

# **Adjustments in Accounting Methods and Prior Year Fund Balances**

Government Code section 13344 requires the Department of Finance (Finance) to clearly note in the Governor's Budget or related documents any adjustments of prior year fund balances and accounting methods. This requirement is to ensure the closest possible comparability of the Governor's Budget with the State Controller's Budgetary-Legal Basis Annual Report (Annual Report).

## **Accounting Methods**

No major changes were implemented or proposed since last year's report.

## **Prior Year Fund Balances**

Government Code section 13344 requires state departments to prepare and maintain financial and accounting data for inclusion in the Governor's Budget, Budget Act and related documents, and the State Controller's Annual Report, according to the methods and bases provided in regulations, budget letters, and other directives of Finance. Consistent with this requirement, Finance has continued its efforts in the reconciliation of special funds between the Governor's Budget documents provided to Finance and the year-end financial statements provided to the State Controller's Office by departments. Departments that are the designated fund administrators continue to be primarily responsible for the reconciliation, and Finance works very closely with the departments to ensure this is completed for all special funds. Special fund balances were reconciled using the best information available. However, final balances for the Annual Report are not available during the preparation of the Governor's Budget. Therefore, there will be some remaining variances in the spring when final balances become available.