

## **Prior Year Unpaid Bills**

Annually, the school department reserves an “open encumbrance” to cover the miscellaneous unpaid invoices that are submitted for goods or services received during the prior fiscal year. Fiscal Year books close on July 15. Encumbrances cannot be made against the prior year’s ledgers after that date. The School Committee has a standing policy that all orders made by program staff must have a purchase order **BEFORE** the order is made. On occasion, companies will take orders on the belief that the staff member has proper authority to financially bind the district or they make an error in their invoicing and do not correctly bill. At the Close of FY07 and FY08 the district began the practice of encumbering \$50,000 for invoices that may fall into the above described category. The School Department does not have any unpaid bills to present.