Transfer or General Journal Entry? Which to Use When Moving Funds Between Bank Accounts

One of the most common of the database entry errors I see is when a treasurer has attempted to record, in Jewel, a transfer of funds from one bank account to another, and has recorded it with a "General Journal Entry" when they should have recorded it with a "Transfer."

"Make General Journal Entry" is found under "Accounting" on the top bar of Jewel home page.

"Transfer Funds" is found just beneath "Write Checks" on Jewel home page.

It is a bit of a puzzle. The purpose is to record a transfer, the treasurer thinks they are making a transfer, and usually will even put the word "Transfer" in the memo line, but instead of using the "Transfer Funds" feature (*Tutorial #7270*) they create a "General Journal Entry" (*Tutorial #7120*), which often doesn't create a transfer at all.

I will try to illustrate the difference very simply.

When you are **moving money that you already have,** from one bank account to another, or one local account to another, you should record it in Jewel, using "Transfer Funds."

A transfer will not affect your "Total Bank Accounts Ending Balance."

When you are bringing in **new money that was not already in your bank accounts**, or if money is being spent, a "General Journal Entry" is used.

A General Journal Entry will (almost always) affect your "Total Bank Accounts Ending Balance."

- Use "Transfer Funds" to record a transfer in Jewel when you have moved money electronically from "Checking" to "Debit," or "Checking" to "Savings." Money you already have and are keeping.
- Use "Transfer Funds" when the board votes to send "Church Budget" funds to a ministry, or to zero out a utility that has a negative balance.

Here is a sample account with the "Total Bank Accounts Ending Balance."

Account		Begin. Bal.	Deposits	Checks	Transfers	Ending Bal.
Cass County Checking		61,534.70	9,816.69	13,927.57		57,423.82
Savings		56,275.34	<u>1,000.00</u>			57,275.34
******Total Bank Accounts	1	117,810.04	10,816.69	13,927.57	0.00	114,699.16

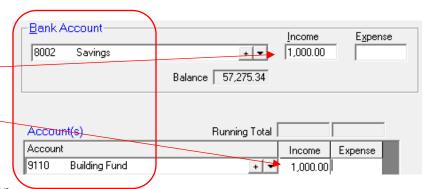
And here it is after a transfer of \$1,000 from checking to savings.

Account	Begin, Bal.	Deposits	Checks	Transfers	Ending Bal.
Cass County Checking	61,534.70	9,816.69	13,927.57	-1,000.00	56,423.82
Savings	<u>56,275.34</u>	<u>1,000.00</u>		<u>1,000.00</u>	58,275.34
***** Total Bank Accounts	117,810.04	10,816.69	13,927.57	0.00	114,699.16

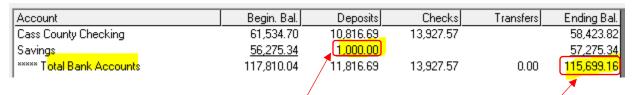
Note that the "Total Bank Account Ending Balance" has not changed. But that the "Checking" has \$1,000 less and "Savings" has \$1,000 more. And that the report clearly shows, in the "Transfer" column, what has taken place.

If a treasurer uses a "General Journal Entry" to "transfer" the same \$1,000.00 to the Savings account, it will often look something like this.

Problem is, savings has increased by \$1,000, but checking has not been affected, so it posts as money coming in from outside. And "Building Fund" now shows \$1,000 more than it actually has, as if the church has received a \$1,000 donation.



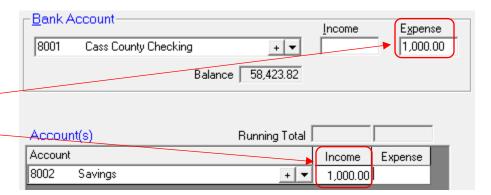
And on the "Financial Summary," it will look like this:



Note that the \$1,000 shows up in either the "Deposit" column (in this case) or the "Checks" column when you do a General Journal Entry, depending on how it was entered. And now your "Total Bank Accounts Ending Balance" has increased by \$1000. Which didn't really happen and won't show up on the bank statement.

Some treasurers have tried writing an electronic check or creating another General Journal Entry to get the extra \$1,000 out of the checking account and correct the bank accounts ending balance. By the time they are done, several local funds have been adjusted and I have seen it take five separate entries to accomplish what one transfer will do. And just imagine what it does to the reports! It would be like someone leaving Chattanooga to drive to Knoxville, but going by way of Kansas City! You can get there, but why?

Other treasurers have figured out that they can make one "General Journal Entry" create a "Transfer," that looks likethis:



This gets the job done in one entry, which is preferable to 5, but note how it looks on the Financial Summary.

Account	Begin, Bal.	Deposits	Checks	Transfers	Ending Bal.
Cass County Checking	61,534.70	9,816.69	13,927.57		57,423.82
Savings	<u>56,275.34</u>	<u>1,000.00</u>			<u>57,275.34</u>
***** <mark>Total Bank Account</mark> s	117,810.04	10,816.69	13,927.57	0.00	114,699.16

Your "Total Bank Accounts Ending Balance" is correct. And the "Checking" and "Savings" totals reflect the change correctly, but it is all done in the" Deposit" column. "Savings" shows a deposit and "Checking" shows negative deposit-or \$1,000 less than actual deposit for the month, which won't match the total on your deposit report. Some of you have a board member who might see that and ask for an explanation. Which could take time away from other discussions.

Now, again, compare this with what it looks like when using a simple transfer:

Account	Begin, Bal.	Deposits	Checks	Transfers	Ending Bal.
Cass County Checking	61,534.70	9,816.69	13,927.57	-1,000.00	56,423.82
Savings	<u>56,275.34</u>	<u>1,000.00</u>		<u>1,000.00</u>	58,275,34
***** Total Bank Accounts	117,810.04	10,816.69	13,927.57	0.00	114,699.16

If you use a transfer, your checking acct "Deposits" total will match your "Deposit report." Which will add clarity to your reports. And without explanation, it can be easily seen that \$1,000 was moved from checking to savings, and that your bank ending balances stayed the same.

Yes, there are times when a General Journal Entry should be used.

Examples of correct use of GENERAL JOURNAL ENTRY:

- ✓ After depositing evangelism funds from the Conference
- ✓ After depositing a refund or rebate in the form of a check
- ✓ After depositing Pathfinder dues and fees from the Pathfinder leader
- ✓ After depositing proceeds from a sale of property

Examples of correct use of a TRANSFER:

- ✓ After transferring money from one bank account to the other, online.
- ✓ After receiving SURF funds from the Revolving Fund and depositing them
- ✓ When the board has asked you to move money between local accounts

REMEMBER:

NEW money coming in - General Journal Entry. **EXISTING** money being moved - Transfer!

For more tutorials on JEWEL INFORMATION & PROCESS HELPS, see section 8000 on the gccsda.org auditor webpage