

Proper Use of Transfer Accounts

Transfer accounts are used to: 1) Transfer funds between cash accounts, 2) Capitalization of assets, and 3) month-end close of Restricted Funds.

- 1) Transfer funds between cash – To transfer cash between restricted or unrestricted funds, the transfer accounts should be used. Please see below for a sample journal entry.

	<u>Debit</u>	<u>Credit</u>
5101.81 12/31/10 Transfer PTO Funds	XXXX	
0101.81 12/31/10 PTO Checking Account		XXXX
0101.10 12/31/10 Parish Checking Account	XXXX	
5101.10 12/31/10 Transfer to Parish		XXXX

- 2) Capitalization of Assets – Fixed assets are first recorded as expenses in the 4700 account number series. The items in account 4799 on the Income Statement should be capitalized at month-end. Run the ledger report for all departments (accounts #4701-4708.99) and attach it to your capitalization journal entry as supporting documentation. Please see below for a sample journal entry.

	<u>Debit</u>	<u>Credit</u>
0441.10 12/31/10 Parish Property, Assets	XXXX	
4705.10 12/31/10 Expense (assets>\$1,000)		XXXX
5115.10 12/31/10 Transfer to record property	XXXX	
0821.10 12/31/10 Restr.Fund Balance-Parish Property		XXXX

- 3) Month-end closing of Restricted Funds – You should adjust Restricted Funds for the change in assets for the month. Run a department income statement for each Restricted Fund. The total in account #5199 for each department is the increase/decrease for the month. After this adjustment, you should be able to run a Balance Sheet for each fund and be in balance. Please see below for a sample journal entry.

	<u>Debit</u>	<u>Credit</u>
<i>To increase a restricted fund balance:</i>		
5132.90 12/31/10 Transfer/Restricted Fund	XXXX	
0822.90 12/31/10 Fund Bal. Restricted to Cemetery		XXXX
<i>To decrease a restricted fund balance:</i>		
0822.90 12/31/10 Fund Bal. Restricted to Cemetery	XXXX	
5132.90 12/31/10 Transfer/Restricted Fund		XXXX