

J. CARRYOVERS AND ENCUMBRANCES

PURPOSE

The purpose of this policy is to provide guidance on carryovers and encumbrances to department heads, department staff involved with the budget and procurement processes, and Management Services/Finance staff to ensure that the appropriate unspent monies are carried over to prevent overspending of the current year budget.

POLICY

It is the duty of the Finance Director to supervise and be responsible for the disbursement of all public monies and have control over all expenditures to ensure that budget appropriations are not exceeded per Municipal Code No. 2.08.020.

REQUIREMENTS

Additional Appropriations must be approved by City Council Motion.

Additional Appropriations must be recommended by the Finance Director, or his/her designee; and the City Manager, or his/her designee.

BACKGROUND

This is a housekeeping item that occurs annually. An encumbrance is a purchase for which a purchase order was issued in one fiscal year, but the goods or services were not received and paid for until the next fiscal year. Carryovers are for project, capital and contractual expenditures that were included in the budget, but at the end of the fiscal year, had not yet been encumbered or spent. Grant carryovers reflect active grant awards that have been advanced or are 100% reimbursable but remained unspent at the end of the current fiscal year. Because expenditures of previously encumbered and carried over items will occur in the subsequent fiscal year, an additional appropriation is necessary to prevent overspending of the current year budget.

PROCEDURE

At the end of each fiscal year, once all expenditures have been recorded, the Finance Department is responsible for identifying any encumbrances and carryovers that will need to be appropriated to the subsequent fiscal year. Finance staff will also work with each department head or designee to review encumbrances and carryovers. Once all encumbrances and carryovers requiring an additional appropriation have been identified, the Finance Department will bring the additional appropriation request to Council for their consideration.