

Appendix A

ENCUMBRANCES & EXECUTIVE CARRY FORWARD

Definitions 67-3501B Idaho Code:

- *"Encumbrance" means the recognition of a commitment that is a reduction against a current year appropriation and will subsequently become an expenditure when a good or service is received.*
- *"Executive carry forward" means an increase in the current year's appropriation resulting from an unliquidated encumbrance balance from a prior fiscal year.*

Encumbrances 67-3521 Idaho Code:

- Encumbrances have the following requirements in Idaho Code:
 - Shall not be in excess of appropriated spending authority.
 - Shall be reported as reductions against appropriations in anticipation of expenditure.
 - Shall be made only for: (1) a legally contracted obligation, (2) the accrued cost of a specific product, or (3) a service due and payable as of the end of the current fiscal year (FY) or for the term of the contract obligation.
 - Shall not be used as a means of reserving a portion of the appropriation of one fiscal year to be used in combination with the appropriation of the following year.
 - Shall be entered for all purchase orders (PO) issued by the Division of Purchasing (DOP) or issued pursuant to delegated authority approved by the DOP. *This requirement applies year-round and not just for the purposes of executive carry forward.*
- As required by the State Controller's Office (SCO) and the Division of Financial Management (DFM), all encumbrances that will not be liquidated by payment or have not been approved for executive carry forward must be deleted or liquidated prior to the end of the fiscal year. **Any encumbrance not liquidated prior to June 30 will carry over and encumber the FY 2026 appropriation.**

Executive Carry Forward 67-3521 Idaho Code:

- Executive Carry Forward (ECF) has the following requirements in Idaho Code:
 - Any encumbrances submitted for ECF must meet statutory requirements.
 - Requests for ECF that do not have a specific exemption (IC §67-3521 (3) & (6)) require approval by DFM and shall be accompanied by proper identification of the accrued cost, which must be adequately covered by appropriated funds from the current fiscal year.
 - All purchase requisitions must be submitted to DOP by the division's fiscal year-end (FYE) cutoff date for ECF to be requested.
 - The agency must have available current-year appropriation that meets or exceeds the amount of the ECF request.
 - Prior year ECF not liquidated by payment of the accrued cost during the succeeding fiscal year must be reverted to the fund from which it originated and must be recorded as a reversion in that fiscal year, unless an additional ECF budget change request is requested by the agency and approved by the administrator of DFM.
 - Liquidation of ECF must be recorded as an expenditure only in the fiscal year in which it is liquidated.
- The following encumbrance items that originated in the current fiscal year will be automatically approved for ECF if not liquidated or deleted prior to fiscal year-end. *Prior year ECF will require an approved extension as noted above.*
 - Purchase orders issued by the DOP.

- When purchase requisitions are submitted by agencies prior to the DOP fiscal year-end cutoff date, but are not processed either due to workload or bid requirements.
- Purchase orders issued by an agency under the delegated authority from the DOP.
- Vocational, educational, or career technical reimbursements to educational institutions.
- Contracts for the construction of highways, bridges, buildings, or other primary structures or capital improvements.
- *The preceding two items require an ECF budget change request to be entered when POs are issued.*
- *These do not require approval but must be reported to DFM in the memo and entered into FSM as an ECF budget change request (BCR) to ensure proper carry forward.*
- *These BCRs will be done as an ISD upload initiated by the agency with the State Controller's Office (SCO).*
- *These requests must be accompanied by the appropriate director's letter of attestation.*

DFM Guidance

The Executive Carry Forward (ECF) process is meant for existing obligations that are unable to be paid by fiscal year-end and not to facilitate the expenditure of all available funds prior to fiscal year-end.

Definitions:

- *Purchase Requisitions: This applies only to an agency request for the Division of Purchasing to issue a purchase order.*
- *Purchase Order (PO): A PO issued to a vendor does not in itself create a contract for services or a legal obligation to pay, the acceptance of the PO by the vendor creates the contract or legal obligation for both parties.*

Guidance:

- ECF must comply with all other budgeting and appropriation laws and policies.
- ECF must be for ordinary expenditures that are **necessary** for the ongoing maintenance of operations that are imminent and cannot be postponed into the subsequent fiscal year. Unusual or extraordinary purchases will require additional documentation for DFM review, as noted in the Timeline and Additional Guidance section.
- The authorization for an ECF budget change request is valid for one year. Should the ECF not be liquidated in that time frame, a new ECF budget change request must be entered and accompanied with justification for the requested extension, including detailing what efforts were made to liquidate the expense in the current fiscal year and the impact if an extension is not granted.
- Multiple-year ECF requests will not be approved; agencies may still request an extension of carry forward if there are delivery delays or other extenuating circumstances.
- Agencies should communicate with DFM when ordering items or contracting for services at the end of the fiscal year to ensure purchases are appropriate and ECF requests meet both statutory and DFM criteria.
- ECF will **NOT** be approved for:
 - Amounts beyond what is due and payable in the current fiscal year for contracts or projects for which **ongoing** spending authority has been appropriated. This includes but is not limited to annual leases, licensing and maintenance agreements, multi-year contracts, etc., that are funded through ongoing appropriation in the agency's budget.
 - Amounts related to salary and benefit obligations.

General Fund ECF:

- If, at fiscal year-end, DFM and SCO agree there is insufficient General Fund available to meet obligations being carried over to the next fiscal year, certain ECF requests will be un-approved and returned until a balance between receipts, expenditures, and cash is achieved. Agencies can provide a priority in their request if this is a concern.

Non-General Fund ECF:

- Non-General Fund ECF requests must be accompanied by a **current** B-12 Analysis of Funds (see [Budget Development Manual](#)) or your agency's cash balance report reflecting prior and current fiscal year-to-date actuals, and subsequent fiscal year's estimated receipts, expenditures, and cash balances.
- All revenue projections are to be based on your agency's existing fee structure. Only changes to fees reflected in the current law will be considered.
- Non-General Fund ECF requests will not be approved if there is insufficient cash in the fund at the time of the DFM's review. Additionally, if cash balances fall below that needed to liquidate the encumbrance before the end of the current fiscal year, DFM will reduce the amount to coincide with the available cash.
- Expenditures that are reimbursable from grant sources must identify the fund source and time frame for reimbursement of the expenditure to be approved. Because of action at the federal level, please indicate whether or not there is any known planned federal reductions to the federal funding source upon which the ECF is dependent.

Examples of Allowable ECF:

- The contract was originally scheduled to be completed before the end of the fiscal year, but was not and had to be extended.
- The contract is for goods and/or services that would have been delivered during the current fiscal year, except for delivery difficulties, unavailability of goods or services, or other reasons beyond the control of the state agency.
- The contract is required to conform to a period different from the state fiscal year, and it is impossible or impractical to ascertain the amount of goods or services delivered or performed before the end of the fiscal year.
- Fully executed POs accepted by the vendor prior to June 30, 2025.
- Purchase requisitions submitted by April 4, 2025, but not processed due to workload.
- Invoices that are unable to be paid prior to June 30, 2025.

Agency Instructions:

****ALL SUPPORTING DOCUMENTATION MUST BE ATTACHED TO THE APPROPRIATE PURCHASE ORDER OR CONTRACT WITHIN LUMA FSM. ANY ITEMS WITHOUT ATTACHED DOCUMENTATION WILL NOT BE APPROVED****

Please note that ALL materials must be submitted to your DFM analyst by 4:00 pm MDT on June 30, 2025.

New this year, is the implementation of two different processes to follow depending on the nature of the items requested to be carried forward:

Step 1:

- Download the “Open PO Encumbrance Report” from the LUMA Report Catalog
- Separate Open POs into two different spreadsheets. (Please enter the estimated date of liquidation columns and Statutory Authority Idaho Code reference (if applicable).)
 1. ECF – Exempt – Reporting Only (separated into the following categories)
 1. ECF Exempt from Approval Under Idaho Code 67-3521(3) Current Year – Reporting Only
 2. ECF Exempt from Approval Under Idaho Code 67-3521(6) Current and Prior Year – Reporting Only
 2. ECF – DFM Approval Needed (separated into the following categories)
 1. FY 2025 ECF Requiring (DFM Approval)
 2. Extensions for ECF Approved in a prior fiscal year requiring DFM approval
- Download the “Open Contract Encumbrance Report” from the LUMA Report Catalog
 1. Identify which contracts or lines of a contract are being requested for ECF.
 2. Add these lines to your “ECF – DFM Approval Needed” spreadsheet for review/approval.
- Manually add any other encumbering activities to the “ECF – DFM Approval Needed” spreadsheet for review/approval. Fill out all data columns on the sheet.
- **DFM Approval Exempt Process:** Items that are exempt from DFM approval per Idaho Code §67-3521 (3) and (6).

Please refer to your delegated purchasing authority (if applicable) as shown in the attached listing from the DOP. Any items that exceed the delegated amount in the official list from the DOP DO NOT apply in this section and MUST be handled in the Approval Required Process. (If you disagree with the amounts in the official listing, please resolve those with the DOP. Please note that ANY items found in this process over the delegated amount will result in the submission being rejected and returned to the agency for correction.)

Step 2:

- Open a Support Case with the SCO. Add your DFM analyst to the watch list. In the description, please add “agency, FY25 ECF”. Submit this no later than 4:00 pm MDT June 30, 2025. Attach the following items:
 - Agency memo (template provided)
 - Spreadsheet
 - ISD Upload
 - Appropriate Director attestation (template provided)
- Your DFM analyst will perform a review and spot check. If everything looks correct, your DFM analyst will add the comment “good to upload” to the Open SCO Support Case
- The SCO team will then perform the ISD Upload.
- The ECF Approval Exempt process is complete.

- **DFM Approval Required Process:** Items that need to be approved by the DFM.

Step 2:

- Email the following items to your DFM analyst no later than 4:00 pm MDT June 30, 2025:
 - Agency memo (template provided)
 - Spreadsheet as outlined in Step 1
 - Appropriate Director attestation (template provided)
- After DFM approvals are complete, your DFM analyst will return the spreadsheet with the approved items noted.

Step 3:

- Add all approved items to the ISD Upload template and email this back to your DFM analyst within 2 business days.
 - The DFM analyst will then submit a ticket to the SCO, copying agency staff, with a note “DFM reviewed and approved to upload.”
 - The SCO team will then perform the ISD Upload.
 - The ECF Approval Required process is complete.

Timeline and Additional Guidance:

DUE DATE	INFORMATION
APRIL 4, 2025	Last day to submit purchase requisitions to DOP
JUNE 13, 2025	DFM cutoff date for agency-issued POs
JUNE 30, 2025	All required documentation for the ECF requested must be fully executed. If a PO has not been issued for a requisition requested prior to the deadline, the DOP will provide a letter at the agency’s request notifying them of purchase requisitions that will not be processed and the reasons why they will not be processed. A copy of the letter must be attached to the agency’s request for approval of ECF and submitted to DFM by June 30, 2025. If approved, SCO will collaborate with the agency to create the ECF budget change request via the ISD upload in Luma Finance. Once the PO has been issued, the ECF budget change request must be updated with the new PO number. FY25 ECF encumbrances not being requested to carry forward to FY26 MUST BE REVERTED.
JULY 21, 2025	DFM will act upon ECF requests by this date. Final discretion as to the approval/disapproval of any executive carry forward lies solely with the Administrator of DFM.

Documentation Required for DFM Review of Executive Carry Forward:

- A memo using the template to outline the details of the requested executive carry forward, including the date the liability was incurred and the estimated date it will be liquidated, as well as a complete explanation of why the executive carry forward is necessary and the possible impact of not retaining it.
- Documentation requirements for DFM approval (must be attached to the encumbering activity in Luma).
 - Documentation must demonstrate that there has been an “accrued cost of a specific product or service due and payable before or as of the end of the current fiscal year” or that there is a legal financial obligation between the agency and the vendor.
 - All contracts, invoices, purchase orders, or other documentation used to support ECF requests must be fully executed before June 30, 2025, to prove the order was completed, resulting in a legal financial obligation. This means that the vendor must have accepted the purchase order before the cutoff date.

- Invoices must be from the vendor, due and payable before the end of the fiscal year, and accompanied by an explanation of why they could not be paid before June 30.
- Contracts must include signatures from all parties, be properly dated, and include an explanation that points to the portion of the contract that supports the request.
- Any Purchase Order not issued by DOP, including POs issued by the agency regardless of delegated authority, must include both the agency and vendor signatures and dates or include proof that the PO was submitted to the vendor before June 13, 2025, and accepted by the vendor before June 30, 2025. Proof documents could include an email from the vendor accepting the order, order confirmations, shipping confirmations, proforma invoices, etc.
- “Purchase Requisitions” are only allowable documentation when made to the DOP and accompanied by a notice letter as previously noted.
 - Purchase orders not issued by DOP after June 13, 2025, will not be considered for ECF.
- Documentation for ECF that doesn’t require DFM approval must be attached to the encumbering activity for review by DFM analysts to support any ECF. This can be, but is not limited to, purchase orders, invoices, signed vendor contracts, or authorization letters from the Division of Purchasing in the Department of Administration. Agency and vendor representatives, if applicable, must authorize all documentation before the end of the state fiscal year.

[Agency Letter Head]

Memorandum

TO: Lori Wolff, Administrator
Division of Financial Management
FROM: [Agency Director/Administrator Name], [Title]
[Agency Name]
DATE: [date]
RE: FY 2025 Request for Executive Carry Forward (ECF)

[Include this section for the Approval Exempt memo]

ECF Exempt from DFM Approval Under Idaho Code §67-3521(3) Current Year – Reporting Only

Includes POs issued by the Department of Purchasing (DOP) or POs issued by an agency within their delegated authority as designated by DOP.

[Include an explanation and summary of items that are exempt under this statute, the total amount to carry forward, purpose, and note DOP or delegated authority.]

ECF Exempt from DFM Approval Under Idaho Code §67-3521(6) Current and Prior Year. – Reporting Only

*Vocational, educational, or career technical reimbursement to educational institutions or **contracts** for the construction of highways, bridges, buildings, or other primary structures.*

[Include an explanation and summary of items that are exempt under this statute and the total amount to carry forward.]

[Include this section for the Approval Required memo]

FY 2025 ECF Requiring DFM Approval

Requests for ECF that do not have any other exemption from statute should be included here.

[Include an explanation of the need for each ECF and the impact if not approved.]

Extensions for ECF Approved in a Prior Fiscal Year Requiring DFM Approval

Requests to extend ECF approval in a prior year for an additional year, including prior year ECF exempt under 67-3521 (5).

[Include an explanation of the need for each ECF; provide a justification for the extension request, detailing any delays, and all efforts taken to liquidate the current ECF in the current fiscal year; and the possible impact if an extension is not approved]