

## 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.

## Parish Bookkeeping Basics – Secondary Worship Sites

Secondary worship site are part of the receiving parish operations. Receiving parishes must track revenue and expenses by worship site, to assist in financial planning and budgeting.

### Basics:

All receipts and expenses of the secondary worship site must be transacted through the receiving parish operating account and recorded to the receiving parish's PDS Ledger.

It is essential to clearly identify receipts and expenses associated with each worship site location. Worship sites include the receiving parish's church and the merging parish church – known as the secondary worship site.

Secondary Worship sites are NOT individually considered for billing shared services from the Family or Vicariate hubs, but going forward ALL regular receipts of the parish, which will include regular receipts from all worship sites will be used to determine the % for the family and vicariate shared services billing.

### Use of Departments:

- Each worship site must be given a department number, utilizing the 10's series (.11-.19).
  - Example (Parish with two secondary worship sites):
    - Department 10 – Parish Operations
    - Department 11 – Vicar Forane
    - Department 12 – Main Worship Site
    - Department 13 – Secondary Worship Site 1
    - Department 14 – Secondary Worship Site 2
- Alternate account #s for the Vicar Forane and secondary worship sites must be the same as the .10 from the Diocesan Standard Chart of Accounts.
- Similarly, parishes with multiple cemeteries would list them as sub departments of .30.
  - Example: Department .30 – Cemetery 1, Department .31 – Cemetery 2, Department .32 Cemetery 3 etc.
- Departments must be identified and listed in PDS Ledger. File > Setup > Department Codes; See separate Newsletter for more specific instructions: <https://www.buffalodiocese.org/internal-audit/>

### Acceptable Accounts for Secondary Worship Sites:

- Every parish will have to determine the receipts and expenses accounts to establish. To reduce the efforts on the bookkeepers, not every receipt and expense account should be established with a separate department number for each worship site.
- General parish revenue and expenses should continue to be recorded to department .10 accounts. These will include wages, benefits, rectory table, clergy cell phones, copier expenses, charitable donations, goodwill, family shared services and vicariate shared services, etc.
- Remaining department .10 accounts can be divided proportionally in total, for considering the surplus(deficit) of each worship location.
- Special collections do not need a separate account established for each worship site, because these funds are not retained by the parish.

### Receipts:

At a minimum, all receipt accounts should be established for offertory envelopes including, monthly, fuel, repairs, and maintenance, etc.; votive candles; Flowers; and Ministerial Fees (Funeral/Weddings). Other receipt accounts to consider include, but not limited to: Rent, Donations for use of property, and parish drives.

**Expenses:**

At a minimum, expense accounts should be established for Sanctuary (wine, hosts, linens etc.), votive candles, all utilities, contract services (snowplowing, Lawncare, security systems), Maintenance/Repairs and Capital Improvements.

For example, if the current Sunday Collection PDS Ledger account is #3000.10 and the main parish worship site (receiving parish) will be using department .12. This account should have the department number changed to .12:

**Chart of Accounts:** Date:

Account Number:	3000.12	Alt. Number:	201	<input type="checkbox"/> Inactive
Account Name:	Sunday Collections			<input type="checkbox"/> Inactive

**Primary Information:**

Account Type:	Income			
Account Description:	Category:	Income		
	Report Type:	Income Statement		
	Normal Balance:	Credit		
	Total Into Account:	3999 Total Revenues		
Total Level:	1			
Blank Lines After:	0	New Page After:	<input type="checkbox"/>	
Comments:	Decree date 3/16/25, department changed to .12 on 4/21/25. This account is for offertory collected at St. John Church			
Retained Earnings Account:	(If you leave this blank, the first Retained Earnings account in this list will be used.)			

When changing a department number, record in the chart of accounts “Comments” box, the decree date of the merger, and the date the department number was changed.

If the secondary worship site will be department .13 you would need to establish a new account, using the same account number, but department .13:

**Chart of Accounts:** Date:

Account Number:	3000.13	Alt. Number:	201	<input type="checkbox"/> Inactive
Account Name:	Sunday Collections			<input type="checkbox"/> Inactive

**Primary Information:**

Account Type:	Income			
Account Description:	Category:	Income		
	Report Type:	Income Statement		
	Normal Balance:	Credit		
	Total Into Account:	3999 Total Revenues		
Total Level:	1			
Blank Lines After:	0	New Page After:	<input type="checkbox"/>	
Comments:	Decree date 3/16/25, St. Mary Church becomes secondary worship site; This account is for offertory collected at St. Mary Church			
Retained Earnings Account:	(If you leave this blank, the first Retained Earnings account in this list will be used.)			

Please remember to add any new accounts to the “All Group” income statement.

Using the department numbers, allows the parish to generate income statements, and detailed general ledgers by department numbers.

How to determine the surplus (deficit) of a worship site:

- Generate an income statement by department, entering the worship site department number.
- Generation and income statement for department .10, this income statement will be all the receipts and expenses for the entire parish which were not split or divided by worship site (department numbers) when posting to PDS Ledger. For example, shared services, salaries (lay and clergy); bulletin cost; parish fund-raising receipts and expenses; copier lease payments.
- When trying to determine the total surplus (deficit) of each worship site, the surplus(deficit) of the department .10 accounts must be computed separately, and a portion must be allocated to each worship site. This allocation can be done in many different ways, for example, based on Regular receipt collected from each site, or based on the number of Masses, or based on the number of families, etc. Each parish can make their own determination on how to allocate the department .10 surplus(deficit).

#### Merged Parish Revenue and Expense Accounts

**Merged Parish revenue and expense accounts should not be used by parishes with secondary worship sites. Merged parish revenue/expense GL codes are to be used primarily for a parish that accepts a property in a merger that will be listed for sale and not utilized as a secondary worship site. There are some allowable exceptions to this, contact the Audit Department, if needed.**