

Encumbrance Rollover

An encumbrance is a reserve of budget to purchases goods or services. All encumbrances on the encumbrance rollover are created by outstanding purchase orders as of the end of the last day of the fiscal year.

The process works as follows:

1. Open the new fiscal year on October 1 (first day of fiscal year).
2. Payables are kept open for 2 months after the fiscal year ends for the prior year to pay invoices that were encumbered in the prior year.
3. After the prior year payable period ends a new encumbrance batch is created to move all encumbrances to the new fiscal year. Outstanding balances of blanket purchase orders not included in the rollover. The batch is reviewed for accuracy and then updated.
4. A budget batch is then created to roll the budget related to the encumbrances. This batch only includes funds that require annual budgets (does not include most grant funds or capital project funds). This budget batch is necessary to fund the commitments created in the prior year. This batch is posted normally 2 months after the end of the fiscal year.
5. After the budget batch is posted the County then goes through the annual audit preparation and the annual audit. During this period it is not unusual to make adjustments to the periods in which some of the prior year payments are posted. This can cause adjustments to the encumbrance and/or the budget that was posted.
6. After the audit work is complete the encumbrance rollover budget batch is prepped and sent to Commissioners Court for approval. Even though this batch has been posted it can be adjusted at the direction of Commissioners Court.