

[Church Name]
General Accounting System Policy and Procedure

General accounting principles will be followed. Payroll transactions, receipts and disbursements should be recorded in a journal. *(Many commercially available software package, QuickBooks is but one, provide that capability).*

A journal is the record in which all day-to-day transactions are originally recorded. The journal is organized chronologically and shows all the information about each transaction in one place. In recording each transaction, the date will be listed and the amounts of the debits and credits given. Each transaction of debit and credit must be balanced.

At monthly intervals, the debits and credits are transferred from the journals and posted to a General Ledger by locating the specific account with the ledger and copying the amount of the debit or credit in the appropriate space. A ledger is composed of groups of accounts which have some common characteristic. Normally, a ledger is composed of asset, liability, reserve, expense, and revenue accounts. The purpose of the ledger is to classify and summarize data according to function which the purpose of the journal is to provide a detailed chronological history of financial transactions.

The church handles both money that has “strings attached” and it’s to be spent only as designated by either Providers or by the Board or Directors, and money that is general in nature, meaning that it’s to be spent at the Board’s discretion. For accounting purposes, the latter amounts make up the General Fund and the former comprise Designated Funds.

General fund is singular, there’s only one fund. The church’s General Fund is under line item budget control.

Designated Funds may be plural; there’re as many of these funds as there are specific allowances placed on the money’s use. Spending from Designated Funds is, of course, limited by the various designations and is controlled completely on the basis of each fund’s available balance.