



Fiscal Systems and Consulting Unit



DEPARTMENT OF FINANCE
STATE OF CALIFORNIA

PROPERTY RECONCILIATION

Month-End Close Training – February 2024

COURSE OBJECTIVE

To obtain the essential knowledge and skills necessary to perform the property reconciliation.

PROPERTY ACCOUNTING

- ❖ Statewide Policies and Procedures
- ❖ Classifying Property
- ❖ Control of Property
- ❖ Property Inventory
- ❖ Capital Assets Journal Entries
- ❖ Reporting Requirements For Capital Assets
- ❖ Reports and Queries
- ❖ Property Reconciliation Tips

STATEWIDE POLICIES AND PROCEDURES

State Administrative Manual (SAM) Section 7924 – Departments will reconcile the acquisitions and dispositions of capitalized assets/property with the amounts recorded in the property register. The reconciliation should be done monthly or at least quarterly, depending on the volume of transactions.

STATEWIDE POLICIES AND PROCEDURES

- Property reconciliation ensures capitalized assets and capital asset property register agree and provide accurate records for property acquisition, maintenance, control, and disposition.
- Maintain uniform accountability for state property.

CLASSIFYING PROPERTY

SAM Section 8602, property is capitalized if it meets the following conditions:

- Has an expected useful life of greater than one year.
- Has a purchase cost or internally generated cost of \$5,000 or more per unit.
- Is used to conduct state business.

CLASSIFYING PROPERTY

SAM Section 8603, acquisition of non-capitalized property will be recorded and accounted for as follows:

- Recorded in the property register.
- Accounted for as an expenditure in the period acquired.
- Recorded in the general ledger as a non-capital asset.

CONTROL OF PROPERTY

SAM Section 8650.2, departments will record the following information when property is acquired:

- Date acquired
- Property description
- Property identification number (tag)
- Historical cost or other basis of valuation
- Owner fund
- Estimated useful life, if applicable

PROPERTY INVENTORY

- SAM Section 8652 requires a physical inventory and reconciliation to accounting records at least once every three years.
- Departments are responsible for developing and carrying out an inventory plan, which will include the following:
 - Inventory taking
 - Internal control
 - Reporting and approval of inventory adjustments

CAPITAL ASSETS JOURNAL ENTRIES

To record the acquisition of capital assets by means of purchase, lease/installment, or other means of purchase made by the Governmental Cost Funds.

General Ledger

Debit 5362XXX Appropriation Expenditures

Credit 1104000 Cash in State Treasury

Capital Assets Group of Accounts Ledger

Debit 16XXXXX Tangible or Intangible Capital Assets

Credit 5362XXX Capitalized Purchases and Expenditures

CAPITAL ASSETS JOURNAL ENTRIES

To record the acquisition of capital assets by purchase, lease/installment, or other means of purchase made by the Non-Governmental Cost Funds.

Debit 16XXXXX Tangible or Intangible Capital Assets
Credit 1104000 Cash in State Treasury

CAPITAL ASSETS JOURNAL ENTRIES

To record the disposition of capital assets by sale made by the Governmental Funds.

General Ledger

Debit 1104000 Cash in State Treasury

Credit 417XXXX Other Revenue

Capital Assets Group of Accounts Ledger

Debit 5362XXX Capitalized Purchases and Expenditures

Credit 16XXXXX Tangible or Intangible Capital Assets

CAPITAL ASSETS JOURNAL ENTRIES

To record the disposition of capital assets by sale made by the Non-Governmental Cost Funds.

Debit 1104000 Cash in State Treasury

Debit 1605900 Accumulated Depreciation – Equipment

Debit 53XXXXX Operating Expense

Credit 16XXXXX Tangible or Intangible Capital Assets

Credit 415XXXX Operating Revenue

**REPORTING
REQUIREMENTS
FOR CAPITAL
ASSETS**

SAM Section 8670.1

SAM Section 7977

SAM Section 7978

REPORTING REQUIREMENTS FOR CAPITAL ASSETS

SAM Section 8670.1

- Governmental Cost Funds report capital assets in the Capital Assets Group of Accounts.
- Non-Governmental Cost Funds will report capital assets, depreciation expense, and accumulated depreciation in the funds themselves.

SAM Section 7977

- Departments must prepare the Year-End Report No. 18, Statement of Changes in Capital Assets Group of Accounts.

SAM Section 7978

- Departments must prepare the Year-End Report No. 19, Statement of Capital Assets Group of Accounts.

REPORTS AND QUERIES

For Reconciliation:

- Trial Balance Report by Period
 - Shows a snapshot of the balances of each general ledger account at a point in time. The report includes cumulative totals of the debits and credits posted to each account.
 - Main Menu > FI\$Cal Processes > FI\$Cal Report > GL Reports > Trial Balance Reports by Period
 - Run the report in Modified Accrual and Departmental Adjustment Ledgers.
- Department Property Register
 - An inventory listing of all property, both capitalized and non-capitalized.

REPORTS AND QUERIES

For Reconciliation:

- FI\$Cal Asset History Report
 - Provides a list of capitalized assets with financial information such as prior year assets, current year additions, and current year retirements.
- DFQ_AP_02_VOUCHERS_LISTING
 - Provides a list of Accounts Payable (AP) Vouchers with payment information, such as capital or non-capital asset accounts used to record payments.

REPORTS AND QUERIES

For Research:

- Report No. 18, Statement of Changes in Capital Assets
 - Accounts for changes resulting from capital asset acquisitions and dispositions during the fiscal year.
- DFQ_AM_01_ASSET_ACCTG_ENTRY
 - Used to reconcile assets in the departmental adjustment ledger.
- DFQ_GL_01_JOURNAL_DETAIL
 - Review direct transfers that SCO Legacy brought in through the GL108 Legacy Transactions Interface tied to capital assets and reclassified in the GL Module.

PROPERTY RECONCILIATION TIPS

- Use the property register to identify incorrect posting and Journal Vouchers to correct the account numbers.
- Compare MODACCRL 5362XXX with DEPTADJ 16XXXXXX accounts.
- Before closing period 12, ensure asset-related expenditure accruals are posted accurately. If assets are received by 6/30/XX, request the asset processor add the asset in the AM module.

QUESTIONS

Contact the FSCU Hotline.

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