

Meeting Date
 October 6, 2015



AGENDA	
Section	CONSENT
Item No.	II.D.5

AGENDA REPORT
 BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	Acceptance, Re: Fire Rescue Financial Condition Review and the Public Works-Road Construction Monitoring Assistance Audit Report.
DEPT/OFFICE:	County Manager's Office

Requested Action:
 It is requested that the Board of County Commissioners accept the Audit Committee's Fire Rescue Financial Condition Review and the Public Works-Road Construction Monitoring Assistance Audit Report.

Summary Explanation & Background:

The Internal Auditors have completed the Fire Rescue Financial Condition Review and the Public Works-Road Construction Monitoring Assistance Audit Report. They were presented to the Audit Committee on August 5, 2015. Both reports were unanimously accepted and recommended to the Board of County Commissioners by Audit Committee.

The Fire Rescue Financial Condition Review is organized as follows:

- A. Executive Summary
- B. Background
- C. Financial Analysis and Results

The Public Works-Road Construction Monitoring Assistance Audit Report is organized as follows:

- A. Transmittal Letter
- B. Objectives and Approach
- C. Project Snapshot
- D. Process Maps

Clerk to the Board instruction:

Exhibits Attached: 1) Fire Rescue Financial Condition Review; 2) Public Works-Road Construction Monitoring Assistance Audit Report

Contract /Agreement (If attached): Reviewed by County Attorney Yes No PR

County Manager	Assistant County Manager	Department Director / Extension
Stockton Whitten	Venetta Valdengo	
	Assistant County Manager	
	Frank Abbate	



Tammy Etheridge, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
Fax: (321) 264-6972

October 7, 2015

MEMORANDUM

TO: Stockton Whitten, County Manager

RE: Item II.D.5., Acceptance of Fire Rescue Financial Condition Review and the Public Works-Road Construction Monitoring Assistance Audit Report

The Board of County Commissioners, in regular session on October 6, 2015, accepted the Audit Committee's Fire Rescue Financial Condition Review and the Public Works-Road Construction Monitoring Assistance Audit Report.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Etheridge, Deputy Clerk

/af



**Internal Audit Committee of
Brevard County, Florida**

**Internal Audit of
Fire Rescue: Financial Condition Review**

August 2015

Prepared By:



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Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

July 27, 2015

The Audit Committee of
Brevard County, Florida
Viera, Florida 32940-6699

Pursuant to the approved 2014/2015 internal audit plan, we hereby submit the Financial Condition Review of the Brevard County Fire Rescue Department. We will be presenting this report to the Audit Committee at the next scheduled meeting on August 5, 2015.

Our report is organized into the following sections:

Executive Summary	This section provides a summary of risks and highlights of the financial condition related to the Fire Rescue Department.
Background	This provides an overview of the Fire Rescue department.
Financial Analysis and Results	This section provides the results of financial analysis of relevant trends noted related to the Brevard County Fire Rescue department.

We would like to thank the Brevard County Fire Rescue department, County Finance and all others who were involved in assisting the Internal Auditors in connection with the financial condition review of the Brevard County Fire Rescue Department.

Respectfully Submitted,

Carr Riggs & Ingram, LLC

INTERNAL AUDITORS

Executive Summary

Executive Summary

Overview

The Brevard County Fire Rescue department (“BCFR” or the “Department”) provides fire suppression services for unincorporated Brevard County (the “County”) and for certain contract areas as noted below. The Department also provides emergency ambulance transport services for the entire county as well as lifeguards for beach protection in designated areas of the county. BCFR is the largest fire rescue service in the County and is considered one of the largest in Central Florida.

The County implemented a fire service (non-ad valorem) special assessment in 2006 as the primary funding source of the operating and capital expenses of the Department. Beginning in 2009, the Board of County Commissioners (the “Board”) adopted a financial plan that instituted a 15% reduction in the fire assessment revenue with the intent of spending down reserves over a 3-year period, after which annual assessment revenue would be evaluated for potential adjustments to address cost increases.

The Department continues to experience turnover, with approximately 130 personnel leaving the Department in the past three (3) years. To address these vacancies (low staffing levels), the Department has utilized overtime hours provided by existing personnel in order to ensure that personnel with the appropriate certifications are on hand for each shift.

Our evaluation of the financial condition focused on the following areas:

Trends in Revenues	<p>Total revenues for FY 2014 for BCFR were approximately \$48.2 million, not including transfers or \$14.3 million in fund balance reserves (balance forward). Significant revenue sources include the Fire Control MSTU, Fire Services Special Assessments, Emergency Medical Service (EMS) Billings, Ocean Rescue Contracts, Fire Prevention Inspection Fees, and transfers from the General Fund. FY 2014 revenues were 8.1% higher than in FY 2010 and 4.2% higher than in FY 2013.</p> <p>The Department obtained a SAFER grant in FY 2014 that provided \$1.8 million of revenue, accounting for a portion of the increase in revenues from FY 2013. BCFR is expected to receive another \$1.8 million from this grant in FY 2015. The grant term is currently set to expire in the first quarter of FY 2016. Upon termination of the grant, SAFER employees will be placed in permanent, vacant positions.</p> <p>Currently, Medicare/Medicaid is evaluating transport services reimbursements. Changes, if any, to this reimbursement rate could impact EMS fund (Fund 1351) revenues in future years.</p>
Salaries and Benefits	<p>BCFR incurred compensation and benefits costs for FY 2014 of approximately \$45.1 million when including consideration of the positions funded by the SAFER grant. This area includes costs for salaries, wages, overtime, payroll taxes and insurance as well as pension costs.</p>

Executive Summary

	<p>While the costs of salaries and benefits increased by 3.6% in FY 2014 when compared to FY 2013, there was only an increase of 3.1% between FY 2014 and FY 2011. This relatively flat variance can be explained by the vacant positions. The Department averages 25 – 35 vacancies. Vacant positions are covered through the use of overtime and “floaters.” Coverage of these vacancies results in year-over-year variances that may change in their mix between regular salaries and overtime, but combined personnel costs have remained consistent at around \$42 to \$44 million.</p>
Capital Outlay	<p>In FY 2014, BCFR expended approximately \$2.6 million in capital costs, primarily for the purchase of machinery and equipment. This was a 12.2% decrease from capital spending in FY 2013 and a 40% decrease from capital spending in FY 2010. The decrease is associated with the deferment of planned capital projects, some of which were not re-budgeted in FY 2015.</p>
Trends in Cash Balances	<p>As of the end of FY 2014, BCFR held approximately \$12 million in cash and cash equivalents. The cash balance attributed to BCFR fluctuated during the year from the lowest balance of the year of \$8.9 million (October 2013) to \$28.4 million (January 2014). The flux in cash balances is primarily a result of the timing of tax collections, the bulk of which are collected in the first quarter of the fiscal year.</p>
Trends in Fund Balances	<p>BCFR’s financial statements for FY 2014 indicate a reduction of approximately \$0.8 million for an actual ending fund balance of \$12.9 million. The fund balance has decreased by 25% since FY 2010, 5% of which was a decrease from FY 2013 to FY 2014. During this same time frame, operating costs have increased by 12% concurrent with a 3% increase in the population of Brevard County.</p> <p>As described later in this report, the Fund Balance of the EMS fund (Fund 1351) was reduced to reflect the correction of an accounting error noted in the County’s FY 2014 audited financial statements.</p>

Actual results from FY 2014 were accumulated from unaudited financial information.

Executive Summary

Budget for the Fire Rescue Department

From an accounting and budgeting perspective, the Department is complex. The Department has multiple unique revenue streams and oversees the budget and accounting for six separate funds plus the budgeting, accounting and allocation of certain support services from a seventh fund. The Department is responsible for approximately \$61.2 million of annual operating and capital expenditures (per FY 14/15 budget).

During the five-year period used for trend analysis in this report, the Fire Rescue department, working with the Budget Office and County Finance, has made procedural changes to the budgeting and accounting for certain costs within the Department's funds, particularly with regards to compensation and benefits.

The Department's main revenue sources – fire assessments, MSTU ad valorem taxes, EMS user charges and transfers from the General Fund – are accounted for in separate funds. Fire Operations – funded by fire assessments and MSTU ad valorem taxes – are combined for purposes of budget development, but are separated into two (2) funds for accounting purposes. EMS is accounted for in a third fund. Firefighters are attributed to one of these three (3) funds in the payroll system. Firefighters, however, bid for station assignments rather than seats on an ambulance or a fire engine.

Historically, to account for actual salary and benefit costs, Fire Rescue Finance personnel would move positions among these three (3) funds to reflect the daily assignments. Beginning in FY 2011, the Department established a standard split (distribution) from position counts included in the collective bargaining unit and historical performance. This distribution is used to prepare an annual adjusting entry to reallocate personnel costs between these three (3) funds. Consistent with other County departments and previous years, the budget for personnel costs was established using Position Control (PCN's) with the assumption that all vacant positions are to be filled. Beginning with the fiscal year 2016 budget, the Department is incorporating the allocation methodology used to record actual personnel costs in the development of the budget amounts to more closely align budget vs. actual reporting.

These changes evolved as a result of BCFR's efforts to improve communication between the Department, the Budget Office and County Finance. Since analysis on a fund-by-fund basis may be skewed by these changes, however, the information in this report was predominately evaluated at the fund level. It continues to be essential for BCFR to work closely and collaboratively with the Budget Office and County Finance to generate and monitor budget vs. actual results.

Background

Background

As our financial condition review is focused on the finances of BCFR, it is important to understand how BCFR segregates its operations from an accounting perspective. The following is a summary of the seven (7) governmental funds managed by BCFR:

Fund 1350 - Fire Operations

Fund 1350 – Fire Operations accounts for BCFR's general Fire Operations for the unincorporated areas of Brevard County and contracted municipalities. Primary costs include the salaries and benefits of approximately 220 firefighters, district chiefs and fire prevention inspectors, as well as the costs to maintain BCFR fire stations and facilities. In addition, Fire Operations (Fund 1350) is allocated a portion of the costs required to manage the BCFR dispatch center, Fire Prevention and Fire Rescue Support (Fund 1360) - see below.

Fire Operations is funded predominantly by a fire assessment, which totaled \$ 20.9 million for FY 2014. The fire assessment is restricted and can only be spent to support Fire Operations. In addition, Fire Operations records annual fire inspection fees and fire prevention fees charged on construction permits pulled in unincorporated areas of Brevard County, which totaled \$0.4 million for FY 2014.

Fund 1351 - Emergency Medical Services (EMS)

BCFR's EMS operations are accounted for in Fund 1351. BCFR is responsible for 100% of the EMS support and responses throughout Brevard County with the exception of Cape Canaveral Air Force Station and Kennedy Space Center. Primary costs include the salaries and benefits of approximately 191 Fire Medics/EMT's, as well as costs to maintain each of the EMS stations. In addition, the EMS fund is allocated a portion of the costs required to manage the BCFR dispatch center and a portion of the costs incurred in the Fire Rescue Support (Fund 1360) - see below.

A significant funding source for EMS is user fees, or charges for ambulance services. EMS utilizes a third party billing agency, collects and records net revenues of approximately \$14.5 million per year. The following is a summary of patient types:

- For patients covered by Medicare or Medicaid, the negotiated fee is approximately \$190. The difference is considered a contractual write-down and does not contribute to net EMS revenues. Medicare and Medicaid patients represent over 70% of EMS billings.
- The remaining EMS billings relate to patients with either third party insurance or no insurance. EMS has historically collected only a small portion of billings that are in excess of third party insurance coverage. The difference is considered bad debt or uncollected billings. Such uncollected billings do not represent cash balances or fund balance that can be spent by the Fire Rescue department.

Prior to FY 2007, EMS was also funded by an EMS non-ad valorem special assessment. The EMS special assessment was discontinued by the Board and, beginning in FY 2007, funding for EMS operations is supplemented by General Fund transfers. In FY 2014, the General Fund transfers were \$7.7 million.

Background

Fund 1354 – MSTU

The MSTU fund (Fund 1354) accounts for the revenues – approximately \$9.5 million for FY 2014 – and expenses related to this voter-approved increase in service level. Specifically, the funding is designed to enhance fire rescue services in the unincorporated areas of Brevard County and for contracted municipalities.

Fund 1360 - Support

The Support fund (Fund 1360) accounts for the operation support provided to BCFR. The primary expenditures accounted for in this fund are the maintenance of Fire/EMS stations, Fire/EMS supplies, training costs, and fleet maintenance (and insurance) for approximately 200 vehicles.

The Support fund is primarily funded by other Fire Rescue funds, based on an allocation of costs. Funds 1350 (Fire Operations) and 1351 (EMS) cover nearly 80% the total costs, while Fund 1354 (MSTU/Referendum) and Fund 1361 (Dispatch) cover the remaining portion. These funds are only charged based on the actual expenditures incurred by the Support fund.

Fund 1361 - Dispatch

The Dispatch fund (Fund 1361) accounts for the operation and management of the Department's dispatch center. Costs include primarily the salaries and benefits of approximately 27 employees required to operate the dispatch center.

Costs to operate the dispatch center are funded primarily by an allocation from Fire Operations (Fund 1350) and EMS (Fund 1351), based on the proportionate amount of units dispatched for each fund. In addition, the dispatch center is contracted to provide dispatch services to certain other municipalities that do not have their own dispatch center.

Fund 1362 - Ocean Rescue

Lifeguard services for nearly all of the Brevard County beaches located south of Jetty Park are accounted for in this fund. Costs include primarily the salaries and benefits of 17 full-time employees and approximately 100 seasonal (part-time) employees.

The Ocean Rescue fund is funded 7% from contracts with certain beach-side municipalities that do not provide their own lifeguard services. The remainder of funding for BCFR's ocean rescue services comes from the General Fund.

Fund 1363 - Hazmat

BCFR operates the only hazmat station in Brevard County (station #48) that can accommodate the disposal of hazardous materials. The Hazmat fund accounts for the general operation of the hazmat station, which includes salaries and benefits for 9 employees as well as various costs associated with the operation of the Department's hazmat vehicle. The Hazmat fund is fully funded by the MSTU (Fund 1354).

Financial Analysis and Results

Operating Analysis – Fire Rescue

A comparison of the fiscal year 2015 to actual performance for the past 5 fiscal years for the entire Brevard County Fire Rescue Department is shown below:

	Operating Analysis (in thousands)					
	FY2014 Budget	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual	FY2010 Actual
Operating Revenue*:						
Taxes	\$ 9,418	\$ 9,543	\$ 9,240	\$ 9,379	\$ 9,356	\$ 9,326
Fire Services Special Assessment	20,578	20,908	20,754	20,617	21,116	20,919
Intergovernmental	2,439	1,880	1,198	929	428	513
Charges for Services	14,848	15,438	15,603	14,977	14,772	13,396
Miscellaneous	362	453	162	276	410	677
Operating Expenditures:						
Compensation and Benefits	46,828	45,140	42,227	41,587	42,429	41,990
Operating Expenses	10,508	9,609	9,668	9,950	10,282	10,220
Total Operating Deficit	\$ (9,691)	\$ (6,527)	\$ (4,938)	\$ (5,359)	\$ (6,629)	\$ (7,379)
Net Transfers	8,961	8,411	7,550	7,329	8,538	7,513
Other Financing Sources (Uses)	-	-	(8)	-	403	-
Excess (Deficit) before Capital Outlay	\$ (730)	\$ 1,884	\$ 2,604	\$ 1,970	\$ 2,312	\$ 134
Capital Outlay	7,591	2,634	3,745	2,800	3,946	4,391
Total Annual Excess (Deficit)	\$ (8,321)	\$ (750)	\$ (1,141)	\$ (830)	\$ (1,634)	\$ (4,257)
Balance Forward	14,348	13,672	14,851	15,694	17,383	21,616
Net Balance Forward	\$ 6,027	\$ 12,922	\$ 13,710	\$ 14,864	\$ 15,749	\$ 17,359

*Budget amounts include 5% statutory reduction

Actual revenue and expenditure information in the table above includes County Fund 1700, which accounts for grant funding used to assist in progressing capital outlay projects previously deferred. County Fund 1700 was used to account for approximately \$1.8 million from a SAFER grant obtained by the Department in FY 2014, which was used to fund personnel costs of 33 department employees.

The FY 2014 budget is shown with operating revenues net of the 5% statutory reduction, which is applied to the budgeted revenue amounts. Additionally, the budget for compensation and benefits for FY 2014 assumes all currently vacant positions will be filled. The FY 2014 budget for capital outlay includes the carry forward of certain expenditures not realized in FY 2013.

In the table above and throughout this report, Charges for Services for FY 2010 through FY 2013 and the Balance Forward for FY 2010 through FY 2014 have been adjusted to reflect the effects of a prior period restatement noted in the County's FY 2014 financial statement audit for errors made by County Finance in the accounting for EMS revenues. As noted in the footnotes to the audited financial statements:

Operating Analysis – Fire Rescue

During fiscal year 2014, errors in recording refunds associated with ambulance revenue and unavailable revenue in the Emergency Services fund were corrected. In fiscal years 2009 through 2012, refunds issued to patients and insurance providers on ambulance accounts were not netted against ambulance service fees. Accordingly, revenue was overstated and unavailable revenue was understated in those years by \$800,084. In fiscal year 2013, ambulance service fees were understated and unavailable revenue was overstated by \$125,333 due to an error in recording adjustments to revenue related to amounts owed for Medicare and Medicaid payments. The net adjustment to beginning fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balance in the Emergency Services fund as a result of these errors was a decrease of \$674,751.

Results

The FY 2014 budget projected an \$8.3 million reduction in fund balance. Actual financial information indicates that approximately \$0.7 million of reserves were used to supplement the operations of the Department. The budget-to-actual variance was a result of (1) planned capital projects that have been deferred and capital equipment not purchased by the Department as anticipated in the FY 2014 budget, and (2) vacant positions in the Department not filled.

The SAFER grant obtained by the Department in FY 2014 funded 33 positions in FY 2014 and will fund those positions in FY 2015. It is the Department's intention to transition these employees to permanent employee status upon conclusion of the grant.

Total operating revenues increased by 8.6% from FY 2010 to FY 2014 and increased 4% from FY 2013 to FY 2014. Expenditures, however, have been increasing at a faster rate than revenues and are eroding away fund balance. If this trend continues, reserve funds will fall below the 3 – 4 month emergency reserve level and eventually go to zero. The Board needs to evaluate revenues that fund the fire operations prior to this occurring.

Budget vs. Actual

The following pages present a high-level summary of the FY 2014 Budget-to-Actual and FY 2013 Budget-to-Actual by cost center for each fund within the Fire Rescue department. Budgeted figures represent the final budget, which includes Board-approved amendments to the original budget for various changes to revenues and expenditures, including balance forward.

Fund 1350 - Fire Operations (in thousands)							
	FY 14	FY 14			FY 13	FY 13	
	Budget	Actual	Variance		Budget	Actual	Variance
Revenues							
Balance forward	\$ 10,660	\$ 10,660	\$ -		\$ 11,151	\$ 11,151	\$ -
Assessments	20,542	20,908	366		20,457	20,754	297
Grants & financial assistance	58	64	6		47	57	10
Fire prevention fees	385	392	7		295	474	179
Miscellaneous	304	333	29		78	83	5
Total revenues	31,949	32,357	408		32,028	32,519	491
Expenditures							
Compensation & benefits	17,247	15,697	1,550	A	16,547	15,119	1,428
Contracted services	368	320	48	B	325	295	30
Operating supplies	2,927	2,772	155	H	3,165	2,846	319
Insurance	140	121	19	C	220	106	114
Repairs & maintenance	89	124	(35)	D	83	118	(35)
Communications & freight	10	9	1		11	11	-
Books, publications & memberships	3	3	-		6	9	(3)
Other operating expenses	152	123	29		137	117	20
Total operating expenses	20,936	19,169	1,767		20,494	18,621	1,873
Capital	4,918	1,225	3,693	E	1,185	1,713	(528)
Other transfers, net	1,926	1,400	526	L	1,900	1,525	375
Total including capital & transfers	27,780	21,794	5,986		23,579	21,859	1,720
Budgeted reserves	4,169	-	4,169		8,449	-	8,449
Total expenditures	31,949	21,794	10,155		32,028	21,859	10,169
<i>Balance forward to next fiscal year</i>	\$ -	\$ 10,563	\$ 10,563		\$ -	\$ 10,660	\$ 10,660
Budget to Actual Variance			22%				7%

The FY 2014 budgeted expenditures excluding reserves but including capital and other transfers were 22% higher than FY 2014 actual spending primarily related to the deferral of planned capital projects and lower compensation and benefit costs due to vacant positions. Actual operating expenses in FY 2014 increased by 3% from the previous fiscal year.

Fire Operations (Fund 1350) anticipated use of \$6.5 million of reserves for operating and capital needs in FY 2014; however, less than \$100,000 was needed to cover current year expenses of the fund as a result of the deferral of capital spending and the funding of 33 positions by the SAFER grant.

Budget vs. Actual

Fund 1351 - Emergency Medical Services (in thousands)							
	FY 14	FY 14			FY 13	FY 13	
	Budget	Actual	Variance		Budget	Actual	Variance
Revenues							
Balance forward	\$ 450	\$ (225)	\$ (675)		\$ 700	\$ (98)	\$ (798)
Charges for services	14,353	14,897	544		14,353	14,986	633
General fund transfer	8,097	7,678	(419)		7,551	7,285	(266)
Grants & financial assistance	233	157	(76)		178	68	(110)
Miscellaneous	49	27	(22)		35	26	(9)
Total revenues	23,182	22,534	(648)		22,817	22,267	(550)
Expenditures							
Compensation & benefits	16,543	16,778	(235)	A	16,030	16,329	(299)
Contracted services	1,367	1,220	147	B	1,315	1,335	(20)
Operating supplies	2,521	2,473	48	H	2,513	2,506	7
Insurance	123	89	34	C	158	93	65
Repairs & maintenance	9	26	(17)	D	461	41	420
Rentals & leases	42	15	27	K	21	12	9
Books, publications & memberships	1	2	(1)		1	1	-
Other operating expenses	114	105	9		121	106	15
Total operating expenses	20,720	20,708	12		20,620	20,423	197
Capital	1,339	515	824	E	1,061	898	163
Grants & aid	153	65	88	F	140	11	129
Other transfers, net	970	1,165	(195)	L	996	1,160	(164)
Total including capital & transfers	23,182	22,453	729		22,817	22,492	325
Budgeted reserves	-	-	-		-	-	-
Total expenditures	23,182	22,453	729		22,817	22,492	325
Balance forward to next fiscal year	\$ -	\$ 81	\$ 81		\$ -	\$ (225)	\$ (225)
Budget to Actual Variance			3%				1%

The FY 2014 budgeted expenditures excluding reserves were 3% higher than FY 2014 actual spending. Actual operating expenses in FY 2014 increased by 1% from the previous fiscal year due to modest increases in amounts expended in various cost centers.

EMS (Fund 1351) originally brought forward \$450,000 of reserves into FY 2014. During FY 2014, however, County Finance identified accounting errors they made in the reporting of prior year EMS revenues.

The balance forward for FY 2013 has been adjusted to reflect the prior period restatement of \$800,084 for these errors in the accounting of refunds associated with ambulance revenues noted in the County's FY 2014 financial statement audit resulting in a negative Balance Forward in FY 2013. Additionally, Charges for Services for FY 2013 were increased by \$125,333 to reflect the correction of accounting for Medicare and Medicaid payments. The net effect of these corrections was carried into FY 2014 as a reduction of the Balance Forward of \$674,751.

Budget vs. Actual

Fund 1354 - MSTU - ALS Support (in thousands)							
	FY 14	FY 14			FY 13	FY 13	
	Budget	Actual	Variance		Budget	Actual	Variance
Revenues							
Balance forward	\$ 3,137	\$ 3,137	\$ -		\$ 3,699	\$ 3,137	\$ (562)
Taxes	9,418	9,543	125		9,135	9,543	408
Grants & financial assistance	14	15	1		15	15	-
Miscellaneous	26	28	2		14	28	14
Total revenues	12,595	12,723	128		12,863	12,723	(140)
Expenditures							
Compensation & benefits	7,532	7,479	53	A	7,287	7,290	(3)
Contracted services	102	139	(37)	G	245	136	109
Operating supplies	1,369	1,191	178	H	1,271	1,144	127
Insurance	57	41	16	C	57	42	15
Repair & maintenance	6	1	5		6	1	5
Other operating expenses	18	8	10		14	4	10
Total operating expenses	9,084	8,859	225		8,880	8,617	263
Capital	248	231	17		23	18	5
Other transfers, net	1,405	1,352	53		1,289	1,278	11
Total including capital & transfers	10,737	10,442	295		10,192	9,913	279
Budgeted reserves	1,858	-	1,858		2,671	-	2,671
Total expenditures	12,595	10,442	2,153		12,863	9,913	2,950
Balance forward to next fiscal year	\$ -	\$ 2,281	\$ 2,281		\$ -	\$ 2,810	\$ 2,810
Budget to Actual Variance			3%				3%

The FY 2014 budgeted expenditures excluding reserves were 3% higher than FY 2014 actual spending. Actual operating expenses in FY 2014 increased by 3% from the previous fiscal year due to increases in actual costs of compensation and benefits primarily related to insurance and retirement costs. The fund also increased its capital outlay, as detailed on the following pages. The FY 2014 budget excluding reserves was 5% higher than the FY 2013 budget, principally due to an increase in the capital budget. MSTU (Fund 1354) anticipated use of \$1.3 million of reserves for operating needs in FY 2014; however, the fund only utilized \$856,000 of reserves to cover the FY 2014 revenue shortfall.

Budget vs. Actual

Fund 1360 - Support (in thousands)							
	FY 14	FY 14			FY 13	FY 13	
	Budget	Actual	Variance		Budget	Actual	Variance
Revenues							
Transfers in, net	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Grants & financial assistance	-	7	7		-	6	6
User fees & other charges	-	17	17		-	9	9
Miscellaneous	-	52	52		-	19	19
Total revenues	-	76	76		-	34	34
Expenditures							
Contracted services	948	813	135	G	963	935	28
Operating supplies	1,963	2,178	(215)	H	1,871	1,943	(72)
Insurance	237	276	(39)	C	237	270	(33)
Rentals & leases	195	197	(2)		231	237	(6)
Repairs & maintenance	1,299	1,228	71	D	1,327	1,370	(43)
Communications & freight	58	74	(16)	I			
Books, publications & memberships	262	144	118	J			
Other operating expenses	1,196	1,179	17		1,512	1,380	132
Operating expense credits	(6,158)	(6,013)	(145)	M	(6,141)	(6,101)	(40)
Total operating expenses	-	76	(76)		-	34	(34)
Capital	-	-	-		-	-	-
Total including capital	-	76	(76)		-	34	(34)
Budgeted reserves	-	-	-		-	-	-
Total expenditures	-	76	(76)		-	34	(34)
Balance forward to next fiscal year	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -

Revenues such as Training Center fees, sales of surplus equipment and insurance claims and other miscellaneous monies are recorded in the Support fund (Fund 1360). Expenditures not covered by these funds are allocated to Fire Operations (Fund 1350), EMS (Fund 1351), MSTU (Fund 1354) and Dispatch (Fund 1361) based on personnel counts (FTE's) or using the established salaries and benefits distribution percentages.

Budget vs. Actual

Fund 1361 - Dispatch (in thousands)							
	FY 14	FY 14			FY 13	FY 13	
	Budget	Actual	Variance		Budget	Actual	Variance
Revenues							
Balance forward	\$ 100	\$ 100	\$ -		\$ 100	\$ 100	\$ -
Dispatch services	14	14	-		13	14	1
General fund transfer	7	7	-		10	10	-
Other transfers in	2,757	2,309	(448)	L	2,769	2,106	(663)
Miscellaneous	-	2	2		-	1	1
Total revenues	2,878	2,432	(446)		2,892	2,231	(661)
Expenditures							
Compensation & benefits	1,627	1,667	(40)	A	1,554	1,598	(44)
Contracted services	10	5	5		15	5	10
Operating supplies	173	160	13		181	173	8
Insurance	13	11	2		15	11	4
Repair & maintenance	151	137	14		182	137	45
Communications & freight	48	36	12		36	38	(2)
Books, publications & memberships	14	4	10		1	11	(10)
Other operating expenses	47	35	12		50	46	4
Total operating expenses	2,083	2,055	28		2,034	2,019	15
Capital	785	367	418		848	102	746
Other transfers, net	10	10	-		10	10	-
Total including capital	2,878	2,432	446		2,892	2,131	761
Budgeted reserves	-	-	-		-	-	-
Total expenditures	2,878	2,432	446		2,892	2,131	761
Balance forward to next fiscal year	\$ -	\$ -	\$ -		\$ -	\$ 100	\$ 100
Budget to Actual Variance			15%				26%

The FY 2014 budgeted expenditures were 15% higher than FY 2014 actual spending as a result of the deferral of Phase II of the Alerting System capital project. Actual operating expenses in FY 2014 increased by 2% from the previous fiscal year. The FY 2014 budgeted expenditures including capital outlay were nominally lower than the FY 2013 budget. The Dispatch fund (Fund 1361) used \$100,000 of reserves for capital projects in FY 2014. The remaining expenditures were financed by transfers from other funds, primarily Fire Operations and EMS.

Phase 1 of the Alerting System was completed in FY 2014. The cost of Phase 1 was approximately \$450,000 (some of which was expended in FY 2013) of the estimated total cost of \$900,000 for the Alerting System. EMS and Fire impact fees are also being used in the funding of the Alerting System.

Budget vs. Actual

Fund 1362 - Ocean Rescue (in thousands)						
	FY 14	FY 14		FY 13	FY 13	
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Balance forward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User fees	107	113	6	107	113	6
General fund transfer	1,422	1,422	-	1,226	1,209	(17)
Miscellaneous	-	7	7	-	6	6
Total revenues	1,529	1,542	13	1,333	1,328	(5)
Expenditures						
Compensation & benefits	1,221	1,270	(49) A	1,096	1,092	4
Contracted services	20	15	5	23	20	3
Operating supplies	100	85	15	88	96	(8)
Insurance	10	14	(4)	11	16	(5)
Repair & maintenance	45	46	(1)	38	34	4
Books, publications & memberships	13	7	6	9	7	2
Other operating expenses	12	14	(2)	9	10	(1)
Total operating expenses	1,421	1,451	(30)	1,274	1,275	(1)
Capital	108	107	1	59	53	6
Total including capital	1,529	1,558	(29)	1,333	1,328	5
Budgeted reserves	-	-	-	-	-	-
Total expenditures	1,529	1,558	(29)	1,333	1,328	5
Balance forward to next fiscal year	\$ -	\$ (16)	\$ (16)	\$ -	\$ -	\$ -
Budget to Actual Variance			-2%			0%

The FY 2014 budgeted expenditures were 2% lower than FY 2014 actual spending. Actual operating expenses in FY 2014 increased by 14% from the previous fiscal year due to increases in actual costs of compensation and benefits primarily the result of Ocean Rescue employees being reclassified by the Florida Retirement System from Regular rates to Special Risk rates. Costs of this fund not covered by revenues from contracts with participating beachside communities are covered by transfers from the General Fund.

Fund balances were available in other Fire Rescue funds to cover the current year deficit of the Ocean Rescue fund.

Budget vs. Actual

Fund 1363 - Hazmat (in thousands)							
	FY 14	FY 14			FY 13	FY 13	
	Budget	Actual	Variance		Budget	Actual	Variance
Revenues							
Balance forward	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
User fees	9	8	(1)		10	6	(4)
Grants & financial assistance	3	3	-		2	18	16
Transfers in, net	988	919	(69)		952	841	(111)
Miscellaneous	-	4	4		-	1	1
Total revenues	1,000	934	(66)		964	866	(98)
Expenditures							
Compensation & benefits	853	857	(4)	A	807	799	8
Contracted services	18	-	18		2	-	2
Operating supplies	40	13	27	H	61	26	35
Insurance	7	4	3		9	4	5
Repair & maintenance	28	26	2		27	2	25
Books, publications & memberships	50	33	17	J	49	33	16
Other operating expenses	4	1	3		5	-	5
Total operating expenses	1,000	934	66		960	864	96
Capital	-	-	-		4	2	2
Total including capital	1,000	934	66		964	866	98
Budgeted reserves	-	-	-		-	-	-
Total expenditures	1,000	934	66		964	866	98
Balance forward to next fiscal year	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Budget to Actual Variance			7%				11%

The FY 2014 budgeted expenditures were 7% higher than FY 2014 actual spending. Actual operating expenses in FY 2014 increased by 8% from the previous fiscal year due to increases in actual costs of compensation and benefits primarily related to increased overtime incurred to address certifications of personnel, offset by a decrease in budgeted amounts for operating supplies. While Hazmat (Fund 1363) receives nominal funding from other sources, the expenditures in this fund are predominately funded by transfers from MSTU (Fund 1354).

Budget vs. Actual

Results

The following narratives include additional details related to the more significant variances identified in the FY 2014 budget-to-actual analysis (by fund) based on explanations provided by BCFR regarding FY 2014 budget-to-actual variances noted in the preceding tables.

A	<p>Compensation & benefits – See 'Trends in Salaries and Benefits' in this report for additional analysis. Department-wide, BCFR reported actual compensation and benefit costs of approximately \$1.3 million less than what was budgeted. The variance is primarily due to (1) savings from vacant positions and (2) the funding of 33 positions by a SAFER grant obtained by the Department and accounted for in Fund 1700.</p> <p>When the budget is developed, it is presumed that all vacant positions will be filled during the fiscal year, a methodology consistent with other County departments and previous years. For FY 2014, the Department realized an average of 20 to 25 vacant positions throughout the year at an average cost of \$68,000 (salaries and benefits), which equates to a savings of between \$1.3 million and \$1.7 million per year. Vacant positions are typically the result of a high attrition rate coupled with only 1 or 2 group hirings per year.</p> <p>As noted above, the Department received grant funding that provided BCFR the opportunity to fund additional personnel. These monies and the related expenses were accounted for in Fund 1700. Compensation and benefits expenses reported in Fund 1700 for FY 2014 amounted to \$1.4 million.</p>
B	<p>Contracted services – The variance is primarily related to actual costs for annual physicals being less than anticipated due to vacant positions and lower contracted rates with physicians.</p>
C	<p>Insurance – Department-wide, BCFR realized savings associated with insurance of approximately \$27,000 from expected costs. A premium increase in property insurance was offset by the lower-than-expected cost of general liability insurance during the year. General liability insurance is allocated to the various departments of the County based on payroll (salaries only). A lower-than-expected payroll for the Department resulted in less general liability insurance costs being allocated to BCFR. This payroll variance was related to vacant positions, as noted above.</p>
D	<p>Repairs & maintenance – The variances were due largely to unplanned upgrades to radio equipment needed to keep the equipment functioning and the cleaning of bunker gear to be retained as “back-up gear” as the Department proceeds with its bunker gear replacement plan. Department-wide, BCFR had a positive budget variance of approximately \$39,000.</p>
E	<p>Capital - See 'Trends in Capital Outlay' in this report for additional analysis. Department-wide, Fire Rescue expended approximately 47% of its capital budget in FY 2014. Some major purchases and construction projects (construction of Station 86 and the Dispatch Center and the purchase of aerial trucks) planned in the budget were deferred to future fiscal years.</p>
F	<p>Grants & aid – This cost center relates to the Department’s dispersal of EMS trust awards funds. While these funds used to be paid to award recipients as a lump sum (advance), the Department now provides these funds on a reimbursement basis. Additionally, BCFR’s allocation of the EMS trust award from the State of Florida for FY 2014 was not received until FY 2015, delaying BCFR’s ability to grant awards to local EMS providers.</p>

Budget vs. Actual

G	<p>Other contracted services – For the MSTU fund (Fund 1354), the FY 2014 budget did not include payments to the Merritt Island Redevelopment Authority (MIRA); however, the payments to MIRA are included in the Community Redevelopment Agency (CRA) fees paid by the Department each year. The County Budget Office identifies the amount to be charged to the Department and County Finance records the expenditure into the Department’s general ledger.</p> <p>For Support (Fund 1360), the Department budgeted for promotional assessments and officer development training costs that were ultimately not expended in FY 2014.</p>
H	<p>Operating supplies – Department-wide, BCFR expended 99% of its operating supplies budget. Operating supplies accounted for in Support (Fund 1360) are allocated to Fire Operations, EMS, MSTU and Dispatch – the net budgetary variance in these funds combined is \$58,000 or less than 1%.</p>
I	<p>Communications & freight – This variance relates to Mobile Data Terminal (MDT) charges that were budgeted for in Fund 1361 (Dispatch) but actual charges were moved to Fund 1360 (Support) at the direction of County Finance.</p>
J	<p>Books, publications & memberships - Department-wide, BCFR experienced savings for this cost center – which includes training expenditures – by \$150,000. As with operating supplies, books, publications & membership costs accounted for in the Support fund are allocated to Fire Operations (Fund 1350), Emergency Medical Services (Fund 1351), MSTU (Fund 1354) and Dispatch (Fund 1361). The variance in training costs related to paramedic school is attributed to the vacant positions and changes in staffing profiles, which resulted in the need for fewer paramedics.</p>
K	<p>Rentals & leases – The budget for Rentals and lease expense in the Emergency Medical Services fund (Fund 1351) included the temporary lease for the move of Station 68; however, the construction of the new fire station has been deferred.</p>
L	<p>Other transfers – Fire Operations (Fund 1350) reimburses EMS (Fund 1351) for certification costs of fire certifications and EMS (Fund 1351) reimburses Fire Operations (Fund 1350) for certification costs of Medics. Approximately \$460,000 of the budget variance in Fire Operations (Fund 1350) is a result of the net effect of certification costs being lower than anticipated in the fiscal year due to fewer EMT certifications than in the previous year. Another \$58,000 of the budget variance was related to less monies needed to be transferred to Dispatch (Fund 1361) as described below.</p> <p>Dispatch (Fund 1361) is reimbursed for its costs by the funds benefitting from dispatch services, including Fire Operations (Fund 1350) and EMS (Fund 1351). In fiscal year 2014, Phase II of the purchase of the Alerting System was deferred. As a result, Dispatch (Fund 1361) required approximately \$450,000 less in reimbursements from benefitting funds to cover current year costs.</p> <p>The impact to the EMS (Fund 1351) in the current year was comprised of the \$460,000 variance associated with certification costs net of the \$272,000 variance in actual transfers to Dispatch (Fund 1361).</p>

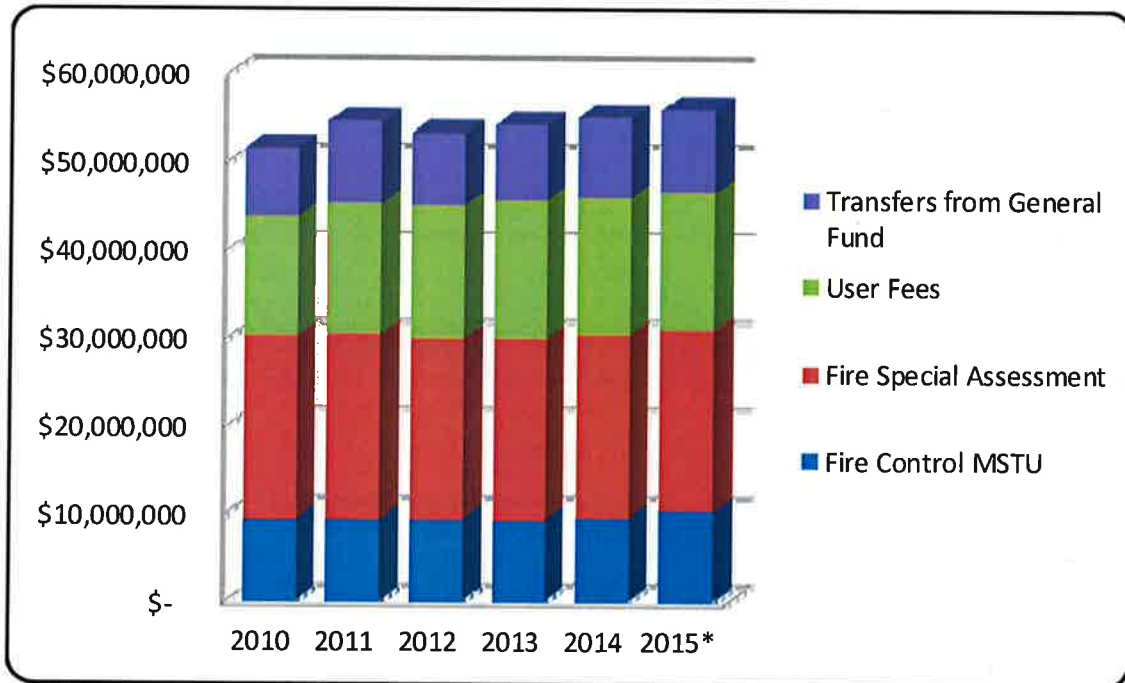
Budget vs. Actual

M	Operating expense credits – Operating expense credits reflect the allocation of support costs to benefitting funds net of non-fund specific revenues such as sales of surplus property and equipment (\$30,000), insurance claims reimbursements (\$20,000) and miscellaneous fees and charges (\$17,000). The budget-to-actual variance of \$145,000 is a result of overall less than anticipated support costs of \$69,000 combined with \$76,000 of revenues reported in the Support fund (Fund 1360).
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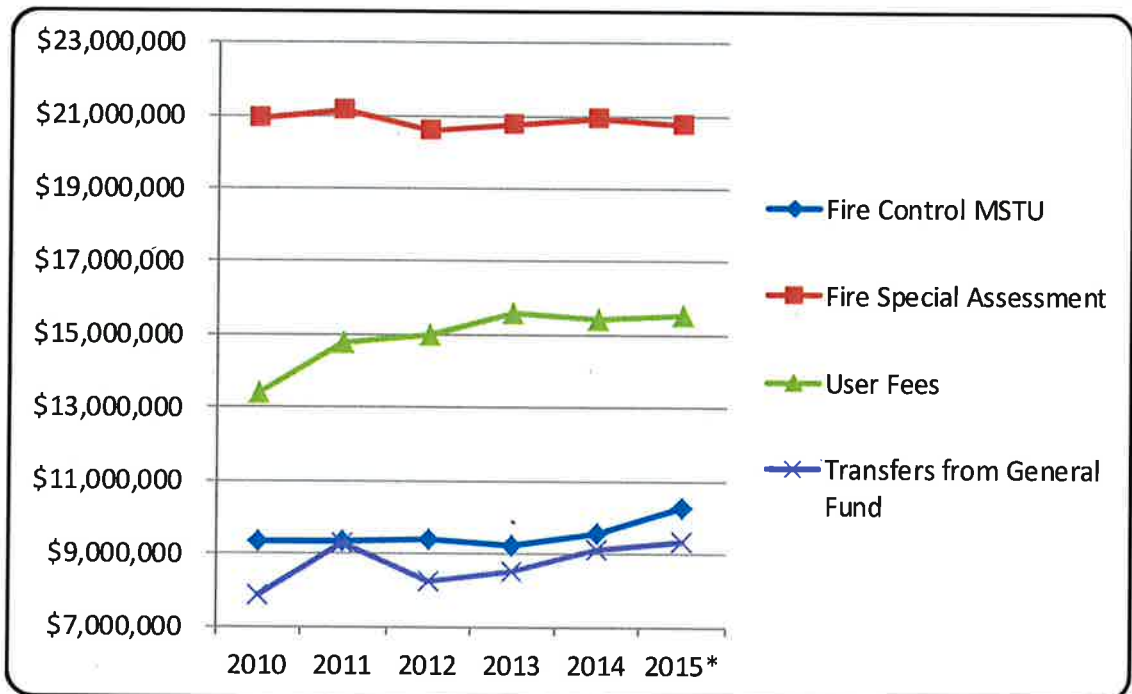
Revenue Trend Analysis

The Department receives revenue from multiple sources. Primary sources of revenue include:

- Fire Services Special Assessment (FSSA)
- MSTU ad valorem taxes
- User fees (charges for services)
- Transfers from the County's General Revenue Fund



* 2015 information represents fiscal year 2015 budgeted amounts since actual amounts are not yet available.

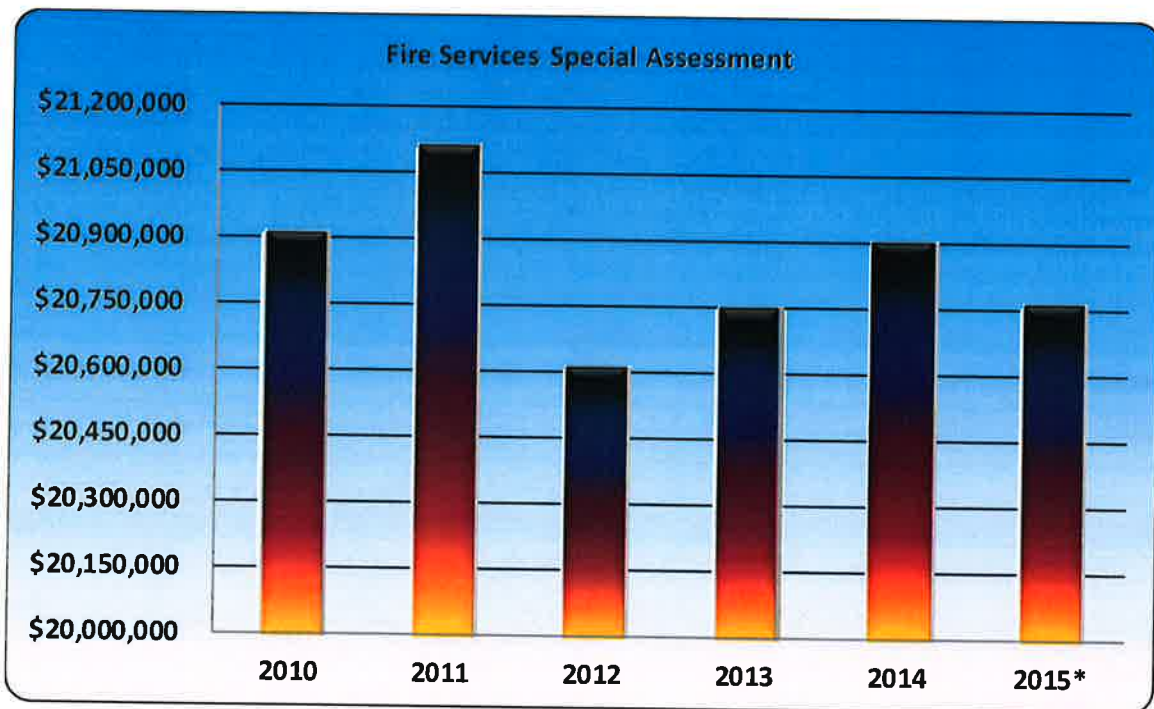


Revenue Trend Analysis

Fire Services Special Assessment

The Fire Services Special Assessment is a non-ad valorem fee charged to all property owners in unincorporated Brevard, West Melbourne, Melbourne Village, Palm Shores and Grant/Valkaria to fund fire protection services in these areas. The assessment appears on the property owners' annual tax bill, first included on the 2006 annual tax bill. The rates applied to each property take into account the primary property use code assigned by the Brevard County Property Appraiser's office, the base square footage of the structures on the property and the base rate benefit factor which is a representation of the building cost per square foot. The formal Rate Resolution is approved each year by the Brevard County Board of County Commissioners and has not changed since 2008.

For FY 2014, the FSSA (\$20.9M) comprised approximately 34% of the Department's revenues. In the FY 2015 budget, the FSSA (\$20.8M, net of the 5% statutory reduction) represents 29% of the Department's revenue budget. Management budgets 95% of the full value of the assessment; however, between 96% and 97% is collected from property owners, after discounts.



When the fire special assessment was originally established, three (3) municipalities were allowed to remit their 2007 assessments in four (4) installments with the final installment collected in 2011, resulting in a variance of approximately \$500,000 between fiscal year 2011 and 2012.

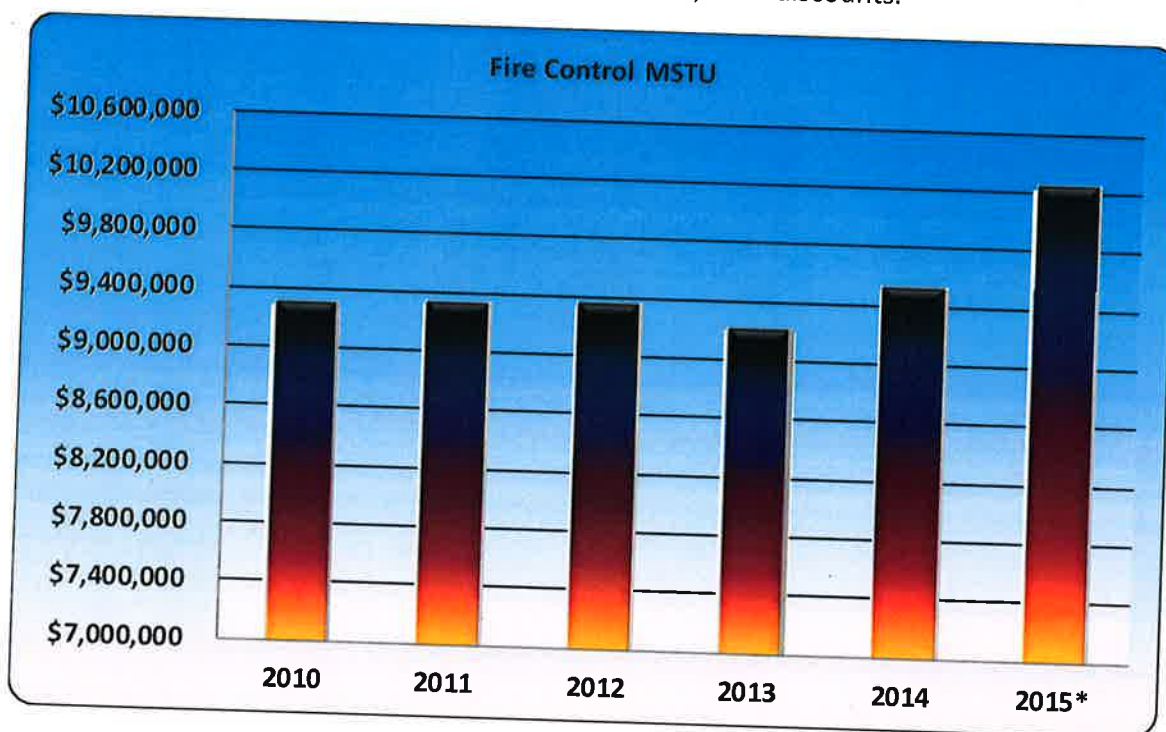
Increases in this revenue line item since 2012 can be attributed to "organic" growth, i.e., more property coming on to the County's tax rolls to be assessed. The FY 2015 budget amount was conservatively estimated using FY 2013 results.

Revenue Trend Analysis

MSTU Ad Valorem Taxes

The Fire Control MSTU's purpose is to collect taxes based on a millage rate applied to the value of Brevard County properties as determined by the Property Appraiser and is approved and set by the Brevard County Board of County Commissioners. The fiscal year 2015 Final Millage Rate for the Fire Control MSTU is 0.7775 and is estimated to generate \$10.3 million in revenues. For fiscal year 2014, the Final Millage Rate for the Fire Control MSTU was .8005.

For FY 2014, the MSTU (\$9.5M) comprised approximately 16% of the Department's revenues. In the FY 2015 budget, the MSTU (\$10.3M, net of the 5% statutory reduction) represents 14% of the Department's revenue budget. The FY 2015 budget reflects the one-time assessment of approximately \$664,000 related to the FPL energy plant. As with the fire assessment, only about between 96% and 97% is collected from property owners, after discounts.



User Fees and Charges

User fees and charges come from various sources, but primarily are related to EMS billings, lifeguard contracts and fire prevention inspection fees. In the FY 2015 budget, user fees and charges represent 22% of the Department's revenue budget.

EMS Billings – EMS billings, which are managed by a third party vendor, are for services rendered. The rates at which services are billed represent the average of providers in 17 counties and 42 municipalities and were approved by the Brevard County Board of County Commissioners (Resolution No. 09-065). The current rates took effect on April 21, 2009 and are as follows:

- Basic Life Support - \$501
- Advanced Life Support I - \$541
- Advanced Life Support II - \$627
- Mileage (from incident site to receiving facility) - \$9.18 per mile
- Oxygen - \$25

Revenue Trend Analysis

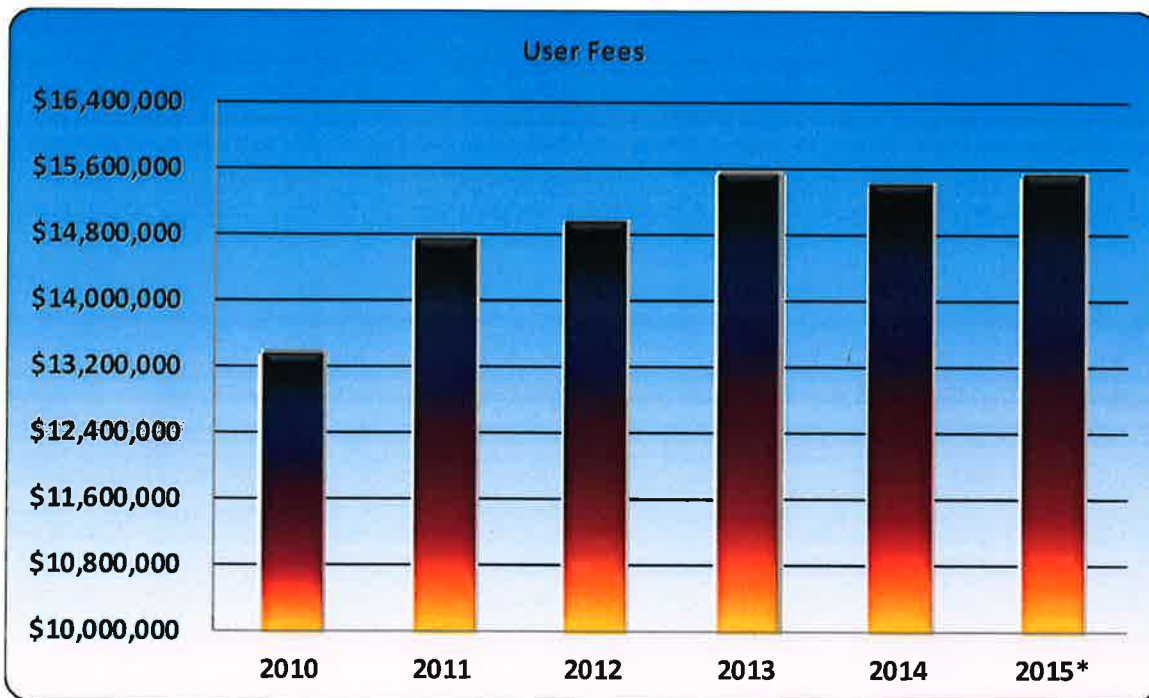
These billing rates are based on the economic profile in place at the time the rate study was performed and has not been updated to reflect current conditions (factors). The Department believes that BCFR remains well below the average transport rates when compared to other EMS transport organizations throughout Florida.

BCFR prepared an analysis of 2014 rates for 60 EMS providers representing 21 Florida counties for purposes of comparison. The rates for these providers are as follows:

	High	Low	Average	Brevard
Basic Life Support	\$ 1,011.00	\$ 347.37	\$ 653.23	\$ 501.00
Advanced Life Support I	\$ 1,218.90	\$ 400.00	\$ 702.64	\$ 541.00
Advanced Life Support II	\$ 1,422.60	\$ 500.00	\$ 773.95	\$ 627.00
Ground Mileage	\$ 20.27	\$ 7.16	\$ 11.20	\$ 9.18

Lifeguard Contracts – BCFR contracts with several municipalities in Brevard County to provide lifeguard services at their beaches. The annual contracts typically cover the months of March through September with monthly payment amounts specified in the contracts.

Fire Prevention Inspection Fees – Fire prevention inspection fees include fees to certify new construction, annual inspections on commercial properties and permits for inspections of special events. Billings are initiated by the fire prevention staff with payments received by the central cashier and BCFR. There is adequate segregation of duties between personnel responsible for billing, collecting, recording and depositing the payments received.



Revenue Trend Analysis

<i>(in thousands)</i>	Actual					Budget
	2010	2011	2012	2013	2014	2015
EMS Billings	\$ 12,745	\$ 14,221	\$ 14,420	\$ 14,986	\$ 14,897	\$ 15,034
Lifeguard Contracts	156	129	117	113	113	107
Fire Prevention Inspection Fees	482	402	426	474	392	404
Miscellaneous User Fees	13	20	14	30	36	18
	\$ 13,396	\$ 14,772	\$ 14,977	\$ 15,603	\$ 15,438	\$ 15,563

After consideration of the correction of prior accounting errors, EMS billings increased from FY 2010 to FY 2011 by \$1.5 million due to updates and upgrades to billing software and changes to coding of services by the third party billing vendor resulting in more calls that were qualified to be billed as Advanced Life Support 1 (ALS1) services, which carry a higher fee than Basic Life Support (BLS) services. During the past year, Fire Rescue and their third party billing company, ADPI, have worked together on developing projections closer to actual revenues. The EMS ambulance revenues budget in FY 2015 (before the statutory 5% reduction) reflects an increase of 1% from the fiscal year 2014 actual which was consistent with the increase in the actual from fiscal years 2013 to 2014 prior to the correction of the error in accounting for Medicaid and Medicare revenues in fiscal year 2013.

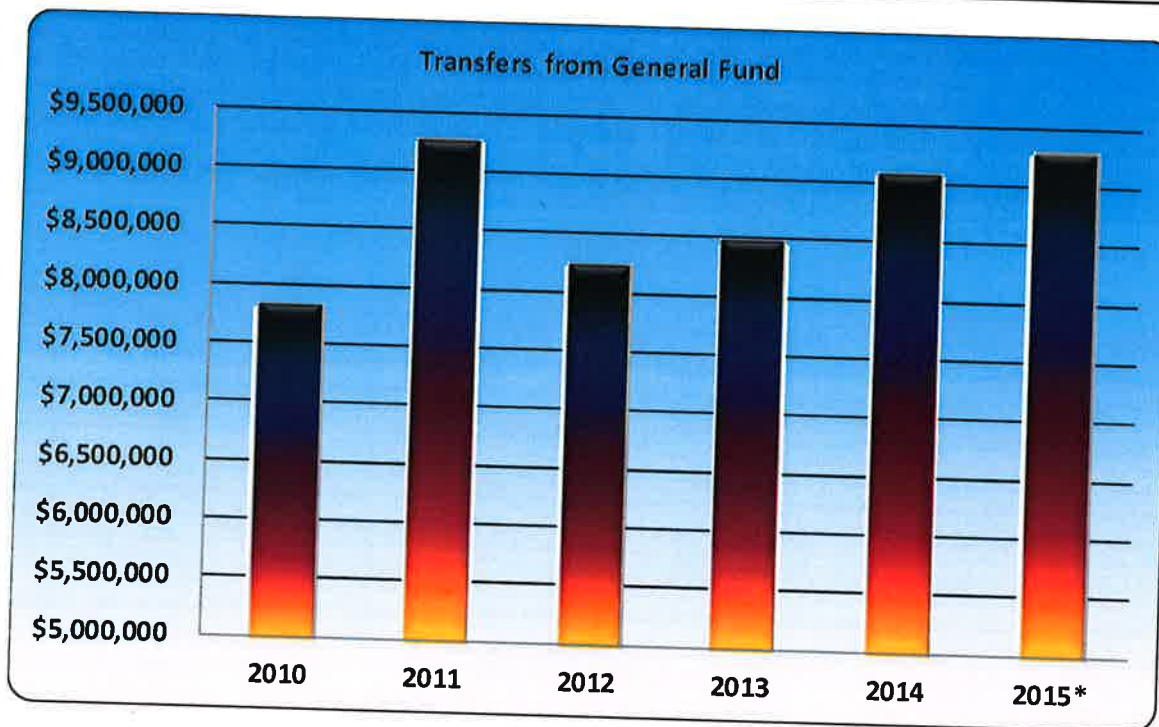
Lifeguard contracts decreased from FY 2010 to FY 2011 and again from FY 2011 to FY 2012 due to reduction in the number of cities using County lifeguard services. A tower shut down in the Town of Melbourne Beach in FY 2012 resulted in the loss of \$18,721 in municipal revenue; the Ocean Rescue division – a program within the Department – saw a similar loss of revenue from the City of Cape Canaveral in FY 2011.

Fire prevention inspection fees decreased from \$474,000 in FY 2013 to \$392,000 in 2014 due to a decline in new construction (market changes).

General Revenue Fund Transfers

Funding from the General Fund is based on a budget approved by the Brevard County Board of County Commissioners and is used to help fund the Emergency Medical Services and Ocean Rescue operations. Any money transferred from the General Fund to BCFR but not spent by BCFR at the end of the fiscal year must be returned to the General Fund. For FY 2013, the amount initially received from the General Fund was approximately \$8.8 million of which approximately \$280,000 was remitted back to the General Fund at the end of the fiscal year. For FY 2014, BCFR has received \$9.5 million of which an estimated \$743,000 has been returned to the General Fund as part of the year-end closing process of the County's general ledger.

Revenue Trend Analysis



The chart above shows that in FY 2011, the General Fund had to fund BCFR in the amount of \$9.3 million because of several factors including (1) balance forward not being used to fund capital outlay purchases, (2) increases in health insurance costs and (3) increase in retirement rate for Special Risk employees from 15% to 24%. These increases were offset by the move of the First Responder budget (approximately \$876,000) from the Fire Rescue Department to the General Fund in FY 2012. At the determination of the Board, the First Responder program was discontinued (permanently reduced) in FY 2015. As a result of these factors, FY 2011 was an anomaly, but the trend – excluding FY 2011 – shows the amount the General Fund has actually transferred in from FY 2010 to FY 2015 (as budgeted) has increased \$1.5 million or 19%.

s and Benefits

salaries and benefits (in thousands) for the Fire Rescue department:

.5 it	FY 2014			FY 2013			FY 2012			FY 2011		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
98	\$9,865	\$8,321	\$1,544	\$9,605	\$8,340	\$1,265	\$9,582	\$8,364	\$1,218	\$8,970	\$7,887	\$1,083
77	1,969	2,008	(39)	2,037	1,940	97	2,053	1,973	80	1,978	2,130	(152)
14	5,412	5,368	44	4,905	4,839	66	4,908	4,649	259	5,768	5,217	551
84	9,440	9,567	(127)	9,225	9,375	(150)	9,242	9,535	(293)	9,444	9,385	59
51	1,768	2,075	(307)	1,877	2,014	(137)	1,786	1,768	18	1,812	1,752	60
61	5,335	5,136	199	4,928	4,940	(12)	5,008	4,782	226	5,869	5,258	611
62	4,204	3,995	209	4,164	4,002	162	4,107	4,128	(21)	4,017	3,859	158
77	958	1,088	(130)	937	1,065	(128)	1,001	895	106	878	978	(100)
87	2,371	2,396	(25)	2,186	2,223	(37)	2,226	2,114	112	2,515	2,465	50
38	1,056	1,009	47	1,019	975	44	1,028	922	106	1,048	945	103
35	100	202	(102)	98	197	(99)	98	148	(50)	97	130	(33)
20	471	456	15	436	426	10	447	377	70	518	457	61
39	881	833	48	844	811	33	856	807	49	785	801	(16)
22	22	31	(9)	16	24	(8)	9	21	(12)	8	25	(17)
76	317	406	(89)	236	257	(21)	243	256	(13)	266	285	(19)
53	453	419	34	455	396	59	409	424	(15)	516	408	108
59	141	168	(27)	115	166	(51)	116	173	(57)	111	156	(45)
04	260	270	(10)	237	237	0	230	251	(21)	335	280	55
157	\$45,023	\$43,748	\$1,275	\$43,320	\$42,227	\$1,093	\$43,349	\$41,587	\$1,762	\$44,935	\$42,418	\$2,517
			2.8%			2.5%			4.1%			5.6%
			3.6%			1.5%			-2.0%			1.0%

Trends in Salaries and Benefits

Considerations

- In fiscal year 2011, there was a change in methodology with regards to how the Department tracks and distributes labor costs to Fire Operations (Fund 1350), EMS (Fund 1351) and MSTU (Fund 1354). There was not, however, a corresponding change in the development of the budget. It was noted that in establishing the FY 2016 budget figures, the Fire Rescue Budget Office utilized the allocation methodology currently used to allocate actual personnel costs to more closely align the approach to budgeting with the accounting used for actual costs.

Previously, all field Fire Rescue employees were required to obtain their paramedic certification within a defined period of time. This allows the Department to more readily shift employees from firehouse to firehouse to meet scheduling needs, as employees can typically ride on either a firetruck or an ambulance when responding to a call. Beginning in fiscal year 2015, BCFR has begun re-profiling of the staffing of ambulances by utilizing EMT's while maintaining ALS services at the paramedic level.

Prior to fiscal year 2011, the Department attempted to allocate payroll between functions based on actual employee time charges. This approach created logistical challenges, especially related to the volume of changes made to "move" employee assignments in the payroll system.

To alleviate the paperwork burden, County Finance, the Fire Rescue Budget Office and the Internal Auditors collaborated to develop a labor distribution for Fire Operations (Fund 1350), EMS (Fund 1351) and MSTU (Fund 1354) using fiscal year 2011 budget information. Beginning in fiscal year 2011, new non-administrative Fire Rescue employees are assigned to either Fire Operations, EMS or MSTU in the payroll system. At the end of the fiscal year, BCFR prepares an entry to reallocate salary and benefit information across these three (3) funds based on this labor distribution formula.

It was noted that the labor distribution formula currently used to allocate actual labor costs has not been updated since fiscal year 2011. The Department may wish to establish a time table for periodic review and update of this labor distribution formula.

It was noted, further, that the labor distribution does not distinguish between salaries, overtime or benefits. As a result, the labor charge reallocation is netted in "Salaries & Other Comp" in the Salaries and Benefits table, although the reallocation amount also includes overtime and benefits.

- The SAFER grant obtained in FY 2014 (accounted for in County Fund 1700) provided funding for 33 positions. For FY 2014, those personnel costs amounted to approximately \$1.4 million. The FY 2015 budget includes \$1.9 million in salaries and benefits associated with the personnel currently funded by the SAFER grant. The grant term is currently set to expire in the first quarter of 2016. Upon termination of the grant, SAFER employees will be placed in permanent, vacant positions.

Without inclusion of the 33 positions currently funded by the SAFER grant, it is noted that personnel costs are relatively flat between FY 2014 and FY 2011.

Capital Outlay Analysis

The following is a summary of capital outlay expenditures (in thousands):

	2015 Budget	2014			2013		
		Budget	Actual	Under (Over)	Budget	Actual	Under (Over)
1350 - Fire Rescue Ops	\$2,541	\$4,918	\$1,225	\$3,693	\$1,185	\$1,713	(\$528)
1351 - EMS Ops	504	1,339	515	824	1,061	898	163
1354 - Referendum	589	248	231	17	23	18	5
1360 - Support	-	-	-	-	-	-	-
1361 - Dispatch	591	785	368	417	848	102	746
1362 - Ocean Rescue	168	108	107	1	59	53	6
1363 - Hazmat	13	-	-	-	4	2	2
Totals	\$4,406	\$7,398	\$2,446	\$4,952	\$3,180	\$2,786	\$394
% of budget spent				33.1%			87.6%
Increase (decrease) over prior year spending				-12.2%			11.0%

Observations

- The unspent budget for capital outlay in 2014 relates primarily to the following projects:
 - Deferment of fire station replacement and dispatch facilities (\$2.8 million).
 - Aerial engines budgeted but not purchased (\$950,000)
 - EMS reporting software budgeted but not purchased (\$90,000).
 - Alerting system partial purchase in fiscal year 2014 (\$450,000). The second phase of the alerting system purchase (\$415,000) was re-budgeted in fiscal year 2015.
 - Ambulances ordered in fiscal year 2014 were not received until fiscal year 2015 (\$608,000).
- Cost estimates for a fire station replacement increased from \$1.3 million in the fiscal year 2014 budget to \$1.7 million. This project was not re-budgeted in fiscal year 2015.
- Cost estimates for construction of a 911 Dispatch Center increased from \$1.5 million to \$1.6 million. This project was not re-budgeted in fiscal year 2015.

Conclusion

BCFR should continue to monitor and update its current year and long-term capital outlay program. Annually, capital needs should continue to be reviewed to determine whether any projects may require acceleration in the capital replacement program. The Department should also continue to review for projects that may be deferred with minimal impact to services or if alternatives may be available for consideration. BCFR should continue to evaluate budgeted reserves and ensure reserves are directly linked to cost projections for years 2 through 5 of the five year capital plan.

Analysis: Allocation of Support Costs

Approach

The Fire Rescue department incurs various costs that are allocable to more than one Fire Rescue fund. Such allocable costs include executive and administrative personnel, training, insurance, facility maintenance, supplies, and fleet maintenance, and are reported in Fund 1360 (Support). For fiscal year 2014, aggregate costs of Fund 1360 were allocated ~38% to Fire Operations (1350), ~41% to EMS (1351), ~18% to Referendum (1354) and ~3% to Dispatch (1361). For fiscal year 2015, management has budgeted for \$6.7 million of allocable costs.

We recognize the costs being allocated are significant, and can have a significant impact on the funding needs of Fire Operations (1350) and EMS (1351). Specifically, we note the following 2 general risks of allocating costs:

1. Costs are included in the total pool of allocable costs when those costs could be more accurately linked to a specific fund (the cost need not be allocated, but should be directly charged to another Fire Rescue fund).
2. The basis for allocation is not periodically reviewed to evaluate whether the basis being used provides for the most accurate allocation.

Management uses the following 3 allocation methodologies – individually or in combination – to allocate the costs associated with cost pools:

- **Personnel split** – based on the total number of employees according to the function they perform (i.e., do they serve Fire Operations only, EMS only, or both?).
- **Station split** – based on the total number of stations and whether they serve Fire Operations, EMS, or both.
- **Vehicle split** – based on the total number of vehicles assigned to a particular fire rescue department function (EMS, Fire Operations, etc.).

For the original budget, management estimates each allocation percentage based on the projected number of employees, vehicles or stations. At year end, the allocations are revised based on the actual number of employees, vehicles or stations.

Fire Rescue management allocates costs associated with four (4) different cost pools, as follows:

- **Information system charges and other professional services** (~\$.9 million budgeted for fiscal year 2014) – these costs are allocated based on the personnel split.
- **Fleet** (~\$1.2 million budgeted for fiscal year 2014) – fleet costs, which include costs to maintain all Fire Rescue vehicles, are allocated based on the vehicle split.
- **Support** (~\$.9 million budgeted for fiscal year 2014) – support costs include various administrative costs of operating the Fire Rescue department such as administrative salaries, utilities, facility maintenance and costs paid to other County departments in support of Fire Rescue. These costs are allocated based on an average of the personnel split and the station split.
- **Supplies** (~\$2 million budgeted for fiscal year 2014) – supply costs include all supplies benefiting the entire Fire Rescue department. These costs are allocated based on an average of the personnel split and the station split.

Analysis: Allocation of Support Costs

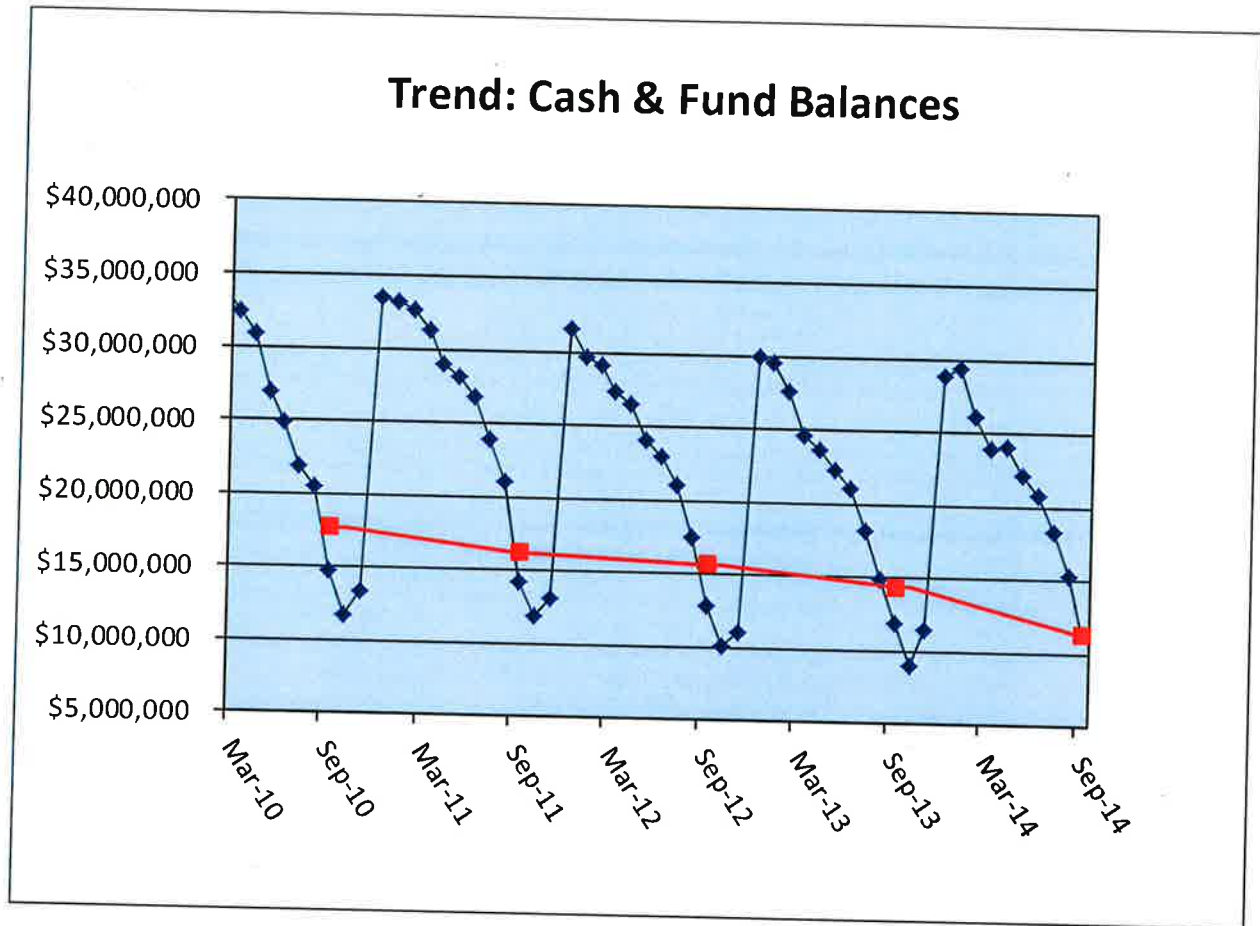
Results

We reviewed management's allocation methodology. In general, the allocation methodology appears reasonable. We recommend management continue to analyze its methodology at least annually to identify efficiencies and potential improvements for accuracy.

In particular, the change in methodology used to allocate personnel costs to Fire Operations (Fund 1350), EMS (Fund 1351) and MSTU (Fund 1354) could potentially have a significant impact on the cost pools. Therefore, the personnel split and assignment of personnel by function should be closely evaluated and re-evaluated as needed to reflect changes in staffing profile policies and other factors, but no less than annually.

Cash Flow Trends

To evaluate cash flows of the Fire Rescue department for the year, we performed the following analysis of Fire Rescue's cash position and fund balance:



Observations

- Cash balances (in blue) fluctuate during the year, as the majority of Fire Rescue cash is received in December and January each year, due to the timing of tax collections.
- Fund balance (in red) is presented above only at fiscal year-end (September 30th), as this is the only time fund balance is fully adjusted for accruals and allocations.
- At each fiscal year end, fund balance is materially consistent with cash balances, as anticipated. Variances between the two are due to other non-cash assets and liabilities reported in accordance with generally accepted accounting principles.

Conclusions

As shown above, cash balances and fund balance have decreased steadily during the past five (5) years. As mentioned earlier in the report, the decrease in cash and fund balance is a result of the growth of costs to provide services outpacing the growth in revenues generated for those services.

Fund Balance / Balance Forward

To evaluate fund balance / balance forward, we considered the following:

- Consider whether fund balance amounts are:
 - legally restricted,
 - Board designated for capital, etc.
 - Department designated as excess funds in the event of an emergency or other unexpected need of the department, or
 - Unrestricted
- Analysis of historic fund balance compared to historic Fire Rescue operating costs

The following parameters were used when analyzing fund balance and balance forward:

- Fund balance = assets in excess of liabilities as of the end of each fiscal year
- *Balance forward* is a budgeting term used to represent the "excess funds" carried forward as revenue to the next year's budget
- Balance forward = prior year's ending fund balance
- Designated fund balance = that portion of fund balance approved by the Board for an intended purpose, such as capital, debt service, etc.

Observations

Through discussions with management and review of the County's Comprehensive Annual Financial Report (CAFR), we noted none of Fire Rescue's fund balance is legally restricted by bond covenants. During the budgeting process, management of Fire Rescue designates fund balance in the following ways:

- Management identifies balance forward as unrestricted, restricted or designated for capital. Such determinations are projections based on management's best estimates and judgement.
- In addition, Fire Rescue management budgets "reserves" as an expenditure item. This effectively represents management's expectation of fund balance at the end of the current budget year. Such balances can only be spent in the current budget year with the Board's approval. Management segregates these reserves as being for capital, salaries, debt service or a general contingency.

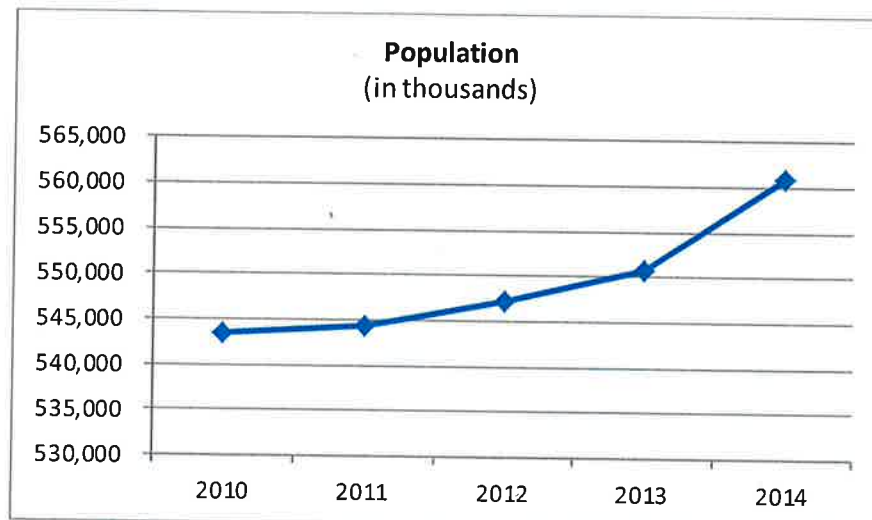
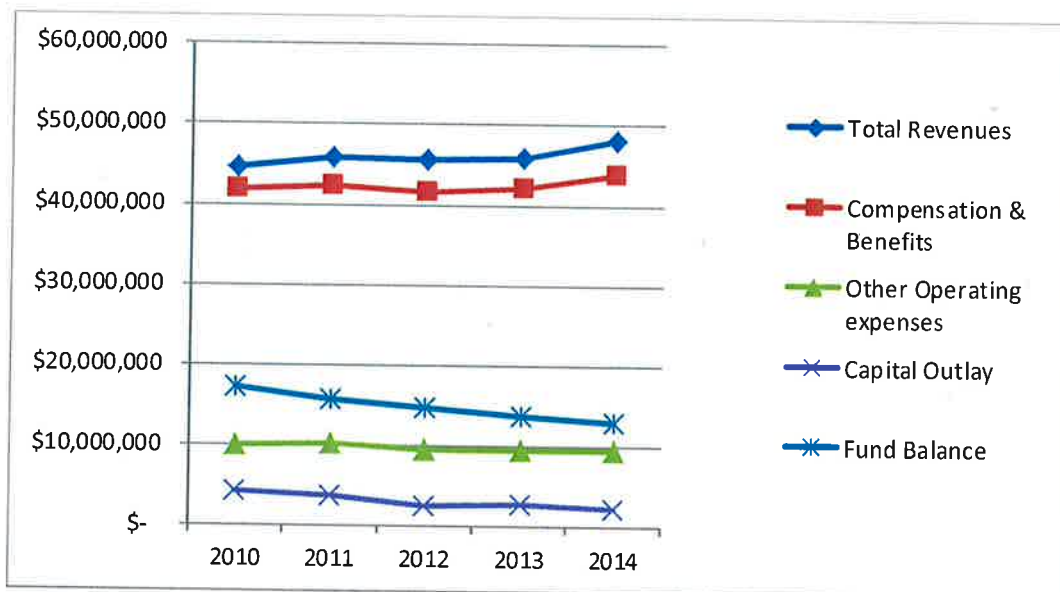
We note there is a policy for General Fund reserves equal to 10% of operating revenues. However, there is no such policy that provides guidance to departments with dedicated funding sources other than the General Fund. Historically, the Department has considered a minimum amount in fund balance equal to four (4) months – or 33% – of operating expenses to be sufficient to cover the Department's cash flow needs during the first quarter of the fiscal year before the County collects the majority of its ad valorem tax revenues.

Fund Balance / Balance Forward

The following is a summary of Fire Rescue's fund balance at the beginning of the year, as a percentage of operating expenditures for the year (in thousands):

	Fiscal Year				
	2010	2011	2012	2013	2014
Total fund balance	\$ 17,371	\$ 15,706	\$ 14,851	\$ 13,670	\$ 12,922
Annual total operating expenses *	\$ 52,003	\$ 52,645	\$ 51,158	\$ 51,864	\$ 53,314
Fund balance as a % of operating expenses	33%	30%	29%	26%	24%

* Operating expenditures exclude capital outlay, debt service, transfers to other Fire Rescue funds, bad debt expense, and budgeted reserves.



Fund Balance / Balance Forward

Fund balances have been decreasing steadily over the past five (5) years due to planned spend-down of fund balances by the Board, the Department and County management. As noted earlier, the fund balance information has been adjusted to reflect the effect of corrections for accounting errors discovered during fiscal year 2014.

Conclusions

Per review of the County's most recently published Comprehensive Annual Financial Report (CAFR) (fiscal year 2014), the Fire Rescue department's entire fund balance is reported as "nonspendable," "restricted" or "assigned." Consistent with general accepted accounting principles, the CAFR shows material designations (approved by the Board) for capital or debt service.

Although BCFR follows County Policy BCC-21 related to minimum fund balances as a guide, for management purposes the Department targets to retain a minimum level of 3 to 4 months of operating expenses in fund balance to provide for emergency cash flow. The Department is finding these levels are harder to maintain due to changes in costs associated with health insurance, retirement rates, step plan increases, capital equipment needs and capital project increases.

Based on operating expenses budgeted for fiscal year 2015 for Fire Operations (Fund 1350) and MSTU (Fund 1354), the Department's target for the minimum level of fund balance is between \$7.6 million and \$10.2 million. At the end of fiscal year 2014, the balance forward of \$12.9 million includes \$3.1 million designated for capital outlay. The fund balance net of the amount designated for capital outlay provides for 3.8 months of operating expenditures. This is compared to fiscal year 2010, which had \$17.3 million in fund balance, \$3.5 million of which was designated for capital spending, for a remaining fund balance approximating 5.9 months of operating expenditures.

Write Off of EMS Billings

Our analysis of net revenues and expenditures included specific consideration of the effect of the bad debt estimation process on the revenue projections being utilized in management of the EMS fund.

The following is a summary of Fund 1351's (EMS) primary revenues:

	Actual				
	FY14	FY13	FY12	FY11	FY10
Charges for services, gross	\$ 27,874,293	\$ 27,577,000	\$ 26,649,632	\$ 25,557,866	\$ 23,559,433
Board Approved Write-Offs					
Contractual					
(Medicare/Medicaid)	(6,455,807)	(7,285,832)	(5,536,580)	(5,723,227)	(5,096,074)
Other	(6,597,600)	(6,613,212)	(5,726,971)	(6,139,948)	(5,914,630)
Total Write-Offs	(13,053,407)	(13,899,044)	(11,263,551)	(11,863,175)	(11,010,704)
Charges for services, net	\$ 14,820,886	\$ 13,677,956	\$ 15,386,081	\$ 13,694,691	\$ 12,793,595

EMS Billings are prepared by a 3rd party vendor (InterMedix) and billings are recorded in the general ledger using billing reports from InterMedix. If initial collection attempts by InterMedix are unsuccessful, accounts are turned over to the County's contracted collection agency. At the end of each fiscal year, a request is sent to the Board for approval to write-off any accounts not collected from the previous fiscal year, e.g., after the 2014 books were closed, a request was made to write-off accounts outstanding as of the end of FY 2013. A listing of accounts written off is maintained by the County and collection attempts continue.

For Medicare / Medicaid patients, contractual adjustments are made to "write down" the amount billed to the agreed-upon rate for the EMS services provided. Contractual adjustments are requested / written off annually, e.g., 2014 contractual adjustments are posted in fiscal year 2014. Contractual adjustments have averaged 23% of gross revenues over the past five (5) years. Write-offs for accounts deemed uncollectible averaged 24% of gross revenues over the past five (5) years.

We understand there have been numerous discussions regarding bad debt in recent years. On the fund financial statements, amounts billed are not considered available for use until they are collected, i.e. revenue recognition is deferred until the account is collected. For the entity-wide statements, revenue is recognized in the fiscal year the amounts are billed. Therefore, account write-offs only impact the government-wide financial statements and have no impact on the balance forward in the EMS Fund.

Write Off of EMS Billings

	Actual				
	FY14	FY13	FY12	FY11	FY10
EMS Revenue - Fund 1351	\$ 14,583,170	\$ 14,711,818	\$ 14,056,047	\$ 13,864,752	\$ 12,485,265
<i>Increase over prior year</i>	-1%	5%	1%	11%	--
Budgeted Revenue - EMS Billings	\$ 14,818,017	\$ 14,818,017	\$ 13,493,939	\$ 12,288,115	\$ 12,006,459
<i>Actual revenue as a % of budget</i>	98%	99%	104%	113%	104%

As noted earlier, after consideration of the correction of prior accounting errors, EMS billings increased from FY 2010 to FY 2011 by \$1.5 million due to updates and upgrades to billing software and changes to coding of billings by the third party billing vendor resulting in more calls that were qualified to be billed as Advanced Life Support 1 (ALS1) services, which carry a higher fee than Basic Life Support (BLS) services. During the past year, Fire Rescue and their third party billing company, ADPI, have worked together on developing projections closer to actual revenues. The EMS ambulance revenues budget in FY 2015 (before the statutory 5% reduction) reflects an increase of 1% from the fiscal year 2014 actual which was consistent with the increase in the actual from fiscal years 2013 to 2014 prior to the correction of the error in accounting for Medicaid and Medicare revenues in fiscal year 2013.

Lifeguard contracts decreased from FY 2010 to FY 2011 and again from FY 2011 to FY 2012 due to reduction in the number of cities using County lifeguard services. A tower shut down in the Town of Melbourne Beach in FY 2012 resulted in the loss of \$18,721 in municipal revenue; the Ocean Rescue department saw a similar loss of revenue from the City of Cape Canaveral in FY 2011.

Fire prevention inspection fees decreased from \$474,000 in FY 2013 to \$392,000 in 2014 due to a decline in new construction (market changes).

	Actual				
	FY14	FY13	FY12	FY11	FY10
General Fund transfer	\$ 7,678,264	\$ 7,284,977	\$ 7,030,462	\$ 8,171,203	\$ 6,850,419
Balance Forward - EMS Fund (1351)	\$ 83,225	\$ 26,993	\$ -	\$ -	\$ 1,745,959

General Fund transfers have averaged \$7.4 million each year for the past five (5) years. Historically, any excess monies in the EMS Fund not needed for existing commitments are remitted back to the General Fund. As of the end of fiscal year 2014, the EMS Fund retained ~\$83,000 in monies to be carried forward in to the next fiscal year for deferred capital items.

Brevard County – Public Works
Road Construction - Monitoring Assistance

July 22, 2015



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Transmittal Letter

July 22, 2015

The Audit Committee of
Brevard County, Florida
2700 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2014/2015 internal audit plan, we hereby submit the following report related to our monitoring assistance of the Barnes Boulevard Widening and St. Johns Heritage Parkway Southern Segment construction projects. Our report is organized in the following sections:

Objectives and Approach	The objectives of our procedures and our approach to the execution of those procedures are expanded upon in this section.
Project Snapshot	This section provides an overview of the current status of each project subjected to our procedures.
Process Maps	This section provides a visual depiction of the workflow of all key processes included within our scope.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with this review.

Respectfully Submitted,

INTERNAL AUDITORS



Objectives and Approach

Objectives

The objectives of this engagement for the Barnes Boulevard Widening and St. Johns Heritage Parkway Southern Segment are as follows:

- To assist the County in their construction contract monitoring efforts, leveraging McGladrey's experience with comparable agreements / projects.
- To develop recommendations for improvement to key construction management processes and controls; facilitated through recurring involvement in the referenced projects throughout their respective contract terms.
- To provide quarterly status reports to the Audit Committee regarding the progress of each project and any recommended improvements identified.

Approach

Our approach consisted of the three phases described below:

Obtaining an Understanding

In order to establish a foundational understanding of each project and to better assist the County, McGladrey met with the key members of management and construction process owners that are directly involved with the two referenced projects. Major work steps as a part of this phase were as follows:

- Kickoff meeting / facilitated session with management
- Key process owner interviews
- Construction contract review
- Construction contract risk / compliance matrix development
- Policies and Procedures documentation review
- Identification of KPIs and relevant project metrics for reporting

Objectives and Approach - continued

Approach - continued

Recurring Monitoring Assistance

For each quarterly period, McGladrey will continue to perform select inquiry, review and testing procedures as they relate to the following key construction management processes:

- Pay application approval
- Pay application contractual compliance / support
- Pay application mathematical accuracy / roll forward
- Pay application adherence to best practice and industry standards
- Change order approval
- Change order contractual compliance
- Change order mathematical accuracy
- Change order incorporation into monthly pay applications
- Change order adherence to best practices and industry standards
- Weekly and monthly contractor reporting
- Quarterly jobsite inspection
- KPI / metric monitoring / evaluation

Reporting

We will continue to provide Public Works management and the Audit Committee with a project status report at the end of each quarter (or other acceptable time period).

Barnes Project Snapshot - Summary

Barnes Boulevard Widening (as of 6/30/15)

Upon McGladrey's site inspection of the Barnes Boulevard Widening project (conducted 7/10/15), we noted the project schedule has been officially extended by 30 days as a result of five (5) approved and executed change orders. Our site visit included inquiries with inspectors and project management, who noted the general contractor's team was fully engaged, provided sufficient monitoring of subcontractors, and was incredibly safety conscious. We noted one (1) work related injury, for which the applicable subcontractor was reprimanded by the general contractor for safety violations, and required to attend additional site safety training.

Our visual inspection of the project site revealed significant progress in the immediate area south of Fiske Boulevard, and limited progress in the area just before and south of Murrell Rd. Lay-down yards were acceptably organized, with limited visual distraction from applicable roadway(s).

We noted that the general contractor was currently having to work around scheduling conflicts as it relates to Florida Power and Light's involvement in utility pole relocation(s). While a change order has not yet been proposed, County management may expect delays or cost overruns due to the general contractor modifying its critical path schedule for this conflict.



Barnes Project Snapshot – Metrics

(as of 6/30/15)

Spend vs Schedule Analytic	
\$6,993,052	33%
9 months	26%
	34 months

9

Pay Applications Processed

5

Change Orders Approved

CO #1	\$13,369
CO #2	\$8,819
CO #3	\$3,818
CO #4	\$2,274
CO #5	\$22,852

Quick Stats		% Complete
Largest Project Costs:		
63"x98" RCP	\$ 1,347,960	77%
Mobilization	\$ 801,000	75%
Concrete Class IV, box culvert 10'x5'	\$ 758,520	100%
Regular Excavation	\$ 707,073	84%
Clearing & Grubbing	\$ 536,070	50%

0.73%

Change Order Rate
(Note 1)

Change Order Analysis				
CO #1	CO #2	CO #3	CO #4	CO #5
\$51,132 Total Approved				

Note 1: McGladrey's experience with comparable construction yields a reasonable change order rate of 5-10%.



Barnes Project Snapshot – Change Orders

Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #1	✓	✓	✓	✗*	✓
\$13,369					
+ 2 days					
Cleaning and grubbing for the demolition and removal of the existing house located at 800 Barnes Boulevard.					
Change Order #2	✓	✓	✓	✓	✓
\$8,819					
+6 days					
Labor, equipment and testing to resolve a conflict between an existing water main and the proposed installation of a box culvert.					
Change Order #3	✓	✓	✓	✗*	✓
\$3,818					
0 days					
Removal, modification, and relocation of existing light poles in front of Chase Bank to confirm with 30ft high requirement.					
Change Order #4	✓	✓	✓	✓	✓
\$2,274					
+1 day					
Field adjustment of water main diversion at Playa Del Sol to accommodate existing right-of-way limits.					
Change Order #5	✓	✓	✓	✓	✓
\$22,852					
+21 days					
Labor and equipment to construct revised sewer and force main connections to existing lift station.					

Note: Detailed cost breakdown: Defined as that which contains at a minimum; (1) Labor rate(s) * estimated hours, (2) Estimated equipment cost(s) * hours / days, (3) Estimated material(s) cost * quantity.

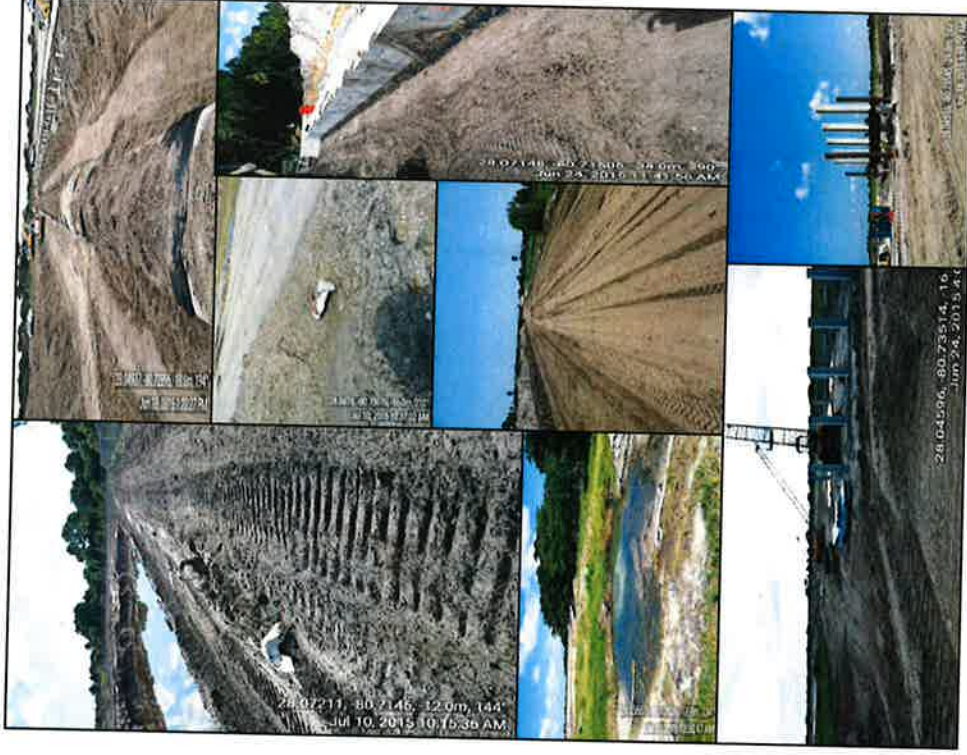
St. Johns Project Snapshot - Summary

St. Johns Heritage Parkway (as of 6/30/15)

Upon McGladrey's site inspection of the St. Johns Heritage Parkway project (conducted 7/10/15) we noted the project was officially six (6) days behind schedule due to the unexpected withdrawal of a drainage subcontractor. Negotiations with a second drainage subcontractor consumed approximately twenty (20) days of the critical path; however, the contractor has subsequently made up fourteen (14) of those days, resulting in a net six (6) day increase noted above.

In addition, we noted the general contractor is currently having an issue with damage to previously and newly installed silt fences throughout the corridor as a result of cows not being contained by their owners. The contractor contends that in most locations, the silt fences were installed on the outside of the ROW fencing leaving them susceptible to the cows. The contractor has presented a cost proposal to the County for remediation of the issue, but this has not yet resulted in a formally approved change order.

Our site visit included discussion with inspectors and project management, who noted they were very happy with the work and performance of the contractor's team thus far. Our visual inspection of the project revealed significant progress since our initial site visit with the inspector (conducted 4/21/15). The project site appeared clean, safe and well maintained.



St. Johns Project Snapshot – Metrics

(as of 6/30/15)

4

Pay Applications Processed

Spend vs Schedule Analytic	
\$3,103,470	25%
4 months	15%
	26 months

Quick Stats		% Complete
Largest Project Costs:		
Embankment	\$1,062,233	49%
Mobilization	\$ 726,600	100%
Regular Excavation	\$ 300,654	46%
Concrete Class IV, Culverts	\$ 174,760	100%
Clearing & Grubbing	\$ 125,100	90%

1

Change Orders Approved

0.25%

Change Order Rate
(Note 1)

Change Order Analysis

\$7,826 Total Approved

CO #1

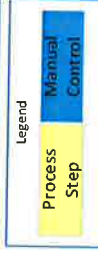
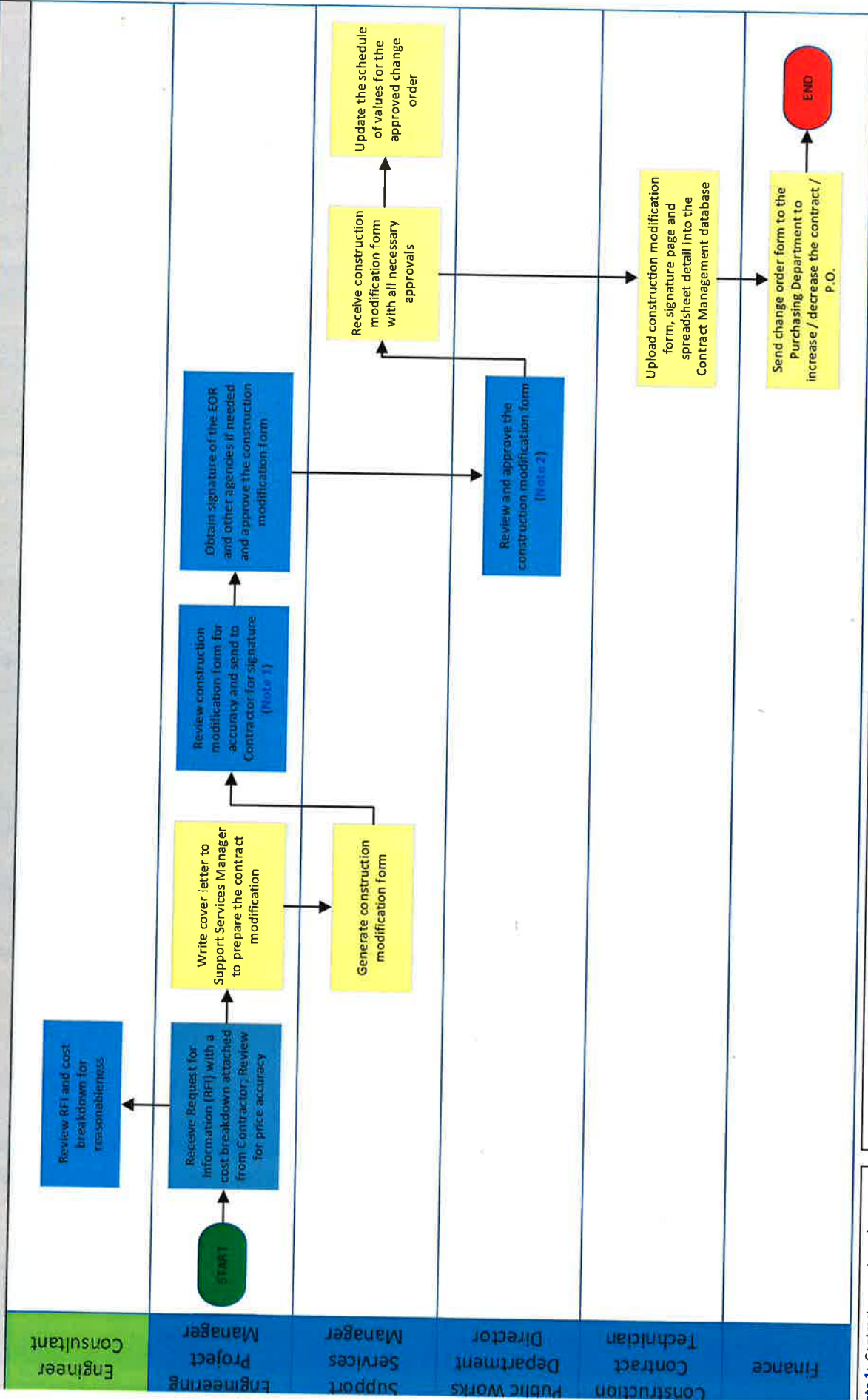
Note 1: McGladrey's experience with comparable construction yields a reasonable change order rate of 5-10%.

St. Johns Project Snapshot – Change Orders

Test Criteria	Contractor Entitlement	Mathematical Accuracy	Contractual Compliance	Detailed Cost Breakdown	Proper Approvals
Change Order #1	✓	✓	✓	✗*	✓
\$7,826					
0 days					
Capping of 2 existing artesian water wells in accordance with FDOT specifications (Section 110-10.1)					

Note: Detailed cost breakdown: Defined as that which contains at a minimum; (1) Labor rate(s) * estimated hours, (2) Estimated equipment cost(s) * hours / days, (3) Estimated material(s) cost * quantity.

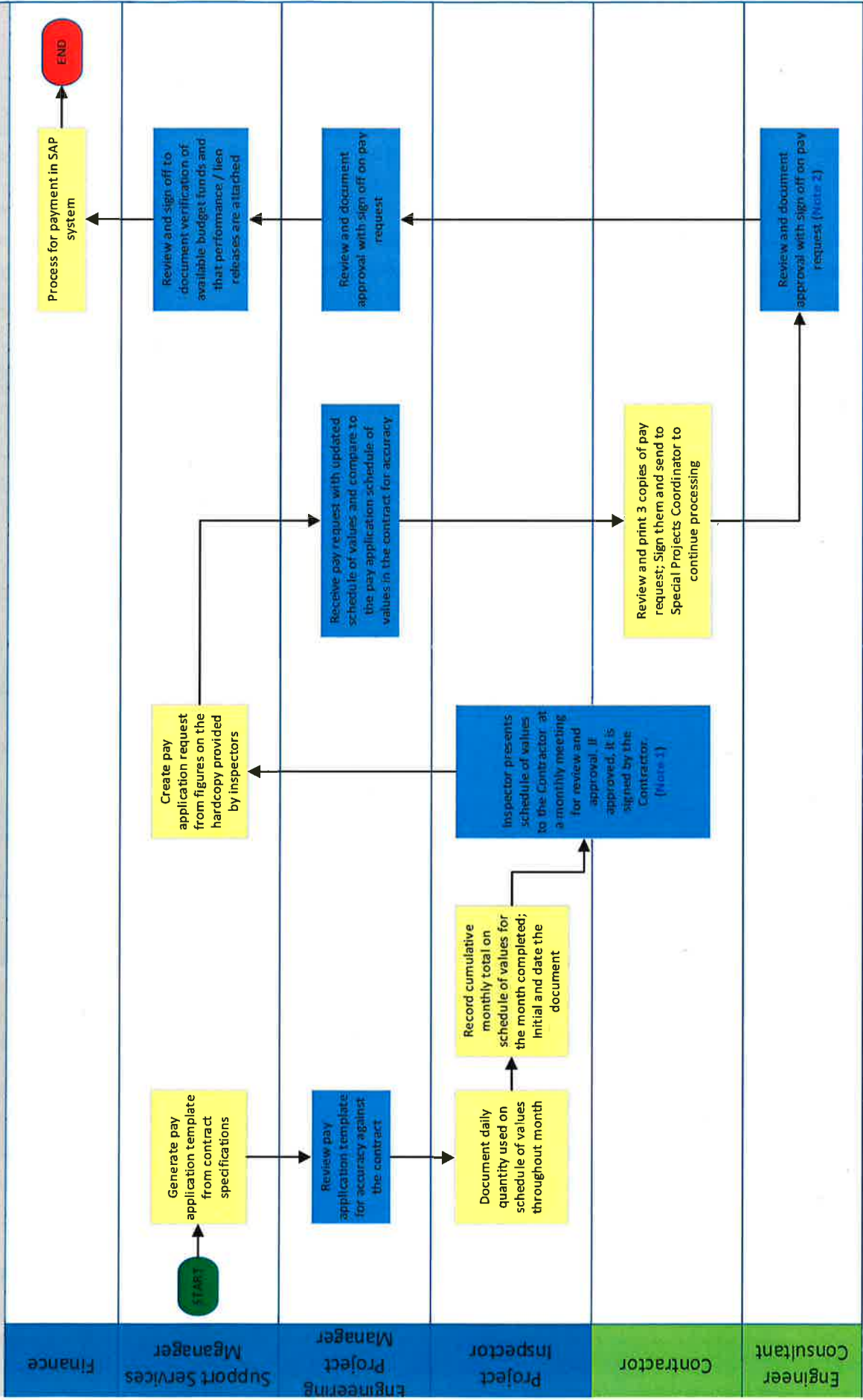
Brevard County – Public Works – Road Construction – Change Order Process



Note 2: Approvals must be obtained in accordance with the matrix below:
 Up to \$25k - Department Director can approve
 \$25k-\$100k - County Manager must approve
 Over \$100k - Formal Board approval required

Note 1: Contractor receives change order by email, signs off to document and returns to Engineering Project Manager.

Brevard County – Public Works – Road Construction – Pay Application Process



Note 1: The worksheet for Barnes Boulevard is also signed by the City of Cocoa and City of Rockledge if that payment includes work that they're paying for.

Note 2: The pay request for Barnes Boulevard is also signed by the Cities if that month's payment includes work that they are paying for.