

Scrip Accounting

Appendix 3-C of the Parish Finance Management Manual (PFMM) covers Parish Asset Code Definitions. The following is an update regarding accounting for Scrip at parishes and schools.

First In First Out (FIFO) Inventory System: a valuation method in which assumes older inventory is used before newer inventory is used. The first goods to be sold are assumed to be the first goods purchased. The FIFO method maintains the newest items in inventory.

The example below demonstrates how to handle a situation in which the parish purchases scrip cards at two prices.

On July 3rd St. Adelina purchased 50 cards at \$94 per card. Fifty cards x \$94 = \$4,700.

	Account #	Account Name	Amount Dr	Amount Cr
Entry for Parish collection of Mass Stipends throughout the month				
Dr.	1390	Other Supply Inventory	\$4,700	
	Cr. 1010	General Checking		\$4,700

On July 10th St. Adelina purchased an additional 50 cards at \$98 per card. Fifty cards x \$98 = \$4,900.

	Account #	Account Name	Amount Dr	Amount Cr
Entry for Parish collection of Mass Stipends throughout the month				
Dr.	1390	Other Supply Inventory	\$4,900	
	Cr. 1010	General Checking		\$4,900

During the month of July, 60 cards were sold. Following the FIFO Inventory system, reduce the inventory amount by the amount of the cards purchased first (\$94) and once these run out, move to the cards purchased second (\$98). Fifty cards x \$94 = \$4,700.

Ten cards x \$98 = \$980.

Total: \$980 + \$4,700 = \$5,680. Each scrip card was sold for \$100.

For inventory tracking in Excel:

Vendor	Cost Value	# Cards in Inventory at Beginning of Month	# of Cards in Inventory at End of Month
Company Name	\$94	50	0
Company Name	\$98	50	40

At the end of July, St. Adelina would then record revenue income:				
Dr.	1010	General Checking	\$6,000	
	Cr. 1390	Other Supply Inventory		\$5,680
	Cr. 3495	Other Revenues		\$320

The FIFO Inventory system will reduce inventory by the amount of the oldest cards regardless of the physical card sold.

Note: Inventory needs to be tracked by card type. For example, by vendor and dollar value. For example, inventory for Kwik Trip \$100 cards and inventory for Kwik Trip \$50 cards should be tracked separately. The parish may need to set up an Excel spreadsheet to track inventory. The *Parish Financial Management Manual (PFMM)*, Section 1300 Inventories indicates that scrip inventory should be maintained at cost.