



## Legislation Text

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**File #:** ORD 18-049, **Version:** 1

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Consideration of and action on an ordinance amending the Fiscal Year 2017-2018 Budget for the Information Technology Services Department.

Summary: In 2010, City Council approved the purchase of a Cisco (VOIP) phone system through a 5-year lease purchase agreement for a total cost of \$540,000.00. That phone system is now eight years old and is no longer supported or serviced by Cisco. The City is requesting authorization to fund a refresh on this equipment to (1) extend vendor support, (2) expand capacity, (3) add functionality, and (4) lower maintenance costs. Staff recommends a lease-purchase of the newer equipment for the Cisco (VOIP) phone system refresh from NWN Corporation for a total cost of \$227,896.30 under Texas Department of Information Resources (DIR) contract DIR-TSO-2542. This purchase will bring the Cisco (VOIP) phone system up-to-date and will include the necessary service and support by Cisco. An amount of \$50,000 is included in the Fiscal Year 2017-2018 Information Technology Services Department budget to fund the first year of the lease-purchase financing for this equipment.

Because the accounting for the first year of lease purchase financing must now reflect an expenditure for the total purchase price of the asset, it is necessary to amend the Fiscal Year 2017-2018 Budget for the total cost of the Cisco (VOIP) phone system refresh. This expenditure will be offset by a revenue entry to record proceeds from the capital lease. While these offsetting entries do not affect the fund balance, the total equipment cost, not being budgeted, creates a variance on the expenditure side. A budget amendment in the amount of \$227,900.00 is necessary to cover the increase in expenditures related to the lease purchase financing for the Cisco (VOIP) phone system refresh during Fiscal Year 2017-2018, to be funded from the proceeds from the capital lease recorded as revenue in the General Fund.

### Fiscal/Budgetary Impact:

Include \$227,900.00 in the General Fund, Information Technology Services Department (Account No. 10-200-4904, Machinery & Equipment) to be funded from the proceeds from the capital lease.

Approve the ordinance amending the Fiscal Year 2017-2018 Budget for the Information Technology Services Department.