To: President and Members of the Munster Town Council

From: David F. Shafer, Clerk-Treasurer

Date: December 23, 2019

Re: Resolution 2061: 2019 Encumbrances Appropriations

When beginning a new budget year, it is beneficial to review open purchase orders that show as "encumbered" on the current year's ledger. These encumbrances can be carried forward to the corresponding 2020 budget account. This allows expenses generated in 2019 to be attributed to the 2019 budget instead of the 2020 budget.

Staff in all departments have been asked to review their open purchase orders and report which items should be carried into 2020. These items can only be used for the vendor and for the goods or services for which the purchase order was originally made. The maximum to be brought into 2020 is $1,713,255.37.

Encumbrances brought forward have a direct impact on future appropriations levels. We know that not all of the listed encumbrances will be used; some will not be used at all. All encumbrances brought into the new year will be used by the end of February 2020. The final amounts will be reported in March 2020.

The Indiana State Board of Accounts suggests formally recording these encumbrances in the minutes of the final meeting of each year. Resolution 2061 has been drafted for this purpose. Exhibit A to the resolution is fund summary and listing of all the purchase orders which will be carried into 2020.

Recommendation:

By motion and roll call vote, adopt Resolution 2061 as presented.