

**City of Minneapolis  
FY 2010 Budget  
Financial Plan**

**Public Works Stores Fund**

**Background**

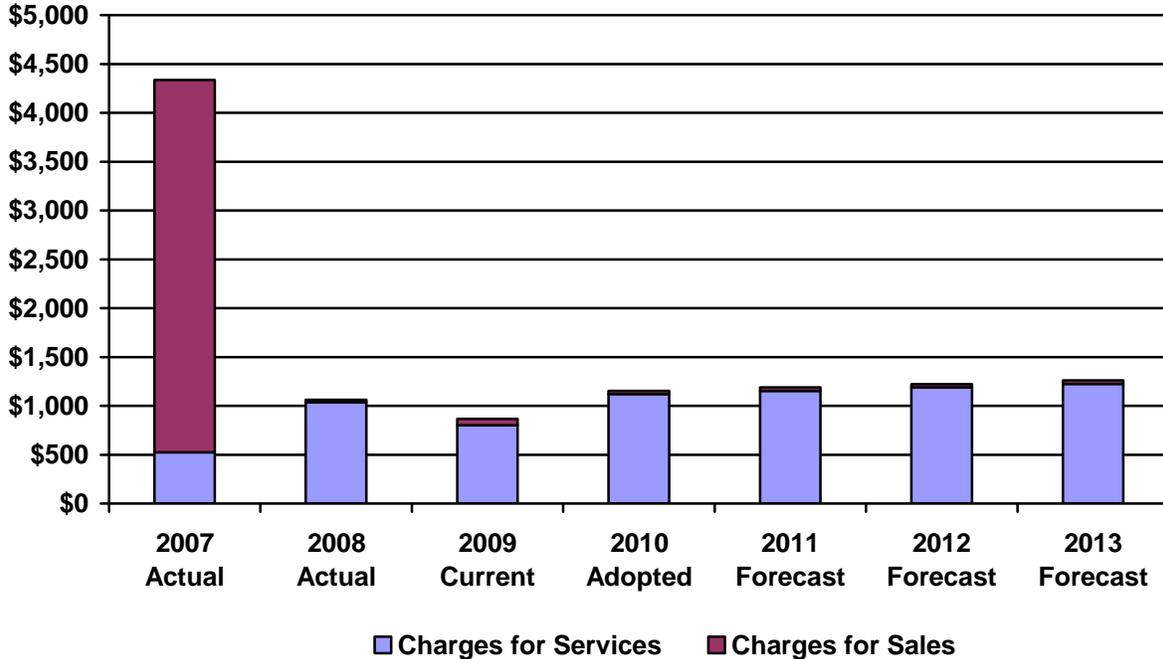
The Public Works Stores fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services through Public Works Central and Traffic stores.

**Historical Financial Information**

Public Works has operated central stores since January 1965. At that time the stockrooms of property services, bridge maintenance, paving construction, and sewer construction and maintenance were combined to establish a central stores operation. In 1980, central stores began purchasing all of the City's needs for office supplies and non-specialty items.

In June 1998 a redesign of the central stores function determined a revised overhead structure. The revised plan resulted in positive net income for years 2000 through 2007. For year ending 2008, PW Stores recorded a net loss of \$646,000.

**Public Works Stores Revenue**  
(in thousands of dollars)



## 2010 Budget

### Revenues

Revenues are expected to be sufficient in 2010, at \$1.2 million to cover the \$1.2 million in budgeted expenditures. A significant difference exists between the revenue budgeted for 2010 and the amount budgeted for 2009. Due to a process change in recording inventory transactions, the 2010 revenue is budgeted at the amount of overhead charged when goods are sold from inventory. In 2009, revenue was budgeted as the cost of goods sold plus the overhead charged on each item. The actual revenue earned in 2008 is recorded as the overhead charge only. The fund required an interfund cash advance of \$2.3 million at year-end 2008 to cover a cash balance deficit and incurred a liability for the advance.

### Expenditures

The 2010 expenditure budget of \$1.2 million does not include an amount budgeted for cost of stores issuance. This results in a significant decrease from the 2009 budget of \$3.7 million. The new inventory system implemented in 2008 does not record a cost of goods sold when the item is sold from inventory. The cost of the item is removed from the expenditure budget when the item is sold to City departments. This process permits a zero budget amount recorded for cost of stores issuance. This method applies to the actual expenditures recorded for 2008. The 2010 expenditure budget is decreased by 28.2% from the actual budget for 2008.

### Transfers

There is a transfer out in 2010 for \$33,000 related to the debt service for the Minneapolis Employees Retirement Fund (MERF) unfunded pension liability.

### Debt Service

This fund does not have long-term debt.

## Original Budget

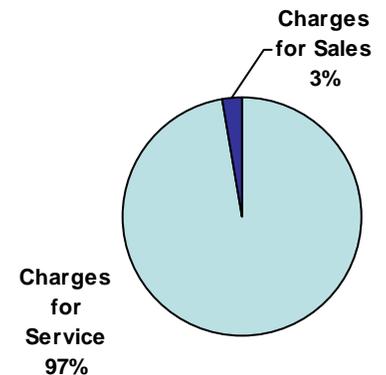
The Mayor recommended and Council approved no changes to this fund.

The budget for this fund includes a reduction of BIS charges of \$3,100 due to the Council's actions to reduce the BIS budget by \$1.7 million. This reduction in BIS charges will subsequently reduce the fund's appropriation by the same amount. Additionally, the budget for this fund includes a \$168 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.

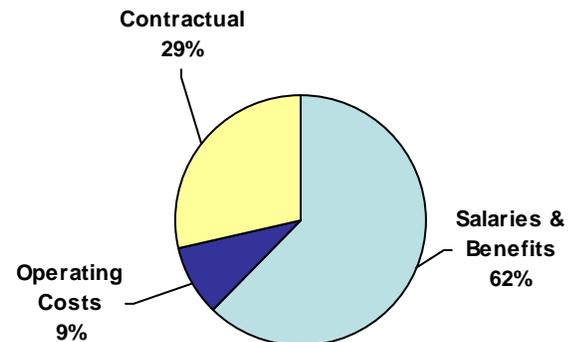
## Mayor's Revised Budget

The Mayor recommended no changes to this fund.

**Public Works Stores Fund  
Source of Funds  
(\$1.2 million)**



**Public Works Stores Funds  
Use of Funds  
(\$1.2 million)**



## Council Revised Budget

The Council approves the Mayor's recommendations.

**City of Minneapolis**  
**FY 2010 Budget**  
**Financial Plan (in thousand of dollars)**  
**PW Stores Fund - 06300\***

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Budget	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
<b>Source of Funds:</b>									
Changes for Services	524	1,036	401	800	1,120	179.3%	1,154	1,188	1,224
Charges for Sales	3,811	25	3,343	66	33	-99.0%	34	35	36
Total	4,335	1,061	3,744	866	1,153	(69.2%)	1,188	1,223	1,260
<b>Use of Funds:</b>									
Salaries and Fringes	732	801	717	725	736	2.6%	758	781	804
Contractual Services	249	239	344	300	335	(2.6%)	345	355	366
Materials and Other	61	591	242	60	34	(86.0%)	35	36	37
Rent	25	29	34	34	43	26.5%	44	46	47
Cost of Stores Issuance	3,096	-	2,373	0	-	(100.0%)	-	-	-
Transfers	11	31	34	34	33	(2.9%)	34	35	36
Total	4,174	1,690	3,744	1,153	1,181	(68.5%)	1,216	1,253	1,291
<b>Change in Net Assets</b>	161	(646)	-	(287)	(28)		(29)	(30)	(31)
<b>Net Assets</b>	3,531	2,885	2,885	2,598	2,857		2,828	2,798	2,768
<b>Cash Balance<sup>1</sup></b>	(561)	(2,284)	(2,284)	(2,571)	(2,312)		(2,341)	(2,371)	(2,401)

\* This fund includes the Public Works division Engineering Materials & Testing (also known as Cental Stores).

<sup>1</sup>Cash balance for 2007 and 2008 is the sum of the CAFR cash balance and the Due to Other Funds.