

PARISH ACCOUNTING SYSTEM

Introduction

This manual provides accounting and financial policies, guidelines, and procedures for the total parish operation, including schools, religious education, and other organizations that are an integral part of the parish.

PURPOSE

The purpose of this manual is to have a parish accounting system that will:

Provide consistency in classification of financial transactions so the parish can have comparative and meaningful statements that can be used to review the past and plan for the future.

Provide a uniform method of accounting and reporting for the entire Diocese.

Provide for continuity in the event of a change of pastor, administrator, or bookkeepers.

SCOPE

This manual is the primary source of accounting and financial guidance for the parish, parish school, and related organizations.

Also included in this manual are samples of budget and financial reports, Finance Council responsibilities, and a review of general financial policies and regulations for the Diocese.

IMPORTANT CONCEPTS

The basic concepts underlying the Parish Accounting System are:

Cash basis of accounting.

Fund accounting.

Fixed assets carried at cost or donation value.

The fiscal year for the Diocese with all transactions recorded and reported for the 12 months is from July 1 to June 30.

PARISH ACCOUNTING SYSTEM DESCRIPTION

The Parish Accounting System has five components:

- Parish chart of accounts
- Elementary school chart of accounts
- Religious education chart of accounts
- High school chart of accounts
- Cemetery chart of accounts

Not all parishes will have all components; most will have only two (parish and religious education) or possibly three (a school and or cemetery).

The chart of accounts is divided into a numbered series:

1000 series	Consolidated Balance Sheet
2000 & 3000 series	Parish income & expenses
4000 series	Elementary school income & expenses
5000 series	Religious education income & expenses
6000 series	High school income & expenses
7000 series	Cemetery income & expenses

The 1000 series includes all assets, liabilities and fund balance for the total parish including the church, rectory, schools, convent, cemetery and other organizations.

The Parish Accounting System provides a great deal of flexibility for the user. For example, if the parish does not have a school, that portion of the accounting system can be ignored.

On the other hand, a parish is able to examine each component of the parish such as religious education or the school and get an overview of income and expenses for that organization alone. This allows for better control and easier identification of problem areas.

The accounting numbering system allows the parish to create “sub accounts” wherever the chart of accounts does not provide sufficient detail. For example, Account 2150 – Church Benefits/Parish Projects – can be subdivided by creating accounts 2151 for the annual bazaar, 2152 for the annual picnic, 2153 for bingo, etc.

It is important that each sub account that is created must fit within the definition of the account number which preceded it. A parish can use as many sub accounts as is necessary but should not create totally new accounts.

When reporting financial information to the Diocese, all sub accounts would be summarized into the original chart of accounts as provided in the Annual Budget and Financial Reports format. In other words, account numbers 2151, 2152, 2153, etc. would be reported in line 2150.

When staff and facilities are shared (a custodian dividing their time between church and school) a proportionate share should be allocated to the appropriate component of the parish. In addition to following the Parish Accounting System, each parish is required to have a cash receipts journal, a cash disbursements journal, individual detailed payroll records, summary payroll records, and a general ledger.

It is important that financial data be accurately accumulated and reviewed by the appropriate organizations within the parish.