**Policy Type:** Administrative

**Category:** Fiscal and Budget

**Policy Name:** Reclassification Policy for Financial Transactions

**Policy Owner:** Controller-Treasurer Department

**Policy Purpose**

The purpose of this policy is to provide County Agencies and Departments with guidelines for reclassifying deposits from temporary clearing accounts to the appropriate general ledger accounts. This policy also applies to other reclassifications used for correcting general ledger accounts and reclassifying Procurement Card (P-Card) expenditures.

**Policy Summary**

Each County Agency and Department must reclassify deposits received in temporary revenue clearing accounts during the accounting period in which the deposits are received. The temporary revenue clearing accounts must have a zero balance at fiscal year-end. This ensures all deposits are recorded in a timely manner and in the correct general ledger accounts and correctly reflected for financial reporting purposes.

The Controller-Treasurer Department General Accounting Unit [Bank Desk] sends a notification to County Agencies and Departments that have outstanding balances in a temporary revenue clearing account on a quarterly basis.

On occasion, transactions are posted to an incorrect general ledger account. The County Agency or Department responsible for the incorrect
posting is responsible for reclassifying the transaction to the proper general ledger account. P-card expenditures must be reclassified to ensure they are recorded in the correct general ledger accounts and correctly reflected for financial reporting purposes.

**Reclassification Timelines**

County Agencies and Departments must follow the reclassification timelines stated below:

<table>
<thead>
<tr>
<th>Reclassification Timeline</th>
<th>Deadlines During the Fiscal Year</th>
<th>Fiscal Year-End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits (and Chargebacks)</td>
<td>7 days of following month</td>
<td>Published in Fiscal Year-End Training materials.</td>
</tr>
<tr>
<td>Incorrectly Posted Transactions</td>
<td>As soon as possible but no later than the Controller’s deadline for fiscal year-end close.</td>
<td></td>
</tr>
<tr>
<td>P-Card Expenditures</td>
<td>30 days of statement date</td>
<td></td>
</tr>
</tbody>
</table>

**Procedures**

*Reclassifying Deposits and Chargebacks in Temporary Revenue Clearing Accounts*

**County Agencies and Departments** must:

1) Run a “Special Ledger Detail Analysis” (ZGLR008) in SAP or run an online bank report for temporary revenue clearing accounts. Both reports provide detailed deposit (and chargeback) information.

2) Identify the deposits (and chargebacks) belonging to your Agencies or Departments.

2a) If a balance amount is negative, it generally indicates a deposit or a refund that needs to be reclassified.
2b) If a balance amount is positive, it generally indicates a returned check that needs to be reclassified.

3) Collect required supporting documentation for the identified transaction and prepare the reclassification. Ensure the supporting documentation is attached to the reclassification entry in the County’s accounting system.

_Incorrectly Posted Transactions_

**County Agencies and Departments** must:

1) Identify transactions that were posted to an incorrect general ledger account.

2) Collect required supporting documentation for the identified transaction and prepare the reclassification. Ensure the supporting documentation is attached to the reclassification entry in the County’s accounting system.

_P-Card Expenditures_

**County Agencies and Departments** must:

1) Reclassify P-Card expenditures to the proper expenditure account using the online portal of the P-Card vendor (as of this writing, USBank’s Access Online portal). Refer to the Procurement Card (P-Card) Procedure Manual for further details.

**Definitions**

For the purposes of this policy, the following definitions apply:
1) “County’s accounting system” means the SAP system or other similar system used by the County as its primary accounting and finance system.

2) “General ledger account” means an account contained in the General Ledger, which records every financial transaction of the County.

3) “Reclassification” means to transfer an amount from one general ledger account to another

Frequently Asked Questions

None.

Related Policies

- County of Santa Clara Procurement Card (P-Card) Policy -

- General Ledger Account Policy -

Related Forms and Information

- Fiscal Year End Training Materials (updated annually)

History
<table>
<thead>
<tr>
<th>Date</th>
<th>Changes Made</th>
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</thead>
<tbody>
<tr>
<td>1/14/2019</td>
<td>Links Updated. (David Bruno)</td>
</tr>
<tr>
<td>8/24/2018</td>
<td>Policy Uploaded. (Kyle Larson)</td>
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