

W. S. A.

Memorandum Date: October 10, 2007  
Order Date: October 24, 2007

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**TO:** Board of County Commissioners

**DEPARTMENT:** Sheriff's Office

**PRESENTED BY:** Russ Burger, Sheriff

**AGENDA ITEM TITLE:** ORDER/IN THE MATTER OF ALLOWING THE SHERIFF'S OFFICE TO USE \$500,000 OF REVENUE COLLECTED IN EXCESS OF BUDGETED REVENUE IN THE SHERIFF'S OFFICE IN FY 06/07.

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**I. MOTION**

Move to approve Board Order \_\_\_ Allowing the Sheriff's Office to use \$500,000 of revenue collected in excess of budgeted revenue for FY 06/07.

**II. AGENDA ITEM SUMMARY**

The Board is being asked to approve the Sheriff's Office use of "excess lapse," i.e. lapse in excess of the 2% that county financial policy requires for departments using General Fund. The Sheriff's Office total lapse in FY 06/07 is estimated to be \$1,354,278, because of \$1,290,376 collected in excess revenue and \$63,902 from actual spending being below budgeted spending. Lapse funds occur when the amount of actual expenditures is less than budgeted expenditures at year-end. Lapse can also include the actual amount of revenue collected in excess of budgeted revenue, or be reduced by the actual amount of revenue collected below budgeted revenue.

The Sheriff's Office would like to use \$500,000 of the lapse funds for radio/communications needs (\$210,000), and to make a substantial payment towards Fleet Reserves (\$290,000).

**III. BACKGROUND/IMPLICATIONS OF ACTION**

**A. Board Action and Other History**

The Sheriff's Office has consistently lapsed money from their budget in the past and has consistently met the 2% lapse target since that policy has been in place. In most years the entire lapse has been returned to the county as a General Fund resource for use in the following year. In some years when excess lapsed funds

have accumulated, the Finance and Audit Committee has approved use of some "excess lapse" for jail upgrades, maintenance and repairs. In FY 04/05 the Sheriff's Office requested, and was granted, that the excess lapse be used to hold Parole & Probation, Sponsors, and other services harmless from reductions.

The county's internal auditor recommended in May 2004 that the Sheriff's Office fund their Fleet Reserve differently, which will require additional contributions to raise the balance. However, if the Sheriff's Office is to make additional contributions to the Fleet Reserve at the beginning of a fiscal year there must be a corresponding reduction in service levels. Therefore, services such as patrol coverage or sanctions for offenders would need to be reduced or eliminated to make larger contributions to the reserve account. The other alternative is to do what is being requested with this agenda item, i.e. use resources remaining from the end of the prior fiscal year.

**B. Policy Issues**

Lane County's financial policy requires all General Fund departments lapse 2% of their net General Fund use.

**C. Board Goals**

In general, the Strategic Plan calls for fiscal responsibility and creativity, along with prioritizing the needs of the citizens of Lane County. The Budget Committee goes through the process of prioritizing citizens' needs every year.

Immediate life/health safety issues of the public have been identified as the top priority of Lane County in the Strategic Plan. As an emergency response organization, the Sheriff's Office primary mission is to respond to critical events involving potential loss of life or threats to public safety. Improving an outdated communications system and adequately funding vehicle replacements without additional reductions in service helps the Sheriff's Office achieve this goal.

In the Resource Planning and Allocation section of the Lane County Strategic Plan, the plans states: In seeking new sources of revenue, those that allow more flexible spending will be given priority over those that are restricted.

The Strategic Plan also states that the County will attempt to leverage its County dollars as much as possible. For example, other factors being equal, higher priority will be given to funding those services or programs where the investment of County dollars will match funds provided by the state or federal government or others and a County match is required in order to receive the non-County funds.

In considering the costs and benefits of particular services and programs, the County will always take into account possible inter-departmental or

intergovernmental impacts and the possible future cost impacts for Lane County citizens.

The funds requested will be used to fulfill Lane County match requirements for radio communication grant monies that further the region's ability to provide all first responders with the ability to communicate across disciplines during emergencies and disasters. The funds will also be put towards a fleet reserve fund to better position the county fiscally to meet the demands of capital fleet purchases and to better plan and be prepared for those necessary purchases that the patrol and other operations are dependent upon.

**D. Financial and/or Resource Considerations**

The financial considerations relate to the options for the use of the \$500,000 requested by the Sheriff's Office. There are two options for fund use:

- 1) Use the entire \$1,354,278 lapsed in the Sheriff's Office in FY 06/07 as a general county resource in FY 07/08, or
- 2) Use \$500,000 of the \$1,354,278 lapsed in the Sheriff's Office in FY 06/07 to partially meet some the needs of Sheriff's Office in FY 07/08.

Per Dave Garnick, Lane County's budget manager, the actual excess General Fund balance carryover as of 10/2/07 is \$803,781. This is the amount that is not currently budgeted.

**E. Analysis**

The Sheriff's Office has a long list of capital and operating needs that are unmet and have been documented in the budget process in prior years via the "unmet needs" list. In addition to the specific items included in this agenda item, repairs, maintenance and upgrades are needed at the jail and other Corrections facilities; Police Services needs a variety of equipment and technology that would greatly benefit the public; and the department in general needs more programming help and additional funding for the Fleet Reserve.

The Sheriff has prioritized the needs and selected the two most pressing needs as identified by the department that can be addressed with limited, one-time funds.

**Fleet Reserve and Radio Needs Background**

A 2004 recommendation from the county's internal auditor stated that the county needed to develop a new methodology for funding the Sheriff's Office Fleet Reserve. The cost of complying with this recommendation is approximately \$1,000,000. To achieve that goal will take several years. To meet the obligation over the next four years, annual contributions of roughly \$250,000 need to be

made to the Fleet Reserve. The \$290,000 of excess lapse funds being requested will contribute towards this goal. In addition, a Fleet Reserve policy has been prepared outlining how future contributions will be made to the fleet reserves and how fleet reserves are to be used. This policy is under review in the Sheriff's Office.

The communications request is relatively limited and does not claim to meet all of the Sheriff's Office communication needs. The most pressing radio/communications needs are \$210,000. Of this, \$186,000 will be used for currently unmet "match" funds promised by Lane County. The other \$24,000 is for 19 radios purchased as back-up units for the jail.

#### **Revenue In Excess of Budgeted Amount**

The lapsed funds at issue are not derived from having more budgeted funds than needed – the Sheriff's Office spent just \$63,902 less than their budgeted appropriation – but from collecting more revenue than budgeted. The Sheriff's Office increased the number of beds sold to the US Marshal in the middle of FY 06/07, which increased the revenue. The question is not whether resources were unneeded by the Sheriff's Office, but rather that the amount of revenue collected changed mid-fiscal year and therefore exceeded the budgeted amount.

#### **F. Alternatives/Options**

1. Grant this request and allow the Sheriff's Office to use \$500,000 of their "excess lapse" for specific county and department needs, leaving \$854,278 to be used by the county's General Fund.
2. Do not grant the Sheriff's Office request and direct the entire \$1,354,278 of Sheriff's Office lapse to go to the county's General Fund. If the Sheriff's Office request is not granted, Lane County will not have met its current year obligation for radio/communications grant matches, and the Sheriff's Office will be no closer to complying with the internal auditor's recommendation to increase funding of Fleet Reserves.

#### **IV. TIMING/IMPLEMENTATION**

The Sheriff's Office and County Administration will implement either alternative as soon as possible.

#### **V. RECOMMENDATION**

Option 1: The Sheriff and Sheriff's Office staff recommend granting the Sheriff's Office request and allowing use of \$500,000 "excess lapse" for department needs, leaving \$854,278 to be used by the county's General Fund.

**VI. FOLLOW-UP**

County fiscal staff will make the necessary adjustments to the county's financial systems as soon possible.

**VII. ATTACHMENTS**

Board Order

Memo to the Finance and Audit Committee dated September 10, 2007.

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO.

IN THE MATTER OF ALLOWING THE  
SHERIFF'S OFFICE TO USE \$500,000 OF  
REVENUE COLLECTED IN EXCESS OF  
BUDGETED REVENUE IN THE SHERIFF'S  
OFFICE IN FY 06/07.

**WHEREAS** the Lane County Sheriff's Office has collected substantially more revenue than budgeted in the year just completed, FY 06/07; and

**WHEREAS** the Lane County Sheriff's Office has complied with the financial policy requiring General Fund departments to lapse 2% of their net General Fund use; and

**WHEREAS** Lane County has a need to match communications grants and purchase equipment to modernize and upgrade communications systems, and

**WHEREAS** the Sheriff's Office has a need to make additional contributions to its Fleet Reserves; and

**WHEREAS** these are the highest needs of the Sheriff's Office with one-time monies;

NOW THEREFORE IT IS HEREBY ORDERED, that the Lane County Board of Commissioners:

Allow the Sheriff's Office to use \$500,000 of revenue collected in excess of budgeted revenue in the Sheriff's Office in FY 06/07.

Adopted this 17th day of October 2007.

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Fay Stewart, Chair  
Lane County Board of Commissioners

APPROVED AS TO FORM  
Date 10/16/07 LANE COUNTY  
211  
OFFICE OF ELECTED COUNCIL

**MEMORANDUM  
LANE COUNTY SHERIFF'S OFFICE**



**TO: Finance & Audit Committee**  
**FROM: Russel Burger, Sheriff**  
**DATE: September 10, 2007**  
**SUBJECT: Request for Use of FY 06/07 Year-End Lapse in Excess of 2%**

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Fiscal year 06/07 figures are nearly finalized. At this time our best estimate of Sheriff's Office lapse in excess of 2% is \$797,000. We have also now reviewed the two specific needs for use of lapse in the Sheriff's Office, radio/communications and fleet reserves, mentioned at the Finance & Audit Committee meeting on August 23, 2007.

Of the \$797,000 in excess lapse in the Sheriff's Office we request the use of \$500,000. This will leave a contribution of \$297,000 to the county's General Fund reserves over and above the 2% (\$536,868) that was already set aside.

The total identifiable radio/communications needs are \$210,000. Of this \$186,000 is required grant match currently unmet by Lane County. The other \$24,000 is for 19 radios purchased for back-up on the posts at the jail.

The calculation of the requirements needed by the fleet reserve will not be finalized for a week or two, but a close estimate is just under one million dollars. We would like to request \$290,000 of excess lapse as a contribution to the fleet reserves.

A fleet policy has been drafted outlining how future contributions will be made to the fleet reserves and how fleet reserves will be used. This policy will go to the Sheriff's Office Executive Team for review and approval.

We appreciate the Finance & Audit Committee's consideration of the Sheriff's Office request for the use of FY 06/07 excess lapse funds.