



ADMINISTRATIVE OFFICE OF THE COURTS

FINANCE DIVISION

TRIAL COURT FINANCIAL POLICIES AND PROCEDURES MANUAL 7th EDITION

Policy No., FIN 5.01, Accounting Principles

EXECUTIVE SUMMARY OF UPDATE

POLICY ISSUE(S)

The edits reflect a combination of three 6th Edition policies, FIN Nos; 5.01, Accounting Principles, 5.02, Revenue and Expenditures, and 6.02, Encumbrances.

There are several significant updates of this policy. The changes were made to: move the description of fund accounting and the basis of accounting to FIN No. 3.01 Fund Accounting; remove the budgetary accounting section; remove the journal entry description for a multi-year agreement; and add completely *new* reimbursement, abatement, and inter-fund transfer procedure sections to address common questions received from the courts in these areas.

Significant Revisions

1. 6th Edition FIN Nos. 5.02, Revenue and Expenditures, and 6.02, Encumbrances were removed and portions were combined herein.
2. Section 4.0, Application. The term 'expenses' was replaced with 'expenditures.'
3. 6th Edition Sub-section 6.1.1 was removed on GAAP and GASB descriptions.
4. 6th Edition Section 6.3, Fund Accounting, and Section 6.4, Basis of Accounting were removed and addressed in FIN No. 3.01 Fund Accounting.
5. Section 6.3, Financial Resources Recognition, notes that all procedures in this section apply to governmental funds.
6. Sub-section 6.3.2, Reimbursements, Sub-section 6.3.3, Abatements, and Section 6.5, Inter-Fund transfers were added to the Policy.

7. Section 6.4, Expenditure Recognition, no longer includes the example journal entries shown in the 6th Edition FIN No. 5.02.
8. 6th Edition Section 6.5, Budgetary Accounting was removed.
9. Section 6.5. The term 'funds' was replaced with 'monies.'
10. Section 6.7, Financial Reporting, is explained in more depth in this edition.
11. Section 6.8, Year-End Procedures, was expanded from the 6th Edition's approach to the subject in FIN No.5.02.