

SECTION 3

PARISH AND SCHOOL FINANCIAL INFORMATION

**SECTION 3 - PARISH & SCHOOL FINANCIAL INFORMATION
TABLE OF CONTENTS**

I. OVERVIEW AND TERMINOLOGY	3-1
A) Modified Cash Basis	3-1
B) Bookkeeping Terminology	3-1
C) Rules for Debit and Credit	3-2
D) Relation of Balance Sheet and Income Statement	3-2
II. CASH RECEIPTS, DISBURSEMENTS AND PAYROLL	3-3
A) Cash Receipts and the Monthly Cash Receipts Journal	3-3
B) Cash Disbursements	3-3
1) Petty Cash	3-4
2) Non-Cash Transactions	3-4
3) Mass Stipends	3-4
C) Payroll System	3-5
D) Financial Records	3-6
1) General Ledger	3-6
2) Financial Statements	3-6
3) Bank Reconciliation	3-6
III. MONTH END PROCEDURES	3-7
A) The General Journal: Recording Non-Cash Transactions	3-7
B) Bank Account Reconciliation	3-8
C) Financial Statements	3-8
IV. HELPFUL HINTS	3-9
V. INTERNAL CONTROLS	3-10
A) Definition of Internal Control	3-10
B) Internal Control Practices	3-10
C) Bank Accounts	3-11
D) Spending Limits and Approval of Loans for Diocesan Parishes, Schools and Institutions	3-12
VI. COLLECTION COUNTING POLICY	3-12
VII. RECORD RETENTION SCHEDULE	3-13

SECTION 3 TABLE OF CONTENTS, Continued

VIII. BUDGETS 3-15

A) Budgeting Helps With Planning, Control and Evaluation 3-15

 1)Planning 3-15

 2)Control 3-16

 3)Evaluation 3-16

B) General Rules for Budgets 3-16

IX. CHART OF ACCOUNTS 3-17

(Updated September, 2005)

SECTION 3 PARISH AND SCHOOL FINANCIAL INFORMATION

I. OVERVIEW AND TERMINOLOGY

The parish and school accounting system is a systematic method of gathering, recording and reporting financial information. The major components of the system are described below.

A) **Modified Cash Basis**

The parish and school accounting system is a modified cash basis accounting system. Revenues are recorded when cash is received and expenses recognized when paid. Liability accounts are used in order to account for such things as payroll withholding taxes and loans outstanding. Fund balance accounts are used to determine the difference between assets and liabilities.

B) **Bookkeeping Terminology**

Double entry accounting: For every debit entry (entries) there must be an equal credit entry (entries). This system keeps our books in balance.

One way to illustrate how accounts increase or decrease is by use of what is known as a T-account:

_____ CASH _____

Increases are recorded on one side and decreases on the other side. Since cash is an asset, and assets are on the left-hand side of the balance sheet, record increases in cash on the left-hand side of the T-account. Record decreases on the right-hand side.

Debit: Left side of an account. The following generally have debit balances: assets and expenses.

Credit: Right side of an account. The following generally have credit balances: liabilities, fund balances and revenues.

The rules of debit and credit are as follows:

- To increase an asset account, debit it.
- To decrease an asset account, credit it.
- To increase a liability, credit it.
- To decrease a liability account, debit it.

C) Rules for Debit and Credit

ASSETS (Example: Cash)		LIABILITIES (Example: Payroll withholding)		FUND BALANCE (Example: Net income)	
Debit Increase	Credit Decrease	Debit Decrease	Credit Increase	Debit Decrease	Credit Increase
+	-	-	+	-	+
REVENUES (Example: Collections)		EXPENSES (Example: Salary)			
Debit Decrease	Credit Increase	Debit Increase	Credit Decrease		
-	+	+	-		

When using a computer accounting program, the effects are as follows:

Writing a check **credits** the bank and **debits** the expense. When entering receipts, the bank is **debited** and the revenue account **credited**.

D) Relation of Balance Sheet and Income Statement

1) Balance Sheet

A balance sheet shows the financial position of the parish on a specific date. A balance sheet is always dated as of a certain date. For example, the balance sheet as of June 30, 1996 shows the parish's financial position as of the end of fiscal year 1995-96.

$$\text{ASSETS} = \text{LIABILITIES} + \text{FUND BALANCE}$$

2) Income Statement

Report revenues and the expenses of an accounting period in a financial statement called the income statement. Since revenues and expenses are

increases and decreases in the fund balance, the income statement explains changes in one item, fund balance or net income, on the balance sheet.

II. CASH RECEIPTS, DISBURSEMENTS AND PAYROLL

A) Cash receipts and the monthly cash receipts journal

Collections, donations and tuitions are the major sources of receipts. Deposits are to be made within 24 hours after cash has been received. A detailed listing of all cash receipts is maintained to record the source, date received and date deposited in the bank. This listing is called the Cash Receipts Journal.

Money is generally received from three sources: collections, donations and tuition. When cash is received, it is to be counted in accordance with the policies established by the Diocese. (See VI. Collection Counting Policy) A duplicate deposit ticket is prepared for the total amount of the deposit. The source of the deposit must be written clearly on the ticket. The original deposit ticket is deposited with the bank deposit. A receipt from the bank for the amount of the deposit is attached to the duplicate deposit ticket to verify that the deposit was made.

The duplicate deposit tickets with the attached bank receipt are used to post cash receipts to the monthly Cash Receipts Journal. The deposit amounts are "distributed" to the accounts that describe the source of cash; i.e., Sunday envelopes, tuition, etc. At the end of the month, the deposits must equal the deposits on the bank statement.

See Exhibit Section for the Cash Receipts Journal Entry Sheet used to submit monthly totals to the Parish Business Office for computer input.

B) Cash Disbursements

Bills are to be paid by check. A chronological listing of checks is referred to as the Check Register or the Cash Disbursements Journal.

Two of the major reasons for writing checks -- payment of invoices and replenishing petty cash funds -- are described in this section. The third reason -- payroll -- is discussed in the following section.

Payment of Invoices

When an invoice is received it is matched with a packing slip, if possible, as proof that the goods were received. The invoice should then be approved for payment. See Exhibit Section for a sample check requisition.

Once the invoice is approved, a check is written and the amount may be verified by use of a check protector (computer generated checks usually do not need to be run through a check protector). The check number and check date are written on the check requisition, the invoice number should also be written on the front of the check. The check should then be signed and mailed.

All paid invoices for the year are filed in an alphabetical vendor file for ease of retrieving vendor invoices. At the end of the fiscal year invoices should be boxed and filed with the other financial records for the year.

1) **Petty Cash**

Petty cash is a small fund of usually \$100.00 or less used to handle small miscellaneous expenses for which it is difficult to write checks i.e., postage due, c.o.d.'s, etc. When money is to be removed from the petty cash fund, it must be supported by a voucher indicating date, amount, type of expenditure and signed by the person requesting reimbursement for expenditure. (See Exhibit Section for sample voucher forms.)

The total of the cash on hand in the petty cash fund plus the supporting vouchers must equal the total of the petty cash fund balance. When the fund is to be replenished, a check is made out to the petty cash custodian (not made out to "Cash") to replace funds that have been spent. The expense accounts for which the Petty Cash has been spend are debited for the proper amounts (postage, etc.) so that the total of these equals the amount for which the check is written. The amount established for the fund (account # 1015) will not have any entries other than the one to initially set up the fund.

The petty cash vouchers are then attached to the check requisition and submitted for payment.

2) **Non-Cash Transactions**

The General Journal is used to record transactions for which cash has not been received or paid out. See Month End Procedures in Section III for further information on the General Journal.

3) **Mass Stipends**

All stipends received for the celebration of Masses are deposited in a Mass stipend asset account immediately upon receipt. Each month funds are transferred to the parish bank account for those Masses which have been said during the month. Money must be set aside to cover the amount of Masses *not yet said* which are on the books. The Mass stipend asset account should equal the unsaid Mass liability. The interest amount is

transferred to the parish bank account at the time money for said Masses is transferred.

When stipends are deposited, the following entries are made: **Debit** the Mass stipend asset (1004 account), **credit** the unsaid Mass liability (2106 account). Interest is posted in the same manner. These two accounts should be equal.

When stipends are transferred, the following occurs: A withdrawal (**credit**) is made from the Mass stipend asset account and deposited into the parish bank account (**debit**). When posting the withdrawal, the unsaid Mass liability is **debited**. When posting the deposit into the parish bank account, the Mass stipend income account is **credited**, along with the interest income account, if necessary.

The "T" account for the amount of \$356.00 transferred to the parish checking with \$6.00 interest income is as follows:

<u>DEBIT</u>	<u>CREDIT</u>
Parish Bank Acct (#1002) \$356.00	Mass Stipend Acct (#1004) \$356.00
Unsaid Mass Liab (#2106) \$356.00	Mass Stipend Income (#3201) \$350.00 Interest Income (#3401) \$ 6.00

C) Payroll System

The parish payroll system consists of the following:

- 1) Calculation of gross pay and withholding amounts
- 2) Recording payroll information
 - (a) Employee earnings card
The Employee Earnings Card (see Exhibit Section for samples) is used to record gross pay, Federal withholding, FICA and Medicare withholding, and state and local taxes for each employee.
 - (b) Payroll summary schedule
The Payroll Summary Schedule is a total of all earnings, withholding and employer FICA for a specific payroll period.
 - (c) Payroll check preparation
When the employee earnings card and payroll summary schedule have been completed and balanced for the pay period, payroll checks can be prepared from the cards. The employee check stub must include gross wages, deductions and net wage information. Gross

wages are to be charged to account 4105 - 4115 for lay salaries. Payroll withholding amounts are to be **credited** to the federal, state and local liability accounts (#2003 - 2015) when employee payroll checks are written.

(d) Withholding tax payments

The Payroll Summary Schedule is the source of payroll withholding tax payment information. At the end of each month, the pay periods are totaled for each column on the form. The account numbers issued for accrued payroll taxes payable (# 2003 - 2015) should then be **debited** when the checks are issued for the liabilities. Expense account for employer's portion of FICA and Medicare (#4202) is **debited**.

Note for Peachtree Payroll users:

Peachtree automatically places the employer share of FICA and Medicare into accounts 2003 - 2015 **and** records the expenses to #4202 at the time the payroll is issued. You do not have to debit #4202 again.

DO NOT WITHHOLD FICA AND MEDICARE ON CLERGY WAGES.

D) **Financial Records**

1) **General Ledger**

The Cash Receipts Journal, Cash Disbursements Journal and General Journal are used to record financial transactions in chronological order. The General Ledger is used to group similar items from the various journals into accounts. Accounts are used to classify receipts and disbursements into understandable categories such as Sunday and Holy Day Collections and Utility Expense. Journal entries are posted to the accounts in the General Ledger. (See Month End Procedures, Section III)

2) **Financial Statements**

Account balances in the General Ledger are used to prepare Financial Statements. Financial Statements are an ordered listing of account descriptions and balances for the purpose of providing necessary financial information. (See Month End Procedures, Section III)

3) **Bank Reconciliation**

Each month, the bank sends a statement showing the activity against your bank account. Your job is to *reconcile* the bank's version of "activity" with

what you think actually happened. Once a month, compare the checks you wrote with the checks the bank cleared. Also, compare the deposits you made with the deposits the bank recorded. Then, you need to account for the checks and deposits that you've processed but the bank hasn't yet processed.

When your records and the bank's records do not match, the process can be time-consuming. Verify the following:

- (a) All checks written and deposits made were received by the bank.
- (b) List outstanding checks (checks written but not cleared by the bank).
- (c) Items such as interest income or bank charges have been posted to your accounts.

All bank accounts **must** be reconciled to the bank statement at the end of each month (see Exhibit Section for bank reconciliation form).

III. MONTH END PROCEDURES

A) **The General Journal: Recording non-cash transactions**

The General Journal is used to record month-end adjusting entries to properly reflect revenues and disbursements among units and programs.

Common General Journal Entries:

	<u>Debit</u>	<u>Credit</u>
To Increase Cash Receipts	Cash in Bank (1000)	Income Account (3000)
(Example: record Sunday collection, donations, tuition, interest income, etc.)		

To Decrease Cash Receipts	Income Account (3000)	Cash in Bank (1000)
(Example: record check returned from bank for insufficient funds)		

To Increase Cash Disbursements	Expense Account (4000)	Cash in Bank (1000)
(Example: record a check issued on an invoice)		

To Decrease Cash Disbursements	Cash in Bank (1000)	Expense Account (4000)
---------------------------------------	------------------------	---------------------------

(Example: reimbursement on expense, i.e., check issued for an overpayment)

When entering a general journal entry be sure to write an explanation of the transaction (example: to record interest earned). The explanation should be short but sufficient enough to explain the transaction and set it apart from every other transaction. To locate General Journal transactions in case of error, it is recommended that each transaction be recorded with a separate journal entry and assigned a number. One method is to number each journal entry with the number signifying the month and journal entry number (i.e., 3-1 would indicate the entry is for the month of March, the first journal entry).

Note for PDS users.

PDS automatically enters a batch number for journal entries.

Note for Peachtree users.

Peachtree allows you to make automatic or recurring journal entries.

B) Bank Account Reconciliation

Bank account reconciliations must be prepared on a monthly basis. The usual procedure of taking the bank balance as of the statement date and adding outstanding deposits and subtracting outstanding checks should be followed. The reconciled bank balance should be compared to the ledger cash balance or to the cash account balance in computer accounting software. Any differences should be explained and entered as an adjusting (general journal) entry in the general journal. Please see Exhibit Section for a sample form which may be used to standardize bank reconciliation procedures.

Note for PDS and Peachtree users.

Both PDS and Peachtree accounting programs contain the bank reconciliation feature.

C) Financial Statements

- 1) Balance Sheet - The balance sheet shows the financial position as of a particular date and lists the assets, liabilities and fund balance. A balance sheet should be prepared at the end of each month. (See Section I-D on Relationship of Balance Sheet and Income Statement).
- 2) Income Statement - A statement which reflects the cash receipts and disbursements for the current month and for the year-to-date. The budget

figures are listed as well.

- 3) General Journal - A list of all entries input for the current month. These should be checked for accuracy of input.
- 4) Transaction Register (PDS) or Cash Disbursement Journal (Peachtree)- A list of all checks written and their distribution.
- 5) Check Register - Listing of all checks written

IV. HELPFUL HINTS

Procedure to check monthly financial reports:

- A) Check all general journal entries for accuracy in coding and in computer entry. Did they accomplish what you intended? Were the correct accounts debited and credited?
- B) Look through the General Ledger. Note if there are improper entries in the various accounts. Compare year-to-date figures with prior year-to-date figures for any "out of line" amount. Go back to the General Ledger and check all entries to the account.
- C) Check the balance sheet.

Can you explain all balances on the balance sheet?

Does the cash checking amount agree with your reconciled bank balance?

If you deposited to or withdrew from the Diocesan Deposit & Loan, were entries made correctly?

Does the loan balance agree with your amortization statement?

Are your payroll taxes correct? The amounts in accounts 2002 - 2009 should be amounts that are to be paid with the next tax deposit, annuity payment, etc.

In reading your statements please note that credits are indicated by the amount being enclosed in parenthesis.

Assets should have **debit balances**.

Liabilities should have **credit balances**.

Fund Balances should have **credit balances**. A debit balance indicates

expenses exceed income.

Income Accounts should have **credit balances**.

Expenses Accounts should have **debit balances**.

V. INTERNAL CONTROLS

A) **Definition of Internal Control**

Internal control is a plan of organization under which employees' duties are so arranged and records and procedures so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues and expenditures. Under such a system, the work of employees is subdivided so that no single employee performs a complete cycle of operations. Moreover, the procedures to be followed are definitely laid down and require proper authorization by designated officials for all actions to be taken.

B) **Internal Control Practices**

- 1) Teams of three (3) to five (5) volunteers should be organized to count the Sunday and Holy Day collections.
- 2) The teams should be rotated on a weekly basis.
- 3) All parish receipts must be counted in the parish facilities.
- 4) The total posted to the donor records must be verified against the amount received in the envelopes.
- 5) All receipts should be deposited in a timely manner and kept in a locked safe until transported to the bank.
- 6) Checks should not be made payable to "Cash."
- 7) Blank checks should not be signed in advance.
- 8) Signature stamps should not be used.
- 9) Signed check requests or approved invoices should always be the basis for the preparation of a check.
- 10) All parish records are to be kept on parish property.

- 11) An imprest system is to be used for petty cash. (See Exhibit Section for Petty Cash forms).
- 12) There must be an adequate segregation of duties: such as having different individuals count, record and deposit cash receipts; or, authorize, prepare and sign checks.

C) Bank Accounts

- 1) All bank accounts are to be in the name of the parish.
- 2) The Pastor/Pastoral Administrator/Parish Life Coordinators must be an authorized signer on all bank accounts. All bank accounts are to have a minimum of two individuals authorized to sign. The secretary/bookkeeper of the parish should **not** be one of the signers.
- 3) Under no circumstances should the check preparer be an authorized signer.
- 4) Acceptable authorized signers include parochial vicars, school principals, director of religious education, finance council president.
- 5) Parish organizations should not have their own bank accounts unless the officers or director of the organization do not have access to the parish business office during regular office hours.
- 6) A separate bank account for bingo is required by State law. Proceeds should be transferred out of the bingo account no less than once every three months.
- 7) All bank accounts must be reconciled monthly and all reconciliations are to be reviewed by an individual other than the preparer.
- 8) All bank statements are to be mailed directly from the bank to the parish office and are to be opened by the Pastor/Pastoral Administrator/Parish Life Coordinator.
- 9) All bank accounts should have calendar end-of-month statement cutoff dates.
- 10) All bank accounts should be interest bearing.
- 11) Cancelled checks must be received for all bank checking accounts. Cancelled checks should be sorted in numerical order with all voided checks included for each bank statement.

D) Spending Limits and Approval of Loans for Diocesan Parishes, Schools

and Institutions

- 1) A Pastor/Pastoral Administrator/Parish Life Coordinator may withdraw up to \$10,000.00 for ordinary expenses upon two (2) business days notice in writing or by telephone. If notice is given by telephone, the return of a receipt signed by the depositor is also required.
- 2) Expenditures of any size requiring a loan are to be submitted to the Secretariat for Administrative Services for their recommendation to the bishop. (See Exhibit Section)
- 3) Funds may not be borrowed from individuals, banks, or other non-diocesan sources without the written permission of the bishop. Lack of such permission makes the signer of the note personally responsible for the obligation.
- 4) Leases with an option to buy which require installment payments are considered loans. Therefore, items 2 and 3 above apply to leases.

VI. COLLECTION COUNTING POLICY

Money should be kept in a locked, fireproof safe until counted and deposited. Access to the safe should be limited to the pastor/pastoral administrator/parish life coordinator or delegate. If money is not kept in a safe it should be deposited in the night depository at the bank and retrieved for counting as soon as possible. **Under no circumstance should any parish money be taken to a private home or place other than a bank for counting or safekeeping.** The room used for counting money should be private and not easily accessible. **Confidentiality** must be stressed.

- A) Count the weekly Saturday, Sunday and Holy Day collections.
- B) Complete a collection summary form that includes (a) the breakdown of the deposit by type of receipt, i.e., coin, currency, check, and (b) distribution of the deposit, i.e., loose, envelope, CSA, special fund, etc. (See Exhibit Section).
- C) Separate envelopes:
 - 1) Adult envelopes
 - 2) Children envelopes
 - 3) Loose collection
 - 4) Special collection

Be sure that the amount of cash or check in each envelope agrees with the amount written on the front of the envelope. All envelopes must have an amount

written on the front. If there is not a written amount, you must put it on.

- D) List any checks that are not in an envelope on a separate sheet of paper with the amount of the offering and the name. If it is a registered parishioner (check your parish list), add the amount to "Adult Envelopes." If it is not a registered parishioner, add the amount to "Loose Collection."
- E) Use a stamp to endorse all checks "For Deposit Only" to the parish bank account.
- F) Run an adding machine tape for the bank deposit, listing all checks. Use the written amount on the check, not the numerical amount. These amounts sometimes differ and the bank uses the written amount.
- G) Prepare a deposit ticket, in duplicate. Take the original deposit slip with the deposit to the bank night depository. Retain the duplicate deposit slip for parish records.
- H) All present must sign the collection summary form, in ink, to attest to its accuracy and affix responsibility. Forward the signed collection summary to the appropriate individual for recording.
- I) The envelopes should be forwarded to the appropriate individual to update the offering records.
- J) Take the bag to the bank or bank night depository. If possible, the time the deposit is made and the route taken to the bank should vary.
- K) Return the night depository key, if used, to the counting room.

The parish staff as well as the individual who updates the offering records, **should not** participate in the process of counting the collection and its deposit.

See Exhibit Section for an example of a "Collection Summary Form" which may be helpful when used by the counting team to follow the guidelines listed above.

VII. RECORD RETENTION SCHEDULE

TYPE OF RECORD	RETENTION YEARS
Annual Reports	Permanent
Audit Reports	Permanent

Bank Deposit Register & Deposit Slips	5
Bank Statements	5
Bingo Accounting Records	3
Cancelled Checks & Check Stubs	5
Cash Book (record of receipts)	5
Census Records	Permanent
Check Register	5
Contracts	5
Contribution Records	7
Correspondence - Routine	Annual review
Deposit Slips	5
Financial Statements	Permanent
Finance Council Minutes	Permanent
General Ledger	Permanent
Income Tax Records	7
Job Descriptions	Until superseded
Loan Files	5 years after payment of loan
Mass Record (record of daily mass requests and intentions, offerings, etc.)	Until superseded
Paid Bills	5
Parish Council Minutes	Permanent
Payroll Journal	Permanent
Personnel Files	Permanent

Property Appraisals	Permanent
Property Inventories	Until superseded
Raffle, tickets sold, ticket stubs, etc.	2
Rosters of Parishioners	Permanent
Social Security Withholding Record	5
Special Collections Records	7
Substitute Teacher Applications	5
Tax Exemption Records	Permanent
Time Cards	2
Tuition Records	7
Vacation & Sick Leave Forms	4
Vehicle Records (licenses, letters, maintenance and mileage reports, etc.)	Until superseded
W-2, W-3, W-4 Forms	4

VIII. BUDGETS

A) **Budgeting helps with planning, control and evaluation**

Your financial **plan** (budget) represents the priorities, policies and plans of the parish over a specified period of time (quarter, fiscal year, etc.). As a **control** tool, budgets provide a baseline for accurate measurement of levels of financial activity allowing you to make adjustments during the course of the budgetary period. It also establishes a framework for **evaluation** of your goals and objectives, allowing you to see clearly how plans were implemented and whether the policies were effective.

1) **Planning**

You must complete a planning process before making your budget. Policies, priorities, and plans, both long-range and short-range, must be in place before budget preparation can begin. Budgeting causes you to reexamine your plans and priorities. You cannot expect budgeting to substitute for planning.

2) **Control**

Budgets help you control your parish programs. Compare actual financial results with budgeted figures regularly on a monthly, quarterly and year-to-date basis. Periodic reporting patterns allow you to make adjustments during the course of the budgetary year to offset costs, plan cash needs and invest idle dollars.

When anticipated expenses overrun budgeted allowances, these must be offset by additional income or cost savings in another line item. Be sure you plan for seasonal fluctuations in both income and expenses and know when bills are due and cash flow is low.

3) **Evaluation**

Budgeting helps you evaluate. As in budgetary control, note the variations in actual and anticipated income and expense figures on your periodic reports.

B) **General Rules for Budgets**

- 1) A budget serves as the financial plan of operation for the parish
- 2) Budgets should be prepared objectively and realistically based on past history and future projections
- 3) Budgets should not be approved for deficit spending
- 4) A comprehensive budget for each area, parish, religious education and school should be prepared
- 5) Actual expenditures should be limited to budgeted amounts unless they can be offset by additional income or cost savings in another line item
- 6) Various departments should receive monthly accounting of budget-to-actual expenses and income
- 7) Pastor/Pastoral Administrator/Parish Life Coordinator and Parish Finance Council should review the budget periodically.

IX. CHART OF ACCOUNTS

The account consists of a four-digit number that classifies financial transactions into organized categories. The first three digits of the account number must follow the listing shown on the following pages. The fourth digit can be used at your discretion to further distinguish between accounts.

The chart of accounts has been divided into the following categories:

X000.00 = First digit denotes Department type

- 1 Asset
- 2 Liability
- 3 Revenue
- 4 Administration
- 5 Social (Parish) Activities
- 6 Christian Works/Service
- 7 Worship
- 8 (open*)
- 9 (open*)

Example: 1002 Cash Checking is an asset; 2002 Accrued Payroll Taxes is a liability; 3002 Sunday Envelopes is revenue; etc.

0X00.00 = Second digit denotes Expense Account type

- 1 Salary
- 2 Benefits (withholdings, insurance, retirement, etc.)
- 3 Supplies (office, worship, maintenance, household)
- 4 Building Expense (utilities, taxes, building insurance, contracted services (refuse removal)
- 5 Travel
- 6 Miscellaneous
- 7 Athletics - Food Service
- 8 (open*)
- 9 (open*)

Example: 4101-4114 are salary accounts; 4301-4371 are supplies; etc.

00X0.00 and 00XX.00 denotes further breakdown of account

Example: 4109 secretary/bookkeeper salary; 4311 office supplies; 4401 is electricity - 4402 is rectory electric, 4403 is church electric, 4404 is hall electric, etc.

The unit consists of a two-digit number that identifies major responsibility areas of the parishes and schools. This can be used to designate Church, Religious Education, School, Cemetery, etc.

0000.XX = Denotes Unit designation

- 01 or 10 Church
- 02 or 20 Religious Education
 - .21 Religious Ed - Youth Jr. High
 - .22 Religious Ed - Youth Sr. High
 - .23 RCIA
- 03 or 30 School
 - .31 Elementary School
 - .32 Jr. High School
 - .33 High School
- 04 or 40 Special Programs
 - .41 Peace & Justice
 - .42 Evangelization
- 05 or 50 Family Life
 - .51 Handicapped
 - .52 Elderly
 - .53 Widowed/Divorced/Separated
 - .54 Homebound
 - .55 Parent/Single Parent
- 06 or 60 Youth/Young Adult Ministry
- 07 or 70 Enterprises
- 08 or 80 Cemetery
- 09 or 90 (open*)

Note to PDS users

When using a decimal point for departmental accounts the number of digits which follows the decimal point must be consistent. If "1" is entered, the program automatically converts it to 01. Dashes cannot be used to signify a departmental account, only a decimal point.

The following is a partial list of the chart of accounts. Account numbers may be added to further identify the various income or expenses. Be sure to keep categories together, i.e., utilities - telephone, heat, electric, water, etc. If you do not use a particular account number, you may wish to delete it from your hard drive.

Assets 1000

- 1002 Cash Checking - Bank account used to pay general expenditures of the

parish or school. It is also used for payroll, if separate payroll account is not kept.

1003 Cash Checking Payroll (if separate from regular checking, although this is not necessary)

1004 Mass Stipends - Bank account used for Unsaid Masses. The amount here is used in conjunction with the liability account #2106.

1005 Cash Savings - Diocesan Deposit and Loan
Record all investments (deposits) to the Diocesan Deposit and Loan Fund. Make checks payable to: Diocese of Gaylord. Make a note of your parish account number on the check.

1006 Cash Savings (other) interest-bearing bank account for one month's expenses. All other money should be transferred to the Diocesan Deposit and Loan Fund.

1011 Cash - Building Fund (Diocesan Deposit and Loan)

1012 Cash - Emergency Fund - A fund to be used as designated by Pastor/Pastoral Administrator.

1015 Petty Cash - A fund of money used to pay relatively small expenses such as postage. Amount in this account **does not change**. When Petty Cash is reimbursed, the proper expense account is debited, such as postage expense.

1020 Accounts Receivable - Amounts owed an account by individuals or companies for various obligations and/or services rendered by the unit, such as Religious Ed due from other parishes.

1025 Undeposited Cash - or - Deposit in Transit - Deposits made on the last day of the month but not posted by the bank until the following month. This entry is zeroed out the following month with a journal entry.

The following asset accounts should accurately reflect the total value of the asset. The Diocesan Finance Office has accurate figures available as prescribed by Michigan Catholic Conference for property liability insurance.

It is not necessary that these figures be reflected on the balance sheet. If your parish does not currently use these accounts, **do not** begin to do so.

1041 Land - Record here any land owned by the parish.

1050 Buildings - Record here buildings purchased by the parish. Parishes undergoing a large building project would normally record the cost expended

during construction in the building fund. After construction is completed the total cost would be transferred to this account.

1061 Land Improvements - Record here the purchase of any building improvements. (**Do not** include routine maintenance and repair here.)

1070 Furniture and Fixtures - Record here the purchase and replacement of any furniture.

1071 Office Equipment - Record here the purchase and replacement of any office equipment.

1072 Other Equipment - Record here the purchase and replacement of any other equipment.

1073 Vehicles - Record here the purchase and replacement of any vehicles. Be sure to remove any vehicles you no longer own.

Liabilities 2000

2001 Accounts Payable - Amounts owed on account by the unit for materials purchased from or services rendered by vendors. Since parishes operate on a "modified cash basis," this account is usually only used when carrying amounts owed forward from one fiscal year to the next so that expenses are recorded in the proper fiscal year.

2002 Accrued Payroll Taxes Payable - Amounts withheld from employee wages which are due to the state or federal governments. A parish may use this account instead of 2003 through 2010.

2003 FICA Withheld (Employee and Employer Portion)

2004 Federal Income Tax Withheld

2005 Michigan Income Tax Withheld

2006 City Income Tax Withheld

2007 CSA Withheld

2008 United Way Withheld

2009 Other Withholdings - Amounts withheld from employee wages which are due to other organizations, such as annuities or savings.

2101 CSA Pledge Payable - Amounts collected by the parish which are sent to the diocese. Do not use this for shortfall or overage of CSA.

2102 Other Collections (Rice Bowl, Mission Sunday, Religious Retirement) -

Amounts collected from various collections. These should be paid as soon as all monies are collected. Accounts 2103 and 2104 related to specific collections.

2103 Mission Sunday (Propagation of the Faith)
2104 Rice Bowl

2106 Unsaid Masses - This account should equal the amount in the Mass stipend asset account above. Record here deposits for Masses to be said. This account should contain the amount to cover all Masses not yet said.

2201 Loan Payable - Amounts which are owed to the Diocesan Deposit and Loan Fund which are for the purchase of equipment or for previous operational deficits.

2202 Long Term Debt Payable - Amounts which are owed to the Diocesan Deposit and Loan Fund which are for the purchase of land or buildings.

2501 Fund Balance/Retained Earnings - Account used to record the excess of revenues and expenditures for the current fiscal year.

2502 Fund Balance - Prior Year - Account used to record the excess of revenues and expenditures accumulated over prior years.

Income/Revenue 3000

3001 Offertory - Offertory collections taken up at Masses other than for a special purpose. Includes envelopes and loose cash collected during the Mass, as well as offertory donations that are received at other times for the same purpose. Accounts 3002 - 3004 relate to specific collections.

3002 Sunday and Holy Day Envelopes
3003 Loose Collection
3004 Children

3005 Other Contributions - Monies which are received for such items as votive lights, sale of newspapers, etc. Accounts 3006 - 3009 relate to specific contributions.

3006 Fuel (for payment of fuel bills)
3007 Flowers
3008 Buildings
3009 School Support

3013 Fees - Book - Receipt of fees charged students for books.

3014 Fees - Registration

3015 Fees - Other - Receipt of fees charged students for transportation, laboratory, graduation, etc.

3020 Tuition Received - Parishioners - Monies received for tuition charged to students for instruction and education by the school or religious education.

3021 Tuition Received - Other Parishes - Money received from other parishes for tuition costs of their parishioners.

3022 Tuition Received - Non-Parishioners

3025 Grants and Other Financial Assistance - Receipts for specific purposes.

3030 Advertising Collected - Advertising in parish publications.

3101 Bequests and Donations - All gifts, i.e., money, stock, bonds, real estate, etc., given or contributed to the parish by individuals, organizations, estates, trusts, etc.

3200 Stipends and Stole Fees (Honorarium) - Money received from Mass intentions already said and for other priestly ministries, such as baptisms, marriages and funerals which are to be kept by the parish. Accounts 3201 and 3202 relate to specific stipends and stole fees.

3201 Mass Stipends - Money received for Mass Intentions that are satisfied.

3202 Stole Fees (Honorariums) - Money received for baptisms, marriages, funerals, etc. which are kept by the parish.

3301 Fund Raising Income - Gross receipts for bingo, bazaars, picnics and other parish fund raising efforts. Record the receipts regardless of whether the fund raising was conducted by the parish or by a professional firm. Accounts 3302 - 3313 relate to specific fund raising functions.

3331 Charges for Services - Money received as charges for services, such as school lunch program or receipts generated by school athletics.

3401 Interest Income - Interest earned on monies in the various bank accounts, such as Diocesan Deposit and Loan Fund and checking account. Accounts 3402 - 3405 relate for any specific interest income.

3501 Rental Income - Receipts from the rental or leasing of parish and school facilities.

3502 Other Rental Income - Receipts from the rental or leasing of any other parish or school property.

3601 Other Income - Operating receipts from other sources that cannot be properly classified in any other income account.

3602 Insurance Proceeds Income - Money received from insurance claims and rebates on insurance.

3610 Sale of Parish Assets Income - Use this account to record the monies received from the sale of parish assets that are in excess of the cost of that asset. Monies received which represent the cost should be credited to the respective asset account. Accounts 1041 - 1073 relate to those asset accounts.

3620 CSA Excess of Quota Income - Refund of CSA dollars collected beyond specified assessment.

3630 Sale of Cemetery Graves Income

3631 Cemetery Lot Income - Income from the sale of cemetery lots.

3632 Perpetual Care Income - Income set aside for the perpetual care of cemetery lots.

3651 Incoming Transfers - To be used only when there is an actual transfer of funds between units (i.e., church, religious education, school). Accounts 3652 - 3661 relate to specific transfers.

3701 Athletic Gate Receipts Income - Receipts for athletic events.

3702 Concession Stand Income - Receipts from concessions sold.

3703 Athletic Programs Income

3708 Other Athletic Income - Receipts for athletic events not provided for elsewhere.

3760 Food Service Income - Money received from sales of lunches.

3761 Sale of Children's Lunch - Money received from sales of lunches to students, including milk sales.

3762 Sale of Adult Lunch - Money received from sales of lunches to adults or non-students.

3763 State Aid - Receipts from state government for specific purposes.

3768 Other Food Service Income - Money received from sales of lunches not provided for elsewhere.

Expenses 4000

4101 Pastor - Salaries paid to the pastor.

4102 Associate Pastor - Salaries paid to the associate pastor.

4103 Substitute Priest - Money paid to any priest who serves the parish and is not regularly assigned to the parish.

4104 Deacon - Salaries paid to transitional or permanent deacons.

4105 Pastoral Administrator - Salaries paid to person appointed by the Bishop as Pastoral Administrator of the parish.

4106 Pastoral Minister - Salaries paid to parish pastoral minister.

4107 Director of Religious Education (DRE) - Salaries paid to person(s) who direct(s) religious education for a parish.

4108 Administrator/Principal - Salaries paid to parish (lay) administrator (business manager), school administrator or principal.

4109 Secretary/Bookkeeper - Salaries paid to the parish or school secretary or bookkeeper.

4110 Maintenance/Custodian - Salaries paid to maintenance/janitorial personnel.

4111 Chefs, Cooks, Housekeepers - Salaries paid to school lunch program employees, rectory or convent housekeepers.

4112 Teacher(s) - Salaries paid to teachers. This may include religious education and school teachers.

4113 Substitute Teacher(s) - Salaries paid to teachers that substitute for full-time teaching staff.

4114 Teacher's Aide - Salaries paid to teachers' aides.

4202 FICA Employer's Portion - Employer share of FICA taxes for lay staff and

the FICA amount paid to religious orders.

4203 Insurance Benefits - Premiums paid for all insurance coverage on employees. This does not include building or liability insurance. A parish may use this account instead of listing insurances separately in accounts 4203 - 4206.

4204 Disability Insurance - Premiums paid for group disability insurance coverage, both long and short term.

4205 Group Life - Premiums paid for group life insurance.

4206 Medical and Dental - Premiums paid for group medical and dental coverage. Employee reimbursement, if any, is credited to this account.

4207 Unemployment Insurance - Payments made to the Michigan Catholic Conference for unemployment compensation contributions made on behalf of all lay employees.

4208 Retirement - Payments made to retirement plans for clergy, religious and lay employees.

4211 Education and Training (non-clergy) - Expenses paid by the parish or school for seminars, books and workshops for personnel.

4212 Clergy Continuing Education - Professional allowances paid to pastor, associate pastor and/or deacon in accord with the Diocesan priest compensation schedule. Any remaining balance may be transferred to the Diocese to be used for the pastor's future continuing education.

4213 Clergy Retreat & Convocation - Expenses paid for pastor, associate pastor and/or deacon in accord with the Diocesan priest compensation schedule.

4301 Household Expenses - Expenses incurred for persons residing in the rectory such as rectory food, toiletries, paper products and other grocery items. Also includes cost of outside meals for eligible staff when meals are not prepared in the rectory. A parish may use this account and not use accounts 4302 and 4303.

4302 Household Expenses - Food purchases for clergy in residence.

4303 Household Expenses - Other purchases for clergy in residence.

4311 Office Supplies - Expenses incurred for materials and supplies for offices. This includes copy paper, pens, printer cartridges and ribbons, and other items used and consumed in the operation of an office. Office equipment is not

normally listed here. A separate account (4312) should be set up for office equipment if you do not list it as a fixed asset (i.e., 1071 account).

4315 Postage - All postage and shipping expenses including stamps, cost of postage meter, UPS charges, etc.

4321 Printing - All costs of copy preparation and outside printing, such as brochures, letters, etc.

4332 Envelopes - Contribution - Expense incurred for the purchase of envelopes for parishioners.

4333 Bulletins/Newsletters - Expense incurred for printing bulletins or newsletters.

4334 Catholic Weekly - Expense incurred for the Catholic Weekly newspaper.

4335 Books and Subscriptions - Expense incurred for books, subscriptions periodicals and newspapers.

4336 Professional Dues/Memberships - Expense incurred for membership or professional dues such as Pastoral Musicians Association, Council of Catholic Women (CCW), etc. on behalf of the parish, school or specific individuals.

4341 Textbooks - Expense for the purchase of textbooks for use by students and teachers. Also charge this account with the binding and repairing of textbooks.

4355 Audio/Visual - Purchase and rental of videos, films, film strips, slides and other audio/visual material for use in the parish or school.

4361 Library - Expenses for the operation of a parish or school library, such as books and supplies for the library.

4371 Maintenance Supplies - Expenditures for brooms, mops, soap, electrical fuses, light bulbs, paper towels, hand towels, paper cups, toilet paper, paint, small tools and like items used in maintaining the plant. Accounts 4372 - 4379 may be used for more specificity.

4401 Electricity - Cost of electricity used to provide light and power to parish facilities. Accounts 4402 - 4409 relate to specific buildings.

4411 Heat - Cost of gas, oil and electricity for providing heat. Accounts 4412 - 4419 relate to specific buildings.

4421 Telephone - Cost of telephones, equipment and service charges as well as the cost of telegrams. Accounts 4422 - 4429 relate to specific buildings.

4431 Other Utilities - Cost of other utilities such as water, sewer, cable TV etc.

4441 Property Taxes - Taxes paid on property owned and used for non-church or non-school related activities. Examples: parking lot leased to a commercial establishment; houses rented to individuals for profit.

4451 Insurance - Property & Liability - Payment of premiums to Michigan Catholic Conference for all coverage under the Protected Self-Insurance Program. Includes workers' compensation coverage.

4461 Contracted Services - Payments made to individuals or companies for contracted services to the parish, such as attorney fees, auditors, lawyers, plumbers, electricians, office equipment maintenance, etc. **Do not** include payments to individuals where there is an employer-employee relationship. Accounts 4462 - 4467 may be used for specific services.

4471 Maintenance Services - Payments made to individuals or companies for contracted services to the parish, such as lawn care, snow plowing, and other services not provided directly by parish personnel. Accounts 4472 - 4477 may be used for specific services.

4491 Janitorial Supplies - Cost of cleaning supplies for parish buildings. This account can be used where cost of janitorial supplies are kept separate from maintenance supplies.

4501 Clergy Transportation Allowance - Payments made to the pastor, pastoral administrator, associate pastor or deacons made in accord with the Diocesan priest compensation schedule.

4502 Vehicle Insurance - Cost of insurance for parish owned vehicles.

4503 Vehicle Expenses - Cost of maintaining and operating parish owned vehicles, such as gas, oil, repairs, etc. Accounts 4504 - 4507 may be used for specific vehicle expense.

4511 Mileage Reimbursement - Reimbursement for use of personal auto for parish or school related trips.

4601 Miscellaneous Expenses - Any expense not specifically defined in the Chart of Accounts. Entries to this account should be infrequent and explained to the Pastor/Pastoral Administrator.

4602 Donations to Others - Contributions made by the parish or school for various charitable purposes and financial help given to the needy.

4603 Interest - Interest paid on funds borrowed by the parish or school from the Diocese.

4610 CSA Undertarget - Expense paid by the parish for CSA shortfall.

4621 Mass Stipends Sent Out - Money sent to another parish or priest for Masses to be celebrated.

4651 Outgoing Transfers - To be used when there is an actual transfer of funds between units, i.e., church, religious education and school.

4741 Athletic Expenses - Contracted service expense. Cost of league and entry fees, uniforms, supplies. Accounts 4742 - 4744 may be used for specific breakdowns.

4742 Athletic Supplies - Purchase and maintenance of athletic uniforms and equipment.

4743 Facility Rental - Cost for rental of an athletic facility.

4744 Athletic Transportation - Cost to transport players to games.

4761 Food Service Expenses - Cost of food purchased for resale in the cafeteria or school programs and supplies used in preparing and serving the food, such as napkins, dishes, etc.

5301 Fund Raising Expense - Expenditures from bingo, bazaars, festivals, picnics and other parish fund raising efforts. Record the expenses regardless of whether the fund raising was conducted by the parish or by a professional firm. Accounts 5302 - 5313 may be used for specific fund raising expenses.

5501 Hall and Gym Rental - Expense for the cost of renting or leasing parish and/or school facilities.

5502 Other Rental Expense - Expenses related to the renting or leasing of any other parish or school property.

5520 Social Activities Travel - Cost for travel related to social activities. These costs are usually offset by a fee paid by participants.

5601 Social Activities Miscellaneous - Expenses related to social activities that are not specifically defined.

6001 Christian Works/Service - Expenses related to Christian Works/Service such as parish nurse, education, supplies, etc. Accounts 6002 - 6010 may be used for specific Christian Service expenses.

7301 Worship Supplies - Expenses incurred for church supplies, such as candles, altar wine, missalettes, altar breads, etc. Accounts 7302 - 7309 may be used for specific worship supplies.

8001 Capital Expenditures - Generally used for expenses incurred on capital expenditures, such as building update, additions, and major expenditures not a part of the regular operating budget. Buildings, land improvements, furniture and fixtures, etc. are expensed if they are not listed as fixed assets.

9001 Reserved by Diocesan Finance Office.