



### **October 1 Spending Deadline**

On October 1, 2008, unencumbered balances from last fiscal year will have lost their FY 2007-2008 designation. Under the Constitutional Debt Limitation these unencumbered funds are no longer legally available to pay for obligations entered into in FY 2007-2008.

Pursuant to 62 O.S. Section 310.4, a unique 90-day period is established from June 30 to September 30. During this 90-day period, all unencumbered balances at the close of business on June 30 remain as a credit to pay indebtedness incurred during the prior fiscal year.

The statute makes clear that no new indebtedness can be made after June 30 which is chargeable to the prior fiscal year's revenues. One way to think about it is that the 90-day window acts as a safety valve so municipalities can pay their bills incurred prior to June 30 - but only if there is an unencumbered balance available for the specific line-item needing payment. In other words, as far as new appropriations or new indebtedness goes, the door to the fiscal year slammed shut on June 30.

Please Note: This summary is not a substitute for legal advice. You should consult your city or town attorney prior to taking any action based on this document.