

9885 Reserve for Liquidation of Encumbrances

For individual department budgets, encumbrances (commitments for the procurement of goods or services which have not yet been received by the state) are accrued as expenditures by departments at year-end and included in the expenditure totals. This treatment is in accordance with the budgetary/legal basis of accounting and consistent with individual department budgets.

For the purpose of determining the overall General Fund balance, Government Code Section 13307 requires that encumbrances should not be counted as a budgetary expenditure until the delivery of the goods and services. Furthermore, Generally Accepted Accounting Principles (GAAP) require that encumbrances be reflected as a reserve against the General Fund balance and not as an expenditure, as in budgetary/legal basis accounting. Government Code Section 13306 and state policy require compliance with GAAP whenever it is in the best interest of the state. This budget reflects a statewide adjustment to reduce expenditures on a budgetary/legal basis by the encumbrance amounts to comply with Government Code Section 13307 and GAAP. A reserve of fund balance for encumbrances for this same amount is shown in Summary Schedule 1 for the General Fund.

COMPUTATION OF ENCUMBRANCE ADJUSTMENT

The State Controller's Office accumulated a preliminary estimated General Fund encumbrance total of \$966,444,000 from 2014-15 year-end financial statements submitted by state departments. For budgeting purposes, encumbrances are estimated to be at the same level for the 2015-16 and 2016-17 fiscal years and are assumed to be liquidated (paid) within the next fiscal year. The Encumbrance Adjustment Table summarizes the methodology and the calculation for the encumbrance adjustment.

FUNDING	2014-15*	2015-16*	2016-17*
0001 General Fund	\$4,124	\$-	\$-
TOTALS, EXPENDITURES, ALL FUNDS	\$4,124	\$-	\$-

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code Sections 13306 and 13307.

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

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	2014-15*	2015-16*	2016-17*
2013-14 Encumbrances per Controller's Preliminary Report	\$970,568	-	-
2014-15 Encumbrances per Controller's Preliminary Report	-\$966,444	\$966,444	-
2015-16 Projected Encumbrances	-	-\$966,444	\$966,444
2016-17 Projected Encumbrances	-	-	-\$966,444
Encumbrance Adjustment	\$4,124	-	-

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DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

4 UNCLASSIFIED	2014-15*	2015-16*	2016-17*
0001 General Fund			
APPROPRIATIONS			
2014-15 Encumbrance Adjustment	\$4,124	-	-
TOTALS, EXPENDITURES	\$4,124	\$-	\$-
Total Expenditures, All Funds, (Unclassified)	\$4,124	\$0	\$0

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.