



Judicial Council of California

Administrative Office of the Courts

Trial Court Financial Policies and Procedures

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GENERAL LEDGER

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General Ledger

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(Original 8/01)

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2.0 Purpose

(Original 8/01)

The purpose of this policy is to establish uniform guidelines by which the trial court organizes its chart of accounts and general ledger to document financial transactions ensuring that financial reports clearly and accurately reflect the court's financial position.

3.0 Policy Statement

(Original 8/01)

It is the policy of the trial court to establish an accounting system with a chart of accounts and general ledger that enable the court to record financial transactions with accuracy and consistency. The financial information contained in the general ledger shall be maintained in a manner that facilitates the preparation of reports that clearly and accurately reflect the court's financial position.

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4.0 Application (Original 8/01)

This procedure applies to all trial court employees and officials who are responsible for or participate in the financial operations of the court, and the accounting for court revenues and expenses.

5.0 Definitions (Revised 9/10)

Refer to the Glossary for the following key terms used in this policy.

Account
Accounting System
Asset
Chart of Accounts
Credit
Debit
Equity
Fiscal Year-End Generally Accepted Accounting Principles (GAAP)
Reports
Fixed Asset
General Ledger
Journal
Journal Entry
Liability
Sub-Ledger or Subsidiary Ledger

6.0 Text

6.1 General Ledger (Original 8/01)

1. The trial court shall maintain separate and identifiable trial court general ledgers for the purpose of recording and reporting its financial activities.
2. The general ledgers are the hubs of the trial court accounting and financial system. All financial transactions shall be summarized and recorded in the trial court general ledgers.
3. Separate general ledgers shall be maintained for each type of fund used by the court. For example, separate general ledgers will be maintained for each of the following:
 - a. Trial Court Operations Fund to record all general trial court operations not associated with other trial court fund types.
 - b. Trial Court Special Revenue Fund to record all federal, state, local government or private grants provided to the trial court.
 - c. Trial Court Agency Fund to record all financial activities performed by the court on behalf of other government entities such as the collection of fees, assessments, fines, penalties, etc. for the county.
4. The general ledgers shall be supported by appropriate sub-ledgers that provide adequate and sufficient details of all summary entries.
5. Entries into the general ledgers flow from the sub-ledgers (such as accounts payable) or other journals.
6. The trial court general ledgers shall consist of general ledger accounts designed to identify and segregate different types of

transactions in logical groups such as assets, liabilities, equity or fund balances, revenues and expenditures. The trial court shall document these general ledger accounts in its chart of accounts. For trial court users the current chart of accounts can be accessed at the SAP Shared Workplace.

7. To the extent practical, the trial court shall adopt the AOC chart of accounts. When strict adherence to the AOC chart of accounts is not practical due to system or other local constraints, the trial court shall maintain a chart of accounts that provides a complete listing of all the accounts used in the accounting system. A detailed description of the type and purpose of each account should also be developed.
8. The level of detail provided by the accounting system is dependent on the number of accounts established in the chart of accounts. The trial court should establish an appropriate number of accounts to allow the court to make sound financial decisions. Too few accounts will not provide sufficient detail. Too many will render the accounting system difficult to manage and hinder the extraction of relevant information.
9. If the AOC chart of accounts is not adopted, the trial court shall match each applicable trial court general ledger account to the corresponding AOC account. Audit trails shall be documented to facilitate the conversion of the applicable trial court accounts into the corresponding AOC account.
10. The Quarterly Financial Statements (QFS) and State Comprehensive Annual Financial Reports (CAFR) financial information must be prepared following the AOC format or all general ledger balances must be converted into such format prior to submission to the AOC. This is required to maintain consistency between all trial courts and to facilitate financial reporting.

11. For budgetary purposes, the trial court shall further categorize and summarize various general ledger accounts by program, component, element, and task.
12. The general ledgers should be balanced on a regular basis and not less than once a month. Trial balances shall be generated as part of this effort to verify that the sum of debit and credit entries during the period is equal.
13. When necessary, adjusting journal entries shall be prepared to adjust the accounts. All adjusting entries shall be adequately documented and shall require appropriate written management approval.
14. All nominal and budgetary accounts shall be closed at the end of the fiscal year, as the balance sheet accounts remain open and should be carried forward to the new fiscal year. Closing entries shall be used to transfer the balances in operating accounts (revenue and expenditure accounts) to fund balances. After closing entries are made, only balance sheet accounts should have balances. Budgetary accounts should also be closed along with the revenue and expenditure accounts.

6.2 General Fixed Asset Account Group

(Original 8/01)

1. The trial court shall account for fixed assets that are not otherwise accounted for in the general ledgers of the Trial Court Operations Fund, Trial Court Special Revenue Fund or Trial Court Agency Fund in a "General Fixed Asset Account Group".
2. The General Fixed Asset Account Group shall be used to track the following categories of assets:
 - a. Land.

- b. Structures and improvements.
 - c. Equipment.
 - d. Construction in progress.
3. Trial court equity or ownership of these assets shall be recorded in “Investment in Fixed Assets” accounts that are set up according to the source of the fund used to acquire the assets. For example, the general ledger of each of the trial court’s three funds (Operations, Special Revenue, and Agency) may include an Investment in Fixed Assets account to track ownership of specific assets recorded in the general fixed asset account group.

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7.0 Associated Documents
(Original 8/01)

None