

BUDGET LETTER

		NUMBER: 25-24
SUBJECT: PAST-YEAR FUND REVIEW POLICY UPDATE	DATE ISSUED: November 6, 2025	
REFERENCES: BL 25-07	SUPERSEDES:	

TO: Agency Secretaries
Department Directors
Department Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) updates the state policy concerning the processing of past-year fund reconciliation packages (DF-303s and DF-304s), specifically for federal funds and non-governmental cost funds.

Government Code Section 13344 requires departments to prepare and maintain specified financial materials with a particular focus on General Fund and special funds, in accordance with Department of Finance procedures. The procedures currently require departments to report on all funds for past year reconciliation via state forms DF-303s and DF-304s.

Effective immediately, the Department of Finance is delegating the past year fund review of DF-303s and DF-304s **for federal funds and non-governmental cost funds** to departments—except for those federal funds or non-governmental cost funds that have fund condition statements that are currently published in the state budget. Any funds with published fund condition statements will still be reviewed by Finance.

Departments are still required to certify that federal funds and non-governmental cost funds reconcile with year-end financial statements and comply with all legal requirements (Government Code Section 13031). Fund administrators for any shared funds are also required to coordinate with user departments.

This BL facilitates a statewide goal of processing DF-303s and DF-304s for General Fund and special funds more expeditiously. This updated policy directly aligns with the requirements of Government Code Section 13344, which specifically refers to the review and reconciliation of General Fund and special funds and is implemented through the DF-303 and DF-304 process. Even with this change, with this delegated responsibility, departments will still be required to reconcile federal and nongovernmental cost funds and document that review via the DF-117 certification of past and prior year information.

To locate a fund condition, see the enacted budget details on the Finance website, and click on the [Fund Conditions](#).

Please contact your Finance Budget Analyst if you have any questions or need further assistance.

/s/ Thomas Todd

Thomas Todd
Program Budget Manager