



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting September 17, 2019
Second Reading Ordinance for the City Council Meeting September 24, 2019

DATE: September 17, 2019

TO: Peter Zaroni, City Manager

FROM: Kim Baker, Director of Contracts and Procurement
Kimb2@cctexas.com
(361) 826.3169

Appropriation of Increased Revenue at the City's Warehouse

CAPTION:

Ordinance amending and increasing Fiscal Year 2019 revenue and expenditure appropriations in the Stores Fund by \$1,200,000.00 each - from \$2,800,000 to \$4,000,000 - for increased purchases of merchandise in the City's Warehouse.

SUMMARY:

The City's Warehouse has shown increased sales in Fiscal Year (FY) 2019. In order to be able to purchase increased merchandise to sell through the remainder of the fiscal year, the projected increase in revenue is being appropriated to cover the projected increases in expenses.

BACKGROUND AND FINDINGS:

The Warehouse staff have continued to increase their sales to various City Departments in FY 2019. Departments continue to find it efficient and cost effective to utilize this central Warehouse for items they commonly use to perform their daily operations. The Warehouse staff purchase these commonly used items in bulk and stores them for use in the warehouse. The items are purchased under the Stores Fund under the cost of goods sold line item. Once an item is sold the revenue coming in from the departments purchasing the items replenishes the money spent.

Due to this increase in sales, staff projects that both revenues and expenses will exceed the amounts budgeted for the fiscal year. Even though these increases do not adversely affect the fund balance in the Stores Fund, this amendment is needed to stay in compliance with accounting principles.

ALTERNATIVES:

There are no alternatives as the City Charter requires that expenditures cannot exceed revenues.

FISCAL IMPACT:

There will be an increase to the Stores FY 2019 cost of goods sold budget of \$1,200,000.00; however, the increased appropriations will be offset by the increased revenue.

Funding Detail:

Fund:	5010 - Stores
Organization/Activity:	400000 – Warehouse Stores
Mission Element:	185
Project # (CIP Only):	n/a
Account:	520210 – Cost of goods sold

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance