



Date of Memo:	December 07, 2022
Current Meeting:	December 08, 2022
Board Meeting:	December 15, 2022

BOARD MEMORANDUM

TO: Indianapolis Public Transportation Corporation (IPTC) Board of Directors

THROUGH: President/CEO Inez P. Evans

FROM: Chief Financial Officer Bart Brown and Director of Budget Justin Burcope

SUBJECT: Consideration and approval of Resolution 2022-10 – Transfer in appropriations and carry forward of outstanding encumbrances for FY2022

ACTION ITEM A – 15

RECOMMENDATION:

Authorize the approval of Resolution 2022-10 – Transfer in appropriations and carry forward of outstanding encumbrances for Fiscal Year 2022.

BACKGROUND:

With the opening of a new budget year and a new set of ledgers, it is advantageous to review the unpaid purchase orders and contracts which remain on the ledgers as “encumbered.” Whenever a valid appropriation has been lawfully encumbered by a contract or by the issuance of a purchase order, the appropriation to the extent of the encumbrance may be carried forward to the succeeding year and made available for payment of the obligation which encumbered it. Only so much of the appropriation as is lawfully encumbered may be carried forward.

As part of the year-end review process, IPTC requests to allow for a transfer in appropriations between the operating budget and the capital budget.

DISCUSSION:

State guidelines allow the Board to authorize carry forward of outstanding purchase orders at year-end. These outstanding purchase orders were not paid prior to December 31, 2022. Therefore, it is prudent and sound financial practice to carry them forward into the next fiscal year (2023), pending available cash balances at the close of the fiscal year 2022. The appropriations to cover these purchase orders, once expensed, will come from the 2022 budget.

Under the same guidelines, budget adjustments to the operating and capital budgets will be necessary to make sure that major expense categories are in alignment within IPTC’s overall budget. This action does not change the 2022 total appropriation authority for the already approved and adopted budget.

ALTERNATIVES:

If the Board chooses not to approve this action, IPTC would not be able to use fiscal year 2022’s appropriations to pay for any outstanding purchase orders and contracts in fiscal year 2023. As a result, the obligations would have to be charged against fiscal year 2023’s appropriations, which could jeopardize previously budgeted operating line items and capital projects.

FISCAL IMPACT:

There is no fiscal impact on fiscal year 2023's budget as appropriations were provided for these purchase orders in fiscal year 2022's budget.

DBE/XBE DECLARATION:

N/A

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

This action will be reviewed by the Finance Committee on December 08, 2022.