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# MEMORANDUM

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Date: February 4, 2013

To: The Honorable Chairman and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator 

Re: **Potential Deficit in the Sheriff's Department Budget**

Attached is a January 25, 2013 letter from the Sheriff's Department identifying specific line items where they have overspent, causing a potential deficit in their budget.

We are now reviewing these over-expenditures with Budget staff and will evaluate the incremental cost overrides in an attempt to assist the Sheriff's Department in reducing the budget overrun impact on the General Fund for Fiscal Year 2012/13.

CHH/dph

Attachment

c: The Honorable Clarence Dupnik, Pima County Sheriff  
Martin Willett, Chief Deputy County Administrator  
Tom Burke, Director, Finance and Risk Management  
Robert Johnson, Budget Manager, Finance and Risk Management



# Pima County Sheriff's Department

1750 E. Benson Highway • Tucson, AZ 85714-1758  
Phone 520-351-4600 • Facsimile 520-351-4622  
www.pimasheriff.org

Clarence W. Dupnik  
Sheriff

Keeping the Peace and Serving the Community Since 1865

January 25, 2013

Mr. C.H. Huckelberry  
Pima County Administrator  
130 W. Congress, 10<sup>th</sup> Floor  
Tucson, AZ. 85701

Re: Sheriff's Department General Fund Deficit

Dear Mr. Huckelberry:

For fiscal year 2013, the Sheriff's Department is estimating a General Fund expenditure deficit ranging from \$1.8 million to \$3.8 million. Given the size of our budget, this range from 1.5% to 3% is reasonable and will fluctuate based upon operational needs and unforeseen circumstances. In summary, the deficit can be attributed to the following factors:

- **Staffing** - Throughout 2012, we continued to hire deputies and corrections officers to maintain low response times and ensure staff and inmate safety at the Jail. In addition, we increased our civilian staffing in critical support functions (i.e., dispatch, Jail intake, property/evidence, transcription, etc.) that had fallen to inadequate levels due to limited recruitments in the prior two fiscal years. The increased hiring was necessary to provide high-quality law enforcement services to the community. Our current employee headcount is around 1,500 and should remain at this level for the next six months. We started a deputy academy in January 2013 and there will be corrections officer academies in March and late June. Aside from these academies, we do not anticipate hiring a significant number of civilian employees in the coming year. Salaries and wages are estimated to be \$1.1 to \$1.5 million over budget in FY 2013.
- **One-Time Leave Payouts** – In the past three fiscal years, the department received on average \$315,000 from the County to subsidize our budget for one-time leave payouts. The County did not budget for this reimbursement in 2013, so we are expected to absorb approximately \$700,000 in personnel costs for terminating and retiring employees.
- **Motor Pool Charges** –During FY 12/13 budget preparation process, our base budget was initially allocated \$927,604 for rising motor pool rates. This amount was subsequently removed from the recommended budget. The insufficient funding coupled with the County's new policy for underutilized vehicles will result in a significant deficit for motor pool cost.

- **Operating Supplies & Services** - The cost for basic operating expenditures such as inmate food, household supplies, repairs and maintenance, and utilities have increased due to inflation, cost for shipping, technological changes, and department growth.

We plan to reduce the General Fund deficit in FY 2014. New hires will be restricted to mission essential functions (i.e. deputies, corrections officers) and critical civilian classifications. We will reevaluate staffing levels and enforce tighter controls to manage overtime and other special pay. We will continue to monitor and reassign deputies to districts that can produce cost-savings from motor pool. Non-crucial purchases will be curtailed and we will increase our efforts to find alternative funding sources when possible.

Since the General Fund has limited resources, the department uses special revenue monies for many of its enhancements and unfunded needs. For example, in FY 2012 we paid \$500,000 to Fleet Services from anti-racketeering (i.e., RICO) funds to upfit 48 vehicles for patrol services. In October, we committed \$161K in RICO to pay the annual lease payment to upgrade our tasers. Providing our deputies with fully equipped vehicles and standard weapons should be a County-funded expenditure. We also used inmate welfare funds to help replace a roof at the Jail, pay the maintenance contract for the inmate video visitation system, and purchase transport vehicles for court appearances and medical services. Again, these are examples of items that should be funded by the General Fund since they are operational necessities. It is important to recognize that special revenue resources are not guaranteed and may not always be available. Our unencumbered balances for inmate welfare and criminal justice enhancement funds have steadily declined in the past years.

A recent financial issue that needs to be addressed is the leasing of the tasers. In October 2012, the department with the assistance of Procurement and Central Finance entered into a capital lease agreement for 600 tasers at a cost of \$802,561 to be paid over a five-year period. This expenditure was originally designated for RICO funding. However, Central Finance elected to record the lease in the **General Fund** and will transfer-in RICO dollars to pay the annual cost of \$160,512. Generally accepted accounting principles require the capital lease (proceeds and expenditure) to be recorded in the year that the agreement was executed. The end result is that the Sheriff's actual expenditure for FY 2013 was increased by \$802,561 *in addition* to the annual payment of \$160,512. It was discussed that the Sheriff's NFI (net fund impact) will remain at \$0 because proceeds will equal expenditures. Nevertheless, the accounting treatment had a significant impact on our General Fund expenditures and this information will be disclosed in the Comprehensive Annual Financial Report. To resolve this matter, we are requesting that \$963,073 be added to Sheriff's revenue and expenditure budgets for this fiscal year. This will ensure that budget versus actual comparisons are properly stated and to avoid future misinterpretations of our operating results.

As you know, the Sheriff's 2014 budget was submitted several weeks ago. We had included two supplemental packages that were IT and PCWIN related. We would like to request your consideration to increase our base budget by \$2,500,000 to cover operational costs such as equipping patrol vehicles, replace expiring body armor and out-of-warranty mobile data computers, and rising food costs. We can provide a detailed narrative on this request if needed.

In conclusion, we appreciate your time and your staff's assistance in reviewing these financial matters. Please do not hesitate to contact us if you have any questions. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Bradley J. Gagnepain', with a long horizontal flourish extending to the right.

Bradley J. Gagnepain, Bureau Chief  
Administrative Bureau

Cc: Clarence W. Dupnik, Sheriff of Pima County



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