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DATE: March 26, 2010

TO: Chief Business Officials
Accounting Managers
K-12 and Community College Districts

FROM: Nancy Sheets, Director *NS*
District Fiscal Services
Division of Administration and Business Services
(951) 826-6442 / FAX [951] 826-6363

SUBJECT: Encumbrance of Funds for the Following Fiscal Year Prior to July 1

The ability to encumber funds in the financial system for the following fiscal year will be available on April 1st. This includes the ability to issue purchase orders for the following fiscal year in numerical sequence on the automatic purchase order system. The current process does not provide for a budget check. Consequently, districts selecting this process will need to provide for appropriate internal controls to approve and monitor encumbrances. I recommend that this option only be utilized after the board has reviewed a preliminary 2010-2011 budget.

Due to our concern about the legality of encumbering funds prior to the approval of an adopted budget by a district governing board, we will only allow districts to encumber funds in the following fiscal year if the governing board adopts the attached sample resolution. It is our intent to provide protection from legal issues for governing board members and school district officials who authorize the encumbrance of following year funds by requiring adoption of a resolution.

If your district would like to issue purchase orders in Galaxy and OneSource (if applicable) for the following fiscal year prior to July 1st, please have your board adopt the enclosed sample resolution and return to my attention. Upon receipt of the adopted resolution, we will allow your district to encumber funds in the following fiscal year.

Please feel free to contact me at the number listed above if you have any questions regarding this process.

NS:tk

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Attachment