

**SAM – FISCAL AFFAIRS
ALLOTMENT – EXPENDITURE ACCOUNTING**

DETAILED INSTRUCTIONS
(Revised 5/2016)

8342.3

The manner of recording encumbrances for the operating expense and equipment category varies, depending upon the type of expenditure involved. Explanations below are intended to clarify the manner of accounting for various types of expenditures.

Traveling-in-state: Departments may encumber at the beginning of each fiscal year an amount equal to their best estimate of the amount of expenses actually incurred as of the end of a month but not reflected on the records because the traveling expense claims either have not been submitted or having been submitted have not been scheduled for payment.

Utilities: Departments may encumber at the beginning of each fiscal year an amount equal to their best estimate of the amount of expenses actually incurred as of the end of a month but not reflected on its records because the bills either have not been received or, having been received, have not been scheduled for payment. (See SAM section [8342.1](#))

General Expense and all other types of expenditures where commitments are made: Departments may encumber at the beginning of each fiscal year an estimate of the amount of expenses actually incurred at the end of the month for which specific encumbrance documents have been issued and which are not reflected, due to the delay in receiving invoices and scheduling claims for payment. (See SAM section 8342.1)

Departments shall encumber estimated expenses for each item or service of \$500,000 or greater. However, if the full amount is payable within 90 days the expense does not need to be encumbered.

Rent-building space: Departments shall encumber, either at the beginning of each fiscal year or on a monthly basis, an amount equal to commitments made for that fiscal period, as shown on the rental or lease agreement. Encumbrance may be made to reserve funds for renewal of leases containing such an option if the department intends to exercise this right of renewal.