Parish/School Bookkeeping Basics:

All bookkeeping must be completed on a Modified Cash Basis:

- Receipts are recorded when the deposit is made to the bank, **All** deposits are recorded to Receipt Accts (3000). Deposits are not recorded to expense accounts (4000).
- Expenses are recorded when the disbursement is made or the invoice is paid, **All** disbursements/paid invoices are recorded to Expense accounts (4000). Disbursements/paid invoices are not recorded to Receipt accounts (3000).
- Some exceptions:
  - Tuition and fees (school/faith formation) paid in advance of the fiscal year should be recorded to liability account(s).
  - Funds Held in Trust: assets retained in the assets, but for a specific purpose, these will be paid out eventually. (i.e.: special collections, UTR), established as a liability account.
  - Expenses and reimbursements between Parishes in the family.
- Do NOT include:
  - Prepaid expenses
  - Accounts Receivable
  - Accounts Payable
  - Accruals/Reserves

Use of Liabilities for Funds Held in Trust:

UTR: Funds are received over a period of time from UTR for the Parish's share. These are being held until enough funds are received in order to do a project. In this case, deposits are recorded to the UTR Liability account (2000s), using the cash receipt process in PDS Ledger.

When the funds are used, the disbursements/paid invoices process are used in PDS Ledger. This transaction is posted/distributed to an **expense** account(s) (4000s).

An Adjusting Journal Entry (AJE) is posted to reduce the liability and recognize the receipt. The AJE would be for the same amount(s) as the disbursement/paid invoice transaction(s).
In this example the AJE would be:

> Debit: #2000 UTR Liability $XXXXX
>   Credit: # 3000 Approved Capital Campaign $XXXXX

Processing the activity in this manner, moves the activity through the income statement, recognizing both the receipt and the expense, with a net effect on overall surplus (deficit) of $0.

Special collections: Deposits made to the bank account from offertory for a specific required special collection are posted to the special collection liability account. When the disbursement is made to remit the funds, the special collection liability account balance should be remitted. Generating the paid invoice, the amount of the check is distributed to the applicable liability account.

If the Parish wants to round up or donate additional funds for this special collection, the additional donation is considered a parish expense, and the distribution would include the additional donation posted to an expense account (4000s).

In this example, the parish collected $57 for Peter Pence. The parish wants to round up the remittance to a total of $100. The invoice would be entered as:

Payee: Diocese of Buffalo, Amount: $100
Distribution:
> Liability account- #2300 Peter's Pence $57.00
> Expense account - #4479.10   Donations $43.00

This distribution brings the liability balance to $0 and expenses the donation, recording this in the income statement.

Month-End Close Procedures
- All Parishes should close the month in PDS Ledger after all the bank reconciliations have been completed for the month.
- The Month-End Close Checklist and Review Procedures (dated 8/2021) should be used.
- This process should be completed within 2-3 weeks after month end.
- After the close process is completed, all Parishes **MUST** sync their PDS Ledger program with the Diocese.