                      \$ 210

NGIS      CR Intercompany Cash 101005                      \$ 210

#### Acts like a Bank

MWR often engages in pseudo- banking activities. They hold money and then pay expenses for these entities. Examples are Navy Ball, Air Shows, Ombudsman, Self Help Funds, etc.

Separate customers should be created for each organization that uses MWR as a bank.

Receive Deposit from organization

Cash Cage

DR Cash 1010XX



CR DAR Clearing 101060

DAR

DR DAR Clearing 101060

CR Customer XXXX (special GL indicator D for Deposits Payable) (203001)

Purchase order for the organization will produce the following journal at the time of the invoice. The purchase order should post to 203000 since we currently cannot assign a customer on a purchase order. This will require an additional journal to move the money from 203000 to the customer affecting 203001.

Goods Receipt

DR Deposit Payable 203000

CR GRIR 201010

Journal to reclassify

DR Customer XXXX (special GL indicator D) (203001)

CR Deposits Payable 203000

Note: Manually clear 203000 immediately to keep this account manageable.

If a purchase order is not used and a direct invoice or BPA is used, you can go directly to the customer.

Direct Invoice

DR Customer XXXX (special GL indicator D) (203001)

CR Vendor XXXX (201000)

### Navy Ball Issues

When the Navy Ball Committee exceeds their available funds they can sometimes request funding from the central fund controlled by CNIC MWR. The journal that CNIC MWR posts is shown below:

HQ journal in the field company code

DR Intercompany Cash 101005

\$ 2,000

CR CF - Operating Grants 562000

\$ 2,000

CF Operating Grants account (562000) is authorized by HQ only, so the field can not reclassify this journal to clear the receivable. The field needs to post a journal to an expense account to offset the receivable. The customer account could then be cleared.

GJV

DR Misc. Expense 799000

\$ 2,000

CR Customer XXXX (special GL indicator D) (203001)

\$ 2,000

Manually clear the customer.

Air Force Exchange Dividends AAFES (Fort Worth, Guam, Bolling & Hickam)  
Fort Worth does not have a Navy Exchange and therefore receives no dividends from NEX. However, they do have Army – Air Force Exchange Dividends (AAFES). The only stipulation is that the money has to be used for something on the base (wages, improvements, etc).

Joint bases (Guam, Bolling & Hickam) will also receive AAFES dividends.

DAR

DR DAR Clearing 101060

\$ dividend amount

CR AAFES Dividend Direct 565003 cc XXXX

\$ dividend amount

### Banking Processes

#### Bad Debt

There is sometimes confusion about which account to use if the write off of the debt crosses fiscal years. For example, a guest skips out of the room in September of 2009. The Region tries to collect the debt. In March of 2010, the debt is deemed not collectable. Should the account be written off to bad debt expense in 2010 or prior year expense since the original invoice occurred in the previous year?

Per the RAMCAS Handbook - Income and expenses should be recorded in the accounting year earned or incurred. Entries to correct a prior year's overstatement or understatement of income or expenses should be recorded using these guidelines. For bad debts the expense did not happen in the prior year. It was not until the current year that the receivable was determined to be uncollectible and therefore a bad debt. The field should be booking the bad check/bad debt to the bad debt/check expense accounts and not prior year expense. The item became a bad debt expense in the current year (not prior year).

Bad Check Expenses 915000

Uncollectible returned check receivables. (Uncollectibles must be six months old and must have the CO's approval, see BUPERSINST 7200.2.)

Bad Debt Expense 916000

Uncollectible receivables other than returned checks. (Uncollectibles must be six months old and must have the CO's approval, see BUPERSINST 7200.2.)

#### Cancel an SAP check

Under SAP, a check can be voided without filling out a SAP Stop Payment Request form as long as the check is in hand. A stop payment form must be filled out if the check has been sent out to the vendor. In other words, if the check is not physically in the accounting office, then a stop payment request must be processed.

The process on how to void a check is written in the SAP Advance AP manual.

### Integrated Recovery (Formally Intellicheck)

In May 2005, Commander Navy Installations Command entered into a contract with Integrated Recovery, Inc. (IRI, formerly Intellicheck Recovery, Inc.). The mission of IRI is to provide solutions that minimize the labor and financial cost of returned checks. IRI has developed a program, called centralized returns, that not only reduces labor and costs associated with the returned check and bank fees, but virtually eliminates the burden by taking Navy's Morale Welfare and Recreation (and their banks) almost completely out of the collection process. All deposited checks will be stamped with a special endorsement provided by the contractor. This stamp notifies the Federal Reserve to divert any returned checks to IRI's bank account instead of sending them back to bank of deposit. Integrated Recovery, Inc. will guarantee payment of checks when all requirements are met, providing the check is not fraudulent or the check writer has not declared bankruptcy. If the required information is not provided and the check payment is not recovered, then the local MWR/VQ activity must accept the liability.

Dean Ash is POC at IRI and may be contacted at 888-308-1616 or dean@mwr.cc

#### **Requirements of contractor:**

1. Contractor will provide labor, materials, and supervision to perform collection and/or recovery services on all returned checks. Contractor is authorized to collect the standard return item fee.
2. Contractor will act as intermediary between MWR, VQ, and the check writer on all returned items.
3. Contractor will provide endorsement stamps to each MWR and VQ central cashier.
4. Contractor will provide report access on return items via Internet within 10 business days of the return.
5. Contractor will provide check writer notification signage to be displayed at all activities.

#### **Requirements of MWR/VQ:**

1. Stamp all checks with the central return endorsement provided by IRI. (attachment)



Acrobat Document

2. Display check writer notices at all point of sale locations.
3. Obtain proper identification from each check writer. (If proper identification is not supplied to contractor within 10 business days of return, reimbursement to IRI for funds will be required).
  - A. Name of sponsor
  - B. Command name of sponsor
  - C. Home and work phone number
  - D. Last four digits of Social Security number
  - E. Branch of service

- F. Rank or grade of sponsor
- G. Confirmation of address on check, or record of new address, if different.  
*(The information required is quite extensive to collect at the point of purchase, so MWR/VQ should continue to maintain a separate, secure database of check writers by using a check-cashing card system. Additionally, in order to use the Treasury Offset Program for debt collection, the customer's full Social Security number is required. Integrated has agreed to obtain information after the fact from various regional points of contact.)*
- 4. Reimbursement to IRI for any check found to be a legitimate stop payment.

**Exception Processing:**

On occasion, a returned deposited item may slip through the centralized return process and will be charged against MWR/VQ local depository bank account. Integrated will still collect on these items. All banks have been instructed to forward any of these items directly to Integrated Recovery, Inc. In the event the check is returned to the MWR/VQ, (1) mail the item to IRI at the following address:

Integrated Recovery, Inc.  
140 Chappells Dairy Rd.  
PO Box 1780  
Somerset, KY 42502-1780

- (2) Set the item up as a receivable (SAP customer #5001808).

(EXAMPLE of posting in SAP)

09 R Integrated Recovery 5001808	93.50 Return Item 5/2/06
50 Local Depository Account 101XXX	93.50- Return Item 5/2/06

IRI will EFT one central payment on 15<sup>th</sup> of each month to CNIC for all exception items of prior month. CNIC, Treasury Operations Section will post payments back to each individual company code to clear the receivable. The manual clearing of the receivable account is the responsibility of each company code's Accounting Department.

**Reimbursements Back to IRI:**

IRI will invoice CNIC monthly for items that should be reimbursed back to contractor.

- Valid stop payments
- Lack of information on check writer
- "Not per contract agreement" checks (checks between government agencies or their representatives)
- Checks that have been made "good" by patron reimbursing local MWR or VQ activity.

CNIC Treasury Operations will send EFT reimbursements to IRI. An entry will be made to the customer "Integrated Recovery" (debit SAP customer #5001808) for the individual company code. Notification will be forwarded to Region. IRI customer

#5001808 should be analyzed and cleared monthly of these items. Debt should be transferred from IRI customer to actual customer. You will now be responsible for collection of these items as per BUPERS Instruction 7200.2A.

Treasury POC: Beth O'Brien, 901-874-6549, DSN 882-6549,  
[beth.obrien1@navy.mil](mailto:beth.obrien1@navy.mil)

#### EFT Receipts

Some vendors are now starting to EFT the Navy. If an electronic payment is received, the journal will be as follows:

DR Local Depository 101XX1	\$ amount of payment
CR POS/DAR Clearing 101060	\$ amount of payment
DR POS/DAR Clearing 101060	\$ amount of payment
CR Revenue 501000 ccXXXX	\$ amount of payment

#### ATM Machine Operated by MWR

There is a private ATM machine on base that allows users to withdraw cash (no deposits). This ATM is replenished by MWR.

A check is given to a custodian who cashes it and then fills the machine. A third party vendor repays MWR for the deposits plus a transaction fee of \$ 1.00 per transaction.

Fill ATM (direct invoice to check)	
DR Change Fund 108000	\$ 15,000
CR Custodian Vendor (201000)	\$ 15,000

The third party vendor reads the ATM machine for the amount of withdrawals and EFT's the amount back into MWR's bank account daily. Currently, MWR business office enters this journal monthly after they receive their bank statement. With SAP, this journal can be done daily.

EFT (45 transactions)	
DR Cash 101XXX	\$ 10,045
CR Change Fund 108000	\$ 10,000
CR Other Revenue 569000 cc XXXX	\$ 45

In this example the transaction fee revenue is included in the EFT from the third party. It could come in a separate EFT or check.

#### Restricted Cash

SAP chart of accounts has a general ledger account called Restricted Cash Transfer (101002). When cash is restricted the following journal will be posted:

GJV

DR Restricted Cash 102000      \$ XXX Assignment field = project #  
(Do we need to include all restricted cash accounts??)  
CR Restricted Cash Transfer 101002      \$ XXX Assignment field = project #  
CR Restricted Cash Local Nationals 103000  
CR Restricted Brac 104000

The purpose of the accounts is to show the amount of cash that is restricted for current and future projects without affecting the balance of any bank account.

The assignment field should be used to get a balance by project in the restricted cash account.

It is important to do the following journal when the cash is unrestricted:

GJV

DR Restricted Cash Transfer 101002 \$ XXXXX Assignment field = project #  
CR Restricted Cash 102000      \$ XXXX Assignment field = project #  
CR Restricted Cash Local Nationals 103000  
CR Restricted Brac 104000

Manually clear both accounts.

Note: The balance of Restricted Cash Transfer and the Restricted Cash accounts must net to zero.

#### Stale Dated Checks

The process has been automated. A program run at CNIC for MWR, NGIS and CNAFI checks automatically reverses the payments for stale date checks.

For *Payables Checks*, they are voided after 180 days. Banking at CNIC runs the Void and Reverse Stale Dated Checks transaction weekly in SAP.

The journal will be as follows:

CNIC DR Check Payable 101011  
Base CR Vendor or Customer Company Code XXXX

SAP will automatically process this posting:

DR Intercompany Cash 101005 Company Code XXXX  
CR Intercompany Cash 101005 Company Code 7900

Note: The vendor or customer open item has not reversed the original expense and will sit as a liability until the vendor is either paid again or the invoice is reversed.

The field must **not** manually reverse stale-dated checks.

For *Payroll checks*, they are voided after 60 days and the Void and Reverse Stale Dated Checks transaction will be run every two weeks.

The journal will be as follows:

DR ADP Payroll Checks 101051 Company Code 7900

CR Wages Payable 211000 Company Code XXXX

SAP will automatically process this posting:

DR Intercompany Cash 101005 Company Code XXXX

CR Intercompany Cash 101005 Company Code 7900

A copy of the State Dated Report will be sent to A/P clerks by SAP mail from CNIC after each run.

#### AF Chase Club Card - (Corpus, Seattle, Guam, Bolling, Hickam)

The Air Force has a club membership card. This membership card bills the individual card a monthly or quarterly membership fee which is paid to the installation's bank account that has been designated for Air Force Club card processing. When the member applies for the card, Chase Bank will determine if the member qualifies for a Mastercard or a proprietary card. The proprietary card can only be used on base in facilities that maintain the Chase Paymentech credit card terminals, but not at any vendor off base. The AF club card that is a Mastercard can be used on or off base.

Club card members are responsible for paying their own bill. However, if the member defaults on proprietary card payments, Chase will deduct the statement amount out of the MWR bank account to cover all purchases and any fees. To handle the proprietary card, a separate bank account is created which is separate to the local depository account.

Dues DAR

DR Chase Club Card 101161 \$ total dues billed

CR Dues 532000 Club cc XXXX \$ total dues billed  
(Text: Dues & memberships)

The Mastercards will be processed like any other credit card and be charged to the credit card clearing account 110000. The Mastercards will be swiped using the credit card machines that are associated with the POS systems. The Proprietary cards can not be swiped through the POS system credit card machines. They will be declined since they are not a credit card. The proprietary cards will have to be swiped through a stand alone Chase Paymentech credit card machine. The sale still needs to be entered into the POS systems. A manual tender type has been configured for the proprietary cards.

Example:

Visa sales = \$50

Mastercard sales (AF club card) = \$75 (before 10% discount for using club card)

Cash sales = \$15

Proprietary sales = \$35 (before 10% discount for using club card)

## DAR

DR Credit Card Clearing 110000	\$ 117.50	
DR POS DAR Clearing 101061	\$ 15.00	
DR Chase Bank Club Card 101161	\$ 31.50	
DR Sales Discount	\$ 11.00	
CR Resale Revenue 301000 cc XXXX		\$ 175.00

## Refunds

If a patron is due a refund on the Chase MasterCard, the journals will be as follows:

### Refund

DR Resale Revenue 301000 cc XXXX	\$ amount of refund
CR Credit Card Clearing 110000	\$ amount of refund

If a patron is due a refund on the Proprietary Card, the journals will be as follows:

### Refund

DR Resale Revenue 301000 cc XXXX	\$ amount of refund
CR Chase Club Card 101061	\$ amount of refund

Each month CNIC will reconcile the Chase Club Card bank account and move money from 101161 to 101160. CNIC will also sweep this money like other local depository accounts.

## Bad Debt

If a member does not pay their statement, MWR is responsible for up to \$500.00. Chase Bank will attempt to collect the outstanding debt for 90 days. After that time period, Chase Bank will charge MWR.

## GJV

DR Customer Account (131005)	\$ up to 500
CR Chase Club Card 101161	\$ up to 500

Note: MWR keeps the credit application on file, so they have access to the members SSN and will therefore, be able to create them as a customer in SAP. Once they are a customer in SAP, the debt collection process (dunning & TOPs) can be used.

## Bingo

Bingo winners are paid from a petty cash fund at the site. The Bingo winners are paid that evening and the petty cash is reimbursed the following day. A petty cash reimbursement request is turned into the accounting office for bingo replenishment. Bingo Custodians are set up in SAP as non-trade vendors, account group CUSD. In the case that a check needs to be issued to a bingo Winner (large winnings), a request to create the bingo winner as a non-trade vendor and payment request is faxed, or delivered to the accounting office, the following morning. Bingo Winners are set up



as account group PRRF in SAP. The bingo winners are asked to pick up the check the following day. Sometimes people pay extra to be included in the grand prize. The winner is paid what is in the jack pot. This money is held in Deposits Payable 203000.

Example:

Total paid for regular games	\$ 1,000.00
Total paid into jackpot	\$ 50.00
Total \$ given out for regular games	\$ 750.00
Beginning balance of jackpot	\$ 600.00

Bingo DAR (not summarized)

DR POS Clearing 101060	\$ 1,050.00	
CR Program Revenue 501000 cc XXXX		\$ 1,050.00

DR Awards & Prizes 785000 cc XXXX	\$ 750.00
CR POS Clearing 101060	\$ 750.00

DR Awards & Prizes 785000 cc XXXX	\$ 50.00
CR Deposits Payable 203000	\$ 50.00
Text: Grand Prize	

Grand Prize Play	
DR Deposits Payable 203000	\$ 650.00 (amount in jackpot)
Text: Grand Prize	
CR POS Clearing 101060	\$ 650.00 (amount in jackpot)

The 203000 account is used to keep track of the jackpot balance.

### Bowling

Bowling centers have different POS systems like AMF, Quebec etc. These POS systems are used to record the revenue for games, shoe rentals etc. These POS systems do not interface with SAP, so reports need to be run at the end of each day to prepare a manual DAR. Several snack bars in the bowling centers have Rectrac which currently interfaces with SAP.

### Bowling Skips

Most bowling POS systems require patrons to pay prior to bowling. The POS system also controls the opening and closing of lanes, so skips should not be a problem. For bases that do not have a POS system that controls the lanes, internal controls should be in place to monitor the games played. Lost revenue due to skips can not be recorded as revenue.

### Bowling Jack Pots

Several bases offer a jack pot for either their league players. To participate, the player must pay a certain amount each time they bowl. Each facility has their own goal, but most pay out when a bowler bowls a game of 300 or higher.

Examples:

Not Tap '300 Jackpot (Kingsville)

9-Pin Bowling (Dallas)

Moonlight Mania (Bethesda)

When money is collected for a jackpot for a League

DR DAR Clearing 101060 \$ amount collected

CR League Customer (203001) \$ amount collected

When someone bowls a 300 game, they win the jackpot. The activity manager needs to fill out a request for payment form and collect enough information to create the winner as a refundee vendor. The form will then be sent to the accounting office for the check to be produced. The customer will be mailed a check for the jackpot

Request for Payment

DR League Customer (203001) \$ amount of jackpot

CR Refundee Vendor (201000) \$ amount of jackpot

When money is collected for a MWR jackpot

DR DAR Clearing 101060 \$ amount collected

CR Program Revenue 501000 cc XXXX \$ amount collected

DR Awards & Prized 785000 cc XXXX \$ amount collected

CR Deposit Payable 203000 \$ amount collected

When someone bowls a 300 game, they win the jackpot. The activity manager needs to fill out a request for payment form and collect enough information to create the winner as a refundee vendor. The form will then be sent to the accounting office for the check to be produced. The customer will be mailed a check for the jackpot

Request for Payment

DR Deposit Payable 203000 \$ amount of jackpot

CR Refundee Vendor (201000) \$ amount of jackpot

### Free Game

Sometimes, a bowling center will have a promotion that is a combination of food and bowling. They might offer a free game of bowling with the purchase of a medium pizza. This promotion should have a physical coupon and not just be posted on a board. Some activities print the coupon on their pizza box while others just give the coupon out when the pizza is order.

The customer will then take the coupon to the bowling POS system before the expiration date. The free game needs to be recorded in the POS system. A coupon pay code should be used.

DAR

DR Program Discount 503000 Bowling Cost center \$ 2.50

CR Program Revenue 501000 Bowling Cost Center \$ 2.50

The net affect of the revenue section will be zero.

#### Central Fund Accounting (CNIC)

There are several situations when the field owes CNIC or CNIC owes the field. There is often some confusion as to the accounting. If the money passing between the two funds is just a repayment, the money will be posted to the proper expense account. However, if CNIC is “giving” the money the journal will be posted to the grant account 562000. The g/l account 562000 has CNIC authorization only which means that the field can not post directly to this account. The money will have to remain in that account. When this happens, the field needs to offset the grant with an expense account.

#### CNIC giving \$ to field to help offset some expenses

The net affect to the field for the inter-company journal is as follows:

DR Inter-company Cash 101005	\$ amount of grant
CR Operating Grant 562000 cc	\$ amount of grant

The field will have to post a GJV to offset the revenue.

Sometime the grant does not come until after the field has already incurred the expense. In this case, they can set the grant up as a receivable.

#### Expense

DR CNIC Customer 1000179 (131005)	\$ amount of expense
CR Vendor (201000)	\$ amount of expense

#### Grant Received (journal posted by CNIC)

DR Inter-company Cash 101005	\$ grant
CR Operating Grant 562000 cc	\$ grant

#### GJV by field

DR Expense	\$ total expense
CR CNIC Customer 1000179 (131005)	\$ total expense

Manually clear the customer.

#### CNIC repaying the field for an expense

There are situations when the field pays for something on behalf of CNIC. The field may ask for someone from CNIC to come over on travel. When the CNIC employee is there, the field may pay for things like car rentals, class rooms etc. This money is paid by the field on behalf of CNIC. The field should record the amounts as a receivable to the CNIC customer when they have to pay for the expenses. CNIC will then post to that customer and the money will not flow through the grant account 562000.

Vendor Invoice

DR CNIC Customer 1000179 (131005) \$ expense

CR Vendor (201000) \$ expense

CNIC Journal (net affect)

DR Inter-company cash 101005 \$ total

CR CNIC Customer 1000179 (131005) \$ total

Manually clear the customer.

#### CNIC sweeps for a field expense

Sometimes CNIC will centrally pay for things that are actually the field's responsibility. An example is Travelinnium travel expenses. CNIC might book flights for people to come to CNIC for a seminar that is at the field's expense. In this situation, the money will not flow through the grant account 562000.

CNIC pays vendor (net affect)

DR Accrued Payable 202000 \$ amount paid on behalf of the field

CR Inter-company cash 101005 \$ amount paid on behalf of the field

The field then has to reclassify the expense from 202000 to the proper expense accounts and cost centers. [Sometimes, CNIC will request this information and post directly to the expense account. In this situation there is no posting to g/l account 202000.]

#### Interns

Some bases hire interns. The interns do not become employees. They are however, compensated for some living expenses. Often CNIC will give money to the field to help offset these expenses. Since this is like a gift from CNIC, it will be treated as a grant.

#### CFC (Combined Federal Campaign)

Employees have an option to have money withheld from their payroll checks for the Combined Federal Campaign. The money withheld is posted to the Payroll Deductions Other account (229000). The local payroll department periodically (quarterly) sends a check to the local CFC office. When the invoice is entered for the payment to the local CFC office, the offset to MWR will be to 229000.

The employee can elect to have the money reserved for a specific activity (ship, base etc.) The local CFC office is responsible for the distribution of money to those locations. The MWR funds that receive a disbursement from the local CFC office should have the accounting office record the cash receipt directly to other income or to unearned income until used. The payment from the CFC office should have a report outlining the break down of the funds.

DAR (payment from local CFC office)

DR DAR clearing 101060  
CR Unearned Income 251000    \$ amount for specific site (text: site name)  
or  
CR Other Revenue 569000        \$ amount for specific site (text: site name)

#### Expenses

When the site wants to use the reserved money for a specific expenditure, they should post the purchase like other purchases (PO etc.) and expense the item to the general ledger account that they would use if they did not have the CFC funds (ex. Supplies). The site would then notify the business office that they would like to draw down their CFC funds. A manual GJV will move the funds from unearned income into other revenue.

#### GR

DR Supplies 701000        \$ amount of supplies  
CR GR/IR 201010            \$ amount of supplies

#### Manual GJV

DR Unearned Income 251000    \$ amount of supplies (text: site name)  
CR Other Revenue 569000        \$ amount of supplies

Manually clear 251000 by site.

There are some situations when CNIC will receive the money for the CFC. If CNIC receives the money and transfers the funds to the region, the journal will be as follows:

#### CNIC GJV

DR Inter-Company Cash 101005        \$ amount of transfer  
CR CF – Operating Grants 562000        \$ amount of transfer

The operating Grants account can not be posted to by the region, so the income will remain in this account and not Other Revenue (569000). The revenue and expense may not be in the same fiscal period.

#### Change Fund

##### Cash Count

Per policy a letter needs to be on file for each custodian stating the approved amount. In SAP, each custodian should be listed with the amount that they have been assigned. The assignment should be the activity name and the text should be the custodian's last name. This will allow subtotaling by activity or subtotaling by text if someone happens to be responsible for more than one activity's change fund.

Policy also states that physical cash counts must occur. The date of the account needs to be added to each custodian's line item. To do this in SAP, enter long text as follows:

LAST CASH COUNT: 12/15/2005

The next cash count, go into the long text for each custodian and enter the new date before the last date. This will move the last date down to the next line and maintains a history. After a second count, the text should look as follows:

LAST CASH COUNT: 03/15/2006  
12/15/2005

Execute FBL3N and use line layout AIMS25, (AIMS Change & petty cash by custodian), to get a report that shows the change fund by person as well as by activity.

#### Increase/Decrease to Change Fund USD

Sometimes, there is a need to increase or decrease a person's assigned amount. To make sure the reports in SAP work correctly, the following should be done.

Example:

Smith current amount = \$ 200

Increase = \$ 50

Vendor Invoice

DR Change Fund 108000           \$ 250  
Assignment = Activity Name, Text = Smith  
CR Change Fund 108000           \$ 200  
Assignment = Activity Name, Text = Smith  
CR Smith Vendor (201000)           \$ 50

Manually clear 108000 for the \$ 200. This will leave only one line item in the open items for Smith with a value of \$ 250.

#### Increase to Change Fund Foreign Currency

Example:

Jones current amount = € 1,000 (\$ 1,250); rate was 0.80 when fund was set up

Increase = € 500 (\$ 588.24); current MWR rate is 0.85

Vendor Invoice

DR Change Fund 108200           € 500 (\$ 588.24)  
Assignment = Activity Name, Text = Jones  
CR Jones Vendor (201000)           € 500 (\$ 588.24)

GJV – the euro and dollar amounts must be added together from the original posting and the new posting and entered; this will force SAP into the conversion rate

DR Change Fund 108200           € 1,500 **and** \$ 1,838.24  
Assignment = Activity Name, Text = Jones  
CR Change Fund 108200           € 1,500 **and** \$ 1,838.24  
Assignment = Activity Name, Text = Jones

Manually clear 108200 for \$ 1,838.24. This will leave only one line item in the open items for Jones with a value of € 1,500 (\$ 1,838.24).

Foreign currency change funds are revaluated monthly. This journal does not update the original line up. Since you are not reversing any portion of the revaluation, SAP will correct this at month end with the next revaluation posting.

#### Decrease to Change Fund Foreign Currency

Example:

Franks current amount = € 2,000 (\$ 2,500); rate was 0.80 when fund was set up

Decrease = € 500 (\$ 588.24); current MWR rate is 0.85

The € 500 should be deposited into the local depository for foreign currency. The journals will be as follows in SAP:

Cash Cage

DR Local Depository 106XX1	€ 500 (\$ 588.24)
CR POS/DAR Clearing 101060	€ 500 (\$ 588.24)

Detail DAR

DR POS/DAR Clearing	€ 500 (\$ 588.24)
CR Change Fund 108200	€ 500 (\$ 588.24)

GJV – the euro and dollar amounts must be added together from the original posting and the new posting and entered; this will force SAP into the conversion rate

DR Change Fund 108200	€ 1,500 <b>and</b> \$ 1,911.76
Assignment = Activity Name, Text = Franks	
CR Change Fund 108200	€ 1,500 <b>and</b> \$ 1,911.76
Assignment = Activity Name, Text = Franks	

Manually clear 108200 for \$ 588.24. This will leave only one line item in the open items for Franks with a value of € 1,500 (\$ 1,911.76).

#### Staff Turn Over

Sometimes an employee will leave and a new employee will take possession of the change fund. A new letter should be created and a journal should be posted. Do not just change the text field for the new name. If you just change the text, the posting date will show the original date and not the date that the new employee took possession.

Example:

Smith is leaving and currently has = \$ 200

Tinsley is the new employee

GJV

DR Change Fund 108000           \$ 200  
Assignment = Activity Name, Text = Tinsley  
CR Change Fund 108000           \$ 200  
Assignment = Activity Name, Text = Smith

Manually clear 108000 for the \$ 200 associated with Smith.

#### Charge Cards

##### Purchase Card System-JPMorgan Chase

Part of the requirement within the Purchase Card System (Payment Net) is for the cardholder to select the correct account coding (company code, cost center and GL account) for each purchase from pull down menus in Payment Net. All AO's should receive training specific to the Purchase Card Program from the local Program Manager. The AO's then provide the necessary training and support to the cardholders. The AO is responsible for approving all purchases and the selected account coding. Cardholders and AO's have a limited number of days (as set by the Purchase Card Program Manager) to review and approve all purchases in PaymentNet.

##### Accounting (Field, Non-Retail)

The close out date for billing purposes is the last day of the month if that day falls on a weekday, Monday through Friday. If the last day of the month falls on a Saturday, the close out date will be the Friday before that day and includes Saturday's postings. If the last day of the month falls on a Sunday, the following Monday will be the beginning of the next posting period, and all postings made that Sunday will be on the next posting period.

There will be one Central Bill processed at CNIC Millington Detachment for payment of all purchase card charges. Unlike the old CitiBank program where cardholders were assigned individual credit card vendor numbers, the new process requires only one vendor number paid by CNIC Millington Detachment. GL entries at the field level will be posted with an automatic Journal Entry interface from PaymentNet to SAP.\* Purchase Card Program participants will have until the end of the second business day of the month to ensure that all purchases posted to PaymentNet for the preceding month's purchases have been reviewed and approved.

The Field location/Region is responsible for reviewing both the 202100 clearing account and the 169100 error account. The 202100 account is a unique liability account used to record the Cr Card payable with optional use of a cost center. After the payment is posted by CNIC, this account should have a zero balance. Managers should review and confirm the account has a zero balance before closing the month. Sometimes there are extenuating circumstances that will delay clearing of items in this account. Contact the Purchase Card Program Management Team to identify the discrepancies before month end closing. Generally this will only occur when charges are being disputed by CNIC.



The 169100 account is an account in the prepaid section of the balance sheet for clearing errors encountered by the mapper file and does not require a cost center for postings. If this account reflects a balance, the location must communicate with the Purchase Card Program Management Team to identify the discrepancies and reclassify those errors to the proper GL accounts in the current month. This account must have a zero balance before closing.

#### Mapper File Postings (Non-Retail)

CNIC Millington Detachment will download a mapper file from PaymentNet after the closing date and automatically interface the account coding to SAP for the indicated expenditures.

##### Example A: Expense Item Purchase

Dr Supplies 701000 ccXXXX	\$50
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description	
CR JP Morgan Chase Credit Card Clearing Acct 202100	\$50
Assignment: MM/YYYY	

##### Example B: Minor Property Purchase

DR Central Funded Construction in Progress 179200 ccXXXX	\$345
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description	
CR JP Morgan Chase Credit Card Clearing Acct 202100	\$345
Assignment: MM/YYYY	

##### Example C: Asset or Asset Under Construction Purchase

DR Central Funded Construction in Progress 179200	\$1000
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description	
CR JP Morgan Chase Credit Card Clearing Acct 202100	\$1000
Assignment: MM/YYYY	

##### Example D: Prepaid Supplies

DR Prepaid Supplies 161000	\$3000
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description	
CR JP Morgan Chase Credit Card Clearing Acct 202100	\$3000
Assignment: MM/YYYY	

The Field's accounting department is responsible for reviewing the 179200 and transferring all of its Minor Property, Asset, and AUC credit card purchases to its appropriate asset shells on a monthly basis. T-Code ABZO should be used. The 179200 account must be cleared to zero on a monthly basis prior to closing.

The Field's accounting department is also responsible for analyzing any Prepaid Supplies purchases to determine if they should be amortized. If they should, the Field's accounting department is responsible for setting up the recurring entry.

##### Example E: Errors encountered by mapper file

DR JP Morgan Chase Credit Card Errors 169100 \$5  
 Text: Merchant Name Transaction Date MM/DD/YY Purchase Description  
 CR JP Morgan Chase Credit Card Clearing Acct 202100 \$5  
 Assignment: MM/YYYY

All errors made during the mapping process will post to the 169100 error account. The Field's accounting department is responsible for reviewing and transferring all of its postings in the 169100 to the field's appropriate accounts.

#### Payment

The JPMC invoice is submitted to CNIC Millington Detachment for payment centrally. Once the central invoice is reviewed and approved for payment, CNIC Millington Detachment will make the following entries for the central payment.

DR JP Morgan Chase Credit Card Clearing Acct 202100  
 (Portion of central bill for each company code or regional company code)  
 CR Vendor JP Morgan Chase 4000045055 (Total amount of JP Morgan Chase bill)  
 Assignment: MM/YYYY

Entries for the sweep of the Field's charges are booked in the background by CNIC from the AP Payment Request:

DR Inter-Company Cash 101005 (CNIC)  
 CR Inter-Company Cash 101005 (Portion of central bill for each company code or regional company code)

#### \* Manual Processing of General Ledger entries at the field level (Field, Non-Retail) **(To be used if the interface is not properly running)**

It is necessary for the accounting office (non-retail) to manually code and GJV transactions into SAP at the end of the month if the interface is not functioning properly. CNIC Millington Detachment Computer Services will download the mapper file from the Purchase Card System and generate a manual Journal Voucher to be entered by the location/Region. The manual entries will be distributed by CNIC Millington Detachment to each location/Region for review and input into SAP. All input errors should be caught during data entry; therefore, the 169100 account will not be necessary. The manual entries, after receiving them from CNIC Millington Detachment, will be as follows:

Example A: Expense Item Purchase

Dr Supplies 701000 ccXXXX \$50  
 Text: Merchant Name Transaction Date MM/DD/YY Purchase Description  
 CR JP Morgan Chase Credit Card Clearing Acct 202100 \$50

Example B: Minor Property Purchase

DR Central Funded Construction in Progress 179200 \$345  
 Text: Merchant Name Transaction Date MM/DD/YY Purchase Description

CR JP Morgan Chase Credit Card Clearing Acct 202100 \$345  
Assignment: MM/YYYY

Example C: Asset or Asset Under Construction Purchase

DR Central Funded Construction in Progress 179200 \$1000  
Text: Merchant Name Transaction Date MM/DD/YY Purchase Descrip  
CR JP Morgan Chase Credit Card Clearing Acct 202100 \$1000  
Assignment: MM/YYYY

Example D: Prepaid Supplies

DR Prepaid Supplies 161000 \$3000  
Text: Merchant Name Transaction Date MM/DD/YY Purchase Descrip  
CR JP Morgan Chase Credit Card Clearing Acct 202100 \$3000  
Assignment: MM/YYYY

Example E: Clearing Errors encountered by mapper file

DR 701000 Supplies ccXXXX \$5  
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description  
CR JP Morgan Chase Credit Card Clearing Acct 202100 \$5  
Assignment: MM/YYYY

#### Accounting (Field, IS Retail)

The close out date for billing purposes is the last day of the month if that day falls on a weekday, Monday through Friday. If the last day of the month falls on a Saturday, the close out date will be the Friday before that day and will include Saturday's postings. If the last day of the month falls on a Sunday, the following Monday will be the beginning of the next posting period, and all postings made that Sunday will be on the next posting period.

Purchase Card Program participants will have until the end of the second business day of the month to ensure that all purchases posted to PaymentNet for the preceding month's purchases have been reviewed and approved. There will be one Central Bill processed at CNIC Millington Detachment for payment of all purchase card charges. Unlike the old CitiBank program that assigned vendor numbers to each AO, the new system will require only one vendor number (4000045055) that will be open to CNIC Millington Detachment and IS Retail sites only. Part of the JPMC process for IS Retail sites will be the same as the process previously used for Citibank, including the Credit Card Log and Goods Receipt. The IS Retail sites will enter an invoice receipt (MIRO) in SAP, posted to the one JPMC vendor, instead of the CitiBank AO Vendor. Although the vendor is being extended to IS Retail Company Codes, it will be blocked for payment; remember, there will be one central payment for the total JPMC billing.

The IS Retail sites will continue their current process in SAP of posting a GR hitting the various expense/inventory/fixed asset accounts.

Goods Receipt

Example A: Expense Item Purchase

Dr Supplies 701000 ccXXXX	\$50
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description	
CR Goods Receipt/Invoice Receipt Clearing 201010	\$50
Assignment: PO number	

Example B: Minor Property Purchase

DR Minor Property 165000 ccXXXX	\$345
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description	
CR Goods Receipt/Invoice Receipt Clearing 201010	\$345
Assignment: PO number	

Example C: Asset

DR Asset 17XXXXXX	\$3000
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description	
CR Goods Receipt/Invoice Receipt Clearing 201010	\$3000
Assignment: PO number	

Example D: Asset Under Construction

DR AUC 179XXXXX	\$1000
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description	
CR Goods Receipt/Invoice Receipt Clearing 201010	\$1000
Assignment: PO number	

Example E: Prepaid Supplies

DR Prepaid Supplies 161000	\$3000
Text: Merchant Name Transaction Date MM/DD/YY Purchase Description	
CR Goods Receipt/Invoice Receipt Clearing 201010	\$ 3000
Assignment: PO number	

The IS Retail Site's accounting office will enter the MIRO and partner it with the JPMC vendor (not the Citibank AO Vendor). The JPMC vendor is blocked for payment at the field level.

MIRO

Example A: Expense Item Purchase

DR Goods Receipt/Invoice Receipt Clearing 201010	\$ 50
CR Vendor JP Morgan Chase 4000045055	\$50
Assignment: MM/YYYY	

Example B: Minor Property Purchase

DR Goods Receipt/Invoice Receipt Clearing 201010	\$ 345
CR Vendor JP Morgan Chase 4000045055	\$345
Assignment: MM/YYYY	

Example C: Asset

DR Goods Receipt/Invoice Receipt Clearing 201010	\$ 3000
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CR Vendor JP Morgan Chase 4000045055	\$3000
Assignment: MM/YYYY	

Example D: Asset Under Construction

DR Goods Receipt/Invoice Receipt Clearing 201010	\$ 1000
CR Vendor JP Morgan Chase 4000045055	\$1000
Assignment: MM/YYYY	

Example E: Prepaid Supplies

DR Goods Receipt/Invoice Receipt Clearing 201010	\$ 3000
CR Vendor JP Morgan Chase 4000045055	\$3000
Assignment: MM/YYYY	

A GJV must then be posted by the Field's accounting office to clear the vendor open items to the 202100 JPMC Credit Card Clearing Account.

Example A: Regular Purchase (not an asset)

DR Vendor JP Morgan Chase 4000045055	\$50
Assignment: MM/YYYY	
CR JP Morgan Chase Credit Card Clearing Acct 202100	\$50
Assignment: MM/YYYY	

Example B: Minor Property Purchase

DR Vendor JP Morgan Chase 4000045055	\$345
Assignment: MM/YYYY	
CR JP Morgan Chase Credit Card Clearing Acct 202100	\$345
Assignment: MM/YYYY	

Example C: Asset

DR Vendor JP Morgan Chase 4000045055	\$3000
Assignment: MM/YYYY	
CR JP Morgan Chase Credit Card Clearing Acct 202100	\$3000
Assignment: MM/YYYY	

Example D: Asset Under Construction

DR Vendor JP Morgan Chase 4000045055	\$1000
Assignment: MM/YYYY	
CR JP Morgan Chase Credit Card Clearing Acct 202100	\$1000
Assignment: MM/YYYY	

Example E: Prepaid Supplies

DR Vendor JP Morgan Chase 4000045055	\$3000
Assignment: MM/YYYY	
CR JP Morgan Chase Credit Card Clearing Acct 202100	\$3000
Assignment: MM/YYYY	

The Field location/Region is responsible for reviewing the 202100 clearing account prior to final closing each period. The account balance should always zero. If the account reflects a balance, the location must communicate with the Purchase Card Program Management Team to identify the discrepancies so that CNIC Millington Detachment may reclassify them to the proper GL accounts in the current month.

#### Accounting (Headquarters, Retail)

The JPMC invoice is submitted to CNIC for payment centrally. Once the central bill is reviewed and approved for payment, CNIC Millington Detachment will make the following entries for the central payment.

DR JP Morgan Chase Credit Card Clearing Acct 202100

(Portion of central bill for each company code or regional company code)

Assignment: MM/YYYY

CR Vendor JP Morgan Chase 4000045055 (Total amount of JP Morgan Chase bill)

Assignment: MM/YYYY

#### Purchases on MWR JP Morgan Chase card that are not MWR purchases

Sometimes, another company code (NGIS, NFC or CMWR) will not have a credit card. MWR can make purchases on the MWR card on its behalf. If MWR makes purchases using the MWR cards on behalf of CMWR, NFC or NGIS, the invoice entry will NOT cause an inter-company posting, unlike the previous process used under the Citibank credit card. Since CNIC Millington Detachment makes one central payment, there are no longer separate payments to bank vendors by AO. The entries for each company code will occur when the mapper file pulls them from the Purchase Card System and are outlined in the examples above. Again, there is no need for an inter-company posting if the coding is done properly in the Purchase Card System.

Sometimes another company code will have its own cardholder, but the AO will be an MWR AO. This will NOT cause an inter-company posting, unlike the previous process used under the Citibank credit card. The entries for each company code will occur when the mapper file pulls them from the Purchase Card System. There is no need for an inter-company posting if the coding is done properly in the Purchase Card System.

#### JP Morgan Chase Accrual

The cut-off date for the JP Morgan system is the last day of the month. The only issue is when the month ends on a weekend or holiday. It was determined that any purchases at that time would be minimal. If the last day of the month falls on a Saturday, the close out date will be the Friday before that day and includes Saturday's postings. If the last day of the month falls on a Sunday, the following Monday will be the beginning of the next posting period, and all postings made that Sunday will be on the next posting period.

There can always be a timing issue at month end related to inventory and all locations should have a system to identify goods as "before" or "after" inventory. Items

received after the inventory count, but paid for in the current period would be added to the ending inventory. Items received before the inventory count but not entered for payment in the current period would need to be accrued. Accruals are necessary to maintain an accurate COGS.

#### MWR Charge Card (MWR extending credit)

Currently, anyone (civilian, employees and people off the street) can sign up for a MWR charge card at some regions. The policy states that charge cards are acceptable, but must be paid in full by the end of the month.

Sugar Grove also gives a 10% credit off the total purchases for that month if five purchases are made during the month at certain qualifying facilities. A manual spreadsheet is kept to determine who qualifies. If a cardholder qualifies, a credit for 10% of their bill is posted to their account.

DAR for charge

DR Customer (131005)	\$ amount of purchase
CR Revenue 501000 or 301000 ccXXXX	\$ amount of purchase

Credit on statement (Sugar Grove Only)

DR Promotion 781000 ccXXXX	\$ 10% of total purchases
CR Customer (131005)	\$ 10% of total purchases

Payment Received

DR DAR Clearing 101060	\$ 90% of total purchases
CR Customer (131005)	\$ 90% of total purchases

#### Third Party Charge Card

Some bases have a credit card from their local bank. The bank would need to be created as a vendor. Statements will be entered as direct invoices. Since MWR as a whole receives a volume discount for purchases on the JP Morgan Chase card, it is requested that this local card only be used in cases where the JP Morgan Chase card is not accepted (i.e. Sam's Club).

To ensure that the statement amount is paid, enter the purchases to 202000 when they are made and then transfer them to (201000) upon receipt of the statement or enter them directly to the vendor. The decision will depend on how the vendor needs the detail on the remittance advice.

The preferred method is to post directly to the vendor when the purchase is made. Block each invoice when it is entered. Upon receipt of the statement, unblock the line items on the vendor. This will ensure that only statement items are paid and not all the invoices entered into the system.

When purchases have been made:

Invoice

DR Supplies 701000 cc XXXX (GA cost center)



## CR Third Party Vendor (201000)

If the vendor does not want to see the individual purchases and needs a summary, the account 202000 can be used. If this method is chosen, the base needs to clear this account monthly to ensure that everything is being paid and accounted for properly.

When purchases have been made

Invoice

DR Supplies 701000 cc XXXX (GA cost center)

CR Accrued Payables 202000 (Text assignment=Third Party Name)

After receiving statement from the third party

DR Accrued Payables 202000 (Text assignment=Third Party Name)

CR Third Party Vendor (201000)

## Go Gas

CNIC has negotiated a contract with GOGAS. Regions are encouraged to use this vendor for fuel and maintenance for their vehicles. GOGAS provides information to the region for BSVEMIS (Base Support Vehicle Equipment Management Information System). Regions should contact Frank Zumwalt at CNIC Millington Detachment for more information regarding this program. [larry.zumwalt@navy.mil](mailto:larry.zumwalt@navy.mil)

## Children's Programs

### SAC Program

Use standard process.

## CDC Providers

All CDC providers should be set up as non-trade Vendors. They should all be flagged for 1099s. Currently the subsidies and some of the USDA are subject to 1099 for the Region. All the bases should be processing this the same way. If they are not, they need to contact the region for guidance.

1099 forms should be available by October. Please contact the SAP helpdesk for the correct form to be used.

## CYMS Interface

Rectrac offers a child and youth management system (CYMS). Each parent is created as a household and given a card to swipe their child in and out of day care. CYMS is also used at youth centers.

CYMS will use the billing functionality and put an amount owed into each household. This billing will not interface with SAP. The billing will remain internal in CYMS.

The CYMS POS is configured as a cash system and will recognize revenue when it is collected (not necessarily when it is earned). CYMS will interface with SAP nightly and produce an electronic DAR.



#### Electronic DAR

DR Credit Card Clearing 110000	\$ credit card sales
DR POS Clearing Account 101060	\$ cash collect net of cash refunds
CR Program Revenue 501000 cc CDC	\$ revenue
CR Program Revenue 501000 cc Youth	\$ revenue

If a parent does not pay, revenue will not be recognized by the CYMS interface to SAP.

Sometimes the parents pay in advance for upcoming weeks of daycare or summer camps. These prepayments will be recorded as revenue at the time of payment and not the time of service (cash accounting)

At month end, the accounting office can get a copy of the CYMS 'household balance report' run for credit balances only and record any prepayments to the CYMS unearned income account 251005. This should be recorded as a reversing accrual since CYMS will not draw down the unearned income.

#### EOM accrual

DR Program Revenue 501000 cc XXXX	\$ credit balance in the households
CR Unearned Income 251005 cc XXXX	\$ credit balance in the households

251005 should reconcile to CYMS credit balance in the households prior to making the EOM accrual.

The policy states that all parents must be paid in full therefore, there should be no AR balance. However, this is not always the case. Since revenue is not recognized until paid, the accounting office must do a reversing accrual to recognize the revenue. Run the CYMS household report for debit balances only to get the unpaid revenue balances.

#### EOM accrual

DR AR Other 133000	\$ Household Debit balance
CR Program Revenue 501000 cc XXXX	\$ Household Debit balance

Refunds are sometimes offered to customers who have paid in advance and get deployed. If a customer pays in advance for a summer camp they can get a refund. The customer will be refunded by the same payment method they used to pay with the exception of large cash payments. Since the CDC does not keep a large change fund, customer will be refunded by a check in SAP.

#### Credit Card Refund Interface net result

DR Program Revenue 501000 cc XXXX	\$ amount of refund
CR Credit Card Clearing 110000	\$ amount of refund

Small cash/check refund

DR Program Revenue 501000 cc XXXX

\$ amount of refund

CR POS DAR Clearing Account 101060

\$ amount of refund

Large cash/check refund

It there is not enough money in the change fund or a local policy exists for the maximum refund amount out of a change fund then a SAP check needs to be written. The CDC manager needs to post this refund in CYMS as well as fill out the necessary paperwork to create a customer in SAP as well as a request for payment. The customer should be created as other and use the CYMS household account prefixed by the company code as the customers UIC.

Interface

DR Program Revenue 501000 cc XXXX

\$ amount of refund

CR Accrued Revenue 202000

\$ amount of refund

Request for payment

DR Accrued Revenue 202000 \$ amount of refund

CR Customer XXXXXX (131005) \$ amount of refund

A credit balance for a customer will produce a check in SAP on the next payment run.

#### Youth Snack Cards (YAK SNACK) (Millington Only)

Parents can purchase a snack card for their children who go to the youth centers. The purpose of these cards is to allow the children to buy drinks and snacks without cash. The parent can purchase these cards at the youth center.

DAR to purchase card

DR DAR Clearing 101060 \$ usually in \$ 5.00 intervals

CR Revenue 301000 cc XXXX \$ amount of card

When the card is used, the center writes down the amount or punches through the card to draw down the total. There is no DAR. The cost of goods sold will be picked up during the physical inventory at the end of the month.

The amount is deemed not to be material which is why the unearned income account (251000) is not being used.

#### Kids Cove (Hawaii Only)

In SAP all expenses including salaries and benefits will be posted to the Kids Cove cost center 5176. At the end of the month a report will be run to determine the net loss. At that time, an invoice will be entered to the CNIC customer for the loss. If the activity makes a profit, CNIC is not refunded for this month's profit.

In SAP the journals will be as follows:

Payroll

DR Payroll Expense 601000 Cost center 5176  
DR Health / Disability Insurance 629000 Cost center 5176  
DR Employers Life Insurance 630000 Cost center 5176  
DR Other Benefit 632000 Cost center 5176  
CR Payroll clearing account 211000

Note: MWR only bills for actual payroll, so there will be no accrual for the employees

#### Supplies

DR Supplies 701000 CC 5176 \$ amount of purchase  
CR Vendor XXXXXX (201000) \$ amount of purchase

#### DAR

DR DAR Clearing 101060 \$ amount of revenue collected  
CR Revenue 501000 CC 5176 \$ amount of revenue collected

#### EOM

Run a cost center report (KSBB – cost center line item report) to get the total expense for that month. There are several reports that can be run to get the amount. Use T-code KSBB and select the report that uses the most comfortable format for the user.

#### Direct Invoice

DR CNIC Customer 1000179 (131005) Total expense (salaries, benefits & supplies)  
CR Other Revenue 569000 CC 5176

Re-run the same cost center report to ensure the net profit for that month is zero.

#### [Contractors paid for lessons](#)

The CDC uses contractors for certain lessons, like piano. The contractors are paid monthly. The POS system CYMS keeps track of these lessons by instructor.

When the parent pays, the revenue will be recognized in the month that the parent pays not necessarily when the lesson happens. The CDC manager will run a report out of CYMS each month and submit to the accounting office for payment.

DR Contract Expense 783000 \$  
CR Vendor 4XXXXXX (201000) \$

#### [Other Parties paying for child care](#)

Overseas bases require all parents to attend mandatory training. During this time, CDC will provide child care, so both parents can attend. The parents do not have to pay for the child care services. Fleet and Family will pay for the child care. To bill Fleet and Family Services, use the following process in CYMS.

Creating a “Bill” for the Agency or To See What an Agency Owes:



1. Click the Pay Code Summary Cash button (or go to Reports → System → System Financial Reports → Pay Code Summary Cash Report)
2. Highlight the Agency pay code on the left.
3. Toggle Browser Only on the right.
4. If billing for just your center's part of the bill, restrict the Drawer Range to your center
5. Enter the Date Range you need to be reimbursed for. (Normally from the first to the last day of the month)
6. On the bottom right, toggle everything on EXCEPT Print Credit Card Information.
7. Click Print. Keep a hard copy of this report on file.

\*\* If the agency won't accept this report as a bill, the report can still be used to give you the total you are expecting and a detailed breakdown of which households used the service.

#### Posting the Reimbursement from the Agency (Typically a month or so behind):



1. Click the Misc Income & Expense Posting button (or go to Period End → Global → Misc Inc/Exp Postings).
2. Toggle Misc.
3. Click Post Details.
4. Click Add.
5. Enter the Amount. The Posting Type should be Income. (BE CAREFUL HERE – the default is Expense!)
6. In the Description field enter the Agency name and month for reimbursement.
7. The G/L Code should be the receivables account (if you are unsure what your receivables account is, call VSI for assistance) not your normal revenue account. If you post to your normal revenue account you will be double posting your income!!
8. The Cost Center should be specific to the Center that was reimbursed. If multiple centers were reimbursed with one agency check, you will have to split the amount and post once per location (cost center).
9. Enter the appropriate Pay Code:
  - Check if you received a physical check
  - EFT pay code (one for local bank and one for central bank) if the money was Electronically Deposited
  - TBA pay code if the money was simply transferred between accounts.
10. Enter a Description – be as standard as possible to facilitate later audits.
11. Click Post.

#### Babysitting

Sometimes the CDC provides babysitting services when there is a major event like the Navy Ball. The children are allowed to stay for free up to a certain hour. A per

minute cost is charged to the parent if the child is picked up late. If a third party is paying for the child care, use the third party billing/payment process previously discussed. For the late fees charged to the parents, use the standard process in CYMS for invoicing the parents and the payments received from the parents.

#### Civilian Fund Business Processes

##### Catering Truck Driver Commissions (CMWR only)

The drivers of the catering trucks are given a commission as an incentive to not waste food. The truck has a daily transfer of inventory from cafeteria to the actual truck. This transfer is recorded on a sheet, but not entered into the financials as a transfer. There is no mess req. In the morning, the inventory for the truck starts with the leftover inventory from yesterday plus the new inventory for today. The breakdown of the food is in the following format: 50% of retail for food and 75% of retail for sundries. At the end of the day, the refrigerated items are removed from the truck and placed in the fridge on designated “truck” shelves. Items that do not require refrigeration remain on the truck. Items that have expired either due to consumable date or pre-made items like sandwiches must be discarded and recorded on the daily waste sheet. There are no financial postings at this time. The next morning the refrigerated items are placed back on the truck and counted as beginning inventory for the day.

The inventory transfers are manual only and are not recorded financially. This process is solely for the calculations of the drivers commissions. At the end of the month, the inventory for the cafeteria includes the two trucks. There are not separate inventories for the trucks. The COGS posting is to the cafeteria cost center.

Both trucks have their own cost center. These cost centers will capture revenue and maintenance expenses. They will not capture COGS. At the end of the month, the cost center group which includes the cafeteria as well as both trucks needs to be analyzed. The truck cost centers can be analyzed individually to determine if the maintenance costs are excessive compared to the revenue generated.

##### Vending Machine for Civilian Fund (Randolph Sheppard Act)

The civilian fund pays the Blind Association for 50% of the money collected over \$ 3000. Currently, CMWR pays 50% of their total profits from vending machine sales. This is paid quarterly. A separate spreadsheet by machine is maintained. A direct invoice will be entered each quarter to pay the Blind Association.

#### Direct Invoice

DR	Vending Commissions	592000 cc XXXX	\$ 50% over \$ 3000
CR	Vendor (201000)		\$ 50% over \$ 3000

Policy was contacted to make some clarifications. They are as follows:

You wanted clarification on whether the \$ 3,000 exception under Randolph-Sheppard should be applied to individual vending machines or to buildings. Upon review of

OPNAVINST 4345.1A, I can see the confusion or argument that some activities are making regarding the application of the \$ 3,000 exception.

The criteria use to determine which income-sharing percentage applies to a vending operation is based upon the building or premises. Income-sharing percentages are based upon whether or not vending machines are in direct or in-direct competition with a blind vending operation on the **premises** and whether 50% or more of the hours worked on the **premises** occurred during normal working hours. Even though the definition of each income-share percentage is applied to vending machine income, the qualification for the various income-share formulas and financial reporting requirements are based upon the building and their individual income-share percentages.

Paragraph c.2 above helps to validate this issue. While, some buildings or installations might only have one vending facility, others might have multiply vending facilities per building, but the \$ 3,000 exemption applies to where the total of the vending machine income from all such machines at such location, installation, or facility does not exceed \$ 3,000 annually.

You also requested clarification on whether an activity applies the \$ 3,000 exception to income over \$ 3,000 when applying the income-sharing percentage. I discussed this issue with Bill Winters, my Section Head, and Julie Graham, Head of Policy, and we concur that generally, activities that have vending income in excess of \$ 3,000 will subtract the \$ 3,000 initially and apply the appropriate income-share percentage towards the remaining amount.

This might not be the case for all activities, since agreements between the SLA and Navy might include some other share formula, if any. Some activities have established agreements, outside the normal income-share percentages, with the SLA. For example: I have one installation where the SLA operates their vending operation on one side of the base and the Civilian MWR activity operates on the other side of the base and retains 100% of their vending income.

#### CERA Gym Membership

The Civilian Employee Recreation Association (CERA) pays MWR each October a fixed pre-negotiated amount. In 2004, it was around \$ 50,000. This is a prepayment for all civilians to have access to the MWR gyms at Anacostia, the Navy Yard, and Navy Research Lab (NRL). This amount is not for individual memberships, it's a flat fee. All civilians can use the gym. The civilians have to show an MWR badge to get into the gym for free.

In October, the money will be posted as an inter-company journal.

Civilian Prepaid Contracts 162000	\$ 50,000	
MWR CR Unearned Income 251000	\$ 50,000	
MWR DR Inter-Company Cash 101005	\$ 50,000	
Civilian CR Inter-Company Cash 101005		\$ 50,000

A recurring entry needs to be set up in both the Civilian and MWR funds for 12 months as follows:

MWR

DR Unearned Income 251000	\$ 4,666.67 (1/12 <sup>th</sup> of 50,000)
CR Program Revenue 501000 Gym CCXXXX	\$ 4,166.67

Civilian

DR Contractual Expense 753000	\$ 4,666.67
CR Prepaid Contracts 162000	\$ 4,666.67

In the last month, both MWR and Civilian fund need to look at the prepaid and unearned income accounts to make sure they have cleared. There may be a small balance due to rounding.

Manually clear 251000 and 162000.

Club Business Processes

Promotions (Free Buffet)

If the club offers a free buffet (e.g. during a Happy Hour), the cost of offering that buffet should go to promotion expense account.

Manual DAR

DR Promotion 781006 cc XXXX	\$ Cost of the meal (not retail price)
CR Resale Inventory 151000 cc XXXX	\$ Cost of the meal (not retail price)

Note: The promotion expense journal has to be at the cost of the meal and not the resale price of the meal. Alcohol cannot be given away per policy.

Promotion (2 for 1)

If the club offers 2 for 1 pizza or other items, the cost of that item should go to the sales or program discount expense account rather than the promotion account.

DAR

DR DAR Clearing 101060	\$ Amount of one item
DR Sales Discount Resale Revenue 303000	\$ Amount of one item
CR Resale Revenue 301000 cc XXXX	\$ Amount of two items

For cost of printing items (i.e. paper, ink, banners etc.), promotional printing 781005 account (see RAMCAS FY05 letter) should be used.

### Promotion (Reduced price)

During Happy Hour, food or alcohol may be sold at a discounted price. For example, a sandwich at the price of \$ 1.75 may be sold at \$ 1.50.

DAR

DR DAR Clearing 101060	\$ 1.50
DR Sales Discount Resale Revenue 303000 cc XXXX	\$ 0.25
CR Resale Revenue 301000 cc XXXX	\$ 1.75

### Meal Punch Card

The club may offer meal cards. With the cards, when a certain number of pizzas or sandwiches have been purchased, the next purchase is free.

Rectrac DAR for free pizza/sub

DR Sales Discount Resale Revenue 303000 cc XXXX	\$ Retail(not cost
CR Resale Revenue 301000 cc XXXX	\$ Cost of the meal (not retail price)

The item will be discounted at 100%. Ideally the item should be posted to promotion expense 781006 and inventory 151000 at cost, but this is not possible with the current POS systems. Per Roger Moore, this is not material and can be recorded automatically by the POS and no manual reclassification journal is required.

### Employee Meals (all bases)

2334 (d). Free Employee Meals. In keeping with accepted industry practices, employees working in a club or foodservice operation may be provided a "free meal" immediately prior to, during or immediately following the day's work period, providing the meal qualifies under the IRS "convenience of the employer" rule. To qualify, the meal must be consumed on the employer's premises (i.e., in the activity itself), the employee must be required to partake of the meal without substitution, and there is no other dining facility readily available where the employee may eat. Incumbents in the following associated positions are excluded from this "free meal" provision: management personnel, administrative support personnel, drivers, warehouse personnel and janitors. For those employees of the MWR food and beverage activity not authorized free meals, an "employee meal" price may be established to cover prime costs (i.e., food cost and direct labor).

POS DAR (Employee gets a discount)

DR DAR Clearing 101060	\$ 4.00
DR Sales Discount Resale Revenue 303000	\$ 1.00
CR Resale Revenue 301000 cc XXXX	\$5.00

Manual Journal (Employees who eat for free) GJV

DR Employee Meals 624000 cc XXXX	\$ Cost of the meal (not retail price)
CR Resale Inventory 151000 cc XXXX	\$ Cost of the meal (not retail price)



### Free Birthday Meal/Piece of Cake

If a club offers a free piece of birthday cake to club members, this is considered a promotional event.

Example

Meal \$ 8.00

Dessert \$ 3.00

Rectrac DAR

DR DAR Clearing 101060	\$ 8.00 (retail price of the meal)
CR Resale Revenue 301000 cc XXXX	\$ 8.00
DR Sales Discount Resale Revenue 303000 cc XXXX	\$ 3.00 (retail \$ cake)
CR Resale Revenue 301000 cc XXXX	\$ 3.00 (retail \$ cake)

The item will be discounted at 100%. Ideally the item should be posted to promotion expense 781006 and inventory 151000 at cost, but this is not possible with the current POS systems. Per Roger Moore, this is not material and can be recorded automatically by the POS and no manual reclassification journal is required.

### Discount Card

Some bases have a discount card for their single sailors. This card can be used at any MWR facility. The single sailor must show military ID as well to prove identity, and verify ownership and eligibility to use the card.

Hamburger cost \$ 3.50

DR DAR clearing 101060	\$ 3.45
DR Sales Discount Resale Revenue 303000 cc XXXX	\$ 0.05
CR Resale Revenue 301000 cc XXXX	\$ 3.50

### Pizza Box Coupon

To encourage more business an activity might print a coupon on a wrapping like a pizza box. This coupon is a sales discount and will be recorded like other sales discounts.

Pizza coupon = \$ 2.00 off

DAR

DR DAR Clearing 101060	\$ 8.50
DR Sales Discount 303000 cc XXXX	\$ 2.00
CR Revenue 301000 cc XXXX	\$ 10.50

### Food Spoilage

2311(c). Leftover Food and Beverages. In keeping with the hospitality industry's practices, food items and beverages not consumed during the function may not be removed from the premises. Leftovers should be used within the prescribed sanitation guidelines or discarded. Leftovers are not to be charged to a spoilage and waste account (791001). Spoilage and waste account is to be used when discarding

unprepared food that has spoiled due to a mechanical failure (e.g., freezer failure) or food that is past its expiration date (e.g., overseas base that receives food that is past its expiration date). This account is not to be used to report over production, spoilage due to not rotating inventory, etc.

There is no journal at the time the food is discarded. The journal to the resale inventory and cost of goods sold will be done at month end, which will account for the wastage.

### Party Contracts

Regular parties for individuals or groups

Some MWR and CMWR require a deposit, but not all. If no deposit is taken, the money collected the night of the party would be posted directly to revenue. The examples below are for scenarios where the person/group gives a deposit.

A deposit for a party needs to be put to Unearned Income (251001). This g/l account requires a customer master record. The first step is to obtain all the relevant information for that customer and create the customer master record. This information should be found on the party contract.

There are two different examples. Example A illustrates the customer paying the balance at the end of the party. Example B shows the customer leaving without paying, thereby, creating an ordinary receivable.

The journal entries will be as follows:

Example

Deposit made = \$ 500

Party total cost = \$ 1,500

Deposit Cash Cage

DR Cash 1010XX	\$ 500	
CR POS/DAR Clearing 101060		\$ 500

DAR

DR POS/DAR Clearing 101060	\$ 500	
CR Customer XXX (special GL indicator U) (251001)		\$ 500

Example A

Cash Cage night of party (customer pays outstanding balance)

DR Cash 1010XX	\$ 1,000	
CR POS/DAR Clearing 101060		\$ 1,000

DAR night of party

DR POS/DAR Clearing 101060	\$ 1,000	
DR Customer XXX (special GL indicator U) (251001)	\$ 500	
CR Catering Resale Revenue 302000 cc XXXX		\$ 1,500

The customer account needs to be manually cleared to offset the \$ 500.

Example B

**There will be no cash cage since the guests did not pay the balance.**

DAR night of party

DR Customer XXX (special GL indicator U) (251001) \$ 500

DR Customer XXX (131005) \$ 1,000

CR Catering Resale Revenue 302000 cc XXXX \$ 1,500

Text: Party Contract # and Party Date

Notice that the balance has moved from unearned income (251001) to the regular receivable account (131005) for the customer. The unearned income (251001) line items need to be cleared manually. It is important to note that the party contract number and date should be placed in the text field as the customer makes payments for each party.

#### Party Contracts for meals (Crane Only)

Since MICROS was installed at Crane, all private party contracts paid with a credit card are executed by the club.

DB Credit Card Clearing (110000) \$ amount of total contract

CR Catering Revenue (302000) cc XXXX \$ amount of total contract

Occasionally, there will be a contract that must be billed on a DoD Form 2277 to another command. These sales are entered into SAP manually and A/R is debited.

DR Customer XXX (131005) \$ amount of total contract

CR Catering Revenue (302000) cc XXXX \$ amount of total contract

When payments are received, then cash is debited and A/R is credited.

DR DAR Clearing Account (101060) \$ amount of total contract

CR Customer XXX (131005) \$ amount of total contract

The guests attending the conference may be responsible for paying for their meals. They do not pay the cafeteria or the club. They pay the group hosting the conference.

#### Party Contracts for meals (Monterey)

The cafeteria may cater a group. Each attendee is given a \$ 5.00 coupon. They go through the lunch line and hand the coupon to the cashier. If what they ordered is \$ 5.00 or less they pay nothing at the time. If it is more than \$ 5.00 they pay the difference and the cashier rings up that amount. When lunch is over the cashier turns the coupons into the catering office and they add up the number of coupons and multiply by 5 to get the amount that the catering office will bill the sponsor.

For example: meal costs \$ 25

DAR

DR DAR Clearing 101060	\$ 20
DR Party contract customer (131005)	\$ 5
Text: # of coupons @ \$ 5	
CR Catering Resale Revenue 302000 cc XXXX	\$ 25

The customer account will be cleared when the sponsor makes the payment

DAR

DR DAR Clearing 101060

CR Party contract customer (131005)

#### Sponsorship for Meal (ex. Air Show)

During the Air Show, groups sponsor food for the kids. The children are given coupons for hotdogs etc. The hotdog stands turn the coupons in and MWR will bill the groups for the number of coupons.

Since this is for a known event, the supplies may be purchased for that specific event.

Purchase (PO or direct invoice net result)

DR Inventory 501000	\$ total
Special events cc & internal order for Air Show	
CR Vendor 4XXXX (201000)	\$ total

If the supplies are not purchased for the specific event, then the inventory needs to be transferred from the supplying cost center to the special events cost center. An inventory of the supplies will also need to be done at the end of the show and either transferred back or spoiled. A COGS journal will then have to be done in the special events cost center if inventory is transferred. Inventory may also be transferred to a supply GL account.

Mess Requisition to transfer inventory

DR Inventory 151000	\$ cost of inventory
Special events cost center	
CR Inventory 151000 cc XXXX	\$ cost of inventory

DAR (when hotdog stands turn in the coupons)

DR Customer XXXX (131005)	\$ retail price of hotdog
CR Sponsorship revenue 571000	\$ retail price of hotdog
Special event cc & internal order Air Show	

A sponsor may also give money to MWR to feed kids during the Air Show.

When money is given

DAR

DR DAR Clearing 101060

CR Sponsorship revenue 571000 cc special events & internal order air show

### Day of Air Show

The supplies or inventory may have been purchased for the special event and coded to that event. If inventory account 151000 is used a COGS journal will also have to be done after the event. If supplies g/l account 701000 is used the expense will already be in the special events cost center which will offset the sponsorship revenue.

Since the entire meal is given free to the children, there will be no DAR for the distribution of the food.

### Billing Third Party

The golf course may feed the reserves lunch and breakfast. There is a roster for the golf course to turn in.

### DAR (Day of the meal)

DR Customer XXXX (131005)	\$ retail price of the meal
CR Catering Resale Revenue 302000 cc XXXX	\$ retail price of the meal

### Liquor Licenses

Licenses are due annually. This license needs to be paid prior to the start of the year. In addition, there can be a shared liquor stamp between MWR and CMWR. The drivers are instructed to check for the stamp before accepting goods.

### DAR

DR Misc. Expense 799000 cc XXXX	\$ 250.00
CR Vendor (201000)	\$ 250.00

### Club Memberships

A club can offer an annual membership. With the membership, members receive discounts, a free birthday dinner and discounts on other events like Christmas parties. The members prepay for their membership. Everyone has the same anniversary date, so if someone joins mid-year, the membership will be pro-rated.

### DAR for Membership Payment

DR DAR clearing 101060	\$ amount of membership
CR Unearned Income 251000	\$ amount of membership
-Assignment	
-Text	

A recurring entry can be created to post the money from unearned income into revenue if billing is not used in Rectrac.

### Recurring Entry

DR Unearned Income 251000	\$ monthly amount
CR Dues 532000 Club cc XXXX	\$ monthly amount

Note: If Rectrac is used for billing, the unearned income will post to a customer (251001).

### Advanced Billing Clubs (outside of SAP)

Currently a local database program is used to bill for club dues each month. The billing does not update the general ledger until the dues are paid. Since there is no contract, individuals are not obligated to pay, but by not paying their membership is effectively cancelled.

When the money is received it is posted to unearned income since most members pay for more than one month. The database is used to journal the unearned income into revenue each month.

Due to the fact that it is unknown at the time of billing whether the individual will pay, we cannot invoice in SAP. The invoicing will have to continue in the database. When money is received, the journal will be as follows:

DR DAR Clearing account 101060  
CR Customer XXXX (special GL indicator U – 251001)

Each month a journal will need to be posted to amortize the revenue from unearned revenue to earned revenue.

### Free Meals for Entertainers

Sometimes MWR provides meals and soft drinks for entertainers. Back-up documentation needs to be attached to the DAR that is sent to the business office. The meals should be posted to the promotion key on Rectrac.  
Retail price of meal is \$ 10.00  
Cost of food is \$ 4.00

Rectrac DAR

DR Resale Revenue 301000 cc XXXX \$ 10.00  
CR Sales Discount 303000 cc XXXX \$ 10.00

Ideally, the cost of the meal should be recorded to entertainment expense at cost. The business office could reverse the journal above and post a manual journal to record the promotion expense. The POS system will not post at cost.

Manual GJV

DR Entertainment Exp. 787000 cc XXXX \$ 4.00  
CR Inventory 151000 cc XXXX \$ 4.00  
DR Resale Revenue 301000 cc XXXX \$ 10.00  
CR Sales Discount Resale Revenue 303000 cc XXXX \$ 10.00

### Shared Inventory with third parties (Sigonella)

Sometimes, MWR might allow third parties to share their inventory. The contractor pays MWR an administration fee to cover the administration costs of ordering and storing the items. The contractor also prepays for the items.

MWR holds food inventory for third parties

Some overseas bases have a contract with a local customer to purchase and hold inventory for them. The customer pays MWR a service fee as well as the cost for the items. Since MWR is not making a profit, the money flow will post into 203001.

#### Receive Admin Fee

DR DAR clearing 101060	\$ fixed contract amount
CR Misc Revenue 569000	\$ fixed contract amount

#### Receive Prepayments for items

DR DAR clearing 101060	\$ fixed amount
CR Customer XXXX (203001)	\$ fixed amount

#### Deliveries

DR Customer XXXX (203001)	\$ amount of inventory taken
CR Inventory (decrement inventory where the items were put at the time of the purchase)	

#### Prime Vendor Rebate

All Prime Vendor rebates are processed through CNIC Millington Detachment. The JSPVP (Joint Services Prime Vendor Program) processing center sends quarterly payments via EFT to CNIC. JSPVP provides a report to CNIC which breaks down the rebate by company code by site. CNIC posts a line item journal to each region's unearned income account 251000. It is the regions responsibility to distribute the rebate to the appropriate cost centers. Funds will be notified by e-mail with an attachment showing the detail. The rebate should be reclassified from 251000 to the proper cost centers Rebate COGS account (401022) to offset food expense for the individual facility that earned the rebate. Rebates will be posted with an effective date of the month received. CNIC POC's are Mary Jane Embry, [mary.embry@navy.mil](mailto:mary.embry@navy.mil), or John Doelling, [john.doelling@navy.mil](mailto:john.doelling@navy.mil).

#### Quarterly Journal by CNIC

DR Intercompany Cash 101005	\$ amount of the rebate
CR Unearned Income 251000	\$ amount of the rebate

Text: Prime Vendor Rebate Jan-Mar 2009

#### Reclassification Journal by Region

DR Unearned Income 251000	\$ amount of rebate
CR Cost of Goods Prime Vendor Rebate 401022 cc XXXX	\$ amount of rebate

Text: Jan-Mar 2009

Clear 251000.

#### Liquor Discounts

Some overseas bases receive a discount from the local distributor for the purchase of liquor. The liquor is usually purchased from AAFES. The local representatives from the major distributors (Miller Brewing, Budweiser, etc.) receive volume rebate

discounts which they pass on to MWR. These discounts are usually based on the number of units moved, such as \$ 1.00 off each case of beer. At the end of the rebate discount period, MWR computes how many units were sold and invoices the local representative. The local representative uses that invoice to prove to the distributors that the rebate discount was paid.

When the local representative is invoiced, a receivable is set up.

DR Local Representative Customer (131005) \$ amount of rebate  
 CR Cost of Goods Prime Vendor Rebate 401022 cc XXXX \$ amount of rebate  
 Text: June 2009

It is usually the following month when the local representative pays MWR.

DR POS/DAR Clearing 101060 \$ amount of rebate  
 CR Local Representative Customer (131005) \$ amount of rebate  
 The customer account needs to be manually cleared.

#### Concessionaires / Contractors (ex. Masseuse)

##### MWR Collects Gross

Concessionaire revenue comes in on a DAR and the DAR clerk credits the revenue for the gross amount. MWR holds the money for the Concessionaires and then pays them based on their payment terms less a percentage which MWR keeps (90%/10%). The payment terms depend on the Concessionaires. Some Concessionaires are paid bi-weekly while others are paid monthly.

At the time of the DAR, the percentage is known by the DAR clerk.

The journals will be as follows:

DAR

DR DAR Clearing 101060	\$ 100.00
CR Other Commissions 594000 cc XXX	\$ 80.00
CR Other Commissions 594000 cc XXXX	\$ 20.00
DR Contractual Expense 783000 cc XXX	\$ 72.00
DR Contractual Expense 783000 cc XXXX	\$ 18.00
CR Concessionaire vendor (201000)	\$ 90.00

The profit of \$ 10.00 will remain in the cost center as the difference between the revenue and expense.

##### MWR Collects Net

Sometimes, MWR only collects the net amount. The journals will be as follows:

DAR

DR DAR Clearing 101060	\$ 10.00
CR Other Commissions 594000 cc XXX	\$ 8.00
CR Other Commissions 594000 cc XXXX	\$ 2.00



### Free Training

Military can have personal training for free (only active duty, no retirees). The field pays concessionaires for a service fee.

Example:

3 people (2 Civilians \$ 10 per session, 1 military)

DAR

DR DAR Clearing 101060	\$ 20 (2X10 for Civilians who pay)
DR Contractual Expense 783000 cc XXXX	\$ 30
CR Revenue 501000 cc XXXX	\$ 20
CR Concessionaire Vendor (201000)	\$ 30

### Bait Sales (Corpus)

Contractor sells bait at the Marina. If he is absent, the Marina sells on behalf of the contractor. MWR does not charge for rent and receives commissions either way.

If MWR sells the bait, 20% commission is calculated from the total revenue.

Revenue = \$ 10 for example:

DAR

DR DAR Clearing 101060	\$ 10 (total sales)
CR Vendor (201000)	\$ 8 (80%)
CR Other Commissions 594000 ccXXXX	\$ 2 (20%)

If the contractor sells the bait, MWR will receive a commission check at EOM

DAR

DR DAR Clearing 101060	\$ 2
CR Other Commissions 594000 ccXXXX	\$ 2

### Contractors paid in foreign currency

MWR has the Hotsi bath that accepts dollars and yen. The contractor is paid in yen at the end of the month for that month. The contractor is paid in yen at the MWR standard rate for any amount collected in dollars.

The contractor receives 95% of the sale and MWR keeps 5%. MWR collects the entire amount and issues the contractor a check in yen.

Dollar Sale

DR Dar Clearing 101060	\$ 20
CR Vendor 4XXXXXX(201000)	\$ 19
CR Commissions 594000	\$ 1

Yen Sale

DR DAR Clearing 101060	¥ 2,220 (\$ 20)
CR Vendor 4XXXXXX (201000)	¥ 2,109 (\$ 19)

CR Commissions 594000                      ¥ 111 (\$ 1)

SAP has the capability to pay the vendor in yen even though the vendor has dollar and yen postings. At month end SAP will pay the vendor the following:

\$ 19 X MWR rate of 111 = 2,109 + 2,109 = ¥ 4,218

#### Lawn Service

MWR provides lawn service to base residents who live on base. The customers pay in advance at Outdoor Recreation. MWR keeps 15% and pays the contractor monthly 85% of the service fee charged to the customer. Rectrac is configured to bill the customers based on their schedule (weekly, biweekly etc.) The fees range from \$25.00 to \$50.00. Customers often pay in advance. This advance payment is posted to g/l account 251001.

#### Rectrac Billing DAR

DR Household Customer A (131005)	\$ 25.00	
DR Household Customer B (131005)	\$ 35.00	
DR Household Customer C (131005)	\$ 50.00	
CR Program Revenue 501000 cc XXXX		\$ 110.00

#### Payment from Customer B

When a customer pays, the payment will be applied to the household in Rectrac. Rectrac will know if the payment is for a current billing or if the customer is paying in advance.

DR POS Clearing 101060	\$70	
CR Household Customer B (251001)		\$ 35
CR Household Customer B (131005)		\$ 35

This will leave a credit balance in customer B's household which is a prepayment.

#### Payment from Customer A

DR POS Clearing 101060	\$ 25	
CR Household Customer A (131005)		\$ 25

This will clear the balance owing for customer A

Note that customer C still has not paid and will remain with a balance in his household in Rectrac as well as a balance in 131005 in SAP.

The activity manager can pull a report from Rectrac to show the number of billings which is forwarded to the accounting office which can be used as back up for the contractors invoice.

#### Contractor Invoice

DR Contractual Expense 783000 cc XXXX	\$ 93.50 (85%)	
CR Contract Vendor (201000)		\$ 93.50

### Entertainers

All entertainers will be paid via EFT after their performance. The base needs to send a 'Request for Payment' form to the Region the day before the performance. If the entertainer fulfills the engagement, the entertainer will receive an EFT 2 days after the performance. If the entertainer does not fulfill the requirements, the base will need to contact the region to block the payment.

### Lodging for Entertainers

MWR may pay NGIS for rooms for contractors or entertainers. The Epite interface can not handle inter-company postings, so MWR needs to be created as a customer. The folio and AR will be for the MWR. Someone will need to manage the MWR customer each month and post an inter-company journal to clear it. The front desk will use transaction code 715 "MWR Inter-company" in Epite. This will post the receivable and the revenue. It also immediately marks the MWR customer in Epite as paid which will clear the receivable in Epite. The net affect (DR 202000 and CR to revenue) will come across in the interface. A manual journal needs to be done to clear the 202000 account and recognize the expense for MWR. This process will create an inter-company cash journal. Note that SAP and Epite will be out of balance until the manual intercompany journal is posted..

#### Interface for Room Charges

DR MWR Customer XXX (133002)	\$ room charge
CR Room Revenue 501001 cc XXXX	\$ room charge

#### Interface Payment

DR Accrued Payables 202000	\$ room charge
CR MWR Customer (133002)	\$ room charge

#### Manual Journal to Recognize MWR expense (GJV)

MWR DR Contract Expense 783000 cc XXXX	\$ room charge
NGIS CR Accrued Payables 202000	\$ room charge

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NGIS DR Inter-company Cash 101005	\$ room charge
MWR CR Inter-company Cash 101005	\$ room charge

### Consignment

#### Parts

MWR sells auto parts and licenses on consignment. The journal entry at the time the parts are used will be as follows:

Example

Sale = \$ 10

Cost = \$ 9

#### Cash Cage

DR Cash 1010XX	\$ 10
CR DAR Clearing 101060	\$ 10

#### DAR

DR DAR Clearing 101060	\$ 10	
CR Resale Revenue 301000 cc XXXX		\$ 10

#### Payment to Vendor

DR COGS 401000 cc XXXX	\$ 9	
CR Vendor XXXX (201000)		\$ 9

This vendor will be paid based on the payment terms in the vendor master record. CNIC recommends adding information in the text field detailing to the vendor what items/invoices are being paid.

#### Safety Shoes

Safety shoes are not prepaid. They are sold on consignment. Active military are given a chit for a pair of safety shoes by their Command. The chit is for a specific amount and is billed to the Command when used. The active military employee can upgrade their shoes and pay the difference if they like.

#### Sale of the shoe (with upgrade)

DR Command Customer XXXX (131005)	\$ amount of chit	
DR POS DAR Clearing 101060	\$ amount of cash paid	
CR Resale Revenue 301000 cc XXXX		\$ selling price

A report of the shoes sold should be forwarded to the accounting office.

A month end inventory should be taken to determine the shoes sold.

#### EOM Journal

DR Cost of Goods Sold 401000	\$ cost of shoes sold	
CR Vendor XXXXX (201000)		\$ cost of shoes sold

If there are issues with the inventory, the field can post to accrued payable account 202000 and then to the vendor, so the vendor does not see in and outs. This is only recommended until a proper procedure is in place to minimize errors.

#### Corporate Sponsorship

Currently, MWR has a sponsorship with AT&T. AT&T sends payment to MWR quarterly. The head of recreation controls the funds and sends an e-mail (monthly) to the accounting office telling them where to distribute the funds. The funds need to be used for events (library, golf course, Xmas party).

#### Quarterly Deposit (money received from AT&T)

#### Cash Cage

DR Cash 1010XX	\$ amount of check	
CR DAR Clearing 101060		\$ amount of check

DR DAR Clearing 101060 \$ amount of check  
CR AT&T Customer # XXXX (251001 using special gl indicator u ) (posting key  
19) \$ amount of check

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DR  AT&T customer XXXX (251001) (posting key 09)
CR  Sponsorship Revenue 571000 cc XXXX      Order# XXXX
CR  Sponsorship Revenue 571000 cc XXXX      Order# XXXX
CR  Sponsorship Revenue 571000 cc XXXX      Order# XXXX
```

DR Expense 781000 cc XXXX Order# XXXX \$ amount of invoice  
CR Vendor 4XXXXXX (201000) \$ amount of invoice

DR Ticket Expense 705000 cc XXXX Order# XXXX  
CR Custodian Vendor 1XXXXX (201000)

When some inventory or supply items are ordered, there might be an additional charge for the kegs, pallets or CO2 tanks. These additional charges are deposits and should be recorded to the deposit receivable g/l account 191004. The merchandise is usually recorded to inventory or goods in transit 168001.

DR Deposits Receivable 191004 \$ Cost of kegs and pallets  
Text should reflect the vendor and purpose of the deposit.  
CR Goods in Transit 168001 cc XXXX \$ Cost of kegs and pallets

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DR POS/DAR Clearing 101060                      \$ amt of reimbursement  
 CR Deposits Receivable 191004                      \$ Cost of kegs and pallets  
 Text should reflect the vendor and purpose of the deposit.  
 The g/l account needs to be manually cleared.

### Employee Processes

#### Employee Travel Claim

There is a document that outlines exactly how to post travel advances and the settlement. Please refer to the Accounts Payable Training Manual.

Travel Advances and Claim Settlements will be posted by the Region. The Employees will all be set up as EFT vendors, so the money will be deposited directly into their accounts. Employees are created automatically via the SAP HR employee vendor creation process. Creation of new employee vendors and changes to existing employee vendors are performed nightly. The “travel request” form will be completed by the field and a copy of the form will be faxed to Region.

#### Contract Employees (recycling employees)

Currently, MWR pays NAF employees (activity 00 department 00) salaries on behalf of NGIS, recycling and a Shuttle company. The example below will be the same for all situations. The only thing that will change will be the customer. In all situations MWR sends an invoice to the other companies.

The NGIS scenario needs special mention. Normally, money transferring between MWR and NGIS would be handled through inter-company cash. This is not the case with the salaries since NGIS does not pay for the salaries. DFAS sends payment to MWR. We have set up a special customer (NGIS APF Customer) to be used in this scenario.

MWR charges a flat fee per employee and not actual costs. The journal entry will be as follows:

#### Payroll (from ADP posting)

DR Salary Expense 601000 cc XXXX                      \$ actual amount  
 DR Salary Benefits 621000 etc. cc XXXX                      \$ actual amount  
 CR Inter-company Cash 101005                      \$ total amount paid for salaries

#### Invoice (transaction F-22)

DR Customer XXXX (131005) (posting key 01) \$ # of employees times fixed fee  
 CR Misc. Expense 799000 cc XXXX                      \$ actual amount  
 CR Common Support Services cc XXXX 531000                      \$ difference btw  
 actual and fee

The miscellaneous expense account is used to offset the 601 series accounts since a credit can not be posted to payroll accounts.

Benefits are not reversed.

DFAS sends payment  
DR DAR Clearing 101060  
CR Customer XXXX (131005)

\$ fixed fee on invoice  
\$ fixed fee on invoice

This does not include the cash cage journal recording the cash and DAR clearing.

### Interns

During certain times, HQ will offer jobs to interns. The question is usually asked whether interns are vendors or employees. Jane Westbay runs the intern program at HQ and has put the following into place (email dated June 12, 2006)

Interns, starting in September, will all be Volunteers of the respective commands where they will be serving. This is the information I provided to each of the bases who will be participating in the Overseas Intern Program this Fall:

One new element of the program for Fall, we are finally identifying the "employment" status of interns. Navy MWR interns have been in a very grey area as far as employment/liability coverage status for years. They're sort of employees, but not really. We've got to get this fixed, especially for fair labor and liability issues. So I've been doing some investigating to come up with the appropriate designation for interns worldwide. As employees, you would have to pay each intern an hourly salary and put them on your employment rolls in addition to providing them lodging, airfare and per diem...no base could afford that! The better alternative...and more in line with what an internship is all about, anyway...is to bring your interns on as official volunteers of the Command. As a volunteer, your CO would assign them to MWR or CYP for the semester and you would provide lodging, airfare and a meal allowance. Volunteers are not authorized any type of compensation (wage, salary, stipend) for the work they do, only reimbursement for lodging, subsistence, transportation and other incidental type expenses. This is basically what we've been doing in an unofficial capacity at most of our locations. We need to make it official, though, for the liability issue. This is also going to eliminate the question about whether interns need to receive a W2 or 1099 for tax purposes at the end of the year...if they are volunteers, they would not.

Starting this Fall (2006), we will have each intern sign a Volunteer Agreement for NAF (DD form 2793). We will forward this agreement to you for your base CO's signature. You will need to come up with a system for tracking each intern's volunteer hours as this will need to be recorded on the agreement upon completion of the internship. The agreement should be returned to my office at the end of the semester so that I can keep it on file, as required by OPNAVINST 5380.1.

As for the authorized meal allowance, in researching the NAF travel regulations and the JTR, we would be authorized to reimburse interns for up to 100% of proportional per diem plus the standard \$3.50 incidental rate per day. Please let me know if this meal allowance is acceptable to you or if you would like me to reduce it to another

amount. You will need to file a 1351-2 Travel Claim each time you reimburse an intern for the meal allowance.

The question was also raised as to whether the interns should be entered into SAP HQ as external employees. There is an email dated June 13/06 stating that HQ HR does not want the interns loaded into SAP HR.

Interns should be created in SAP AP to allow expense reimbursements.

#### Comp Time Payable

The comp time payable 210000 account is used to record comp time earned but not paid.

The journal should be as follows:

DR Comp Time Expense 606000 ccXXXX

CR Comp Time Payable 210000

There should be a record of request and approval in advance. The supervisor should keep track of comp time and ensure the employee uses it within 26 pay periods. The maximum accumulation is 80 hours. Craft and trade and non-exempt employees are not authorized comp time unless it is for religious purposes. If the employee leaves with comp time on the books, extend the departure date so that the comp time is used. If this is not possible, up to 80 hours can be paid off as regular time.

Currently, many bases are not using the comp time payable account 210000 because ADP does not give them the correct figure and they have to do a lot of work outside of ADP. According to Mary Beth, the ADP system is designed for the payroll technicians to input the number of comp hours earned each payroll into the earned fields for comp time. The system will decrement the hours when paid with the appropriate hour code (12). However the ADP system has no way of knowing what the earned hours are unless the payroll tech keys them in to ADP. There is no standard ADP accrual for comp time, the comp time balance is whatever the payroll tech calculates as the balance and is manually input into the comp time earned fields in ADP. The payroll technicians have to police the hours according to personnel policy.

#### Additional COLA

If a base qualifies for additional COLA, they will receive a percentage on top of the normal COLA. In 2008, the additional COLA was 25%. The additional COLA is exempt from federal taxes, but not state or local taxes. The % is entered into SAP HR and passed to ADP. ADP uses deduction code 81 and earnings code C. The additional COLA posts to salary expense (601000) when the payroll summary is posted into SAP. The COLA does appear as a separate line item on the employees check stub.



### Benefit Allowance (GITMO)

Employees receive a % of the benefit deductions back each pay period. ADP uses deduction code 81. The benefit allowance posts to g/l account 602000 when the payroll summary is posted into SAP.

### Home Leave

Code of Federal Regulations, Title 5 Administrative Personnel, Part 630, Subpart F; and DoD 1400.25-M, Section 1260., Subchapters 1260.1-1260.4; and BUPERS 5300

Employees recruited for overseas duty from the United States or its territories or possessions including the Commonwealth of Puerto Rico and who meet the requirements to accumulate a maximum of 45 days of annual leave under section 6304(b), are entitled to earn, and may be granted home leave. In computing service abroad, full credit is given for the day of arrival and the day of departure. The rate for NAF employees is 5 days after each 12 months of service. An employee must complete 24 months of continuous service outside the United States to be eligible to take home leave. The 24 months of continuous service abroad is a one-time requirement. Home leave may be granted in combination with other leaves of absence. Home leave can only be used in the United States, the Commonwealth of Puerto Rico, or a territory or possession of the United States. The minimum charge for home leave is 1 day (no partial days) and additional charges are in multiples thereof. There is no limit on accumulation of home leave. An employee must reimburse home leave payment when he/she fails to return to service abroad after the period of home leave, or after the completion of an assignment in the United States. There are exceptions to this rule listed in CFR Part 630.606 part (e). If applicable, shift differential will be paid during the home leave period. Home leave is taxable. Home leave will be processed with an ADP earnings code of 20 which will post to g/l account 601000.

***\*For more specific details, use the two references shown above. Subpart F is written for AF service. BUPERS 5300 instructs that the same entitlements are applied to NAF employees on contract overseas.***

### Living Quarters Advance (LQAd)-DSSR 130

Overseas bases often give employees an advance to help them with their initial rent due to the high cost of living. This is non-taxable. The employee is usually granted three months rent in advance. The advance is paid on a system check, but if time allows, the employee can receive an EFT. Then, it should be entered in ADP as a prepay using the manual check number. The bi-monthly deductions are processed through payroll.

The system check or EFT will post the following journal:

DR Wages Payable 211000 Employee A	\$ 1,700	
DR Wages Payable 211000 Employee B	\$ 1,700	
DR Wages Payable 211000 Employee C	\$ 1,700	
CR Cash 101XXX		\$ 5,100

Enter the amount of the advance in ADP as a prepay using the earnings code “L”.  
This will result in a lump sum posting:

DR 229000 Payroll Deductions Employee A, B, & C	\$ 5,100	
CR 211000 Wages Payable Employee A		\$ 1,700
CR 211000 Wages Payable Employee B		\$ 1,700
CR 211000 Wages Payable Employee C		\$ 1,700

Since ADP cannot transfer text and assignment, a manual journal needs to be posted to the employee vendor account.

DR Employee A Vendor (133004) Sp G/L “E”	\$ 1,700	
DR Employee B Vendor (133004) Sp G/L “E”	\$ 1,700	
DR Employee C Vendor (133004) Sp G/L “E”	\$ 1,700	
CR Payroll Deductions 229000		\$ 5,100

Each payroll, a recurring deduction will be posted in ADP for 26 pay periods. This has to be posted directly in ADP, and not in SAP HR. The payroll deduction code to use is “A”. This will map the deduction to the proper account in SAP. The net effect of the payroll journal will be:

DR Cash 101XXX (net)	\$ 65.38 (\$ 1,700/26)	
CR Payroll Deductions 229000	\$ 65.38 (\$ 1,700/26)	

These deductions will then have to be moved by a manual journal to the employee vendor account to reduce the balance owed by the employee.

DR Payroll Deductions 229000	\$ 65.38 (\$ 1,700/26)	
CR Employee A Vendor (133004) Sp G/L “E”	\$ 65.38 (\$ 1,700/26)	

The 229000 account needs to be manually cleared.

### Living Quarters Allowance (LQAL)-DSSR 130

Employees at overseas bases can receive an allowance to help pay for their living quarters. These are processed through ADP using the earnings code “24”. The allowance is a part of the salary package and is non-taxable. Manual spreadsheets are kept for each employee. ADP does not transfer text, so a manual entry will have to be made in the text and assignment fields. Currently this is a manual input into ADP each pay period. (Headquarters is investigating an automatic entry either through HR or ADP.)

DR Living Quarter Allowance 601002 cc XXX	\$ 350	
CR Cash 101XXX		\$ 350

Employees submit receipts that are reconciled once per year with the repayments made for allowances. The employee will repay the overpayment, or MWR will issue

a payment for any shortages. The employee can pay the amount in full, which will be recorded on a DAR as:

DR POS/DAR Clearing 101060	\$ 350
CR Living Quarter Allowance 601002 cc XXX	\$ 350

A manual entry can be made to add text and assignment.

It can also be deducted from the employees' paycheck bi-monthly for up to a year (sometimes 2 years) at a fixed amount. The Deduction Code for this is "66". Again, a manual entry can be made to add text and assignment. These entries are:

DR Cash 101XXX	\$ 13.46 (\$ 350/26)
CR Living Quarter Allowance 601002 cc XXX	\$ 13.46 (\$ 350/26)

#### Living Quarters Allowance paid to landlord

Sometimes, as part of the employee's salary and benefits package, MWR pays the rent. There is a contract agreement between MWR and the landlord. MWR pays one full year of rent in advance. This is considered LQA and is non-taxable.

The landlord should be created as a trade vendor. The rent will be posted to the vendor and the 162000 Prepaid Contracts account. Since this is for OCONUS bases, the rent will be paid in the local currency and not USD. The journal should be posted in the local currency (Japanese Yen, Korean Won, etc.). SAP will give the USD equivalent.

DR Prepaid Contracts 162000	W 15,000,000 (\$ 15,790.00)
Text: Employee's Name	
CR Vendor (201000)	W 15,000,000 (\$ 15,790.00)

A recurring entry can be set up to amortize the prepayment each month.

This now needs to be posted in SAP. Since the money is not going directly to the employee, a manual check needs to be entered into ADP (as opposed to a live check). Be sure to use earnings code 24 which will result in a non-taxable transaction being included on the W-2.

It is also important to make sure that the only thing posted into ADP is the amount of rent for that calendar year. If the above example's rent starts in September, then only four months of rent will be posted. Each month's rent is \$ 1,315.83 (\$ 15,790/12), so a total of \$ 5,263.34 will be posted for this year. At the beginning of the new calendar year, another entry needs to be made in ADP for the remaining eight months of rent (or \$ 10,526.66).

#### Post Allowance-DSSR 220 (OCONOS)

Post allowance means a cost-of-living granted to an employee officially stationed at a post in a foreign area where the cost of living, exclusive of housing costs, is substantially higher than in Washington, D.C. The allowance is a part of the salary package and is non-taxable. This is additional compensation for a fixed amount

based on salary and other factors. It is paid in a lump sum or allocated per payday. If the employee is paid each pay period, it can be included with their regular pay (non tax impact) or they can receive a separate payment. The post allowance is manually entered into ADP every pay period.

Refer to the table in DSSR Section 229 for a list of annual amounts of post allowance for employees with different base salaries and the number of persons eligible for the post allowance. No reconciliation on these payments is necessary. These transactions are posted in ADP using the earnings code “25”. The following entries are made in SAP:

DR Salaries & Wages 601000 cc XXX \$ 200  
CR Cash 101XXX \$ 200

#### Post Differential-DSSR 510

Post Differential is posted with an earnings code “26”. ***This is taxable income.*** A post hardship differential is established for any place when, and only when, the place involves extraordinarily difficult living conditions, excessive physical hardship, or notably unhealthy conditions affecting the majority of employees officially stationed or detailed at that place. Living costs are not considered in differential determination. (See DSSR920 for a listing of eligible places for the post hardship differential.) Conditions at differential posts are reviewed periodically, but at least biennially, to insure that the payment of hardship differential shall continue only during the continuance of conditions justifying such payment. As periodic reviews indicate changes in living conditions, rate of differential may increase or decrease. This is a percentage of the annual salary that can be paid lump sum or allocated per payday. The actual dollar amount will have to be keyed into ADP every payday. These payments are not reconciled; therefore no manual postings are necessary.

DR Salaries & Wages 601000 cc XXX \$ 100  
CR Cash 101XXX \$ 100

#### Danger Pay-DSSR 650

Danger Pay is posted with an earnings code “D”. Danger pay allowance means the additional compensation of up to 35% over basic compensation granted to employees for service in designated danger pay posts. ***Danger pay is taxable income.*** When an employee is detailed to a danger pay post or area four hours or more, he/she may receive the danger pay allowance for the full day. Employees on detail at a danger pay post may be granted the danger pay allowance at the prescribed rate for all days at such post except for days of absence from the post or area not designated for the danger pay allowance. **NOTE:** Danger Pay is paid only for hours for which basic compensation is paid.

DR Salaries & Wages 601000 cc XXX \$ 1,000  
CR Cash 101XXX \$ 1,000

#### Temporary Quarters Subsistence Allowance (TQSA)-DSSR 120

TQSA is paid to an employee for the reasonable cost of temporary quarters, meals, and laundry expenses incurred by the employee and/or family members:

- a. for a period not to exceed 90 days after first arrival at a new post in a foreign area or a period ending with the occupation of residence (permanent) quarters, if earlier; or
- b. for a period not to exceed 30 days immediately preceding final departure from the post subsequent to the necessary vacating of residence quarters.

The TQSA is intended to assist in covering the average cost of adequate but not elaborate or unnecessarily expensive accommodations in a hotel, pension, or other transient-type (Navy Lodge) quarters at the post of assignment, plus reasonable meal and laundry expenses while waiting for permanent quarters.

DR Employee Benefits Other 626000 cc XXX \$ 200  
CR Employee Vendor XXXX (201000) \$ 200

#### Educational Travel Allowance-DSSR 280

The educational travel allowance is paid to employees with dependent children in schools far from the overseas duty station. This includes travel to and from a school in the United States for purposes of attending a full-time course for secondary, undergraduate college education, or an accredited post-secondary vocational or technical education. In certain circumstances travel may be to and from a school outside the United States. This is paid once per year by MWR for the employee's authorized student dependent to travel to their school location. "Annual trip" means one round trip within one 12 month period with that being established as the anniversary date for travel. Round trips or portions of round trips not taken in each 12-month period cannot accumulate to a subsequent period. The student must maintain a full-time status and a certification from the school is required.

DR Employee Benefits Other 626000 cc XXX \$ 200  
CR Cash 101XXX \$ 200

#### Foreign Transfer Allowance-DSSR 240

Foreign Transfer Allowance is an allowance for extraordinary, necessary and reasonable expenses, not otherwise compensated for, incurred by an employee incident to establishing himself or herself at any post of assignment in a foreign area, including costs incurred in the United States, its territories, possessions, the Commonwealth of Puerto Rico, and the Commonwealth of the Northern Mariana Islands prior to departure for such post. This compensation is non-taxable. The foreign transfer allowance has many stipulations as discussed in the DSSR240. Upon meeting those criteria, the following amounts may be granted without receipts or itemizing required:

- (1) For an employee without family-\$ 500 or the equivalent of one week's pay, whichever is the lesser amount.
- (2) For an employee with family-\$ 1,000 or the equivalent of two week's pay, whichever is the lesser amount.

A foreign transfer allowance granted under these regulations may be paid as a single payment at any time following the employee's arrival at post. An employee arriving in advance of his/her family may be paid the same rate as having no family. Upon arrival of the family, the difference between the amount already paid and the amount for an employee with family may be paid.

DR Salaries & Wages 601000 cc XXX \$ 500  
CR Cash 101XXX

\$ 500

***\*To access the specific regulations on each of these types of pay, type in "DSSR" in the web browser, then select the appropriate section for review.***

#### Local National Payroll Journal

The Comptroller calculates the payroll and submits a payroll summary to each base. The base records the payroll with the offset to the Comptroller vendor. The journal will be posted in SAP in the foreign currency. SAP will then calculate the US dollar value using the standard rate.

#### Payroll Summary

DR Salaries & Wages LN 602000  
DR Payroll Overtime LN 602001  
DR Annual Leave Expense LN 622001  
DR Sick Leave Expense LN 623001  
DR Employee Meals 624000  
DR Employee Benefits LN 625000  
CR Comptroller Vendor (201000)  
CR Annual Leave Payable LN 212001  
CR Foreign National Payable 226000  
CR Employee Benefits LN 626006

#### Local National Taxes

DR Seasonal Bonus Taxes LN 626005  
CR Foreign National Payable 226000

#### BAJA (Spain)

Each month, the base at Rota is required to pay the Spanish Government a percentage for each employee. This tax is similar to social security. The payment is made one month in arrears. Adjustments are also made for credits due MWR. If an employee is on approved BAJA leave, MWR will continue to pay the employee their regular salary. This salary is reimbursable to MWR. MWR will pay the Government the net

amount (Amount for a month less any salary payments for employees on BAJA).  
The expense is included in the EOM journal that records the payroll summary.

Payment to Spanish Government

DR Foreign National Payable 226000

CR Salaries & Wages LN 602000 (amount of salary for people on BAJA)

CR Vendor (201000)

Manually clear the 226000 account.

### INAIL (Italy)

The bases in Italy have to prepay the Italian Government a percentage for each employee. INAIL is similar to Workman's Compensation. The prepayment is amortized over twelve months. Periodically, the amount paid and due are reconciled and the amount is adjusted accordingly.

Prepayment

DR Prepaid Benefits LN 168004

CR Vendor (201000)

SAP Recurring Entry (will post every month for 12 months)

DR Employee Benefits LN 625000

CR Prepaid Benefits LN 168004

Note: The recurring entry will use the current standard conversion rate, so there will be a gain or loss. Depending on the materiality, recognize the gain or loss when clearing the 168004 at the end of the year.

Text and Assignment should be used for dates (to assist with clearing) and type of benefit.

### Pension Scheme (United Kingdom)

Each year, the bases in the UK need to prepay an estimate for the pension for both the employee portion as well as the employer portion.

Prepayment

DR Prepaid Benefits LN 168004

CR Vendor (201000)

Monthly Amortization (Recurring Entry)

DR Employee Benefits LN 625000

CR Prepaid Benefits LN 168004

Payroll Summary Journal

CR Employee Benefits LN 625000 (equal to the employees portion)

SAP uses the current foreign currency exchange rate. Quarterly or annually, the 168004 account needs to be cleared in dollars. The dollars will not match due to the exchange rate differences. A gain/loss needs to be posted when clearing.

#### Employee Salary Advance LN

The SOFA agreements allow local nationals to have a salary advance or loan. The employee can take out a loan equal to or up to a certain percentage of their accrued annual leave. They have to pay it back over an agreed amount of time. The loan is given in foreign currency through payroll.

Advance or Loan (part of payroll)

DR Employee Vendor (133004) Sp G/L “E”

CR Cash 106XXX

Since the employee is not going to be paid directly out of SAP, we do not have to follow the same process as travel advances.

Employee Repayment (payroll summary)

CR Employee Vendor (133004) Sp G/L “E”

The repayment is deducted from the employee’s regular pay. The deductions are listed on the payroll report from the Comptroller and recorded in the EOM payroll journal.

A report can be run on that employee at anytime to see the remaining balance. Once the loan is cleared, the employee account should be cleared.

#### Accruals

Salary (reversing)

DR Salaries & Wages LN 602000

DR Payroll Overtime LN 602001

DR Annual Leave Expense LN 622001

CR Wages Payable LN 211002

CR Annual Leave LN 212001

SAP will automatically reverse this entry.

Retro (non-reversing)

DR Salaries & Wages LN 602000 (an estimated amount)

CR Wages Payable LN 211002

When the base finally receives the amount of increase, the payroll payment will post to 211001 for the amount of the retro accrued. 211001 should then be manually cleared. Any difference between the actual retro and accrued retro will be posted to salary g/l account 602000.

Assignment and Text should be used to ensure proper clearing.



Bonus (non reversing)  
DR Bonus/Incentive 603000  
CR Bonuses Payable 225000

Seasonal Bonus (non-reversing)  
DR Seasonal Bonus LN 625001  
CR Seasonal Bonus Payable LN 225001

Severance (non-reversing)  
DR Severance LN 625002  
CR Long Term Severance Allowance 281000

#### Long Term Retirement Foreign Currency & Restricted Cash

The RAMCAS manual states that the base must restrict 75% of the balance in the account 281000 (sometimes 100% if the base is being closed). The restriction should be in US dollars since that is the currency that will be drawn on for payment. The postings to 281000 will be in foreign currency. The 281000 account will be revaluated each month, but the restricted cash will not be adjusted. To ensure that the restricted account has a balance approx. equal to the percentage, the 103000 account should be reviewed at least quarterly. A request should be sent to CNIC to increase or decrease the US value.

#### Payroll Journal

The 281000 account is used to record the liability for local national employees' retirement and severance pay. This is reflected in the US dollar equivalent of the foreign currency liability. (Debit 625000 and credit 281000).

Every payroll journal is entered in foreign currency every payroll journal (Euro, pounds, yen, won, etc.)

DR Employee Benefits LN625000      € 1,000.00 (\$ 900.00)  
CR LT Retirement & Severance Allowance 281000      € 1,000.00 (\$ 900.00)

Restricted cash journal for 75% (done either every payroll journal or at the end of the month before closing)

DR Restricted Cash LN 103000      \$ 675.00  
CR Restricted Cash Transfer 101002      \$ 675.00

#### End of Month Revaluation Posted by CNIC

RAMCAS states that 75% of the amount in 281000 will be restricted. The US dollar value in 281000 is multiplied by 75% and booked as a debit to 103000 and a credit to 101002 (in US dollars).

EOM (Revaluation of foreign currency accounts - cash accounts and 281000 to date)

281000 € balance is € 500,000  
281000 current balance is \$ 482,000

281000 month end revalued amount is \$ 482,025

Revaluation journal (in dollars) by HQ

DR LT Retirement & Severance Allowance 281000	\$ 25.00
CR Foreign Currency Gain 569007 cc XXXX	\$ 25.00

Euro balance of 281000 stays the same...only the \$ value changes

Now the 103000 is not exactly 75% of 281000 \$. After the revaluation journal, the field will not be able to true up/down the 103000 because we are in a soft close and the field can not post any journals.

Quarterly Analysis

The dollar amount in account 103000 would only change if the dollar value in 281000 changes (up or down). Account 103000 should always equal 75% of 281000 (US dollars) and have an equivalent amount in 101002.

Any entry to 103000 would always have an offset in the 101002 account -  
It seems that the entry to 281000 to adjust the liability is made up of two parts, 1) increase or decrease due to exchange rate changes and 2) increase or decrease due to additional benefits earned or lost.

#### Employee Gratuities – 204000/204001

According to DOD Financial Management Regulation, 7000.14R Volume 13, the following policy is in place with regards to employee gratuities/tips:

When a patron pays gratuities/tips by credit card, the MWR activity must allocate, to the employee, the full amount of the gratuity that a patron indicates on the credit card slip. No deductions can be made of any credit card payment processing fees or costs that may be charged to the MWR activity by the credit card processing company/bank. Additionally, in keeping with industry practices, payment of credit card gratuity may be made to an employee from cash register receipts during the same shift the patron authorized the credit card tip payment. However, if the tip is not paid from cash register receipts, it must be paid to the employee through the employee's paycheck. In order to prevent confusion and ensure employees are fully compensated, only one method of paying tips to employees should be utilized (i.e., from register receipts OR paycheck).

If employees are not paid out of the cash register, then the following journal will need to be done.

DAR

DR Credit Card 110000	\$ 150
CR Revenue (301000 or 501000)	\$ 135
CR Gratuities Due 204000	\$ 15

Assignment: Year and Month (200512)

Text: Employee's name - Last name First name (no comma)

At the end of the month, a report needs to be run for the 204000 account and submitted to payroll to include these amounts in the following paycheck. Once the payroll has been posted, the 204000 account needs to be manually cleared.

204001 Gratuities Due Local National – This account is to be used to record credit card or other charge tips voluntarily added by a patron to the bill. Cash tips and mandatory service charges are not included. This account is only used to record local national's gratuities and these gratuities are not processed through local national payroll. This account is only available to SAP company codes **1087, 1107, 1109, 1111, 1112, 1120 and 1345**.

#### Employee Service Charges – 205000 (NAF) and 205001 (LN)

Employee service charges come over on the DAR from the club as a lump sum. This needs to be broken down by employee in order to post in the correct 205 account. Service charges for NAF employees should be posted to the 205000 account by employee. Service charges for local nationals should be posted to the 205001 account by employee.

DAR

DR Credit Card 110000	\$ 1000.00
CR Service Charges Due 205000	\$ 10.00
Assignment: Year and Month (200512)	
Text: Employee's name - Last name First name (no comma)	
CR Service Charges Due 205000	\$ 10.00
Assignment: Year and Month (200512)	
Text: Employee's name - Last name First name (no comma)	
CR Service Charges Due LN 205001	\$ 10.00
Assignment: Year and Month (200512)	
Text: Employee's name - Last name First name (no comma)	
CR Service Charges Due LN 205001	\$ 10.00
Assignment: Year and Month (200512)	
Text: Employee's name - Last name First name (no comma)	

At the end of the month, a report needs to be run for the 205000 account and submitted to payroll to include these amounts in the following paycheck. Once the payroll has been posted, the 205000 account needs to be manually cleared.

Also at the end of the month, a report needs to be run for the 205001 account. A check needs to be written to the individual employees. An alternative is to write a check to the club/facility manager to cash in order to give the employees their share. If the second process is done, paperwork needs to be kept showing the employee's signature stating that he/she received the money. This account is only available to SAP company codes **1087, 1107, 1109, 1111, 1112, 1120 and 1345**

#### Employee Award Coupons

Some bases give out employee awards in the form of coupons for MWR facilities (usually for a meal and not to exceed a certain dollar amount). These awards can be

coded to account 785000 Awards & Prizes (which is not subject to income taxes) if it meets a “de minimis benefit” test, according to IRS Publication 15-B ([www.irs.gov/pub/irs-pdf/p15b.pdf](http://www.irs.gov/pub/irs-pdf/p15b.pdf)). This publication states:

“You can exclude the value of a de minimis benefit you provide to an employee from the employee’s wages. A de minimis benefit is any property or service you provide to an employee that has so little value (taking into account how frequently you provide similar benefits to your employees) that accounting for it would be unreasonable or administratively impracticable. Cash, no matter how little, is never excludable as a de minimis benefit, except for occasional meal money or transportation fare.”

DAR at redemption

DR Awards & Prizes 785000	\$ amount of award coupon
CR Revenue	\$ amount of award coupon

If the award does NOT meet this test, then it must be coded to account 603000 Bonuses/Incentive and be paid through payroll.

#### Employee Phone Bills

Employees carry cell phones that are owned by MWR in order to make business phone calls. Employees are also allowed to make personal calls with the understanding that they will reimburse MWR for those calls.

When the invoice from the telephone company arrives, the following journal is posted.

DR Telephone & Postage 661000	\$ MWR's share
DR Employee vendor Sp G/L "E" (133004)	\$ amount of personal calls
CR Telephone vendor (201000)	\$ full amount of invoice

When the employee reimburses MWR, the money will be received on a DAR.

DR POS/DAR Clearing 101060	\$ amount of personal calls
CR Employee vendor Sp G/L "E" (133004)	\$ amount of personal calls

The employee vendor will need to be manually cleared.

#### Background Checks

Often before an employee is hired, the Region contracts with a firm to supply a background check on the potential employee. There is no specific g/l account for background checks. The vendors invoice should be posted to Misc. Expense account 799000.

#### Fixed Assets

There are several unique processes that are documented in the Fixed Asset Manual: Asset Trade In

Assets Lost During Shipment  
 Credit Card Purchases  
 Assets Broken Down and Used for Spare Parts  
 Overseas Shipments  
 NAF additions to a UFM/APF asset  
 Partially Completed AUC  
 UFM Assets

### Foreign Currency

#### Cashiers / Change of Money

Since SAP can handle US Dollars and foreign currencies, it is recommended that the gain/loss from currency exchange be handled at month end in the accounting office. To do this, a new form has been designed. This form should be used by all cashiers that exchange money. The forms need to be turned in daily to the accounting office, who will then post a GJV to transfer money between the foreign currency and dollars. At the end of the month, the foreign currency change fund account (108xxx) will be revaluated with the new rate by CNIC. The gain/loss will be recognized then. The cashiers do not have to calculate a daily gain/loss nor do they have to turn in their foreign currency gains to the central cashier.

The following example is denominated in US Dollars and Japanese Yen:

108000 Beginning Balance = \$ 5,000

108100 Beginning Balance = ¥ 200,000 valued at ¥ 115 = \$ 1 which is the previous month end rate (\$ 1,739.13)

Bank rate is ¥ 116 = \$ 1

Day one

Total Sale of yen was – Increase dollars \$ 500

Decrease yen ¥ 59,000 (rate = 118 → bank rate +2)

Total Sale of dollars was – Increase yen ¥ 3,000

Decrease \$ 26.30 (really \$ 26.32, but it is rounded) (rate = 114 → bank rate - 2 )

Four GJV will be done

1) Currency = USD

DR Change Funds 108000	\$ 500	Text = Name of the change fund owner
CR POS/DAR Clearing 101060	\$ 500	

2) Currency = JPY / 118

DR POS/DAR Clearing 101060	¥ 59,000 (\$ 500)
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CR Change Funds (Yen) 108100	¥ 59,000 (\$ 500)
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Text = Name of the change fund owner

The 101060 account needs to be done because \$ and ¥ can not be posted on the same journal. The 101060 account needs to be cleared in \$.

3) Currency = JPY / 114

DR Change Funds (Yen) 108100      ¥ 3000 (\$ 26.32)  
     Text = Name of the change fund owner  
 CR POS/DAR Clearing 101060      ¥ 3000 (\$ 26.32)

4) Currency = USD

DR POS/DAR Clearing 101060      \$ 26.30  
 CR Change Funds 108000      \$ 26.30  
     Text = Name of the change fund owner

The DAR clearing account will not balance for (3) and (4) due to the rounding by the cashier (no pennies). This will need to be posted to gain or loss when 101060 is cleared.

There is no gain or loss that day. This will continue throughout the month. At the end of the month, a special journal will be posted by CNIC. This journal will revalue the yen accounts (108100, 109100, 106111 etc). This is a special journal because only the \$ value will change. The yen value will remain the same since we are really just revaluing the yen in dollars. If 108100 had a balance of ¥ 25,000, it will still have a balance of ¥ 25,000. It is only the US equivalent that is going to change due to the exchange rate fluctuation. When this special journal is posted, the offset will be to gain or loss.

For example: The yen change fund has increased and decreased at different rates. SAP has kept track of it in yen as well as dollars.

Opening balance	¥ 200,000 (\$ 1,739.13)
Sales	¥ 59,000 (\$ 500)
Buy	¥ 3,000 (\$ 26.32)
Month End Balance	¥ 144,000 (\$ 1,265.45)

¥144,000 @ 109 (new bank rate) = \$ 1,321.10

The difference between the current \$ 1,265.45 and new value of \$ 1,321.10 is \$ 55.65

CNIC will be posting the following journal

DR Change Funds (Yen) 108100      \$ 55.65  
 CR Foreign Currency Gain 569007      \$ 55.65

The above journal is in dollars only. The balance in 108100 in yen is still ¥ 144,000. If there had been a loss, the debit would have gone to 799035 Foreign Currency Loss.

#### Activities changing US Dollars to foreign currency at central cashier

There are times when the cashiers' foreign currency to dollar ratio needs to be adjusted. Some activities run out of the foreign currency and need to replace their dollar for it. They will call the central cashier to see if they have enough of the foreign currency for the exchange. If the central cashier has enough, they bring over their dollars.

The activity will bring to the cashier their extra dollars. At that time, the central cashier will exchange the activities dollars for the foreign currency from their vault. That day, the central cashier will take the dollars to the bank and purchase the foreign currency and put it back into the vault.

The following example is denominated in US Dollars and Japanese Yen:

Activity brings in \$ 4,000  
 \$ 4,000 @ 114 = ¥ 456,000  
 Bank Rate to exchange \$ to ¥ = 110

Two GJV's need to be done for the activity

1) Currency = JPY / 108 (110-2)  
 DR Change Funds (Yen) 108100 ¥ 432,000 (\$ 4,000)  
     Text = Name of the change fund owner  
 CR Change Funds (Yen) 108100 ¥ 432,000 (\$ 4,000)  
     Text = Name of Central Cashier

2) Currency = USD  
 DR Change Funds 108000 \$ 4,000  
     Text = Name of Central Cashier  
 CR Change Funds 108000 \$ 4,000  
     Text = Name of the change fund owner

The money will remain in the Central Cashiers vault until the central cashier goes to the bank. That day, they will take the dollars received and exchange it for yen.

Bank Rate = 110  
 A GJV is done for the cash cage.

1) Currency = JPY  
 DR Change Funds (Yen) 108100 ¥ 440,000  
     Text = Name of Central Cashier  
 CR POS/DAR Clearing 101060 ¥ 440,000  
 2) Currency = USD  
 DR POS/DAR Clearing 101060 \$ 4000  
 CR Change Funds 108000 \$ 4000  
     Text = Name of Central Cashier

If the central cashier does not have the yen, the activity needs to tell the central cashier how much yen they need. The central cashier will then call the bank and order the yen to be picked up the next day.

The central cashier's yen will be revaluated at the end of the month.

Beginning Balance	¥ 600,000	\$ 5,405.41 (month end rate of 111)
Sold to activity	(¥ 432,000)	(\$ 4000)
Bought from bank	¥ 440,000	\$ 4000

The central cashier has the following balance at month end

Yen = ¥ 608,000 which has a \$ value of \$ 5,405.41

The new month end bank rate = 112

¥ 608,000 revaluated = \$ 5,428.57

The difference between the old value of \$ 5,405.41 and the new value of \$ 5,428.57 is \$ 23.16

DR Change Funds (Yen) 108100	\$ 23.16
CR Foreign Currency Gain 569007	\$ 23.16

This journal will be posted by CNIC and will only be posted in dollars. The yen value in this account will remain at ¥ 608,000.

### Free Merchandise

Some vendors offer free merchandise with the purchase of resale items. The inventory items purchased must be placed in inventory including the free items. A decision needs to be made whether the extra goods are considered bonus merchandise or whether the extra quantity just lowered the average cost.

If the vendor adds additional quantity because a certain threshold was met then this will be considered a reduction in price and not considered bonus merchandise. For example, if 500 bingo cards are purchased and the vendor gives MWR 50 for 'free', this can be consider just a price reduction.

Direct Invoice:

DR Prepaid Supplies 161000 (qty ordered by BPA-550)	\$500.00
CR Vendor 4XXXXX (201000)	\$500.00

If this vendor gives MWR some 'free' bingo dabbers to try and include it with the purchase of the bingo cards, then this product should be posted to bonus merchandise.

When the product is received a manual journal should be posted.

GJV

DR Prepaid Supplies 161000	\$ market value of the dabbers
CR Bonus Merchandise 891000	\$ market value of the dabbers

### Gift Certificates / Coupons

#### [Coupons that are given out for a specific facility](#)

MWR may have certificates that are for specific events (ski trip, bowling games etc.).



Certificates that are given out are very different from the gift certificates that are sold. Since there is no obligation, the accounting for them only begins once they are redeemed. This type of certificate should be called coupon. Also, since they have no cash value, change is not returned to customers where the purchase price is less than the face value of the coupon.

MWR may give Coupons to customers to promote goodwill and to employees as rewards. These Coupons can only be redeemed at the specific facility for the specific event. Since the Coupons are not sold there is no obligation until they are redeemed. Typically, coupons have an expiration date and they should be serialized.

The managers should be informed that they are not being penalized with the charges going to 303000 or 503000 for their COGS percentage. Since COGS percentage is calculated based on Gross revenue and not net revenue this accounting change really does affect the COGS percentage.

The journal entries will be as follows:

Example:

Coupon Value = \$ 10

Redeem Coupon

DAR

DR Sales Discount 303000	\$ 10	
CR Resale Revenue 301000 cc XXXX		\$ 10

This process is the same if the coupons were redeemed for program services. The Program Revenue (501000) and Other Sales Discounts Program (503000) accounts would be posted to instead.

#### [Gift Certificates Sold for an Amount or For a Specific Activity](#)

Gift certificates can be purchased for a specific event or for a specific amount. The certificates have several copies and a copy is turned in on the DAR, so the DAR technician knows the amount as well as the serial number. The gift certificate serial number should be recorded in SAP in the format GC NNNNN, where NNNNN is the certificate number.

An activity may sell gift certificates to be redeemed at their activity. This will be a two step process. 1) Selling of the gift certificates 2) Redeeming the gift certificates

The person redeeming the gift certificates can purchase goods or services equal to the amount of the gift certificate, less than the gift certificate or more than the gift certificate. If the person buys less than the gift certificate, there are several options:

- A) A photocopy will be taken of the gift certificate for the DAR and the activity person will write on the back of the original gift certificate the amount used and still available.

- B) the field can choose to give back the change
- C) Use it or loose it

If the purchase is more than the gift certificate, then the person can pay the difference for the goods or services.

Each gift certificate will have a pre-assigned number and an expiration date. A journal will be posted at the end to reverse the gift certificates that have expired. Determining what this amount will be will be done outside of SAP.

If the certificate is for a specific event, there will be no change given.

The journals in SAP will be as follows:

Sale of the Gift Certificate for a specific event

DR DAR Clearing account 101060	\$ retail amount of the event
CR Unearned Income 251004	\$ retail amount of the event
(assignment field = GC 1234)	

Gift Certificate Sold for a specific dollar amount

Redemption of Gift Certificate (GC)

Gift Certificate = \$ 60

Sale = \$ 80

DAR

DR POS Clearing 101060	\$ 20
DR Unearned Income 251004	\$ 60
(assignment field = GC 1234)	
CR Program Revenue 501000 cc XXXX	\$ 80

Manually clear g/l account 251004.

It is important to note that gift certificates should be broken out utilizing the “GC 1234” in the assignment. Each gift certificate should be listed with the corresponding gift certificate number in the appropriate account. The gift certificate number must be entered in the proper format to allow for clearing. The unearned income (251004) account must be cleared on a regular basis.

Gift Certificate is less than the Purchase

- A) Activity writes on the back of the gift certificate the amount used and still remaining

Gift Certificate = \$ 60

Sale = \$ 45

DAR

DR Unearned Income 251004	\$ 45
CR Program Revenue 501000 cc XXXX	\$ 45

Note: The 251004 account can not be cleared until the gift certificate has been used in full. The assignment becomes very important. This option is not really recommended.

B) Change is given  
Gift Certificate = \$ 60  
Sale = \$ 45

DAR  
DR Unearned Income 251004 \$ 60  
CR Program Revenue 501000 cc XXXX \$ 45  
CR POS Clearing 101060 \$ 15

C) Use or Loose  
Gift Certificate = \$ 60  
Sale = \$ 45

DAR  
DR Unearned Income 251004 \$ 60  
CR Program Revenue 501000 cc XXXX \$ 45  
CR Misc Revenue 569000 cc XXXX \$ 15

#### Cancel Gift Certificates

It is important to cancel the gift certificates that have expired. Reports can be executed in SAP to assist in determining which gift certificates have expired.

#### Reverse Gift Certificate Journal

DR Unearned Income 251004 \$ Amount of gift certificate  
(assignment field = GC 1234)  
CR Program Revenue 501000 cc XXXX \$ Amount of gift certificate

Manually clear g/l account 251004

Note: The Revenue line may be a total of all of the gift certificates that have expired, but it is recommended that the Unearned Income posting be one line per gift certificate to assist with the clearing of g/l account 251004.

#### Gift Certificate given as a prize (example golf tournament)

It is important to name each tournament to keep the 251004 account organized to aid in clearing.

The journal entries will be as follows:

Example Sell \$ 800 worth of tournament fees

1st prize = \$ 100 (4 times \$ 25)

2<sup>nd</sup> prize = \$ 60 ( 4 times \$ 15)

#### Cash Cage

DR Cash 1010XX \$ 800  
CR DAR Clearing 101060 \$ 800

#### DAR

DR DAR Clearing 101060 \$ 800  
CR Unearned Income 251004 \$ 800 (put tournament name in assignment field)

#### DAR day of tournament

DR Unearned Income 251004 \$ 800 (put name of tournament in assignment field)  
CR Golf Fees Revenue 501000 cc XXXX \$ 640  
CR Unearned Income 251004 \$ 25 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 25 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 25 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 25 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 15 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 15 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 15 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 15 (put gift certificate # in assignment field)

This example only had a first and second prize. There could be more levels of prizes.

#### Golf

##### Golf Association Handicap Fees

MWR golf manager may collect money at the golf course on behalf of the Golf Association for the annual handicap fees. This fee can be separate or part of the annual golf membership only. It is not collected for daily green fees or punch cards. The Golf Association sends an invoice to MWR for the handicap fees sold at their golf course. The amount collected for the handicap fee from the individuals depends on the time of year.

#### Example

Annual dues = \$495 which include \$75 for handicap

#### Rectrac Membership DAR

DR POS Clearing 101060 \$ 495.00  
CR Household Customer A (251001) \$ 420.00  
CR Program Revenue cc XXXX \$ 75.00

#### Rectrac Billing DAR

DR Household Customer A (251001) \$ 35.00  
CR Dues 532000 cc XXXX \$ 35.00

#### Handicap Journal (Report out of Rectrac)

DR Expense 783000 cc XXXX \$ 75.00  
CR Accrued Liabilities 202000 \$ 75.00

Assignment = Golf Association

Golf Association Invoice arrives

A report is run out of 202000 and the assignment field using the Golf Association. If the amounts agree unblock the line items or vendor for payment.

The 202000 account will need to be manually cleared.

#### Golf Course Memberships

Golf course may offer an annual membership. The members prepay for their membership. Everyone has the same anniversary date, so if someone joins mid-year, the membership will be pro-rated. Rectrac is programmed to run billing each month.

DAR for Initial Membership

DR DAR clearing	\$ 600.00
CR Unearned Income Customer A (251001)	\$ 300.00
CR Unearned Income Customer B (251001)	\$ 300.00

Rectrac Monthly Billing DAR

DR Household A (251001)	\$ 25.00
DR Household B (251001)	\$ 25.00
CR Dues 532000 cc XXXX	\$ 50.00

#### Special Order

The customer may come in to the Pro Shop and place a special order. They usually put 50% down and pay the rest when the order comes in. The field will post the 50% into the unearned income (251001) account and move it to revenue after the customer pays the full amount.

Rectrac DAR

DR DAR Clearing 101060	\$ 50%
CR Customer Special GL indicator U (251001)	\$ 50%
-Assignment	
-Text	

When the order comes in and the customer pays for the balance

Rectrac DAR

DR DAR Clearing 101060	\$ 50% rest of the balance
DR Customer Special GL indicator U (251001)	\$ 50%
CR Resale Revenue 301000 cc XXXX	\$ full amount

#### Golf Punch Cards/Monthly Passes

Golf punch cards or monthly passes may be available for purchase. The attendant will punch a hole in the card every time the patron comes in to play a round of golf at the Pro Shop. The revenue is recognized when the cards or passes are sold.

Rectrac DAR

DR DAR Clearing 101060	\$ amount of sale
CR Program Revenue 501000 cc XXXX	\$ amount of sale

### Golf Hole in One

The golf course can offer a hole in one payout. Golfers can pay to be included. A small fee is added to their green fees. If a player gets a hole in one, they win what ever balance is in the account.

DAR Green Fees (Player is participating)

DR POS Clearing 101060	\$ 7.50
CR Program Revenue 501000 cc XXXX	\$ 7.50

Manual Journal

DR Awards & Prizes 785000	\$ 0.50
CR Deposit Payable 203000	\$ 0.50

Text: Hole in One

Player Gets a Hole in One

Each Region has a policy about the limit that can be paid out of a change fund. If the winnings is greater than policy allows, a request for payment form must be filled out and sent to the accounting office for payment.

DAR winnings is less than the maximum

DR Deposit Payable 203000	\$ amount of winnings
Text: Hole in One	
CR POS Clearing 101060	\$ amount of winnings

Winnings greater than the allowed amount

Manual Invoice

DR Deposit Payable 203000	\$ amount of winnings
CR Refundee Vendor (201000)	\$ amount of winnings

Harvest

Telephone

The base has several pay phones that they collect the money from. The base is billed by the telephone company. MWR keeps a percentage of what is collected. Each week two people go around and collect the money and deposit it into the bank account. Every month an invoice is received from the telephone company.

Telephone Harvest

DR Dar Clearing 101060	\$ amount collected
CR Other Revenue 569000 cc XXXX	\$ amount collected

Telephone Bill

DR Telephone Expense 661000	\$ amount of bill
CR Vendor 4XXXX (201000)	\$ amount of bill

## LICENSES & LAKE PASSES

PLEASE NOTE: THE PROCESS FOR PREPAID AND CONSIGNMENT LICENSES IS BEING REVIEWED AND WILL BE CHANGED TO REFLECT STANDARDIZATION. (date of note - JANUARY 2016)

### \*\*Prepaid State Fishing Licenses

The field fills out a form for prepaid licenses and issues a check to the State vendor to obtain the actual licenses. The licenses are prepaid to the State. MWR may sell the license for a small profit. At the end of the fishing season, the field must send back all of their unused licenses. The State gives the field a credit on their account. The field does not receive payment for returned licenses.

A credit note should be set up in the State vendor for the amount of licenses returned so this can be applied to next season. Ideally, the State would send a check for the amount at the time the licenses are returned.

Example:

Cost of licenses to MWR \$ 6.25 daily and \$ 13.75 seasonal

Selling price of licenses \$ 7.00 daily and \$ 14.00 seasonal

Purchase Licenses

DR Prepaid Tickets 163000 cc XXXX \$ cost of licenses

(Text and assignment should note type of license)

CR Vendor (201000) \$ cost of licenses

DAR Sale of License (Ex. 1 daily pass)

DR DAR Clearing Account 101060 \$ 7.00

CR Mis. Revenue 569000 cc XXXX \$ 7.00

DR MWR License Expense 705000 cc XXXX \$ 6.25

CR Prepaid Tickets 163000 cc XXXX \$ 6.25

(text: Daily Fishing License)

End of Year—Fish Licenses

DR State Vendor (201000) \$ value of licenses returned

CR Prepaid Tickets 163000 cc XXXX \$ value of licenses returned

(text: type of license)

Manually clear 163000 for the licenses that were returned.

### Prepaid licenses (fishing/hunting)

The field fills out a form for prepaid licenses and issues a check to the Department of Natural Resources vendor to obtain the passes. The field will hold them until the end of the year and return them at the beginning of the next season. A credit note should be set up in the Dept of Natural Resources vendor for the amount returned so this can be applied to the new season.

Example:

Cost of lake passes to MWR \$ 3.00

Selling price of lake passes \$ 3.00

Purchase licenses

DR Prepaid Tickets 163000 cc XXXX \$ cost of license  
(Text and assignment should note type of license)

CR Vendor (201000) \$ cost of license

DAR Sale of licenses

DR DAR Clearing Account 101060 \$ 3.00

CR Misc. Revenue 569000 cc XXXX \$ 3.00

Manual Journal

DR MWR License Expense 705000 cc XXXX \$ 3.00

CR Prepaid Tickets 163000 cc XXXX \$ 3.00  
(text: Lake Pass)

End of Season—licenses

The field will hold until the end of the year and return them at the beginning of the next season.

Beginning of Season

DR Vendor XXXX (201000) \$ value of licenses returned

CR Prepaid Tickets 163000 cc XXXX \$ value of licenses returned

Manually clear 163000 for the passes that were returned.

### \*\*Consignment Fishing Licenses & Lake Passes

Some bases sell licenses and lake passes on consignment. A separate inventory is done each month to insure the counts match the sales for the month.

Sell a Fishing License or Lake Pass

DR DAR Clearing 101060 \$ 3.00

CR Misc Revenue 569000 cc XXXX \$ 3.00

Manual Journal

DR MWR License Exp. 705000 cc XXXX \$ 3.00

CR Vendor # (201000) \$ 3.00

If in phase 2 expense interface

DR MWR License Exp. 705000 cc XXXX \$3.00

CR Vendor (202014) \$3.00

Since the base pays the vendor at the EOM, the vendor master record needs to have payment terms of EOM (V056).



### \*\*MWR Fishing/Hunting Licenses

The base allows both hunting and fishing. There are 3 types of licenses one can get on base: 1) hunting only; 2) fishing only; 3) both hunting and fishing. The money collected cannot be recognized as revenue, it can only be used to enhance fishing and hunting on base. Therefore, deposits payable account 203000 should be used. Also, since it is totally self-administered, the base does not have to pay a percentage to the State.

#### Collection

DR DAR Clearing 101060

CR Deposits payable 203000 (Text = Fishing/Hunting)

#### Manual Expense

DR Deposits payable 203000 (Text = Fishing/Hunting)

CR Vendor # (201000)

**PLEASE NOTE: A NEW DEPOSIT ACCOUNT 203XXX WILL BE CREATED TO UPDATE THE INTERFACE**

#### DAR/RecTrac Interface

DR DAR Clearing 101060

\$ amount voucher

CR MWR License Deposits 203XXX Cost Ctr XXXX

\$ amount of voucher

Assignment = Ticket Description (EX: HUNT ACCESS PASS)

Text = Last name License # Item MM/DD/YY (Reservation date) Qty@ Cost

(EX: SMITH #35690 HUNT ACCESS PASS 08/08/07 2@94.00)

The interface will re-class the summary entry from 203XXX to 203XXX and add required details.

DR	MWR License Deposits 203XXX Cost Ctr XXXX	\$1,000
CR	MWR License Deposits 203XXX Cost Ctr XXXX (HUNT ACCESS PASS)	\$500
CR	MWR License Deposits 203XXX Cost Ctr XXXX (DIXIE DISABLE VET)	\$250
CR	MWR License Deposits 203XXX Cost Ctr XXXX (BOAR HUNT DAY)	\$100
CR	MWR License Deposits 203XXX Cost Ctr XXXX (DAILY FISHING)	\$150

### Slots

#### Army Owns

The Army owns and operates card slot machines on some Navy bases. There is a MOA that outlines both parties' responsibilities. The slot machines are card machines and do not pay out any money. If a person wins an amount under \$1199.00, they will receive a card that has the winning amount on it. They then take the card over to the automated teller which will pay out the winnings. The Army is responsible for filling the automated teller. The Army is also responsible for paying out any winnings greater than \$ 1199.00 since these winnings require a government form.

When the harvest is completed, a formula is used to determine the profit. MWR deposits the full amount and then pays the Army for their percentage. A system has been set up to pay the Army for the entire region by EFT. The vendor payment terms should be Net Due Immediately.

The costs of running the machines (electricity, lines, floor space etc.) are the responsibility of MWR and should be coded to the slot machine cost center. The revenue should also be recorded to the slot machine cost center.

The Army is responsible for filling the automated teller, so a Navy change fund is not necessary.

Revenue = machine drop less malfunction, fills and revenue adjustments.

Harvest:

Cash Cage

DR 101XXX      \$ total Revenue

CR DAR Clearing 101060      \$ total Revenue

DAR

DR DAR clearing 101060      \$ total Revenue

CR Program Revenue 501000      \$ 80% or 70%

CR Army Vendor (201000)      \$ 20% or 30%

Vendor number is 4/33467

Text = payment info that the Army has requested

The Army's portion will be sent by EFT within 48 hours.

#### LaMadd Slots

LaMadd has slots that take US coins. The slots are owned by MWR.

Harvest

DR DAR clearing 101060      \$ revenue from the harvest

CR Program Revenue 501000      \$ revenue from the harvest

CC is the slot machine cost center 10975

#### GB Pound Slots

JMF has pound slot machines. They do not own them, but conduct the harvest accompanied by the contractor. At the time the harvest occurs, they deposit all of the money and write the contractor a check for the total amount less their commission. The machines are refilled at this time, also. Since MWR does not own the machines it is not considered program revenue.

Harvest:

DR 106      \$ full amount of harvest

CR Commissions 594000      \$ MWR %

CR Vendor (201000)      \$ difference between harvest and MWR %

Text = Harvest MMM YY

CNAUK has both USD and GBP machines.

## Marina Processes

### POS automatic Credit Card Billing

RecTrac can automatically bill each month for the slips using the customer's credit card. This is only an option; customers cannot be forced to use their credit cards. If this option is used, no customer information is required in SAP unless the customer's credit card is denied by the bank.

Each month the billing will be generated in RecTrac

#### DAR

DR Credit Card Clearing 110000	\$ total or individual items
CR Revenue 501000 cc XXXX	\$

Refunds need to be posted in RecTrac, so they flow through on the credit card of the customer. The business office should **not** create a refundee vendor to produce a check.

### Billing with Rectrac

Each customer will be set up with a household in Rectrac. Each month Rectrac will run a billing processes which will recognize the monthly revenue and set up a receivable or draw down any prepayments.

#### Example

Customer A prepaid the full rental of \$ 540.00

Customer B prefers to pay each month \$ 45.00/month

#### DAR for Customer A Prepayment

DR DAR clearing	\$ 540.00
CR Unearned Income Customer A (251001)	\$ 540.00

#### Rectrac Monthly Billing DAR

DR Household A (251001)	\$ 45.00
DR Household B (131005)	\$ 45.00
CR Program Revenue 501000 cc XXXX	\$ 90.00

### Billing with no POS

Each boat owner will be created as a customer. This will allow SAP to print refund checks. A recurring entry needs to be set up at the beginning of a program (winter storage, mooring etc) to amortize the unearned income each month.

#### Receive payments

##### DAR

DR DAR clearing 101060
CR Customer Special GL indicator U (251001)

Monthly (recurring entry)

DR Customer special GL indicator U (251001)  
CR Revenue 501000 cc XXXX

### Marina Fishing Contests

There is a required entry fee for each boat paid at the start of the race or prepaid in advance. The winners of the race receive a cash prize via check. The breakdown of the total monies collected is as follows: 70% collected for the daily prize, 20% collected for the grand prize pool, and 10% collected for MWR expenses. A minimum number of people are required to participate.

Entry fee  
\$ 20 per person  
100 people

#### Rectrac DAR

DR	DAR Clearing 101060	\$ 2000	
CR	Program Revenue 501000 cc XXXX		\$ 2000

#### Manual GJV

DR	Awards & Prizes Expense 785000 cc XXXX	\$ 1800	
CR	Accrued Payables 202000	\$ 400	Text: Grand Prize
CR	Accrued Payables 202000	\$ 1400	Text: BASS

10/12/03

This leaves a profit of \$ 200 (10%) for MWR.

#### Payment for Weekly Event

DR	Accrued Payables 202000	\$ 1400	Text: BASS 10/12/03
CR	Prize Winner Vendor (201000)	\$ 1000	
CR	Prize Winner Vendor (201000)	\$ 100	
CR	Prize Winner Vendor (201000)	\$ 300	

In order to pay the winner, the field needs to complete a “check request” form and the Region will “print a hot check the base holding the event.

The monies collected for the Grand Prize will remain in the g/l account 202000 until the Final contest takes place at the end of the season.

### Memberships

#### Gym Memberships

Gym memberships are offered to contractors on a daily, weekly, monthly, quarterly, or annual basis. The field will pro-rate each month if necessary. Usually patrons pay in advance and receive a membership card. In addition, the gym offers a Direct Deposit for membership payments. Each patron has their own anniversary date depending on when they first purchased their membership.

Gym Membership for one year

DR DAR Clearing 101060 \$ 130.00

CR Dues 532000 gym cc XXXX \$ 130.00 Text: Dues & memberships

Direct Deposit process

DR Local Depository Account 1010XX \$ 60.00

CR Dues 532000 gym cc XXXX \$ 60.00

The Business Office is notified of these Direct Deposits by Treasury at the end of the month. This notification is used to determine the specific amounts for each Direct Deposit.

The process for membership refunds is noted below:

Refunds

DR Dues 532000 (Pro-rated) cc XXXX \$ amount remaining

CR Vendor (201000) \$ amount remaining

The activity can also use the unearned income account 251000 for the membership fees.

#### Pool Seasonal Pass

The pool provides a seasonal pass. The membership will be pro-rated if purchased mid-season.

DAR

DR DAR Clearing 101060 \$ amount of membership

CR Dues 532000 pool cc XXXX \$ amount of membership  
(Text: Dues & memberships)

#### Movie Theatre Passes

The movie theatre offers a punch card. This punch card is for six movies. When the punch card is full, the customer can turn it in for free food at the snack bar that day. When the punch card is sold, all of the revenue is recognized at the time of the sale and is not amortized.

Sale of the punch card

DR DAR clearing 101060 \$ 15

CR Program Revenue Theater cc XXXX \$ 15

Last Movie/Snack Bar

DR Advertising & Promotion 781000 cc XXXX \$ 1.15 (cost of the popcorn)

CR Resale Inventory 151000 \$ 1.15 (cost of the popcorn)

### MWR Bucks

The MWR bucks are being phased out. However, the remaining circulating MWR bucks will be honored and will be posted to account 135000.

#### DAR

DR A/R Gift Certificates 135000	\$ 5	
CR Prog Revenue 501000		\$ 5

Once the paperwork is submitted, CNIC will make the journal directly in MWR's books in SAP.

#### CNIC GJV

6510 DR MWR Bucks Reimb. 781004	\$ 5	
Fund CR A/R Gift Certificates 135000		\$ 5

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6510 CR Field Loans Payable 271001	\$ 5	
Fund DR Inter-company cash 101005		\$ 5
7900 CR Inter-company cash 101005	\$ 5	
7900 DR Field Loans Receivable 191001		\$ 5

### Navy Flying Club Processes

#### Restricted Cash Transfer (NFC Only)

Navy Flying Clubs should restrict cash. A percentage of revenue from each flight hour should be restricted to reserve money for future repairs and maintenance. The use of the assignment field will help determine a total of each plane's restricted cash.

If the field does not want to restrict the cash by plane, they should still restrict cash each month for future maintenance as follows:

#### Restrict Cash

DR Restricted Cash 102000	\$	
CR Restricted Cash Transfer 101002		\$

### Saving Accounts

The NFC has several different savings accounts. The accounts are as follows:

Checking and Savings 101010

Money Market 101990

NFC Investments 120999

Note: These accounts should reflect what is in the bank account. They should not be adjusted for restricted cash.

The interest for these accounts needs to be posted to the actual account where the interest is deposited. If the policy is to restrict this money, it will be a two step process. First, enter the interest earned (800999), and then post the restricted cash journal.

### NFC Memberships

NFC Memberships usually require payments monthly. If a customer pays in advance, the advance amount needs to be posted to the customer using special GL indicator U. This will post the amount of the prepayment in the general ledger account (251001). If the amounts for prepayments become significant, a recurring entry can be set up to move the amount from the unearned income account (251001) to the regular receivable account (131005).

It will become very important to analyze the (131005) and the (251001) each month to make sure the recurring entries have been posted correctly.

After three months in arrears, a customer's membership is suspended. It would be necessary at this point to stop the recurring entry for this customer. Sometimes customers move without remembering to notify the NFC. In this case, the NFC has a waiver to just reverse any receivables owed by that customer.

#### Billing Recurring Entry

DR Customer A (131005)	\$ 25	
DR Customer B (131005)		\$ 25
CR Revenue 532000 cc XXXX		\$ 50

If customer A pays current and in advance

#### DAR

DR DAR Clearing 101060	\$ 175 ( 6 months in advance)	
CR Customer A (131005)		\$ 25
CR Customer A (special GL indicator U)(251001)		\$ 150

Recurring Entry for Customer A (duration will be 6 months starting the next month):

DR Customer A (special GL indicator U)(251001)	\$ 25	
CR Customer A (131005)		\$ 25

### Civil Air Patrol Fuel Purchase (NFC PAX)

The Civil Air Patrol (Department of Homeland Security) lands at PAX NFC and refuels. They prepay PAX for fuel. The fuel is shared, so they do not have a separate inventory. PAX charges the Civil Air Patrol at cost.

#### Purchase fuel

DR Prepaid Fuel 161998	
CR Vendor 4XXXXXX (201000)	

#### Civil Air Patrol Pays NFC in Advance

DR DAR clearing 101060	
CR Civil Air Patrol customer (special GL indicator U) (251001)	

#### Civil Air Patrol re-fuels

DR Gasoline, Oil & Parts 644999	at cost
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CR Prepaid Fuel 161998 at cost

DR Civil Air Patrol customer (special GL indicator U) (251001) at cost

CR Other Revenue 569000 at cost

#### NFC Prepayments in Unearned Income

The NFC has restrictions on what can and can not be recorded as unearned income. Misc. charges are not allowed to be posted to either 251000 or 251001. Members are only allowed to prepay for memberships. They can also prepay for flight hours if they have obtained monies from a lending institution for the purpose of flight instruction.

#### JP Morgan Chase and NFC

There are four NFC sites that have JP Morgan Chase cards issued to them. All other NFC's will depend on the MWR to make any credit purchases for them using an MWR cardholder. The NFC AO's have the same capabilities within the PaymentNet\* system as MWR AO's. MWR personnel will still be responsible for the expense/asset entries into SAP. The purchases for NFC will be included on the central billing submitted to and paid by HQ via EFT. Reimbursement for NFC purchases will be posted with the following entries regardless if the purchases were made on an NFC or MWR card.

Mapper file from JPMC posted to NFC:

DR NFC Expense \$ total purchases for NFC

CR JPMC Credit Card Clearing (202100) \$ total purchases for NFC

HQ Sweep for Reimbursement:

DR MWR/Regional MWR 202100 \$ total purchases for NFC

CR MWR/Regional MWR Intercompany Cash (101005) \$ total purchases for NFC

There are two separate sweeps from the MWR account-one for MWR purchases and one for NFC purchases.

MWR/Regional MWR Billing to NFC:

DR NFC Customer XXXXXX \$ total purchases for NFC

CR JPMC Credit Card Clearing (202100) \$ total purchases for NFC

NFC Payable:

DR JPMC Credit Card Clearing (202100) \$ total purchases for NFC

CR MWR Vendor XXXXXXXX \$ total purchases for NFC

The regional MWR bills the NFC for the charges since HQ swept the money from the Regional MWR bank account. NFC will reimburse MWR by check. The NFC customer will be manually cleared.



\*In the future, the interface between PaymentNet and SAP will post the expense/asset/prepaid/minor property entries automatically.

#### NFC Payroll

Since the NFC does not have any true payroll (all employees are paid by MWR), all employee expenses should be recorded to common support charges (741000). The payroll accrual at month end will be posted to the accrual account 202010. Since the accounting services are also charged to common support 741000, the base needs to input a fixed description to differentiate between salaries and accounting services.

#### NFC Employee Travel

Since all NFC employees are MWR employees, a process has been set up so that the NFC can pay for the employee's travel. The NFC needs to be set up as a customer in the MWR company code. The MWR needs to be set up as a trade vendor in the NFC company code. There is no inter-company relationship between MWR and NFC, so the NFC will issue a check to reimburse MWR. In order to simplify things, MWR should only bill the NFC after the travel claim has been liquidated (only one check will be cut for the entire amount of travel). For complete details on employee travel, consult the Accounts Payable manual.

To issue the travel advance:

MWR direct invoice

DR Employee vendor (133004) Sp G/L "E"	\$ 100.00	
CR Employee vendor (201000)		\$ 100.00

Employee is paid via EFT.

The employee returns and the travel claim is processed:

MWR direct invoice

DR NFC Customer (131005)	\$ 752.00	
Text = Employee name and travel order number		
CR Employee vendor (133004) Sp G/L "E"		\$ 752.00

The employee will be paid the difference between the advance and the claim (\$ 652.00)

A bill is sent by MWR to the NFC for the total amount of the travel (\$ 752.00).

NFC direct invoice

DR Travel 721000	\$ 752.00	
CR MWR vendor (201000)		\$ 752.00

NFC will cut a check to MWR, which will clear the vendor account.

When MWR receives the check, the payment will be posted on a DAR.

Cash Cage

DR Local Depository	\$ 752.00	
CR POS/DAR Clearing 101060		\$ 752.00

#### Detail DAR

DR POS/DAR Clearing 101060                      \$ 752.00  
CR NFC Customer (131005)                                      \$ 752.00

The NFC customer will need to be manually cleared.

#### Petty Cash

For all petty cash custodians, a letter needs to be on file stating that the custodian is in charge of a certain amount of cash. For those bases overseas, there will be a separate letter for foreign currency petty cash funds. The letters need to be written to show the amounts in the currency, whether USD or foreign currency.

#### Petty Cash Dollars

DR Expense 701000 cc XXXX                      \$ 10  
DR Expense 703000 cc XXXX                      \$ 5  
CR Custodian Vendor 1XXXXX (201000)                      \$ 15

#### Petty Cash Foreign Currency paid in foreign currency

Overseas bases will have petty cash in both dollars and their own foreign currency.

SAP has two general ledger accounts.

109000 = US dollars

109XXX = Foreign currency

The foreign currency petty cash works the same as the dollar currency. The custodians will turn in receipts and be replenished in the foreign currency. The journal to replenish the petty cash will be entered in the foreign currency at the MWR exchange rate. At the end of the month, the 109XXX general ledger account will be revaluated with the month end rate. This journal will change the dollar value of this account only. The balance in the foreign currency will remain the same.

It is important to check the balance in SAP to the actual amount in the petty cash box.

**NOTE:** Reference the previous section in this document “Change Funds” and follow the examples for increasing/decreasing petty cash funds and for posting the last physical cash count dates.

#### Recycling

##### Recycling Program (Pearl Harbor)

Currently, MWR has 5 employees under the recycling program. These employees are paid out of ADP.

At the end of each month a bill is sent to DFAS.

In SAP the journals will be as follows:

#### Payroll

DR Payroll Expense 601000 Cost center XXXX

DR Health / Disability Insurance 629000 Cost center XXXX  
DR Employers Life Insurance 630000 Cost center XXXX  
DR Other Benefit 632000 Cost center XXXX  
CR Payroll clearing account

Note: MWR only bills for actual payroll, so there will be no accrual for the 5 employees

Supplies

DR Supplies 701000 Cost center XXXX  
CR Vendor XXXXXX (201000)

EOM

Run a cost center report (KSBB – cost center line item report) to get the total expense for that month. Enter a direct invoice into the system for a monthly service fee.

This % is supposed to recover the salary benefits that go to G&A (633000, 634000 & 635000) as well as administrative fees.

Direct Invoice

DR DFAS Customer 1XXXX(131005) Total expense (salaries, benefits & supplies)  
DR DFAS Customer 1XXXX(131005) Total expense times %  
CR Other Revenue 569000 cc XXX Total

Now execute the cost center report for that month again. The net profit should equal the current month's commission or % that was calculated.

### Recycling Commissions

Some activities may have recycle bins around the base. A third party company collects the recycling. After the collection, the base receives a check from the recycling company.

The journal will be as follows:

DR DAR Clearing 101060 \$ amount of check  
CR Recycling Commissions 593000 cc XXXX \$ amount of check

### QRP "Navy Begging" (Crane Only)

The field will request a specific amount for a particular cause. (Example: need \$ 25,000 to pay salaries OR need \$ 5,000 for ski passes). Currently, this is posted to Recycling for commissions. There is a lump sum amount in there since money is not transferred out.

Notice received:

DR (PK 01) Customer (131005) \$ amount in notice  
CR (PK 50) Recycling Comm (593000) \$ amount in notice

Funds received:

DR DAR Clearing 101060 \$ amount received  
CR (PK 11) Customer (131005) \$ amount received

Funds used:

DR (PK 40) Asset or Expense\* \$ amount of asset or expense  
CR (PK 31) Vendor \$ amount of asset or expense

**\*The asset will be a NAF asset and RAMCAS guidelines for capitalization and depreciation will apply.**

Policy was requested to comment.

OPNAVINST 5090.1B CH-3, paragraph 14-4.4.2 Recyclable Material Sales Program states, "Installations with QRP programs shall first use recyclable materials sales proceeds to cover the costs directly attributable to all installation recycling programs, including, but not limited to, manpower, facilities, training, program awareness expenses, equipment, overhead, and other capital investments. After these costs are recovered, installation commanders may use up to 50 percent of the remaining proceeds for pollution abatement, pollution prevention, composting, alternative fueled vehicle infrastructure support and vehicle conversion, energy conservation, or occupational safety and health projects, with first consideration given to projects included in the installation's pollution prevention plans. Any remaining proceeds may be transferred to the non-appropriated Morale, Welfare, and Recreation account for **any approved programs** or retained in the QRP suspense account to cover anticipated future program costs."

I also reviewed OPNAVINST 3120.32C, which is the Navy Standard Organizational Manual. It does not have a requirement for a QRP Board or Committee. However, the guidebook for QRP programs published by NAVFAC strongly encourages the formation of a Board and requires a local instruction. The Board is required to review recycling projects paid from recycling revenues that would normally be paid by APF. There is no requirement (or any hint of) the Board having the authority to approve funds for particular MWR programs.

All that being said, there may be a local instruction that gives the QRP board the authority to withhold the MWR portion and make them "beg" for it. However, I would be inclined to argue that this is not what the instructions/guidance intended

#### Rentals

##### [Community House](#)

Dahlgren has a community house that is rented out. A party contract is used. The facility rents for \$ 50 - \$ 75. Since a party contract is used, AR (251001) should be used. The region will have more control with AR than G/L.

##### [Theatre Rental](#)

The base rents out the theatre to Commands. Since the Commands are already customers in SAP, post these rentals using customers and AR (251001). The amount for the rental ranges from \$75 - \$150.

#### RTC gifts

Parents can buy gift packs for sailors for their graduation.

\$ Received

DAR

DR DAR clearing 101060

CR Unearned income 251000 assignment field = RTC March

The month being the month the gift is due to the sailor and not the month when the money was received.

Given out

Each month monitor the 251000 account

DR Unearned Income 251000 assignment field = RTC March

CR Vendor (201000)

#### Safety Stickers (Hawaii)

Currently, the auto hobby shop performs safety inspections on vehicles. All vehicles on the Island need to have a safety check once a year. Stickers are given to the vehicles that pass. These inventoried stickers are purchased and posted to prepaid supplies.

Currently, any Military person who was on duty abroad can have the inspection performed free of charge.

DAR

At the time of the DAR there should not be any journal since the sticker was given free of charge. There will be a DAR if someone does not qualify and pays for the sticker.

End of month

An inventory is done to see how many stickers were used.

DR 40 Supplies 701000 \$ amount of sticker times usage

CR 50 Prepaid Supplies 161000 \$ amount of sticker times usage

DAR for person who does not qualify

DR DAR Clearing 101060 \$ amount of service

CR Program Revenue 501000 cc XXXX \$ amount of service

If a person fails, they have 10 days to get the repairs. They have already paid for this service in advance. If they do not come back, MWR will still keep the revenue for the sticker. No further action is required.

#### Sell advertising space in MWR Travel Brochure

Recreation places like hotels can purchase advertisement space in the MWR travel brochure.

The journal entry will be as follows:

Example

Cost = \$ 500

Buys by credit card

DAR

DR Credit Card 110000	\$ 500
CR Advertising Revenue 569001 Marketing Cost Center	\$ 500

#### Special Events (Ex. Christmas party, Air Show)

Special events like air shows are handled with statistical internal orders. The key to making this process work is proper coding. A report can be run on an order, which will provide a profit and loss by event. The revenue and costs will go to the cost centers that incurred them as well as the internal order.

The field is responsible for creating the internal order. This authorization is found in the controlling supervisor role.

#### Stables

##### Security Deposit Stable Stalls (Charleston)

Customers who want to keep their horses in the Charleston Stables must put down a security deposit on the stall. When the deposit is paid, it will come in on a DAR and the customer will have to be created before it can be posted:

DR DAR Clearing 101060	\$ Deposit
CR Customer "D" (203001)	\$ Deposit

The deposit will be returned to the customer out of Petty Cash but the direct invoice that is entered to the Petty Cash Custodian will need to be coded to the customer as an offset.

DR Customer "D" (203001)	\$ Deposit
CR Custodian Vendor (201000)	\$ Deposit

The customer account will need to be manually cleared.

##### Stable Payments (Charleston)

The 20 or so customers who keep their horses at the Charleston Stables pay quarterly fees. Part of that fee is put into unearned income. When the payment comes in on the DAR the full amount of the payment will be put to unearned income through a customer.

Example Quarterly Fees = \$ 150

DAR

DR DAR Clearing 101060	\$ 150
CR Customer "U" (251001)	\$ 150

If the customer does not pay their quarterly fees on time, a customer invoice will be set up including a late payment service fee (example \$ 28):

DR Customer (131005)	\$ 178
CR Customer "U" (251001)	\$ 150
CR Other Revenue 569000 cc XXXX	\$ 28 (late fee)

When a customer pays late, it is important to post the DAR correctly:

DR DAR Clearing 101060	\$ 178
CR Customer (131005)	\$ 178

A recurring entry will be set up for each month of the quarter to move this money to revenue in the proper accounting period.

DR Customer "U" (251001)	\$ 50
CR Program Revenue 501000 cc XXXX	\$ 50

### Third Party Restaurants

#### A&W Franchise (operated by MWR)

This is an MWR facility operated by the local MWR with its own cost centers. DAR's come in daily and MWR employees work there. MWR owns the franchise and pays 5% to A&W according to a report received from the facility manager.

Charleston will send a payment request to the region; the region will then enter a direct invoice:

DR Contractual Expense 783000 cc XXXX	5%
CR A&W Vendor (201000)	5%

#### Atlanta Orion Foods

Atlanta's contract requires them to purchase certain items directly from Orion. They do not pay a percentage of sales to Orion. Orion makes their commission through the supplies, equipment and advertising sales to MWR.

The DAR's for MWR would be similar to a Club DAR.

#### Starbucks

##### **MWR runs the Franchise**

Example for Starbucks:

Revenue = 15,000

Supplies (milk) = 3,000

Accounting fees = 500

Delivery charges = 100

Ensure that a cost center is created for the Franchise.

Revenue

DR DAR clearing	\$ 15,000
CR Program Revenue 501000	\$ 15,000 (Franchise cc)

Vendor Invoice

DR Supplies 701000	\$ 3,000 (Franchise cc)
CR Vendor 201000	\$ 3,000

#### Accounting Fees

DR Support Services 741000	\$ 500 (Franchise cc)
CR Support Services 741000	\$ 500 (Franchise cc)

#### Delivery Charges

DR Supplies 701000	\$ 100 (Franchise cc)
CR Vendor 201000	\$ 100

#### Pay Franchise

DR Contract Expense 783000	\$ 9,600
CR Franchise Vendor 201000	\$ 9,600 (13,200 - 3000 - 500 - 100)

#### **MWR partially runs it**

Some bases supply the franchise with certain supplies and other utilities like telephone. The bulk of the expenses is paid for by the franchise and is not part of MWR's books.

MWR may or may not collect the revenue. In this example, MWR deposits the daily revenue and sends a payment to the franchise bi-monthly.

#### DAR

DR DAR Clearing 101060	\$ daily deposit
CR Commissions 594000	\$ 12% of the revenue
CR Accrued Payables 202000	
Assignment = Franchise Name	

#### Purchases or Mess Reqs

DR Accrued Payable 202000	\$ amount of supply
CR Vendor or Mess Req (201000 or 151000)	\$ amount of supply
Assign. = Franchise, text = Milk products, food or what ever is being supplied)	

#### Accounting Fees

DR Accrued Payables 202000	\$ fee (Assign. = franchise, text + Acct Fees)
CR Other Revenue 569000 cc XXXX	\$ fee

#### Utility charges

DR Telephone Expense	\$ MWR's portion
DR Accrued Payable	\$ Franchise portion
CR Telephone Vendor	\$ Total amount of bill

#### MWR pays franchise

DR Accrued Payables 202000
CR Franchise Vendor 201000



MWR will need to supply the franchise back up explaining the amount of payment. The account 202000 should also be cleared manually after every payment.

#### Unit Allocations

Please refer to the detail documentation that is included in the Accounts Receivable training manual.

#### Vehicle Storage

##### Pay Monthly

The base can charge for vehicle storage. Some bases have annual contracts while others have seasonal (Winter/Summer) contracts. The example below is for bases that do not require the full amount to be paid up front. They allow their customers to pay monthly.

DAR payment current month

DR DAR Clearing 101060	\$ amount paid
CR Revenue 501000 cc XXXX	\$ amount paid

The monthly fee is usually due at the beginning of the month. At the end of the month, the POS system or the site manager should be able to identify who has not paid. They will provide a list of customers and the amount to the business office, so they can bill the delinquent customers.

EOM (only customers who do not pay)

DR Customer (131005)	\$ amount due
CR Revenue 501000 cc XXXX	\$ amount due

If a customer pays for a previous month, then the DAR needs to be put to the receivable and not revenue. The person preparing the DAR needs to know the split between current charges (revenue) and overdue charges (receivable).

DAR payment for current and previous month

DR DAR Clearing 101060	\$ total payment
CR Customer (131005)	\$ previous month
CR Revenue 501000 cc XXXX	\$ current month

##### Vehicle Storage Prepayment

Often the base decides to bill the customers up front for the # of months in the contract. The base will send out an invoice for the entire amount. The total amount will be put into unearned income and amortized over the number of months. A refund will be given if a customer has to leave early.

Invoice for prepayment

DR Customer XXXX (131005)	\$ total amount of contract
CR Customer XXXX (251001)	\$ total amount of contract

DAR payment

DR DAR Clearing 101060	\$ amount paid
CR Customer XXXX (131005)	\$ amount paid

Recurring Entry (EOM or beginning of the month)

DR Customer XXXX (251001)	“U”	\$ 25.00
CR Revenue 501000 cc XXXX		\$ 25.00

If the customer does not pay, then their account will have a debit balance in account (131005). A statement can be sent out at the end of each month showing the age of the receivable.

#### Security Deposit (Fort Worth)

Customers may put down a security deposit for RV or cabin rental etc. The deposits are charged on credit cards and will be refunded through the credit card when the person leaves. If the location does not have a credit card machine, banking has a form for manual processing.

When customer put down a deposit

DR Credit Card Clearing 110000	\$ Deposit
CR Deposits Payable 203000	\$ Deposit

Return

DR Deposits Payable 203000	\$ Deposit
CR Credit Card Clearing 110000	\$ Deposit

#### RV Pad Storage

Customers are billed for RV pad storage. They pay cash and it is posted to revenue directly.

DAR

DR DAR Clearing 101060
CR Revenue 501000 cc XXXX

#### Vending/Snack/Gaming Machines

##### Net Revenue given to MWR

The vendor harvests the money and then pays each base for their monthly %. Contracts exist with Pepsi, Coca-Cola, and Toms Foods.

Any refunds for money lost in the machines are handled by the contractor and not MWR. There are change machines established for the customers' convenience. These change machines may be owned by MWR and can be reflected in the asset sub ledger.

DAR

DR Dar clearing 101060	\$ amount collected
CR Amusement Vending Commissions 592000 cc XXXX	\$ amount collected

No further processing is required.

### Gross Revenue given to MWR

The vendor collects the money from the vending machines. They give the full amount to the accounting office with a report of what they collected. The Base owes the vendor 50% of what was collected.

DAR

DR Dar Clearing 101060 \$ amount collected

CR Amusement Vending Commissions 592000 CC G&A Club \$ amount collected

DR Misc. Expense 783000 cc XXXX \$ 50% of amount collected

CR Vendor 4XXXXX (201000) \$ 50% of amount collected

### El Dorado Cards (Europe)

The arcade machines on the base are run and owned by a third party. MWR harvests a couple of times a month. MWR receives 40% of the harvest as a commission and pays the vendor 60%.

The vendor and MWR have a joint project for the winnings. The machines are loaded with El Dorado cards for winners. These cards can be used at designated MWR facilities. MWR and El Dorado share the cost of this promotion. The split is the same as the harvest which is 60/40.

Example:

Winning Coupon is worth \$ 9.00

DAR 1st Harvest

DR DAR Clearing 101060 \$ 200

CR Commission Revenue 594000 \$ 80 (40%)

CR Gaming Machine Vendor (201000) \$ 120 ( 60%)

Text = \*Harvest 06/25/2006

Assignment = Base Identifier

DAR (\$18 worth of cards used)

DR DAR Clearing 101060 \$ 450

CR Revenue 501000 \$ 500

DR Promotion Expense \$ 7.20

DR Accrued Payables 202000 \$ 10.80

Text = El Dorado 2 cards

Assignment = base identifier

Cost Center

EOM

Receive Invoice from Gaming Machine Vendor \$1,600

Run T-code FBL3N for account 202000

Enter all of the cost centers that have the gaming machines

#### Dynamic selection

Assignment = Base Identifier

Text = El Dorado\*

Document Date = beginning of the month to the end of the month

#### Reconciliation

Balance in Vendor Account + Balance in 202000 with the selection above should equal vendor invoice. If not, investigate.

Harvest = \$ 1,465

Cards = \$ 135

#### GJV

DR Accrued Payables 202000 \$ 135

Text = El Dorado

CR Gaming Machine Vendor (201000) \$ 135

Text = \* June 2006 15 cards

#### Veterinarian Services

##### U.S. Army Fee

The U.S. Army Vet. Corp. is paid (via DFAS) a fee for services it renders on behalf of the vet clinic each month. The journals will be as follows:

Example money collected = \$ 100

Fee payable to Army = \$ 10

#### Cash Cage (daily as required)

DR Cash 1010XX \$ 100

CR DAR Clearing 101060 \$ 100

#### DAR

DR DAR Clearing 101060 \$ 100

CR Program Revenue 501000 cc XXXX \$ 90

CR Vet Services Fee Payable 202011 \$ 10

Assignment = VET User Fee and the month

Also input MWR NAS (*Base*) April Vet Fees on the text line.

#### End of Month

DR Vet Services Fee Payable 202011 \$ 10

Assignment = VET User Fee and the month

CR Vendor DFAS (201000) \$ 10

Also input MWR NAS (*Base*) April Vet Fees on the text line.

#### Vet Services Guard Dogs

The vet clinic provides services and products to the Military and Border Patrol for their guard dogs. The Base and Border Patrol pay cost for these products and services.

### Product

#### DAR

DR Customer XXXX (131005)	\$ cost of product
CR Resale Revenue 301000 vet cc XXXX (activity 24; department 04)	\$ cost of product

MWR keeps the inventory for these products in the resale cost center. A journal needs to be posted at the end of month to transfer the supplies.

#### GJV (Mess Requisition)

DR Inventory 151000 cc XXXX (activity 24; department 04)
CR Inventory 151000 cc XXXX (activity 24; department 03)

### Services

#### DAR

DR Customer XXXX (131005)	\$ cost of service
CR Program Revenue 501000 vet cc XXXX (activity 24; department 04)	\$ cost of service

#### EOM GJV (Mess Requisition)

DR Supplies 701000 cc XXXX (activity 24; department 04)
CR Supplies 701000 cc XXXX (activity 24; department 10)

The inventory used for this service needs to be transferred from the program cost center.

For retail sites, there are no movement types that will allow posting to a customer. It is recommended that a consumption movement type be posted to a balance sheet account (instead of an expense), and then process a transfer posting from the balance sheet account to the customer.

### Expired Medicines

The veterinary operation should **not** put the expired medicines under the spoilage and waste account (791001). Any expired medicine needs to be treated like a regular cost of goods sold. The journal for expired medicine will be captured in the month end COG's journal.

### Free Medicine (buy 6 get 7<sup>th</sup> free)

Some vendors provide a promotion to MWRs customers for free medicine. The promotion is buy X and get the next one free. The POS system keeps track of the number of purchases by customer to determine when the customer is entitled to their free medicine. The vendor will issue a credit memo to the Navy to reimburse them for the free merchandise distributed. The price for the reimbursement is the current merchandise cost.

The journals will be as follows for this example:  
MWR selling price = \$ 10

Original cost = \$ 5  
New cost = \$ 6

Sale of free merchandise

DR Sales Discount 303000 cc XXXX \$ 10  
CR Revenue 301000 cc XXXX \$ 10

Vendor Credit Note

DR Vendor XXXX (201000) \$ 6  
CR COGS Rebate 401022 cc XXXX \$ 6

### Cremation

The vet on base provides cremation as a service to navy families. The base has a BPA with a third party. Most bases have a BPA with the vendor. Currently, the Army negotiates the price four times a year. The price is by weight.

Customer payment

DAR  
DR DAR clearing account 101060 \$ 50  
CR Program Revenue 501000 cc XXXX \$ 50

Vendor Invoice (current std rate = \$ 0.86)

DR Contract Expense 783000 cc XXXX € 35 (\$40.60)  
CR Vendor (201000) € 35 (\$40.60)

The monthly standard rate will be used at the time the invoice is entered if the vendor is paid in a foreign currency.

### NGIS

#### Amenities

The NGIS offers amenities to their guests. This is handled with a direct invoice from the vendor. The amenities are posted in the prepaid supplies account 161000 and mess requisitioned out on an as needed basis. At EOM, a physical inventory needs to be taken to check for overages/shortages in the storeroom.

Invoice

DR Prepaid supplies 161000 \$ amount of invoice  
CR Vendor (201000) \$ amount of invoice

Mess Req.

DR Consumable Amenities 702000 \$ amount of supplies used  
CR Prepaid supplies 161000 \$ amount of supplies used

### NGIS Cable

NGIS can have transient and or permanent guests. The transient guests are not responsible for payment. NGIS may or may not have a contract with the cable provider. The base should have a contract signed.

An invoice is received monthly from the Cable Company. The invoice will be entered into Accounts Payable.

#### Invoice

DR 40 Cable/Satellite Service 662000	\$ amount of invoice
CR 31 Cable Vendor 4XXXXXX (201000)	\$ amount of invoice

The permanent guests deal directly with the cable company.

#### NGIS Transient Telephone Charges

Guests are provided a phone in their room which they can use to make long distance charges. The central phone system keeps track of the calls by guest. Each night the minutes and rate are added to the guest's folio. The revenue is recorded to Telephone Revenue and the expense is recorded when the Telephone provided invoice is entered into SAP.

#### Epitome Interface

DR In-House 131001	\$ amount of nightly charge
CR Telephone Revenue 560001 cc G&A	\$ amount of nightly charge

#### NGIS Telephone Service

Permanent Party customers take care of their own phone. For the transient guests the NGIS pays a flat fee monthly and then the long distance is charged to the individual guest's bill.

#### EOM

DR NGIS Telephone Expense 660001 cc G&A	\$ flat fee
CR Vendor (201000)	\$ flat fee

#### NGIS Epitome Interface

The Epitome-SAP interface posts all room and telephone revenue, cash receipts, credit card receipts, and customer receivables into the general ledger and customer sub-ledgers. The interface runs every night and posts the previous days business.

When posting receivables to customer sub-ledger accounts, the interface will search by **SSN** or UIC for a matching customer in SAP. If an existing customer is not found in SAP, a new customer will be created in SAP automatically. If certain required information is missing (e.g. name, address, customer type, **SSN** or UIC) the customer cannot be created. If this happens, the receivable will be posted to the POS\_ERROR customer instead. Each day, the business office user needs to display the line items for the POS\_ERROR customer for each NGIS company code in SAP. Any line items found must be investigated and transferred to the correct customer sub-ledger account using reclassification journals. The POS\_ERROR customer line items should then be cleared manually.

Investigating the POS\_ERROR line items involves obtaining the daily Epitome Hotel Ledger Report (report # G026) and Posting Journal Report (report # G038) for the relevant property to determine the source of the item. A customer master record may need to be created manually, since the customer data transferred from Epitome via the interface to SAP might have been faulty (and the customer account did not get created). Alternatively, it is also possible that the unique identifier (SSN or UIC) supplied by Epitome could not be matched to a customer in SAP.

Note: If a guest pays in full upon check-out a receivable is not generated and therefore no posting will be made to a customer in SAP.

#### NGIS In- house Accrual (Epitome Interface)

Each day the interface posts the revenue and receivable to the general ledger account 131001. The balance in the account 131001 should always equal the sum of the in-house receivables in each property's Epitome system. The Epitome Hotel Ledger Report (report no. G026) should be obtained to verify this at least monthly, preferably weekly.

#### Business Office Refunds

Epitome has a transaction code (707) to show "business office refund" in the A/R or folio. A posting will be made to the customer through the interface. The business office then needs to pay that customer a check using the regular check run or hot check. A refundee vendor should not be created. All payments should be made to the customer.

#### NGIS Fair Market Value

NGIS is allowed to charge contractors or people that are not on orders a room rate that is higher than the rate charged to people on orders. The difference between the normal rate and the higher rate is considered fair market value and is submitted to the comptroller. The fair market is broken down into three values: room revenue, shelter and utilities.

When a person checks in, the room rate used will be identified as fair market. This will cause the interface to produce the following journal each night:

DR Accounts Receivable	\$ 75.00
CR Accrued Payable 202000	\$75.00

There is no text or assignment in the interface journal to identify this as Fair Market. The reports from Epitome will need to be used to get this info.

When the person checks out, the AR will be cleared in the interface and SAP.

The business office needs to post a journal to move the money from accrued payable to the fair market general ledger accounts.

GJV (Posted by RBO and not by the interface)

DR Accrued Payable 202000	\$ 75.00
CR Collections Payable Fair MKT 202003	\$ 10.00



CR Collections Payable Fair MKT 202004	\$ 3.00
CR Revenue 501001	\$ 62.00

202003 is for Shelter  
202004 is for Utilities

Manually clear 202000

EOM

At the end of the month the business office needs to pay the comptrollers. The utilities (balance in 202004) are paid to the local comptroller and the shelter (balance in 202003) is paid to the US comptroller.

DR Collections Payable Fair MKT 202003	\$ 10
DR Collections Payable Fair MKT 202004	\$ 3
CR Local Comptroller Vendor (201000)	\$ 10
CR US Comptroller Vendor (201000)	\$ 3

Manually clear 202003 and 202004

Note: Submit the to US Comptroller to (as of June 2006)  
U.S. Treasury  
General Fund Proprietary Receipt Account 173210  
Defense Military not otherwise classified

Director Financial Division  
Financial Management Service  
Liberty Center Room 257  
401 14<sup>th</sup> Street SW  
Washington, DC 20227

#### NGIS Lost or Damaged APF Property

A guest will be charged for damaged or lost APF property. If the guest is still there, the damages are added to their folio using Transaction code 680 in Epitome. During the interface, this will post to the 202005 account.

Example \$ 100.00 for room charges; \$ 50.00 for the damaged property  
Interface Document

DR DAR Clearing 101060 (or 110000)	\$ 150.00
CR Room Revenue 501001 cc XXXX	\$ 100.00
CR Collection Payable Lost 202005	\$ 50.00

The business office needs to monitor the 202005 account. When there are postings, the AP tech needs to journal them to the correct Vendor account.

GJV

DR Collection Payable Lost 202005	\$ 50.00
CR Treasury Vendor (201000)	\$ 50.00

The 202005 account will need to be cleared manually.

However, this usually is discovered after a person checks out. A form will need to be sent to the business office so that the info can be entered into SAP. The guest will need to be created as a customer, so that a receivable can be set up.

Example \$ 50.00 for the damaged property

Receivable is set up

DR Customer account (131002)	\$ 50.00
CR Treasury Vendor (201000)	\$ 50.00

The payment needs to be sent to the business office. If it arrives at the front desk, it needs to be looked up in Epitome to see if there is an AR. In this case, there is nothing in Epitome, so the check needs to be forwarded to the business office. A manual DAR will need to be done as well as the cash cage.

Cash Cage

DR Cash 1010XX	\$ 50.00
CR DAR Clearing 101060	\$ 50.00

DAR

DR DAR Clearing 101060	\$ 50.00
CR Customer account (131002)	\$ 50.00

#### NGIS Lost or Damaged NAF Property

A guest will be charged for damaged or lost NAF property. If the guest is still there, the damages are added to their folio using Transaction code 690 in Epitome. During the interface, this will post to the 569004 account.

Example \$ 100.00 for room charges; \$ 50.00 for the damaged property

Interface Document

DR DAR Clearing 101060 (or 110000)	\$ 150.00
CR Room Revenue 501001 cc XXXX	\$ 100.00
CR Lost Damaged NAF Prop 569004 cc XXXX	\$ 50.00

Nothing more needs to be done since the money for damages belongs to the fund.

However, this usually is discovered after a person checks out. A form will need to be sent to the business office so that the info can be entered into SAP. The guest will need to be created as a customer, so that a receivable can be set up.

Example \$ 50.00 for the damaged property

Receivable is set up

DR Customer account (131002)	\$ 50.00
CR Lost Damaged NAF Prop 569004 cc XXXX	\$ 50.00

The payment needs to be sent to the business office. If it arrives at the front desk, it needs to be looked up in Epitome to see if there is an AR. In this case, there is nothing in Epitome, so the check needs to be forwarded to the business office. A manual DAR will need to be done as well as the cash cage.

#### Cash Cage

DR Cash 1010XX	\$ 50.00
CR DAR Clearing 101060	\$ 50.00

#### DAR

DR DAR Clearing 101060	\$ 50.00
CR Customer account (131002)	\$ 50.00

#### NGIS Newspapers (monthly)

The NGIS offers free newspapers to their guests. This is purchased using a purchase order or a BPA and is paid monthly.

#### Invoice

DR Consumable Amenities 702000	\$ amount of invoice
CR Vendor (201000)	\$ amount of invoice

#### NGIS Newspaper (Prepaid)

Some overseas bases prepay for their newspaper under a contract. A contract or BPA must be signed and approved stating that the vendor requires the prepayment. Since the newspapers are not an inventoried item, the prepayment will be posted to the prepaid contract GL account.

#### Invoice

DR Prepaid Contracts 162000	\$ amount of invoice
CR Vendor (201000)	\$ amount of invoice

A recurring entry needs to be created which will prorate the total expense over the life of the contract.

DR Consumable Amenities 702000	\$ one months proportion of the contract
CR Prepaid Contract 162000	\$ one months proportion of the contract

#### NGIS DVD/Video Deposits

Due to legal reasons, NGIS can no longer rent or loan movies from the front desk.

#### NGIS Third Party Billing

#### SAP Invoice

Bethesda NGIS bills a 3rd party for certain rooms. At the end of each month a bill is prepared by the NGIS manager for the Henry Jackson Foundation. When the guests check in during the month, they are giving their own folio. Currently, the Henry Jackson Foundation has an AR folio # in Epitome. When the guest checks out, the

front desk needs to transfer the guest's folio to the Henry Jackson Foundation AR. This transfer will come across as an accounts receivable posting in SAP as long as the transfer is processed on the last day of the month. At the beginning of the following month, the MWR office can send a statement or invoice out of SAP billing them for the rooms. All personnel that remain as a guest on the last day of the month will be considered "in house" and the Henry Jackson Foundation will not be billed for their stay until the following month.

#### Credit Card Payment

Currently, the NNMC is responsible for payment for some rooms at Bethesda. At month end, the Manager charges the command's APF credit card. It is important that the credit card is run on the last day of the month.

The NNMC does not have an AR number in Epiteome since the credit card is used.

#### Prepayments

Currently, Lakehurst MWR sends a payment to PAX via EFT to prepay for the rooms. When the payment is received, the business office needs to inform the front desk, so they can record the payment in Epiteome.

Since the room is a specific room, they will "check – in" the room in Epiteome when payment is received. The payment will be credited as an advanced deposit. Each night the room charge will subtract from the credit amount and the balance will eventually reach zero. The Epiteome/SAP interface will account for the advance deposit in the unearned income account 251000 and each night move the room charge to revenue. PAX will have to do some manual monitoring of the room. They should maintain a record of when guests are actually checked into the room and the information on that guest. It will take some coordination between the front desk and the housekeeping staff to track the status of the room.

#### NGIS Non-Room Type Charges

The NGIS's often receive money for reimbursement for maintenance, janitorial, cleaning etc. These expenses are classified as non room type charges. Each month the NGIS manager bills a third party for these charges like DFAS. Since these items are not considered room type charges, they are not entered into Epiteome. The NGIS manager needs to prepare a report and send it to the business office to be entered into SAP. Most of these payments should be in accordance with an MOA, and payments would be recorded as revenue to 531000 Common Support Services. The journal for the non-room type charges will be as follows:

#### AR Invoice

DR DFAS Customer (133003) \$ monthly charge

CR Common Support Services (531000) \$ monthly charge

The reconciliation account 133003 will not be included when reconciling Epiteome AR to SAP AR.

DR DAR Clearing Account (101060)	\$ incidental charges amount
CR Expense Account	\$ incidental charges amount

MWR currently buys liquor but stores it at the VFQ. The VFQ has an honor bar. VFQ informs MWR when the liquor has been consumed. MWR bills VFQ for the liquor used. The inventory of the liquor is under the club. Each month the VFQ takes an inventory and sends the summary to the club. The club then includes this as part of their COGS calculation.

CR Program Revenue 501001 ccXXXX	\$ amount of management fee
CR Powers Communication Vendor (201000)	\$ amount of invoice

The YCOMM customer may now have a debit balance due to the fact that the invoice for a particular month was greater than the money collected. Using the assignment field, sort and subtotal to see which month has a balance. Then go back to the other system which has the detail, to see if they agree with the receivable and if they are trying to collect the outstanding receivables since the detail of the receivable is in that system and not SAP.

## MWR PACKAGED TRIPS (Does not include Tickets & Travel)

MWR will package a trip that can include transportation, accommodations, gift bags, etc. The manager should take everything into consideration when pricing this trip to ensure that it breaks even or makes a profit. Managers should refer to the *FFR Price Plus Method* Price Planning Detail Sheet. Once a selling price has been determined, it will be packaged and made available to customers for purchase.

Often, vendors will require partial or full payment in advance. All advance payments will be posted to Prepaid Contracts Tours 162020. The manager will co-ordinate this with the business office. Sometimes the vendor will submit an invoice and other times, MWR has to calculate the amount and submit a Request for Payment form to the business office.

Revenue and Expense need to be recognized in the same month that the trip occurs. In order to analyze revenue and expenses in detail, the proper text and assignment needs to be keyed in when making any postings. Below is a summary of text and assignment fields by account:

<u>Account</u>	<u>Assignment</u> <u>(Max 15</u> <u>characters)</u>	<u>Text</u> <u>(Max 25 characters)</u>
251020 Unearned Income Trips & Tours (Use for customer deposits)	<i>Trip MMM YY</i>	<i>Base Last Name</i> <i>Name of Trip DD/MM/YY</i>
162020 Prepaid Contracts Trips & Tours (Use if you have to prepay for a tour expense)	<i>Trip MMM YY</i>	<i>Base Last Name</i> <i>Name of Trip DD/MM/YY</i> <i>Type of Expense</i>
501000 Program Revenue	<i>Trip MMM YY</i>	<i>Name of Trip DD/MM/YY</i>
XXXXXX Recreational Trip Expense (See Examples below)	<i>Trip MMM YY</i>	<i>Name of Trip DD/MM/YY</i> <i>Type of Expense</i>

Text for Types of Expenses	Examples of Expenses
LODGING	<i>hotel, camping</i>
TRANSPORTATION	<i>taxi, public transportation, train</i>
Meals	<i>group meals, snacks for the trip</i>
GUIDE	<i>Guided city tour, ski instructor, kayaking instructor, etc.</i>
Giveaways	<i>goody bags (ex: bag with towel and sunscreen), luggage tags, t-shirt</i>
Fees	<i>International transaction fees, entrance fees,</i>
TICKETS	<i>Theme Park ticket, Movie ticket, etc.</i>

### ***1. Trip Customer Deposit (paid by cash)***

The POS system cannot differentiate between payments made in advance to payments made in the month that the event happens, so **all** payments will be posted to unearned income (even if the customer pays the day of the event).

Note: RecTrac does not draw down the unearned income unless billing is used. Therefore RecTrac and SAP will not be in sync for the g/l account 251020.

**The example below illustrates the process:**

Trip Selling Price = \$ 2,250.00

Customer Deposit = \$ 1,000.00 (minimum of 10% required to hold spot)

Customer Final Payment = \$ 1,250.00

Mechanicsburg is the base = ME

#### **DAR/RecTrac Interface**

DRDAR Clearing 101060

\$ 1,000.00

CR Unearned Income Trip/Tours 251020

\$ 1,000.00

Assignment = Paris AUG 16

Text = ME Smith Paris 06/15/16

Cost Center = Program cost center



The business office will post a journal to the unearned income from 251020 to revenue 501000 in the month of the tour. (Example: August)

## **2. Trip Expenses**

Vendors require different methods of payment. Some vendors will require payment by credit card while others will invoice MWR and some vendors rely on MWR to submit the payment based on the number of tours sold. The examples below show all three methods of payment.

Cost of the tour:

Vendor Invoice = \$ 850 .00 (TRANSPORTATION)

Credit Card = \$ 1,150.00 (LODGING)

Vendor Invoice = \$ 85.00 (GIVEAWAYS)

Vendor Invoice = \$ 50.00 (FEES)

Credit Card Fees = \$ 67.50\*

\* Credit card fees will vary depending on how the customers pay for their deposit and final payment. When determining the final cost of the trip, MWR should base this cost by using trend analysis to find out the average number of people who pay by credit card.

### **Vendor Request for Payment**

DR Prepaid Contracts Trips/Tours 162020	\$ 850.00
Assignment = PARIS AUG 16	
Text = ME PARIS 08/15/16 TRANSPORTATION	
Cost center = <i>Program cost center</i>	
CR Vendor 4xxxxxxxxx (201000)	\$ 850.00

### **Credit Card Payment**

DR Prepaid Contracts Trips/Tours 162020	\$ 1,150.00
Assignment = PARIS AUG 06	
Text = ME PARIS 08/15/06 ACCOMMODATIONS	
Assignment Max = 18, Text Max = 50	
Cost center = <i>Program cost center</i>	
CR Government Purchase Credit Card Clearing 202100	\$ 1,150.00

### **Vendor Invoice**

DR Prepaid Contracts Trip/Tours 162020	\$ 85.00
Assignment = PARIS AUG 16	
Text = ME PARIS 08/15/16 GIVEAWAYS	
Cost center = <i>Program cost center</i>	
CR Vendor 4xxxxxxxxx (201000)	\$ 85.00

**Vendor Invoice**

DR Prepaid Contracts Trip/Tours 162020                      \$ 50.00  
 Assignment = PARIS AUG 16  
 Text = ME PARIS 08/15/16 FEES  
 Cost center = *Program cost center*  
 CR Vendor 4xxxxxxxxx (201000)                                      \$ 50.00

It is important to put the correct Assignment and Text as this determines when the business office will journal the prepayment to the appropriate expenses.

**3. Trip Customer Final Payment (final payment by credit card)**

The POS system cannot differentiate between payments made in advance or payments made in the month the event happens, so all payments will be posted to unearned income (even if the customer pays the day of the event)

DR Credit Card Clearing 110000                      \$ 1,250.00  
 CR Unearned Income Trips/Tours 251020                                      \$  
 1,250.00  
 Assignment = PARIS AUG 16  
 Text = ME SMITH PARIS 08/15/16  
 Cost Center = *Program cost center*

Business office will post a journal to move the unearned income from 251020 to revenue 501000 in the month of the tour.

**4. Trip Recognize Revenue and Expenses**

At the end of the month, the business office needs to review the 162020 and 251020 g/l accounts and post a journal for any amounts that are due to be recognized this month (trip occurred).

**Recognize Expenses**

To recognize the expenses, the business office should run T-code FBL3N (details). Filter 162020 by month using the dynamic selection and then subtotal by month that should be journaled in the Assignment field.

**Manual GJV**

DR Recreational Trip Expense XXXXXX                                      \$  
 850.00  
 Assignment = PARIS AUG 16  
 Text = ME PARIS 08/15/16, TRANSPORTATION  
 Cost Center = *Program cost center*  
 DR Recreational Trip Expense XXXXXX                                      \$  
 1,150.00

Assignment = PARIS AUG 16  
 Text = ME PARIS 08/15/16, ACCOMODATION  
 Cost Center = *Program cost center*  
 DR Recreational Trip Expense XXXXXX \$ 85.00  
 Assignment = PARIS AUG 16  
 Text = ME PARIS 08/15/06, GIVEAWAYS  
 Cost Center = *Program cost center*  
 DR Recreational Trip Expense XXXXXX \$ 50.00  
 Assignment = PARIS AUG 16  
 Text = ME PARIS 08/15/16, FEES  
 Cost Center = *Program cost center*  
 CR Prepaid Contracts Trips/Tour 162020 \$ 2,135.00  
 Assignment = PARIS AUG 16  
 Text = ME PARIS 08/15/16  
 Cost Center = *Program cost center*

Note: After the journal has been posted, the accounting technician should re-run the report without the filter to ensure all expenses were recognized. The filter does not catch spelling mistakes, so if someone filters by AUG and someone keyed in AGU, that expense would be missed.

Manually clear 162020 by tour.

### Recognize Revenue

At the end of the month, the business office needs to post a journal to move any unearned income that should be recognized. RecTrac will post the event date as part of the interface. This will allow the business office to filter by month. The financial T-code FBL3N (details) can be used. Filter 251020 by date using the filter icon and then subtotal by Assignment field and filter by the current month. An entry then needs to be posted to move the unearned income 251020 into revenue 501000.

### Manual GJV

DR Unearned Income Trips/Tours 251020 \$ 2,250.00 (tour total)  
 CR Tour Revenue 501000 \$ 2,250.00  
 Assignment = PARIS AUG 16  
 Text = ME PARIS 08/15/16  
 Cost Center = *Program cost center*

Note: After the journal has been posted, the accounting technician should re-run the report without the filter to ensure all expenses were recognized. The filter does not catch spelling mistakes, so if someone filters by AUG and someone keyed in AGU, that expense would be missed.

Manually clear 251020 by trip.

## **5. Trip Refund**

SAP and RecTrac have several ways to issue a refund, which are documented below; however MWR must follow Regional policy for refunds.

Often, tours require a minimum number of customers for the event to take place. If the minimum number is not reached, customers will be refunded any money they paid. The POS system will have the details of customer's payments. The manager needs to fill out individual Request for Payment forms as well as a SAP Vendor Request forms if needed for each customer who requires a refund. In accordance with installation/regional refund policies; if the refund is small, the MWR office can refund the money with cash from their drawer if the daily sales taken in are greater than the refund amount. The customers should be refunded by the same method they paid. Therefore, credit card refunds should be refunded by credit card.

### **Check Refund**

The manager submits the necessary forms to the business office. The business office will produce the checks and mail them to the individual customers or return them to MWR office for customer pick up. The office will ring up the refund in RecTrac. "Refund Finance" must be toggled on within RecTrac to perform this function.

As this process will not be picked up by the automation process, the business office must manually clear the 251020 g/l account.

### **DAR/RecTrac Interface**

DR Unearned Income Trips/Tours 251020	\$ total amount of refund
Assignment = PARIS AUG 16	
Text = ME SMITH PARIS 08/15/16	
Cost Center = Program cost center	
CR Accrued Payable 202000	\$ total amount of refund

### **Request for Payment**

DR Accrued Payable 202000	\$ total amount of refund
CR Refundee Vendor (customer) (201000)	\$ total amount of refund

The business office must clear the 251020 g/l account.

### **Cash Refund**

### **DAR/RecTrac Interface**

DR Unearned Income Trips/Tours 251020	\$ total amount of refund
Assignment = PARIS AUG 16	
Text = ME SMITH PARIS 08/15/16	
Cost Center = Program cost center	

CR DAR clearing 101060                      \$ total amount of refund

The business office must clear the 251020 g/l account.

**Credit Card Refund**

**DAR/RecTrac Interface**

DR Unearned Income Trips/Tours 251020                      \$ total amount of refund

Assignment = PARIS AUG 16

Text = ME PARIS 08/15/16

Cost Center = Program cost center

CR Credit Card Clearing 110000                      \$ total amount of refund

The business office must clear the 251020 g/l account.

## CASH ADVANCES for TOUR GUIDES

Several bases run their own tours. Sometimes these tour guides need cash for items that a credit card cannot be used. Prior to each tour, cash (can be in a different currency) is given to the tour guide. The preferred method is to advance the guide or the manager the estimated cash per tour. The second option is to use the petty cash fund. Regardless of the method used, the transactions are not entered into RecTrac.

### ***Option 1: Authorize travel advance on Travel Orders***

Each manager should be in SAP as an employee vendor (10 digit number that begins with 2). The advance will be handled like TDY travel advances. These cash advances are given to the tour guides to pay for things like bus parking, admission fees, etc.

### **Request for Payment (Advance)**

DR Employee Vendor (133004) Sp G/L "E" € 1,000.00 or \$1200.00

Text = \*Cash Advance for June 2016 tours

CR Employee Vendor (201000) € 1,000.00 or \$1200.00

Text = \*Cash Advance for June 2016 tours

Payment will be made to the manager by hot check or other locally determined method. Do NOT allow the credit line item to be paid by EFT. This advance will leave a debit in the vendor account until receipts are turned in or cash is brought back. The manager will distribute the cash to the appropriate vendor (e.g. tour guides, and bus drivers). A form needs to be filled out showing that each tour guide / bus driver has signed for the amount assigned to him/her.

### **Tour Finishes**

MWR is responsible for collecting all of the receipts from the various expenses and preparing a summary sheet. Any money turned in should be included as a manual DAR, separate from the RecTrac paperwork and forwarded to the business office for entry into SAP. The account on the manual GJV for the money turned in is the Tour Vendor (posting Key 39 E) (133004).

MWR will also attach a tour summary receipt showing all of the expenses. The regional business office person who is responsible for advances will enter the GJV and review the balance in 133004 for that tour number to make sure the tour is closed out properly. Prior to posting the journal, they should review the tour total in 133004 to see if any money has been turned in from MWR. The Vendor line items will be blocked, so it is important to unblock the relevant line items to allow SAP to calculate the difference owed to the employee if necessary.

### **Manual Process / Settlement (with change)**

DR Different Expenses CstCtr € 750.00 ( \$900.00)

DR DAR Clearing 101060 (cash returned) € 250.00 ( \$300.00)

CR Advance Vendor 133004	€ 1,000.00 (\$1200.00)
Text = *Cash Returned for June 2016 tours	

Note: If the expenses are greater than the advance, follow same journal entry with MWR paying the employee the difference.

If an advance is given in a foreign currency, there may be a gain or loss on foreign currency. The settlement should be entered with the same exchange rate as advance. This will not cause gain or loss. This will also allow the vendor to clear properly.

NOTE: Special attention has to be given when analyzing this account because a tour operator may have several tours and SAP will pay what is due, so if a tour advance is not posted into the future or if trip liquidations are done out of order the vendor may be paid an incorrect amount.

### ***Option 2: Cash Advances for Tour Guides from Petty Cash***

Some overseas bases do not have a central cashier that can cash foreign currency travel advance checks to the employee. There may be a need to give tour advances from petty cash. If petty cash is used, the following procedure should be followed:

#### **Advance Request to petty cash custodian**

The MWR petty cash custodian will give the amount in foreign currency or dollars out of their petty cash. The person responsible for the money will sign the petty cash request form. This form must have: tour number, date of tour, G/L account and vendor number of the person responsible for the advance. Sometimes this will be the tour guide and other times, it will be the MWR employee. This transaction is the only involvement of the petty cash custodian. Change and receipts will be forwarded to the business office for liquidation.

When the MWR petty cash custodian requires replenishment of their petty cash, their request will include ALL petty cash vouchers.

DR Recreational Trip Expense XXXXXX CstCtr	\$ 300.00
DR Advance Vendor (posting Key 29 E)(133004)	\$ 300.00
Assignment = Base Identifier	
Text = Tour Number MMM YY	
CR Petty Cash Custodian Vendor (201000)	\$ 550.00

### **Trip Finishes**

MWR is responsible for collecting all of the receipts from the various expenses and preparing a summary sheet. Any money turned in should be included as part manual GJV. The account on the GJV for the money turned in is the Tour Vendor (posting Key 39 E) (133004)

MWR will then turn in the tour summary receipt showing all of the expenses. The regional business office person who is responsible for advances will enter the GJV and review the balance in 133004 for that tour number to make sure the tour is closed out properly. Prior to posting the journal, they should review the tour total in 133004 to see if any money has been turned in from MWR.

**Manual Process / Settlement (Expenses greater than advance)**

DR	Recreational Trip Expense XXXXXX CstCtr	\$ 350.00
CR	Advance Vendor (posting key 39 E) 133004	\$ 350.00

SAP will analyze the amount remaining in the vendor sub ledger and in this example SAP will pay the employee vendor the remaining \$ 50.00.

If change had been turned in, MWR needs to send the change to the business office. They cannot deposit the money and include with the regular MWR DAR.

NOTE: Special attention has to be given when analyzing this account because a tour operator may have several tours and SAP will pay what is due, so if a tour advance is not posted into the future or if tour liquidations are done out of order the vendor may be paid an incorrect amount.



### ***MWR Fun Bucks (Coupon)***

Marketing prints and serializes fun bucks which can be used to purchase tickets. No money is paid for fun bucks, so they act like a coupon and not a gift certificate. MWR often gives the fun bucks away as a prize. RecTrac will have a MWR Coupon discount button.

Redeem the coupon:

Coupon \$60.00

Selling Price of the Ticket \$45.00

#### **DAR /RecTrac Interface**

DR	Sale Discount 503000 Ticket Cost Ctr	\$45.00
CR	Ticket Revenue 506010 Ticket Cost Ctr	\$45.00

### ***Coupons that are given out for a specific facility/events***

MWR may have certificates that are for specific events (ski trip, bowling games etc.).

Gift Certificates (Coupons) that are given out are very different from the gift certificates that are sold. Since there is no obligation, the accounting for them only begins once they are redeemed. This type of certificate should be called a coupon. Also, since they have no cash value, change is not returned to customers where the purchase price is less than the face value of the gift certificate.

MWR may give Coupons to customers to promote goodwill and to employees as rewards. These Coupons can only be redeemed at the specific facility for the specific event. Since the Coupons are not sold there is no obligation until they are redeemed. Typically, coupons have an expiration date and they should be serialized.

The managers should be informed that they are not being penalized with the charges going to 303000 or 503000 for their COGS percentage. Since COGS percentage is calculated based on Gross revenue and not net revenue this accounting change really does affect the COGS percentage.

The journal entries will be as follows:

Example: Coupon Value = \$ 10

Redeem Coupon

#### **DAR /RecTrac Interface**

DR	Sales Discount 503000	Ticket Cost Ctr	\$ 10
Assignment: EMP AWARD BUCKS			
Text: EVENT/FACILITY			
CR	Ticket Revenue 506010	Ticket Cost Ctr	\$ 10

## **GIFT CERTIFICATES - Printed locally, redeemed any way**

There are two types of gift certificates: one being generated and tracked in RecTrac database, and those that are outside the system completely. In the first instance, they are setup and tracked in the database and the g/l entries work as described below. In the second instance, the g/l entries work the same way but no tracing in the database.

Gift certificates can be purchased for a specific event or for a specific amount. If the certificate is for a specific event, there will be no change given. The certificates have several copies and a copy is turned in on the DAR, so the DAR technician knows the amount as well as the serial number. The gift certificate serial number should be recorded in SAP in the format GC NNNNN, where NNNNN is the certificate number.

An activity may sell gift certificates to be redeemed at their activity. This will be a two-step process. 1) Selling of the gift certificates 2) Redeeming the gift certificates. The person redeeming the gift certificates can purchase goods or services equal to the amount of the gift certificate, less than the gift certificate or more than the gift certificate. If the person buys less than the gift certificate, there are several options:

- A) A photocopy will be taken of the gift certificate for the DAR and the activity person will write on the back of the original gift certificate the amount used and still available.
- B) The field can choose to give back the change
- C) Use it or lose it

If the purchase is more than the gift certificate, then the person can pay the difference for the goods or services.

Each gift certificate will have a pre-assigned number and an expiration date. A journal will be done at the end to reverse the gift certificates that have expired. Determining what this amount will be will be done outside of SAP.

### ***1. Gift Certificates Sold***

#### **Sale of the Gift Certificate**

DR POS/DAR Clearing 101060	\$ 100.00
CR Unearned Income 251004	\$ 100.00
(Assignment = GC 1234)	

### ***2. Gift Certificates Redeemed***

#### **Redemption of Gift Certificate equal to sale amount**

Gift Certificate = \$ 60  
Selling Price = \$ 60

**DAR /RecTrac Interface**

DR Unearned Income 251004 (Assignment = GC1234) \$ 60.00  
CR Ticket revenue 506010 TICKETS & TRAVEL Cost Ctr  
\$ 60.00

**Redemption of Gift Certificate less than purchase amount (Customer pays difference)**

Gift Certificate = \$ 60

Selling Price = \$ 80

DR POS/DAR Clearing 101060 \$ 20.00  
DR Unearned Income 251004 (Assignment = GC 1234) \$ 60.00  
CR Ticket Revenue 506010 TICKETS & TRAVEL Cost Ctr  
\$ 80.00

Manually clear g/l account 251000

It is important to note that gift certificates should be broken out utilizing the “GC 1234” in the text. Each gift certificate should be listed with the corresponding gift certificate number in the appropriate account. Also, the assignment field is very important. The gift certificate number must be entered in the proper format as listed on gift certificate and DAR to allow for clearing. The unearned income (251000) account must be cleared on a regular basis.

**Redemption of Gift Certificate that is more than the Purchase**

A) Activity writes on the back of the gift certificate the amount used and still remaining

Gift Certificate = \$ 60.00

Selling Price = \$ 45.00

**DAR /RecTrac Interface**

DR Unearned Income 25100 \$ 45.00  
(Assignment = GC 1234)  
CR Ticket Revenue 506010 Ticket Cost Ctr \$ 45.00

Note: The 251004 account cannot be cleared until the gift certificate has been used in full. The text and assignment become very important. This option is not really recommended.

B) Change is given

Gift Certificate = \$ 60.00

Selling Price = \$ 45.00

**DAR /RecTrac Interface**

DR Unearned Income 251004 \$ 60.00  
(Assignment = GC 1234)

CR Ticket Revenue 506010 Ticket Cost Ctr  
\$ 45.00

CR POS/DAR Clearing 101060 \$ 15.00

C) Use the entire amount or Loose the remaining balance

Gift Certificate= \$ 60.00

Selling Price = \$ 45.00

**DAR /RecTrac Interface**

DR Unearned Income 251004 \$60.00

(Assignment = GC 1234)

CR Ticket Revenue 506010 Ticket Cost Ctr \$45.00

CR Other Revenue 569000 Ticket Cost Ctr \$15.00

**3. Cancel Gift Certificates**

It is important to cancel the gift certificates that have expired. Reports can be executed in SAP to assist in determining which gift certificates have expired.

**Reverse Gift Certificate GJV**

DR Unearned Income Gift Certificate 251004 \$ Amount of gift certificate

(Assignment = GC 1234)

CR Ticket Revenue 506010 Ticket Cost Ctr \$ Amount of gift certificate

Manually clear g/l account 251000 – Business office

Note: The Revenue line may be a sum total of all of the gift certificates that have expired, but it is recommended that the Unearned Income posting be one line per gift certificate to assist with the clearing of g/l account 251004.

**4. Gift Certificate given as a prize (example Travel Fair)**

It is important to name each event to help you keep the 251000 account organized to help you clear it.

The journal entries will be as follows:

Example Sell \$ 800 worth of vendor fees

1st prize = \$ 100.00 (4 times \$ 25)

2<sup>nd</sup> prize = \$ 60.00 (4 times \$ 15)

**DAR /RecTrac Interface**

DR DAR Clearing 101060 \$ 800

CR Unearned Income 251000 \$ 800 (put event name in assignment field)

**DAR day of event**

DR Unearned Income 251000 \$ 800 (put name of event in assignment field)  
CR Travel Revenue 506030 ccXXXX \$ 540  
CR Unearned Income 251004 \$ 25 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 25 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 25 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 25 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 15 (put gift certificate # in assignment field)  
CR Unearned Income 251004 \$ 15 (put gift certificate # in assignment field)  
CR Unearned Income 251000 \$ 15 (put gift certificate # in assignment field)  
CR Unearned Income 251000 \$ 15 (put gift certificate # in assignment field)

Our example only had a first and second prize. There could be more levels of prizes.

## **26. BAD DEBT**

Sometimes a customer will pay with a check and the check is returned from the bank as insufficient funds (NSF). In this situation, the business office will have to set up an accounts receivable in SAP. The business office will contact the manager to get as much information as possible to create the customer in SAP. If the check payment was for a non-reservation item, RecTrac will not have a balance in any household. The bad debt will be handled in SAP only. No entry is required in RecTrac. However, the business office should provide all program managers a list of NSF checks to prevent this from happening again.

If the check payment was for a reservation event, then the customer will more than likely have a balance in their household in RecTrac. If that is the case, the manager needs to clear the household in RecTrac using the household maintenance functionality. Account maintenance does not post through the interface, so the business office will still have to clear or set up the AR in SAP and do the necessary journals (the journals will be different depending on whether the AR has a debit or credit balance). Refer to the SAP AR Manual for details.