

Encumbrance Narrative

There are only a couple of instances where an encumbrance can be done.

1. A contract for a project that is not completed and is carried to the next year. The funds budgeted for this project can also be carried to the next year via an encumbrance.
2. Receiving an invoice late in the year and it misses the cutoff for that year's claims.

When money is encumbered, the money can only be used for its original purpose stated in the encumbrance (contract or invoice).