

CITY OF GRANDVIEW, MISSOURI



ENCUMBRANCE ROLL FORWARD POLICY

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OVERVIEW

The purpose of this policy is to provide guidelines and parameters for rolling forward the previous fiscal year's budgeted unspent encumbrances to the current fiscal year's budget. The establishment of such policy is to allow the various city departments continued budget authority to spend from encumbrances approved in previous fiscal years without having to re-budget these expenses in the current fiscal year.

PROCESS

- A. At the beginning of the fiscal year, each department director will be provided a detailed listing of all previous fiscal year unspent encumbrances for their review.
- B. Each director must provide reasonable feedback on the status of each open encumbrance.
- C. Only the remaining unspent balances of encumbrances that are supported by a valid purchase order and contract for goods and services will be eligible for the roll forward process.
- D. The Finance Department will make a final determination that all previous fiscal year expenses from the open encumbrances have been processed.
- E. A budget journal entry will be processed and posted in the City's Financial Management System for the remaining balance of each prior fiscal year purchase order, thus increasing the current fiscal year's budget authority on each line item.
- F. Most of the time, the budget journal entry should agree with the encumbrance amount that will be reported in the City's Comprehensive Annual Financial Report (CAFR).