



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



7

August 23, 1988

Budget and Finance Committee  
of the City Council  
Sacramento, CA

Honorable Members in Session:

SUBJECT: Write-off of Stores Inventory Difference


SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Housing Authority of the City of Sacramento.

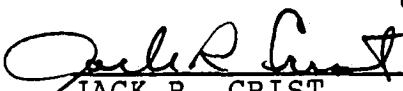
RECOMMENDATION

The staff recommends approval of the attached resolution approving the write-off.

Respectfully submitted,

  
WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COMMITTEE:

  
JACK R. CRIST  
Deputy City Manager

Attachment



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



August 15, 1988

Housing Authority of the City of Sacramento  
Sacramento, California

Honorable Members in Session

**SUBJECT: Write-off of Stores Inventory Difference**

SUMMARY

The staff of the Authority has prepared for your review and approval the cumulative historical difference of \$99,562 in stores inventory for write-off.

BACKGROUND

Until October 1987, the Authority used manual records to account for the receipt and issues from stores inventory. The manual process involved daily recording of 2,000 items, pricing of requisitions and workorders; preparation of summary totals by cost center and preparation of journal voucher entries. These manual records were susceptible to error. In addition, the laborious manual calculations were impossible to verify. Approximately 500 workorders and 100 requisitions are processed each month. A complete physical inventory was not conducted from April 1982 until October 1987, when the computerized system was implemented. Another physical inventory was conducted on May 2, 1988 to help correct input and system errors resulting from computerization. The 1982 physical inventory required 150 hours of staff time to complete, while the 1988 physical inventory required only 40 hours. The reduced number of hours is directly attributable to computerization. As a result of computerization, staff will be able to take an annual physical inventory with much greater accuracy and provide more timely information. Now that the Agency has an automated stores inventory system, it is appropriate to write-off the historical difference between the physical inventory and the book inventory.

8-23-88  
All Districts

(1)

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## FINANCIAL DATA

The City and County Housing Authorities will have to absorb the \$99,562 loss to be "written off." If a physical inventory had been completed annually, the write-off would have averaged \$16,593 per year. The write-off will be absorbed by each project as follows:

City Conventional	\$62,724
County Conventional	27,877
Ping Yuen	1,991
Kennedy	2,987
San Jose/Broadway	995
8 Scattered Sites	3
Larchmont/Wildflower	995
Las Victorianas	995
Oak Park Duplex	995
	<hr/>
	\$99,562

## ENVIRONMENTAL REVIEW

In accordance with the National Environmental Protection Act (NEPA), the proposed action is exempt from 24 CFR Part 58, Environmental Review Procedures, as the activity involves no Federal funds and generates no negative impact on the physical environment.

In accordance with the California Environmental Quality Act (CEQA), the proposed action is a categorical exemption under Section 15320 of the California Environmental Quality Act which refers to the organization of local government agencies.

## POLICY IMPLICATIONS

The write-off gives the Authorities a starting point to better monitor stores inventory pricing errors and shrinkage. A yearly physical inventory will be performed; the resulting inventory records will be extended and reconciled to the inventory account on the Agency's books. It is anticipated that future yearly differences will be minor. Unresolvable differences greater than \$20,000 shall be processed and approved through the governing bodies. Unresolvable differences under \$20,000 shall be processed and approved by the Executive Director.

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## VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of August 15, 1988, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the write-off of the stores inventory difference. The votes were as follows:

AYES: Amundson, Pettit, Simon, Simpson, Strong, Wiggins,  
Wooley, Moose


NOES: None

ABSENT: Sheldon, Yew

## RECOMMENDATION

The Agency staff recommends approval of the attached Resolution authorizing the write-off of the stores inventory difference.

Respectfully submitted,

  
WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COUNCIL:

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WALTER J. SLIPE  
City Manager

Contact Person: Terry L. Wolford, 440-1340

# RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO  
ON DATE OF

August 23, 1988

## ADJUSTMENT OF STORES INVENTORY DIFFERENCES

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1: The Executive Director is authorized to reduce the difference between book and physical stores inventory of \$99,562 cumulative as of May 2, 1988.

Section 2: The Executive Director is authorized to review and make adjustments to correct annual differences between book and physical stores inventory of less than \$20,000.

Section 3: The Sacramento Housing and Redevelopment Agency is authorized to review and make adjustments to correct annual differences between book and physical stores inventory of more than \$20,000.

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CHAIR

ATTEST:

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SECRETARY

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