

**2120.2 SUBJECT: OPERATING BUDGET APPROPRIATION FOR
PRIOR-YEAR ENCUMBRANCES**

:1 OBJECTIVE:

To establish procedures for the re-appropriation of operating budget encumbrances in the subsequent fiscal year.

:2 AUTHORITY:

This policy is adopted by the City Council, April 11, 2011

:3 DIRECTION:

The Chief Financial Officer, as an appointed official, serves at the pleasure of, and receives direction from the Mayor.

:4 FUNCTIONS:

A. Introduction

City government, as an institution, has multiple partners including citizens, taxpayers, businesses, visitors, employees, and other governments. As a major institutional, economic, and service force in the region, it is important that the City strengthen relationships with its partners by adopting a clear and comprehensive set of policies and procedures.

Furthermore the integrity of the City of Orlando is of utmost importance, and adopting a set of policies is a key element to maintain this integrity. It is the City's practice that all valid encumbrances with a balance remaining at fiscal year-end will be carried forward to the ensuing fiscal year. The purpose of this policy is to provide criteria for determining which encumbrances are eligible for budget re-appropriation in that ensuing fiscal year.

B. Re-Appropriation Criteria

In accordance with City Policy, Department Directors, Office Heads, and Division Managers are responsible for requesting operating budget appropriations in the fiscal year when expenditures are expected to be made. No carry-forward of operating budget appropriations to a future fiscal year for encumbrances will be permitted except for the limited circumstances contained in this policy.

The following requirements must be met for a budget re-appropriation to cover an encumbrance carried forward from a prior fiscal year:

1. Operating expenses related to a valid purchase order that is limited to a one-time item or event and there is a reasonable expectation that payment will occur early in the next fiscal year. Eligible items should come primarily from the Contractual Services Account Group.
 2. Re-appropriation for capital outlay (equipment) when an encumbrance has been approved and a purchase order is issued, but the equipment has a production lead-time that makes delivery by the end of the fiscal year impractical. Eligible items must come from encumbrances in the Capital Account Group.
- C. Prohibitions, Restrictions and Exceptions
1. Re-appropriation requests from funds in the Salaries and Wages or Benefits categories are prohibited.
 2. Re-appropriation requests must meet the minimum dollar threshold of \$25,000.
 3. Nothing in this policy shall prohibit the carry-forward of encumbrances or balances remaining in a capital project.
 4. Nothing in this policy shall prohibit the carry-forward of encumbrances in funds with dedicated revenue sources when such carry-forward is in essence a re-appropriation of restricted use funding.
- D. Responsibilities
1. Purchasing and Materials Management Division Manager

The Purchasing and Materials Management Division Manager, in consultation with the Chief Financial Officer, shall prepare and distribute a fiscal year-end calendar that provides dates by which certain purchasing transactions must be entered in the financial system in order to be completed and recorded against the current fiscal year budget.
 2. Department Directors, Office Heads, and Division Managers

Department Directors, Office Heads, and Division Managers are responsible for reviewing the accuracy of program encumbrances and providing timely notification to the Office of Business Services and/or Purchasing and Materials Management when a correction is required. In accordance with the year-end purchasing schedule, Department Directors must submit a written request to the Chief Financial Officer for approval to re-appropriate an operating encumbrance that meets the provisions of this policy.

3) Chief Financial Officer

The Chief Financial Officer or his/her designee shall review all requests to re-appropriate operating budget encumbrances to ensure compliance with this policy. The Chief Financial Officer shall have prepared a list of eligible requests for review by the Mayor. If there are valid encumbrances that require re-appropriation, the Chief Financial Officer shall follow applicable City policies and procedures relating to the amendment of the operating budget.

:5 FORMS:

None.

:6 COMMITTEE RESPONSIBILITIES:

None.

:7 REFERENCE:

Procedure adopted by City Council February 26, 2007, Item A5; amended April 11, 2011, Item A-1.

:8 EFFECTIVE DATE:

This procedure effective April 11, 2011.