



*Catholic Diocese  
of Cleveland*

**Account Descriptions  
BALANCE SHEET**

*Parish Financial  
Operations Handbook*

# Account Descriptions

## Balance Sheet

### ASSETS

**0101 CASH IN BANK -  
CHECKING**

This account will be used to record checking account transactions of the parish and school. As monies are deposited into checking accounts, the following sub-accounts should be charged (debited) and the applicable receipt account credited. When checks are disbursed, the sub-accounts should be credited and the related disbursement account debited. Interest earned on checking accounts should be recorded as it is earned by debiting the checking sub-account and crediting the "Investment Income" account (either 1010 or 4010). Following is a list of suggested sub-accounts for use at a parish or school. The parish/school can set up whatever sub-accounts it wants to meet the needs of the organization.

- 0101.01 Parish - General Operating
- 0101.02 Parish - Bingo
- 0101.03 Parish - Fund-Raising
- 0101.04 Parish - Money Market
- 0101.05 Parish - Mass Offerings (Stipends)
- 0101.06 Parish - Endowment Funds Checking
- 0101.07 Parish - Restricted Funds Checking
- 0101.08 Parish - Teaching (Religious Education)
- 0101.09 Parish - Other
- 0101.10 Elementary School - General Operating
- 0101.11 Elementary School - Fund-Raising
- 0101.12 Elementary School - Money Market
- 0101.13 Elementary School - Endowment Funds Checking
- 0101.14 Elementary School - Restricted Funds Checking
- 0101.15 Elementary School - Other

# Account Descriptions

## Balance Sheet

### ASSETS

0102	SAVINGS AND INVESTMENTS
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This account will be used to record savings and investment account transactions. When monies are put into investments or savings accounts, the source of the funds (such as cash transferred from a checking account or a receipt such as a donation) should be credited and the savings and investments account debited. When funds are taken out of an account, the account should be credited and "Cash in Bank - Checking" or a disbursement account debited. Also, interest or dividends earned should be recorded as "Investment Income" as it is earned. Following is a list of suggested sub-accounts to use. Others can be set up to meet the needs of the parish/school.

- 0102.01 Parish - Regular
- 0102.02 Parish - Other
- 0102.03 Parish - Endowment Funds Savings
- 0102.04 Parish - Restricted Funds Savings
- 0102.05 Elementary School - Regular
- 0102.06 Elementary School - Other
- 0102.07 Elementary School - Endowment Funds Savings
- 0102.08 Elementary School - Restricted Funds Savings
- 0102.09 Parish - Certificates of Deposit
- 0102.10 Parish - Other Investments
- 0102.11 Parish - Diocese of Cleveland
- 0102.12 Elementary School - Certificates of Deposit
- 0102.13 Elementary School - Other Investments

# Account Descriptions

## Balance Sheet

### ASSETS

#### 0103 ACCOUNTS RECEIVABLE

Use this account to record monies due to the parish or school from various sources. Examples of possible sub-accounts follow:

0103.01 Parish - Employee Advances

If an employee is advanced money for an emergency, the amount advanced should be debited to this sub-account. When the advance is repaid through a payroll deduction or a cash repayment, this sub-account should be credited.

0103.02 Parish - Other

This sub-account is reserved for use in the event the parish desires to formally record money owed by a parishioner or outside party.

0103.03 Elementary School - Prior year Tuition

This sub-account is reserved for schools that desire to formally record the amounts due from parents for tuition from prior years.

0103.04 Elementary School - Other

This sub-account is reserved for a school if it desires to formally record money owed by others.

#### 0104 PREPAID EXPENSES

(Reserved for future use or for those parishes or schools that currently record Prepaid Expenses.)

#### 0105 OTHER ASSETS

(Reserved for future use or for those parishes or schools that currently record Other Assets such as cash surrender value of life insurance.)

#### 0200 FIXED ASSETS

(Reserved for future use or for those parishes or schools that currently record Fixed Assets and related depreciation.)

# Account Descriptions

## Balance Sheet

### LIABILITIES AND FUND BALANCES

#### 0301 ACCOUNTS PAYABLE

(Reserved for future use or for those parishes and schools that currently record Accounts Payable on their records.)

#### 0302 INCOME RECEIVED IN ADVANCE

This account will be used to record income received in advance of when it is actually earned. When monies received in advance are minor, it is not necessary to record it in this account. However, in some cases, the amounts are significant and the amounts received in advance should be deferred as income until a subsequent period. For example, school registration fees and tuition are frequently received in Spring, in advance of the school opening in August or September when the amounts received will actually be earned. As the money is received in one school year for the following school year, a journal entry should be made when the next school year begins to transfer the amounts recorded in this account to the appropriate school receipt account. Suggested sub-accounts follow:

- 0302.01 Parish - Miscellaneous
- 0302.02 Parish - Teaching  
(Religious Education)
- 0302.03 Elementary School -  
Tuition (Next year)
- 0302.04 Elementary School -  
Registration and Other  
Fees (Next Year)
- 0302.05 Elementary School -  
Miscellaneous

#### 0303 EMPLOYEE WITHHOLDINGS

This account will be used to record payroll deductions made when employees are paid. The deductions include federal, state and local income taxes and Social Security taxes. The GROSS wages or salary are debited to the appropriate disbursement account and the various payroll deductions (except advances) credited to this account. The difference between the gross wages and the payroll deductions represents the employee's net pay check which is deducted from the parish or school checking account. When the amounts withheld are paid to the taxing authority or other organization, the amounts paid are deducted (debited) from this account. The balance in this account at the end of a reporting period represents a liability of the parish or school. Suggested sub-accounts are listed below:

- 0303.01 FICA and Medicare Taxes
- 0303.02 Federal Income Tax
- 0303.03 Ohio Income Tax
- 0303.04 Municipal Income Tax
- 0303.05 Health Insurance  
(Including Dental and  
Vision)
- 0303.06 Tax Shelter Annuities
- 0303.07 Credit Union Deductions
- 0303.08 Other Withholding

# Account Descriptions

## Balance Sheet

### LIABILITIES AND FUND BALANCES

#### 0304 ACCRUED LIABILITIES

This account should be used to record liabilities accrued at the end of an accounting period for expenses incurred but not paid as of that date. (An example of an accrual would be when salaries are due under a contract at the end of a fiscal year but will be paid during the next fiscal year. A lay teacher may work 10 months from September 1 to June 30 but be paid over a 12-month period ending August 31. In this case, the appropriate salary account (5101.02) would be charged and this account (0304) credited for the GROSS amount unpaid at June 30. In the next school year this entry would be reversed thereby having the teacher's entire salary cost recorded in the fiscal year in which it was earned.)

#### 0305 DEFERRED RESTRICTED SUPPORT

This account shall be used to record the balance of restricted gifts which have been received but not recorded as a cash receipt because the cash has not yet been spent for the specified purpose of the restriction.

#### 0400 LOANS, NOTES AND MORTGAGES PAYABLE

This account should be used to record the principal due on loans, notes and mortgages payable. As money is borrowed, the appropriate checking or savings sub-account should be charged (debited) and the loan, note or mortgage payable shown below credited. As payments are made, the interest should be charged to interest expense (account 2007) and the principal charged to account 0400. Suggested sub-accounts follow:

- 0400.01 Loans Payable - Diocese
- 0400.02 Mortgages Payable -  
(Principal Only)
- 0400.03 Notes Payable -  
Financial Institutions  
(Principal Only)
- 0400.04 Notes Payable -  
Parishioners  
(Principal Only)
- 0400.05 Installment Loans  
Payable - (Principal  
Only)

#### 0500 FUND BALANCES

- 0500.01 Parish
- 0500.02 Elementary School

Under this accounting system, Fund Balances represents the combined total of all "Assets" minus the combined total of all "Liabilities". At the end of the fiscal year (June 30), this account is adjusted annually to show the differences between assets and liabilities as of that date. This difference should also equal the difference between receipts and disbursements for the fiscal year. Under normal conditions, this is the only entry made to this account during a fiscal year.