




MEMORANDUM

Date: July 11, 2013
To: City Council
From: Kirk A. Sherman, Council Auditor 
Subject: Proposed Ordinance 2013-382 regarding Jacksonville Sheriff's Office

My staff and I have reviewed proposed Ordinance 2013-382 which would allow the transfer of the majority of Jacksonville Sheriff's Office ("JSO") expenditure balances at the close of each fiscal year into a contingency account for subsequent appropriation by Council and authorize the Sheriff to make transfers between JSO budgetary accounts during the fiscal year. Our thoughts are stated below after quotes of the two proposed sections. This legislation may be heard in the Finance and the Public, Health & Safety Committees the week of July 15.

When considering this legislation, the Council needs to weigh the resulting limitations on the ability of the Council to build reserves and manage the City budget within the self-imposed constraints of avoiding increases in taxes and fees.

"Section 1. Transfer of excess funds to Special Council Contingency Account designated for Sheriff. Any savings derived during the year, with the exception of Internal Service Funds, shall not be recaptured into the general fund; rather, all excess funds at year's end will be transferred to the Special Council Contingency Account designated for the Sheriff. In no case whatsoever shall any of the funds in this account be considered a source of revenue to meet normal operating needs of the Office of the Sheriff. Funds shall be used to enable the Sheriff to address the strategic and constantly evolving needs of law enforcement. Upon approval of the City Council, excess funds will be appropriated to address Sheriff's Office needs."

- a. **I recommend against passage of Section 1 as this action is inconsistent with City policies to build up reserves as stated in Municipal Code Section 106.106 and continues the gradual disintegration of the consolidated form of government.** Municipal Code Section 106.106 (b) states in part, *"the budget development process should specifically address progress on one or more of the above targets; and at least one-half of any end-of-year excess of revenues over expenditures shall be used to accelerate Operating, Emergency, or Replacement Reserve development and replenishment."*
- b. The JSO represents approximately one-third of the expenditures of the General Fund. To segregate such a large portion undermines the integrity of the fund and encourages inflated budget proposals to create future contingencies for undefined purposes.

- c. How do “*the strategic and constantly evolving needs of law enforcement*” differ from “*normal operating needs of the Office of the Sheriff?*” These terms should be defined within the legislation.
- d. “*Any savings derived during the year*” is a term that should be defined within this legislation. Procedures need to be established regarding the calculation of the amount to be considered. The provisions of Municipal Code Section 106.106 should be considered for inclusion. All parties involved need to recognize that this calculation will not be immediately available at October 1 and would have to be considered at the time of the fund balance recapture calculations usually performed in late December.
- e. The legislation should address how the City would handle a situation in which the remainder of the General Fund has an unfavorable budget variance and state if the budget policy will be to deplete fund balance or reserves in order to allow JSO a carry forward.
- f. If the Council should enact this provision, I recommend it be effective for a one fiscal year trial period to be revisited in legislation next year.

“Section 2. Transfer by Sheriff authorized. Within the appropriations authorized in the annual budget ordinance, the Sheriff is authorized to transfer up to \$500,000 during the fiscal year into or out of any existing department object line for a specific purpose, project, or issue within the Sheriff’s accounts, except that funds may not be transferred (i) between subfunds or (ii) from the Internal Service Funds (ISF) charges to other accounts. The process for these transfers shall be in the form of a memorandum to the City’s accounting division with a copy to the budget office.”

- a. This provision appears to be consistent with the transfer authority granted the Mayor in Ordinance 2012-704-E last year.
- b. If the section is acted upon, I recommend an amendment to include language similar to the second sentence of Municipal Code Section 106.304 (b) regarding the Mayor’s transfer power which states, “*Said transfers shall be reported to the Finance Committee on a quarterly basis in a report and format as approved by the Finance Committee.*”
- c. Municipal Code Section 106.304 (e) states, “*The Mayor shall provide to the Council Auditor, within three working days after the effective date thereof, a copy of written documentation of all transfers of funds made during the fiscal year.*” I recommend an amendment to include a similar provision if this Ordinance is acted on.
- d. If the Council should enact this ordinance, I recommend it be effective for a one fiscal year trial period to be revisited in legislation next year.

cc: Sheriff John Rutherford
 Maxine Person, JSO Budget Chief
 Ronnie Belton, Chief Financial Officer
 Glenn Hansen, Budget Officer