

DIOCESE OF DAVENPORT

Accounting Guidelines for Parishes

General

The following accounting guidelines are provided to give uniform and timely financial reporting to the Parish Finance Councils to assist them in their fiduciary responsibilities.

The bookkeeper should have a general knowledge of accounting and payroll sufficient to perform the following tasks or be closely supervised by a person who possesses general knowledge of accounting.

During the year the cash method of accounting is acceptable. Recording of significant receivables, accruals and payables as of year-end is at the discretion of the Parish Finance Council

All assets of the parish (including bank accounts, petty cash funds, and investments) of the parish, including related organizations (i.e. altar & rosary, home & school, booster club, and men's fellowship) must be recorded on the books of the parish and open for the review of the Parish Finance Council. The receipts and the disbursements of the related organization may be summarized and recorded on two separate lines of the financial statements of the parish. Scrip should be valued at the cost to the parish on the Balance Sheet.

As the membership on the Parish Finance Council changes, care should be taken to include the following areas of expertise: accounting (CPA's or accounting practitioners), legal, banking, investments, insurance, and employee benefits (health insurance and retirement planning). It is important that each parish stay current with the changes and opportunities in these fields. When it is not possible to have one of these areas represented on the Finance Council, it is encouraged that outside expertise be sought to review the area and report to the board.

Daily/Weekly Responsibilities

The bookkeeper (the person who writes the checks, records cash activity and posts to the general ledger) should not be a authorized signer on any cash or investment account.

Individuals other than the bookkeeper should prepare all deposits and deliver to the bank. The deposits should then be recorded by the bookkeeper.

At least two unrelated individuals, in rotation with others, must do the weekly counting of the collection. One person should prepare the deposit slip and Deposit Summary Report; the other should initial it after reviewing its accuracy. An adding machine tape should be made of all of the envelopes. This tape should agree to specific lines on the Deposit Summary Report.

Deposits should be made in a timely manner. Deposit of the weekend collection should be made on Sunday when possible, but no later than Monday morning. The Finance Council should establish a maximum amount on hand of cash and checks. When in excess of that amount, a deposit should be made. The Diocese recommends that this amount be \$1,000 or less.

Cash, checks, and scrip should be kept in a locked, fireproof vault.

Cash receipts and disbursements should be recorded daily in the appropriate books or registers.

Fixed Asset purchases in excess of \$10,000 for a project should be recorded as a fixed asset when incurred (disbursement made or received). Projects where the total expenditure is less than \$10,000 may be expensed.

Hourly employees should submit timecards. Employees should be correctly paid, with correct tax and other deductions made. Tax and other deductions should be remitted on a timely basis.

Monthly Responsibilities

All activity to the general ledger must be posted.

All investment earnings must be posted.

All cash and investment accounts must be reconciled to the bank or investment statement..

All entries relating to the receipt of borrowed funds must be recorded when the funds are received.

All payments relating to debt must be recorded with a proper distribution between interest and principal.

The Financial Statements must be printed and reviewed by the bookkeeper and the pastor/administrator. The Financial Statements are:

Balance Sheet (dated end of month) compared to last year.

Profit & Loss Statement (month and year-to-date) compared to last year and to budget.

Quarterly Responsibilities

At least quarterly, the Financial Statements described above must be provided to the Parish Finance Council.

At least quarterly, the general ledger detail should be printed and reviewed by someone from the Parish Finance Council.

All investments currently held must be recorded. At least quarterly, investment income, realized and unrealized gains should be recorded.

At least quarterly, someone from the Finance Council should review the reconciliations of the cash and investments accounts.

Form 941, Employer's Quarterly Federal Tax Return should be filed. (The IRS may notify those with smaller payrolls that they qualify to file a form 944, Employer's Annual Federal Tax Return.)

At least quarterly, a QuickBooks backup should be sent to the Diocesan Finance Office.

Annual Responsibilities

Depreciation expense, and gain/loss on disposal of fixed assets should be recorded at least annually.

Depreciation should be calculated using the Straight-line method. In the year of acquisition or disposition, always use ½ of the normal annual depreciation for that asset. The following useful lives should be used.

Vehicles	3
Furniture & Equipment	5
Building, other than specific components below	30
Roof separate from the building	15
Heating, Air Conditioning, and Ventilating Equipment	15

The Parish Finance Council should review and sign off the Internal Control Questionnaire within 30 days after the fiscal year end and transmit to the Diocesan Finance Office with the year-end Financial Statements.

The Summary of Financial Data should be completed, reviewed and signed by the lay parish trustees and transmitted to the Diocesan Finance Office within 30 days after the end of the fiscal year.

The QuickBooks backup with final year-end transactions should be transmitted to the Diocesan Finance Office within 30 days after the end of the fiscal year.

An Annual Report of the finances of the parish should be presented to the parish members within 90 days after the end of the fiscal year.