



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

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

**April 2019**

**Prepared By:**



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April 26, 2019

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

Pursuant to the approved 2018/2019 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 May 8, 2019.

Our report is organized into the following sections:

<b>Executive Summary</b>	This section provides a summary of risks and highlights of the financial condition related to the Fire Rescue Department.
<b>Background</b>	This provides an overview of the Fire Rescue department.
<b>Financial Analysis and Results</b>	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 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 has a fire service (non-ad valorem) special assessment 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 assessment fees were not increased during the years 2010 through 2017. In May 2018 the Board adopted resolution No. 18-079 adjusting the fire service special assessment rates by an increase of 6 percent in FY 2018-2019 followed by an annual rate increase equal to the Consumer Price Index (CPI) or three percent, whichever is lower, until a 15 percent increase over the FY 2018 rate is achieved. In January 2018 the Board adopted resolution No. 18-06 adjusting EMS user fees and approving an annual adjustment to user fee rates based on the CPI. The resolution became effective on February 1, 2018.

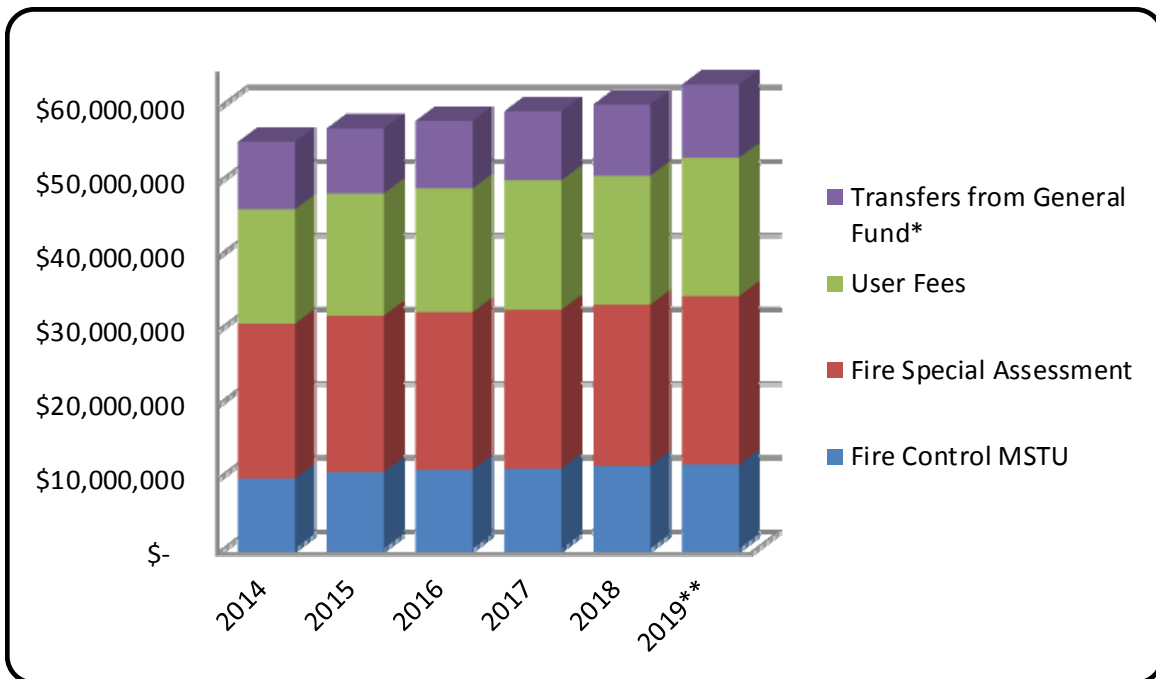
Our evaluation of the financial condition focused on the following areas:

## Revenue Analysis (refer to page 3 for summary):

	Actual					Budget
	2014	2015	2016	2017	2018	2019**
Fire Control MSTU	\$ 9,543,051	\$ 10,420,194	\$ 10,747,518	\$ 10,894,217	\$ 11,256,059	\$ 11,454,597
Fire Special Assessment	20,907,824	21,092,337	21,259,286	21,436,097	21,751,379	22,720,366
User Fees (charges for services)	15,438,339	16,517,407	16,705,293	17,481,122	17,407,624	18,678,017
Transfers from General Fund*	9,108,097	8,769,547	9,103,990	9,323,441	9,618,292	9,868,556
Intergovernmental Revenue	1,880,018	2,213,407	540,086	393,646	1,133,260	266,297
Miscellaneous Revenue	453,246	301,084	551,296	444,183	1,050,619	448,400
Transfers from Other Funds*	415,878	431,512	204,494	85,236	316,964	76,724
Other Financing Sources	-	-	65,974	-	-	-
<b>Total Revenues</b>	<b>\$ 57,746,453</b>	<b>\$ 59,745,488</b>	<b>\$ 59,177,937</b>	<b>\$ 60,057,942</b>	<b>\$ 62,534,197</b>	<b>\$ 63,512,957</b>
FY 2018 to FY 2014	8.3%					
FY 2018 to FY 2017	4.1%					
* These amounts are shown netted with "Transfers Out" on pages 7 - 15						
** FY 2019 budget amounts shown net of 5% statutory reduction						

# Executive Summary

## Revenue Analysis (Continued)

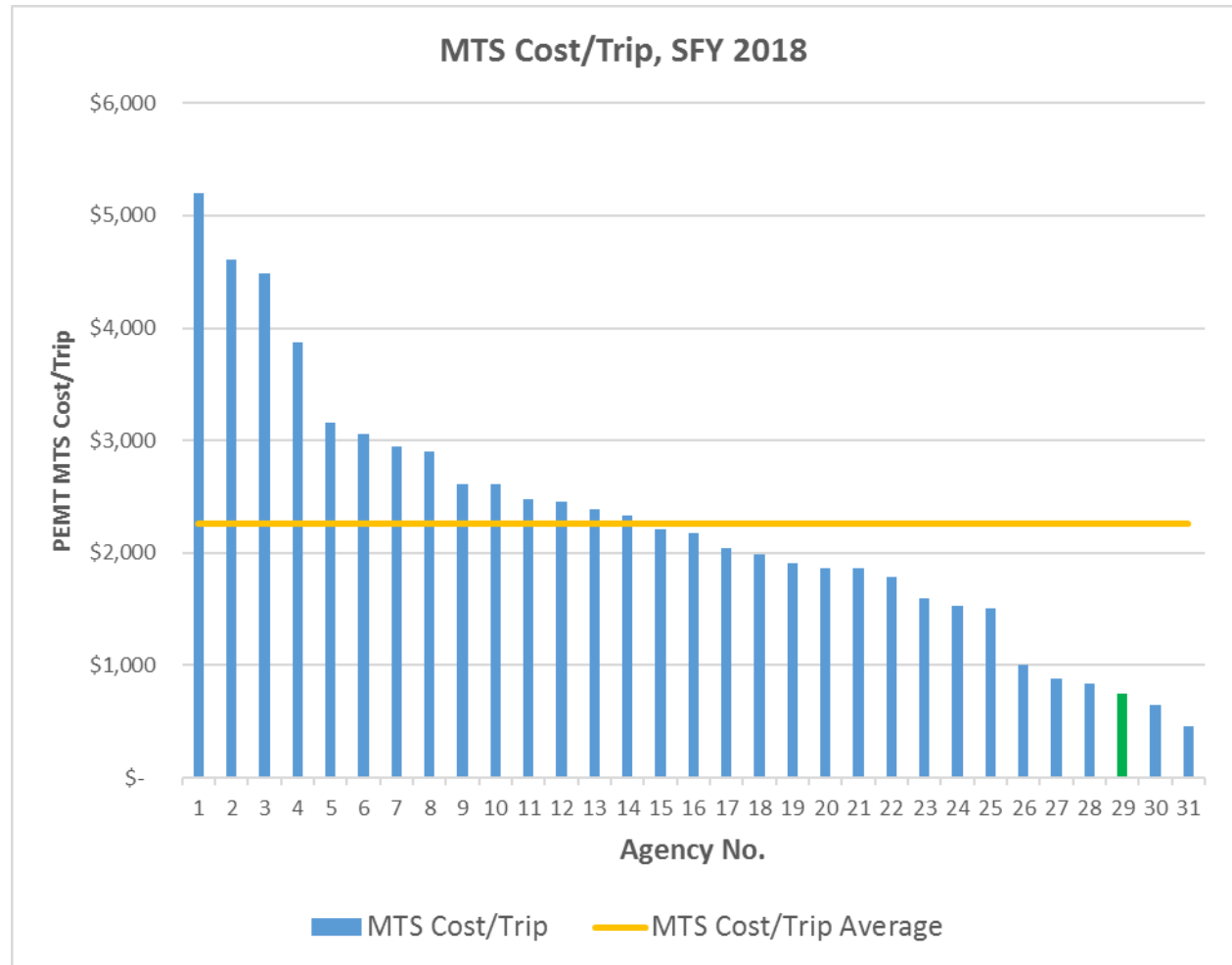


\*\* 2019 information represents fiscal year 2019 budgeted amounts since actual amounts are not yet available.

<b>Revenue Analysis</b>	<p>Total revenues in FY 2018 were approximately \$62.5 million. Significant revenue sources include:</p> <ul style="list-style-type: none"> <li>• Fire Control Municipal Service Taxing Unit (MSTU): \$11.3 million tax revenue</li> <li>• Fire Services Operations: \$21.8 million fire assessments</li> <li>• Emergency Medical Service (EMS): \$16.4 million charges for services</li> <li>• Transfers from the General Fund: \$9.6 million</li> <li>• Intergovernmental Revenue: \$1.1 million (primarily Hurricane Matthew reimbursements)</li> <li>• Fire Prevention Inspection Fees: \$0.9 million charges for services</li> <li>• Miscellaneous/Transfers from Other Funds: \$1.4 million</li> </ul> <p>FY 2018 revenue to FY 2014: 8.3% increase</p> <p>FY 2018 revenue to FY 2017: 4.1% increase</p> <p>The adoption of resolutions 18-079 and 18-06 to increase rates will continue to impact revenues in future years.</p>
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# Executive Summary

<p><b>Ambulance Services</b></p>	<p>BCFR's cost to provide ambulance services is well below the state average and less than most other providers. Comparing several Florida EMS agencies, BCFR is ranked at #29 out of 31 and its cost per trip, \$744, is below the average of \$2,263 per trip (orange line in graph below). This is well below state average and less than most other providers.</p>
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Source: Public Consulting Group Health

# Executive Summary

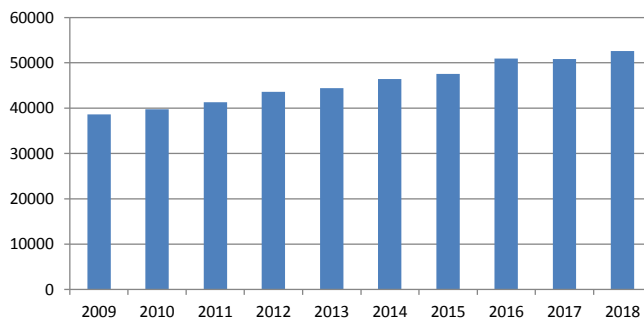
## EMS Workload

The first graph (Workload: EMS system) details the annual number of emergency medical patients transported to hospitals by BCFR EMS. The second graph (Workload: Per ambulance) represents the average number of patients each ambulance delivers to hospitals annually. The trend of both graphs indicate both an increase in total number ambulance transports as well as increase in workload per ambulance unit.

FY 2018 number of emergency patients transported to hospitals to FY 2009: 36.2% increase.

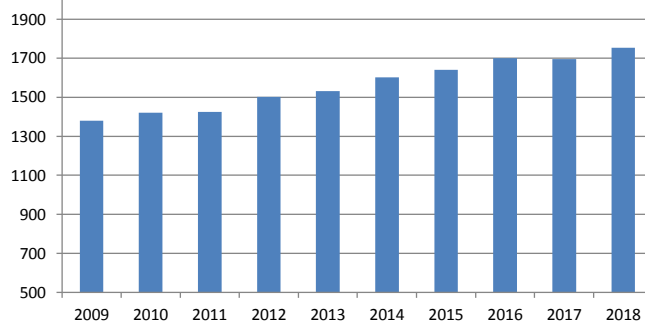
FY 2018 average number of patients per ambulance to FY 2009: 27.1% increase.

Workload: EMS system



Year	Transports
2009	38639
2010	39755
2011	41304
2012	43555
2013	44444
2014	46454
2015	47569
2016	50985
2017	50893
2018	52626

Workload: Per ambulance



Year	Ave. transports per Ambulance
2009	1380
2010	1420
2011	1424
2012	1502
2013	1533
2014	1602
2015	1640
2016	1700
2017	1696
2018	1754

Source: BCFR Computer Aided Dispatch (CAD) System database



# Executive Summary

<p><b>Salaries and Benefits Analysis</b></p>	<p>Total compensation and benefits costs in FY 2018 were approximately \$48.6 million which includes costs for salaries, wages, overtime, payroll taxes, insurance and pension costs.</p> <p>FY 2018 compensation and benefits to FY 2014: 7.7% increase driven primarily by salaries, benefit and overtime costs within Fire Operations and EMS.</p> <p>FY 2018 compensation and benefits to FY 2017: 2.5% decrease primarily due to higher compensation and benefits in FY 2017 resulting from overtime costs incurred due to the hurricane.</p>
<p><b>Capital Outlay Analysis</b></p>	<p>Total capital expenditures in FY 2018 were approximately \$3.0 million primarily for the purchase of machinery and equipment.</p> <p>FY 2018 capital expenditures to FY 2017: 11.6% increase driven by Fire Operations.</p> <p>FY 2018 capital expenditures to FY 2018 Budget: 90.0% of budget spent compared to 66.8% in FY 2017</p>
<p><b>Allocation of Support Costs Analysis</b></p>	<p>Support costs were allocated into two different cost pools in FY 2018:</p> <ul style="list-style-type: none"> <li>• Pool 1 based on personnel count including dispatch             <ul style="list-style-type: none"> <li>○ Support and information systems</li> </ul> </li> <li>• Pool 2 based on personnel count excluding dispatch, fire prevention and ocean rescue             <ul style="list-style-type: none"> <li>○ Floater personnel, training, supply, fleet, grant local match and transfers</li> </ul> </li> </ul> <p>BCFR should continue to analyze its methodology at least annually to identify efficiencies and potential accuracy improvements.</p>
<p><b>Cash Flow Analysis</b></p>	<p>Total cash and cash equivalents held at the end of FY 2018 were approximately \$2.1 million.</p> <p>FY 2018 low cash balance: \$2.1 million in September 2018</p> <p>FY 2018 high cash balance: \$24.2 million in December 2017</p> <p>The variance 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> <p>Cash flows have steadily decreased over the past seven years as expenditures have outpaced revenues. This decrease is a result of the growth of costs to provide services outpacing the growth of revenues generated. However, due to the adoption of Resolution #18-079, the fire assessment is expected to have an increase in revenue equal with CPI for FY 2019/20. Management believes the balance forward for fire assessments and the MSTU will continue to be a challenge as expenses are expected to continue to increase more than the rate of CPI.</p>

# Executive Summary

<p><b>Fund Balance Analysis</b></p>	<p>Fund balance in FY 2018 was approximately \$5.5 million.</p> <p>FY 2018 fund balance to FY 2014: 57.2% decrease driven by an 8.4% increase in operating expenditures. The population of Brevard County increased 5.6% during this time.</p> <p>FY 2018 fund balance to FY 2017: 12.3% decrease driven by a 1.6% decrease in operating expenditures offset by a 14.5% increase in capital expenditures. The population of Brevard County increased 1.5% during this time.</p>
<p><b>Write-Off of EMS Billings Analysis</b></p>	<p>Total write-offs in FY 2018 were approximately \$17.8 million; \$10.3 million for contracted Medicare/Medicaid write-offs and \$7.5 million in uncollectible write-offs.</p> <p>For patients covered by Medicare the negotiated fee ranges from \$7 to \$709 and for patients covered by Medicaid the negotiated fee ranges from \$136 to \$1,000. The difference is considered a contractual write-down and does not contribute to net EMS revenues. Medicare and Medicaid patients represent over 69% of EMS billings.</p> <p>FY 2018 write-offs to FY 2014: 36.5% increase driven primarily by an increase in revenues from charges for services of 35.0%.</p> <p>FY 2018 write-offs to FY 2017: 19.1% increase driven primarily by an increase in revenues from charges for services of 23.4%.</p> <p>The Department is participating in the Public Emergency Medical Transportation (PEMT program). This program is funded by the Center for Medicare &amp; Medicaid (CMS) and is administered by the state. The PEMT Program involves the reimbursement of funds to ambulance providers to help offset the cost of emergency care and transport of Medicaid patients. The Departments applies and receives approximately \$200,000 annually.</p> <p>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.</p>

***Actual results from FY 2018 were accumulated from unaudited financial information.***

# Executive Summary

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## 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 \$65.7 million of annual operating and capital expenditures (per FY 18/19 budget).

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. The staffing profile of the ambulances changed from two paramedic certified firefighters to one paramedic-firefighter and one EMT-firefighter. This profile change was deemed cost effective because labor costs for an EMT-firefighter is lower than that of a paramedic-firefighter. Though the medical certification was reduced for one of the two personnel staffing an ambulance, the ambulance still maintains advanced life support capability complying with State of Florida requirements.

To address the competitive market for Paramedic and EMT certified employees, the Department is currently hiring non-fire certified Paramedics and EMTs to work on select ambulances within the Department. The goal is to decrease expenses through reduced attrition, shorter new-hire orientation training, reduced ambulance down-time (no fire training) and less personal issued equipment (i.e. firefighter bunker gear).

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

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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 271 firefighters, district chiefs and fire prevention inspectors, as well as the costs to maintain BCFR fire stations and facilities. In addition, 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 \$21.7 million for FY 2018. 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 \$0.9 million for FY 2018.

## **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 salaries and benefits 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 and EMS collects and records net revenues of approximately \$16.4 million per year.

Medicare and Medicaid patients represent over 69% of EMS billings. The Department's patient billing rates are higher than the contracted allowable reimbursements established by both these insurances. The difference between the allowable charges by Medicare/Medicaid and what the Department charges for its service, constitutes a large portion of the annual EMS billing write-off. Medicaid, recognizing that its insurance allowable does not cover the true cost of ambulance service, provides a mechanism, through the state, for providers to recoup some of its cost to provide service. This program is titled Public Emergency Medical Transportation (PEMT Program); each year the Department recoups approximately \$200,000.

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.

# Background

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## **Fund 1354 – MSTU**

The MSTU fund (Fund 1354) accounts for revenues, approximately \$11.3 million for FY 2018, 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% of the total costs, while Fund 1354 (MSTU) 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 26 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 mitigation of hazardous materials in emergency events. The Hazmat fund accounts for the general operation of the hazmat station, which includes 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 2018 - 2014 actual performance for the past 5 fiscal years including the 2018 and 2019 budget for the entire Brevard County Fire Rescue Department is shown below:

	Operating Analysis (in thousands)						
	FY2019 Budget	FY2018 Budget	FY2018 Actual	FY2017 Actual	FY2016 Actual	FY2015 Actual	FY2014 Actual
<b>Operating Revenue*:</b>							
Taxes	\$ 11,455	\$ 11,051	\$ 11,256	\$ 10,894	\$ 10,748	\$ 10,420	\$ 9,543
Fire Services Special Assessment	22,720	21,160	21,751	21,436	21,259	21,092	20,908
Intergovernmental	266	868	1,133	394	541	2,213	1,880
Charges for Services	18,678	17,270	17,408	17,481	16,705	16,517	15,438
Miscellaneous	449	523	1,051	444	551	301	453
<b>Total Operating Revenue</b>	<b>53,568</b>	<b>50,872</b>	<b>52,599</b>	<b>50,649</b>	<b>49,804</b>	<b>50,543</b>	<b>48,222</b>
<b>Operating Expenditures:</b>							
Compensation and Benefits	50,709	48,499	48,626	49,853	48,365	45,157	45,140
Operating Expenses	11,938	11,865	10,707	10,448	9,793	9,749	9,609
Debt Service	23	32	32	32	24	-	-
<b>Total Operating Expenditures</b>	<b>62,670</b>	<b>60,396</b>	<b>59,365</b>	<b>60,333</b>	<b>58,182</b>	<b>54,906</b>	<b>54,749</b>
<b>Total Operating Deficit</b>	<b>(9,102)</b>	<b>(9,524)</b>	<b>(6,766)</b>	<b>(9,684)</b>	<b>(8,378)</b>	<b>(4,363)</b>	<b>(6,527)</b>
Net Transfers	9,014	8,470	8,768	8,183	8,120	8,078	8,411
Other Financing Sources (Uses)	-	-	-	-	66	-	-
<b>Excess (Deficit) before Capital Outlay</b>	<b>(88)</b>	<b>(1,054)</b>	<b>2,002</b>	<b>(1,501)</b>	<b>(192)</b>	<b>3,715</b>	<b>1,884</b>
Capital Outlay	3,026	3,444	3,095	2,703	2,427	3,527	2,634
<b>Total Annual Excess (Deficit)</b>	<b>(3,114)</b>	<b>(4,498)</b>	<b>(1,093)</b>	<b>(4,204)</b>	<b>(2,619)</b>	<b>188</b>	<b>(750)</b>
Balance Forward	4,284	6,620	6,620	10,506	13,132	12,925	13,672
<b>Net Balance Forward</b>	<b>\$ 1,170</b>	<b>\$ 2,122</b>	<b>\$ 5,527</b>	<b>\$ 6,302</b>	<b>\$ 10,513</b>	<b>\$ 13,113</b>	<b>\$ 12,922</b>

\*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.

The FY 2018 and 2019 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 2018 and 2019 assumes all currently vacant positions will be filled. The FY 2019 and 2018 budget for capital outlay includes the carry forward of certain expenditures not realized in FY 2018 and 2017, respectively.



## Operating Analysis – Fire Rescue

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### Results

The FY 2018 budget projected a \$4.5 million reduction in fund balance. Actual financial information indicates that approximately \$1.1 million of reserves were used to supplement the operations of the Department. The budget-to-actual variance was primarily the result of (1) increase in total operating revenues of \$1.7 million, (2) decrease of operating expenditures of \$1 million, (3) increase in net transfers of \$0.3 million and (4) unspent capital outlay equated to \$0.4 million.

Total operating revenues increased by 9.1% from FY 2014 to FY 2018 and increased 3.9% from FY 2017 to FY 2018. Expenditures, however, have been increasing at a faster rate than revenues (by 8.4% from FY 2014 to FY 2018 but decreased 1.6% from FY 2017 to FY 2018). The decrease from FY 2017 to 2018 is mainly due to higher compensation and benefits in FY 2017 resulting from hurricane expenses.

## Budget vs. Actual

The following pages present a high-level summary of the FY 2018 Budget-to-Actual and FY 2017 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. FY 2018 Budget to Actual Expenditures with a variance of \$20 thousand and 10% were considered significant and identified with a **red** letter. Refer to page 16 for further details related to the significant variances.

Fund 1350 - Fire Operations (in thousands)							
	FY 18	FY 18			FY 17	FY 17	
	Budget	Actual	Variance		Budget	Actual	Variance
<b>Revenues</b>							
Balance forward	\$ 3,225	\$ 3,225	\$ -		\$ 6,413	\$ 6,413	\$ -
Assessments	21,160	21,751	591		21,150	21,436	286
Grants & financial assistance	19	185	166		60	63	3
Fire prevention fees	629	858	229		501	971	470
Miscellaneous	62	549	487		64	141	77
<b>Total revenues</b>	<b>25,095</b>	<b>26,568</b>	<b>1,473</b>		<b>28,188</b>	<b>29,024</b>	<b>836</b>
<b>Expenditures</b>							
Compensation & benefits	18,313	18,793	(480)		19,255	19,814	(559)
Contracted services	359	464	(105)	<b>B</b>	360	388	(28)
Operating supplies	2,743	2,455	288	<b>C</b>	3,338	2,719	619
Insurance	152	125	27	<b>D</b>	156	122	34
Repairs & maintenance	203	129	74	<b>E</b>	92	208	(116)
Communications & freight	41	7	34	<b>F</b>	12	12	-
Books, publications & memberships	13	6	7		6	3	3
Other operating expenses	182	163	19		192	111	81
<b>Total operating expenses</b>	<b>22,006</b>	<b>22,142</b>	<b>(136)</b>		<b>23,411</b>	<b>23,377</b>	<b>34</b>
Capital	1,212	1,109	103		1,352	1,075	277
Other transfers, net	1,531	1,198	333	<b>K</b>	1,538	1,349	189
<b>Total including capital &amp; transfers</b>	<b>24,749</b>	<b>24,449</b>	<b>300</b>		<b>26,301</b>	<b>25,801</b>	<b>500</b>
Budgeted reserves	346	-	346		1,887	-	1,887
<b>Total expenditures</b>	<b>25,095</b>	<b>24,449</b>	<b>646</b>		<b>28,188</b>	<b>25,801</b>	<b>2,387</b>
<b>Balance forward to next fiscal year</b>	<b>\$ -</b>	<b>\$ 2,119</b>	<b>\$ 2,119</b>		<b>\$ -</b>	<b>\$ 3,223</b>	<b>\$ 3,223</b>
<b>Budget to Actual Variance</b>			<b>1%</b>				<b>2%</b>

The FY 2018 total revenues exceeded budgeted revenues by \$1.5 million primarily due to increases in assessments and fire prevention fees related to new construction plan review of approximately \$247 thousand, a higher collection of fire assessments than expected of approximately \$591 thousand and \$484 thousand from the sale of surplus equipment.

The FY 2018 total budgeted expenditures, excluding reserves, were 1% higher than FY 2018 actual spending. Actual operating expenses in FY 2018 decreased by 5% from the previous fiscal year primarily due to decreases in repair and maintenance expenses and operating supplies (see page 17).

# Budget vs. Actual

Fund 1351 - Emergency Medical Services (in thousands)							
	FY 18 Budget	FY 18 Actual	Variance		FY 17 Budget	FY 17 Actual	Variance
<b>Revenues</b>							
Balance forward	\$ -	\$ -	\$ -		\$ 1,172	\$ 1,172	\$ -
Charges for services	16,502	16,408	(94)		15,927	16,365	438
General fund transfer	8,086	8,086	-		7,668	7,668	-
Grants & financial assistance	170	207	37		159	144	(15)
Other finance services	-	-	-		658	-	(658)
Miscellaneous	413	131	(282)		23	111	88
<b>Total revenues</b>	<b>25,171</b>	<b>24,832</b>	<b>(339)</b>		<b>25,607</b>	<b>25,460</b>	<b>(147)</b>
<b>Expenditures</b>							
Compensation & benefits	18,048	17,932	116		17,462	18,260	(798)
Contracted services	1,216	1,231	(15)		1,091	1,178	(87)
Operating supplies	3,094	2,911	183		2,861	3,111	(250)
Insurance	131	102	29	D	121	92	29
Repairs & maintenance	91	67	24	E	9	69	(60)
Rentals & leases	60	25	35	G	61	56	5
Books, publications & memberships	1	-	1		1	3	(2)
Other operating expenses	297	195	102	I	81	116	(35)
<b>Total operating expenses</b>	<b>22,938</b>	<b>22,463</b>	<b>475</b>		<b>21,687</b>	<b>22,885</b>	<b>(1,198)</b>
Capital	702	639	63		2,127	1,248	879
Grants & aid	60	48	12		3	3	-
Debt service	33	32	1		158	32	126
Other transfers, net	1,438	1,276	162	K	1,632	1,610	22
<b>Total including capital &amp; transfers</b>	<b>25,171</b>	<b>24,458</b>	<b>713</b>		<b>25,607</b>	<b>25,778</b>	<b>(171)</b>
Budgeted reserves	-	-	-		-	-	-
<b>Total expenditures</b>	<b>25,171</b>	<b>24,458</b>	<b>713</b>		<b>25,607</b>	<b>25,778</b>	<b>(171)</b>
<b>Balance forward to next fiscal year</b>	<b>\$ -</b>	<b>\$ 374</b>	<b>\$ 374</b>		<b>\$ -</b>	<b>\$ (318)</b>	<b>\$ (318)</b>
<b>Budget to Actual Variance</b>			<b>3%</b>				<b>-1%</b>

The FY 2018 total revenues were lower than budgeted revenues by \$339 thousand primarily due to decreases in EMS ambulance billing fees and collections and reimbursements which were budgeted in miscellaneous revenue.

The FY 2018 total budgeted expenditures were 3% higher than FY 2018 actual spending. Actual operating expenses in FY 2018 decreased by 2% from the previous fiscal year primarily due to decreases in the actual costs of compensation, benefits and operating supplies (see page 17).

# Budget vs. Actual

Fund 1354 - Fire MSTU (in thousands)							
	FY 18 Budget	FY 18 Actual	Variance		FY 17 Budget	FY 17 Actual	Variance
<b>Revenues</b>							
Balance forward	\$ 3,181	\$ 3,181	\$ -		\$ 2,707	\$ 2,707	\$ -
Taxes	11,050	11,256	206		10,790	10,894	104
Grants & financial assistance	66	60	(6)		21	18	(3)
Miscellaneous	29	93	64		27	65	38
<b>Total revenues</b>	<b>14,326</b>	<b>14,590</b>	<b>264</b>		<b>13,545</b>	<b>13,684</b>	<b>139</b>
<b>Expenditures</b>							
Compensation & benefits	8,933	8,914	19		8,366	8,150	216
Contracted services	199	180	19		196	170	26
Operating supplies	1,907	1,623	284	C	1,345	1,032	313
Insurance	57	49	8		53	41	12
Repair & maintenance	225	5	220	E	1	4	(3)
Other operating expenses	9	2	7		13	3	10
<b>Total operating expenses</b>	<b>11,330</b>	<b>10,773</b>	<b>557</b>		<b>9,974</b>	<b>9,400</b>	<b>574</b>
Capital	615	478	137	J	179	105	74
Other transfers, net	605	512	93	K	1,541	1,000	541
<b>Total including capital &amp; transfers</b>	<b>12,550</b>	<b>11,763</b>	<b>787</b>		<b>11,694</b>	<b>10,505</b>	<b>1,189</b>
Budgeted reserves	1,776	-	1,776		1,851	-	1,851
<b>Total expenditures</b>	<b>14,326</b>	<b>11,763</b>	<b>2,563</b>		<b>13,545</b>	<b>10,505</b>	<b>3,040</b>
<b>Balance forward to next fiscal year</b>	<b>\$ -</b>	<b>\$ 2,827</b>	<b>\$ 2,827</b>		<b>\$ -</b>	<b>\$ 3,179</b>	<b>\$ 3,179</b>
<b>Budget to Actual Variance</b>			<b>6%</b>				<b>10%</b>

The FY 2018 total revenues were higher than budgeted revenues by \$264 thousand primarily due to increases in taxes due to property valuations and new construction.

The FY 2018 total budgeted expenditures, excluding reserves, were 6% higher than FY 2018 actual spending. Actual operating expenses in FY 2018 increased by 15% from the previous fiscal year primarily due to increases in the actual costs of compensation, benefits and operating supplies (see page 17).

# Budget vs. Actual

Fund 1360 - Support (in thousands)							
	FY 18 Budget	FY 18 Actual	Variance		FY 17 Budget	FY 17 Actual	Variance
<b>Revenues</b>							
Balance forward	\$ -	\$ -	\$ -		\$ 214	\$ 214	\$ -
Grants & financial assistance	-	47	47		-	17	17
Charges for services	-	-	-		-	-	-
Miscellaneous	-	263	263		-	119	119
<b>Total revenues</b>	<b>-</b>	<b>310</b>	<b>310</b>		<b>214</b>	<b>350</b>	<b>136</b>
<b>Expenditures</b>							
Contracted services	907	918	(11)		948	883	65
Operating supplies	1,127	1,010	117	C	2,070	860	1,210
Insurance	291	299	(8)		290	309	(19)
Repairs & maintenance	1,857	1,826	31		1,901	1,953	(52)
Communications & freight	102	43	59	F	-	-	-
Rentals & leases	142	112	30	G	142	129	13
Books, publications & memberships	304	325	(21)		-	-	-
Other operating expenses	1,251	1,205	46		1,629	1,554	75
<b>Total operating expenses</b>	<b>5,981</b>	<b>5,738</b>	<b>243</b>		<b>6,980</b>	<b>5,688</b>	<b>1,292</b>
Capital	-	-	-		-	-	-
Transfers out, net	35	35	-		35	35	-
<b>Total including capital</b>	<b>6,016</b>	<b>5,773</b>	<b>243</b>		<b>7,015</b>	<b>5,723</b>	<b>1,292</b>
Operating expense credits	(6,016)	(5,463)	(553)	L	(6,801)	(5,373)	(1,428)
<b>Total expenditures</b>	<b>-</b>	<b>310</b>	<b>(310)</b>		<b>214</b>	<b>350</b>	<b>(136)</b>
<b>Balance forward to next fiscal year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Budget to Actual Variance</b>			<b>4%</b>				<b>18%</b>

The FY 2018 total budgeted expenditures were 4% higher than FY 2018 actual spending. Actual operating expenses in FY 2018 were consistent with the previous fiscal year.

Revenues such as 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 18	FY 18			FY 17	FY 17	
	Budget	Actual	Variance		Budget	Actual	Variance
<b>Revenues</b>							
Balance forward	\$ 60	\$ 60	\$ -		\$ -	\$ -	\$ -
Grants & financial assistance	-	\$ 24	24		\$ -	\$ -	-
Charges for services	10	10	-		13	10	(3)
General fund transfer	6	6	-		6	6	-
Other transfers in	2,372	2,125	(247)		2,332	2,310	(22)
Miscellaneous	1	1	-		1	1	-
<b>Total revenues</b>	<b>2,449</b>	<b>2,226</b>	<b>(223)</b>		<b>2,352</b>	<b>2,327</b>	<b>(25)</b>
<b>Expenditures</b>							
Compensation & benefits	1,771	1,650	121	A	1,813	1,839	(26)
Contracted services	17	11	6		10	11	(1)
Operating supplies	238	201	37	C	188	183	5
Insurance	14	9	5		14	10	4
Repair & maintenance	196	155	41	E	187	160	27
Communications & freight	2	1	1		2	2	-
Books, publications & memberships	10	6	4		10	6	4
Other operating expenses	42	44	(2)		45	33	12
<b>Total operating expenses</b>	<b>2,290</b>	<b>2,077</b>	<b>213</b>		<b>2,269</b>	<b>2,244</b>	<b>25</b>
Capital	141	131	10		66	6	60
Other transfers, net	18	18	-		17	17	-
<b>Total including capital</b>	<b>2,449</b>	<b>2,226</b>	<b>223</b>		<b>2,352</b>	<b>2,267</b>	<b>85</b>
Budgeted reserves	-	-	-		-	-	-
<b>Total expenditures</b>	<b>2,449</b>	<b>2,226</b>	<b>223</b>		<b>2,352</b>	<b>2,267</b>	<b>85</b>
<b>Balance forward to next fiscal year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>	<b>\$ 60</b>	<b>\$ 60</b>
<b>Budget to Actual Variance</b>			<b>9%</b>				<b>4%</b>

The FY 2018 total revenues were lower than budgeted revenues by \$223 thousand as transfers in are based on what is needed to cover expenditures of Dispatch, not what is budgeted.

The FY 2018 total budgeted expenditures were 9% higher than FY 2018 actual spending. Actual operating expenses in FY 2018 decreased by 7% from the previous fiscal year primarily due to decreases in the actual costs of compensation and benefits (see page 17).

# Budget vs. Actual

Fund 1362 - Ocean Rescue (in thousands)						
	FY 18	FY 18		FY 17	FY 17	
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues</b>						
Balance forward	\$ 154	\$ 154	\$ -	\$ -	\$ -	\$ -
Charges for services	125	131	6	125	131	6
General fund transfer	1,526	1,526	-	1,649	1,649	-
Miscellaneous	-	12	12	-	7	7
<b>Total revenues</b>	<b>1,805</b>	<b>1,823</b>	<b>18</b>	<b>1,774</b>	<b>1,787</b>	<b>13</b>
<b>Expenditures</b>						
Compensation & benefits	1,435	1,339	96	1,369	1,300	69
Contracted services	25	19	6	23	19	4
Operating supplies	117	102	15	108	98	10
Insurance	11	14	(3)	10	14	(4)
Repair & maintenance	92	52	40	55	39	16
Books, publications & memberships	14	3	11	12	2	10
Other operating expenses	28	22	6	30	18	12
<b>Total operating expenses</b>	<b>1,722</b>	<b>1,551</b>	<b>171</b>	<b>1,607</b>	<b>1,490</b>	<b>117</b>
Capital	83	77	6	167	143	24
<b>Total including capital</b>	<b>1,805</b>	<b>1,628</b>	<b>177</b>	<b>1,774</b>	<b>1,633</b>	<b>141</b>
Budgeted reserves	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,805</b>	<b>1,628</b>	<b>177</b>	<b>1,774</b>	<b>1,633</b>	<b>141</b>
<b>Balance forward to next fiscal year</b>	<b>\$ -</b>	<b>\$ 195</b>	<b>\$ 195</b>	<b>\$ -</b>	<b>\$ 154</b>	<b>\$ 154</b>
<b>Budget to Actual Variance</b>			<b>10%</b>			<b>8%</b>

The FY 2018 total budgeted expenditures were 10% higher than FY 2018 actual spending. Actual operating expenses in FY 2018 increased by 4% from the previous fiscal year due to increases in actual costs of compensation and benefits (see page 17).

# Budget vs. Actual

Fund 1363 - Hazmat (in thousands)						
	FY 18	FY 18		FY 17	FY 17	
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues</b>						
Balance forward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	5	1	(4)	5	3	(2)
Grants & financial assistance	1	7	6	2	1	(1)
Transfers in, net	108	65	(43)	1,045	561	(484)
Miscellaneous	19	1	(18)	19	-	(19)
<b>Total revenues</b>	<b>133</b>	<b>74</b>	<b>(59)</b>	<b>1,071</b>	<b>565</b>	<b>(506)</b>
<b>Expenditures</b>						
Compensation & benefits	-	(1)	1	968	508	460
Contracted services	9	5	4	7	5	2
Operating supplies	28	18	10	28	11	17
Insurance	-	-	-	7	3	4
Repair & maintenance	27	18	9	18	21	(3)
Books, publications & memberships	40	6	34	40	14	26
Other operating expenses	-	-	-	3	3	-
<b>Total operating expenses</b>	<b>104</b>	<b>46</b>	<b>58</b>	<b>1,071</b>	<b>565</b>	<b>506</b>
Capital	29	28	1	-	-	-
<b>Total including capital</b>	<b>133</b>	<b>74</b>	<b>59</b>	<b>1,071</b>	<b>565</b>	<b>506</b>
Budgeted reserves	-	-	-	-	-	-
<b>Total expenditures</b>	<b>133</b>	<b>74</b>	<b>59</b>	<b>1,071</b>	<b>565</b>	<b>506</b>
<b>Balance forward to next fiscal year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Budget to Actual Variance</b>			<b>44%</b>			<b>47%</b>

The FY 2018 total revenues were lower than budgeted revenues by \$59 thousand as the transfers in from Fund 1354 are based on what is needed to cover expenditures of MSTU, not what is budgeted. Miscellaneous revenues budgeted were not realized during the year as the surplus equipment was not sold.

The FY 2018 total budgeted expenditures were 47% higher than FY 2018 actual spending. Actual operating expenses in FY 2017 decreased by 92% from the previous fiscal year due to decreases in actual costs of compensation and benefits resulting from the reallocation of Hazmat personnel to the parent funds (see page 17).



# Budget vs. Actual

## Results

The following includes additional details related to the more significant variances identified in the FY 2018 budget-to-actual analysis (by fund) based on explanations provided by BCFR:

<b>A</b>	<b>Compensation &amp; benefits</b> – See 'Trends in Salaries and Benefits' in this report for additional analysis. Department-wide, BCFR reported actual compensation and benefit costs of approximately \$126 thousand more than what was budgeted. The variance is primarily due to increased labor expenses related to Fire Operations (Fund 1350), which were somewhat offset by a reduction in emergency medical services labor primarily in the EMS (Fund 1351), Dispatch (Fund 1361) and Ocean Rescue (Fund 1362) due to cost saving efforts.
<b>B</b>	<b>Contracted services</b> – The variance is primarily related to actual costs for communicating the fire assessment rate increase and other various contracted services.
<b>C</b>	<b>Operating Supplies</b> – Department-wide, BCFR realized savings associated with operating supplies of approximately \$0.9 million from expected costs. The savings were attributable mainly to savings across funds related to training as well as unspent funds from oil, uniforms and other operating supplies.
<b>D</b>	<b>Insurance</b> – The variance is primarily related to actual costs for general liability insurance being less than anticipated when the expenses were budgeted.
<b>E</b>	<b>Repairs &amp; maintenance</b> – Department-wide, BCFR reported actual repair and maintenance costs of \$441 thousand less than what was budgeted. The variance is primarily due to the repairs rolling into FY 2019.
<b>F</b>	<b>Communications &amp; freight</b> – The variance is primarily related to actual costs for air cards and cell usage being less than anticipated.
<b>G</b>	<b>Rentals &amp; leases</b> – The variance is primarily related to actual costs for various operating leases being less than anticipated as well as the deferral of a laptop lease to FY 2019.
<b>H</b>	<b>Books, publications &amp; memberships</b> – The variance is primarily related to actual costs for specialized training classes being less than anticipated due to the classes not being offered by the schools.
<b>I</b>	<b>Other operating expenses</b> – Variances were primarily related to actual costs for travel and per diem and rentals and leases being less than anticipated.
<b>J</b>	<b>Capital</b> – See 'Trends in Capital Outlay' in this report for additional analysis. Department-wide, Fire Rescue expended approximately 87% of its capital budget in FY 2018.
<b>K</b>	<b>Other transfers</b> – Primarily represents fees paid to property tax appraiser and tax collector offices for administration of fire assessment and fire MSTU. Management budgeted based on full value of assessment, although only 95-97% is typically collected, after discount. The actual was less than the budget due to the department budget being based on property appraiser fees as a % of the property value, however, in FY 2018, the property appraiser changed the methodology for the amount they charge to a flat rate per parcel.

## Budget vs. Actual

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<b>L</b>	<b>Operating expense credits</b> – Fund 1360 supports all expenses related to the operation of dual unit (both fire engine and ambulance) fire stations, personnel that support both Fire and EMS functions, maintenance agreements, administrative personnel, training division, fleet and IT. If expenses incurred in this fund can be clearly identified as supporting expenses for a specific fund, those expenses are charged directly to the parent funds. Expense credits reflect expenses related to the allocation of support costs which overall were less than anticipated in FY 2018 resulting in a budget variance.
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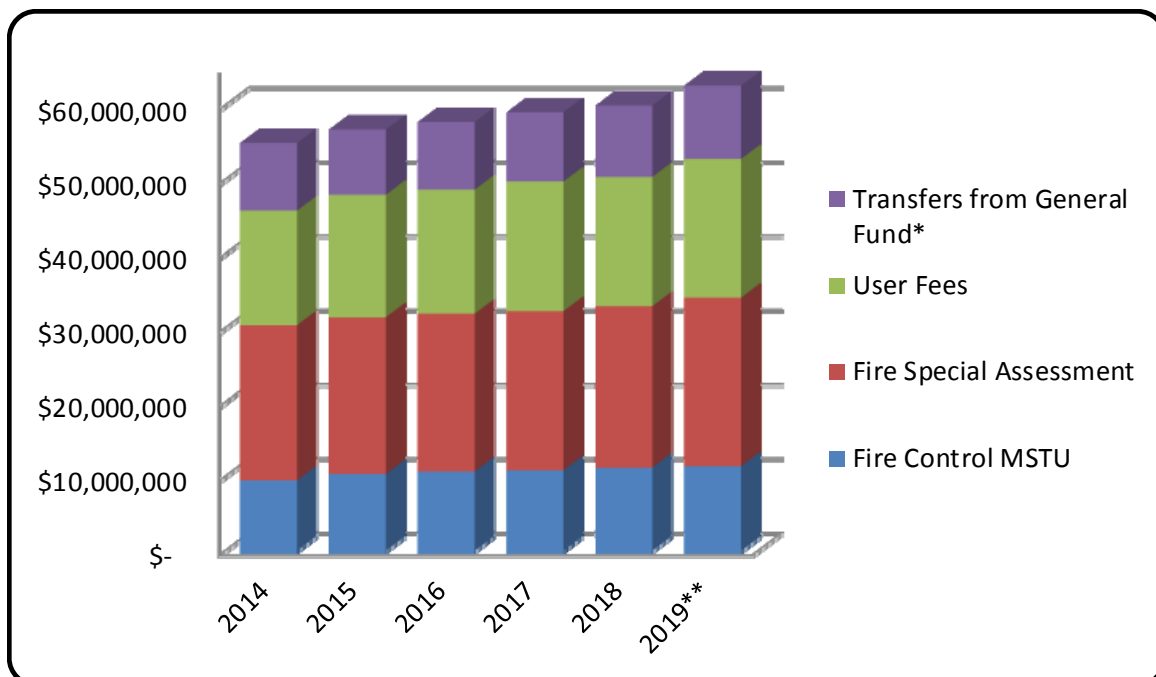
# Revenue Analysis

## Total Revenues

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

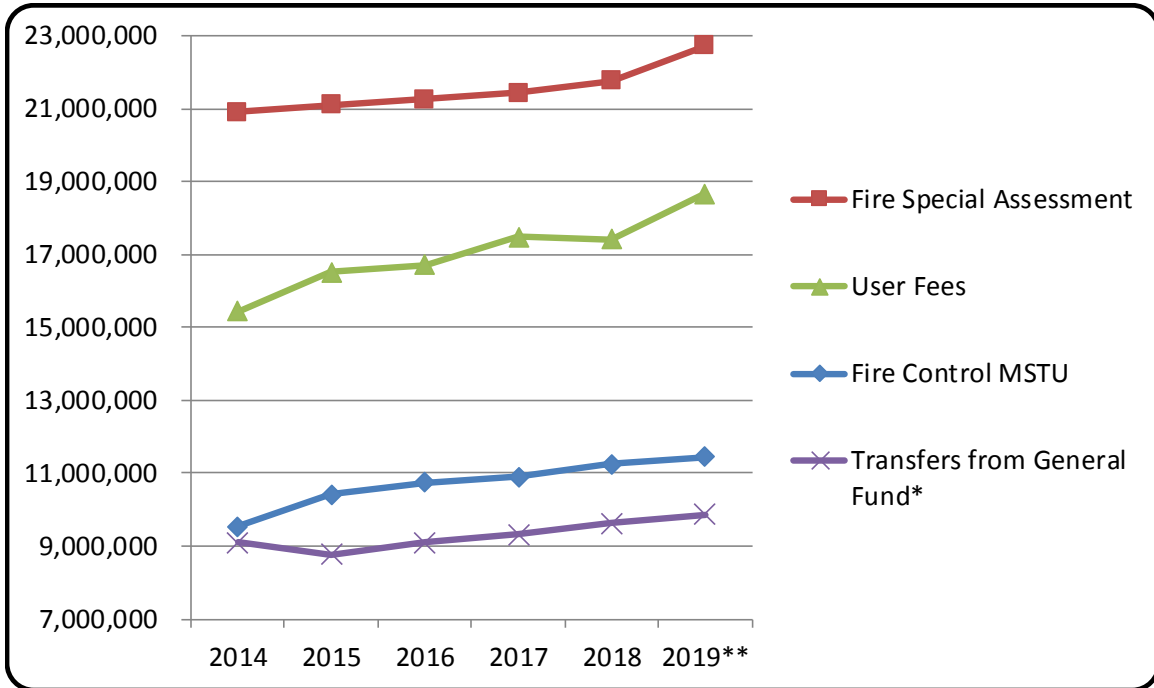
	Actual					Budget
	2014	2015	2016	2017	2018	2019**
Fire Control MSTU	\$ 9,543,051	\$ 10,420,194	\$ 10,747,518	\$ 10,894,217	\$ 11,256,059	\$ 11,454,597
Fire Special Assessment	20,907,824	21,092,337	21,259,286	21,436,097	21,751,379	22,720,366
User Fees (charges for services)	15,438,339	16,517,407	16,705,293	17,481,122	17,407,624	18,678,017
Transfers from General Fund*	9,108,097	8,769,547	9,103,990	9,323,441	9,618,292	9,868,556
Intergovernmental Revenue	1,880,018	2,213,407	540,086	393,646	1,133,260	266,297
Miscellaneous Revenue	453,246	301,084	551,296	444,183	1,050,619	448,400
Transfers from Other Funds*	415,878	431,512	204,494	85,236	316,964	76,724
Other Financing Sources	-	-	65,974	-	-	-
<b>Total Revenues</b>	<b>\$ 57,746,453</b>	<b>\$ 59,745,488</b>	<b>\$ 59,177,937</b>	<b>\$ 60,057,942</b>	<b>\$ 62,534,197</b>	<b>\$ 63,512,957</b>
FY 2018 to FY 2014	8.3%					
FY 2018 to FY 2017	4.1%					
* These amounts are shown netted with "Transfers Out" on pages 7 - 15						
** FY 2019 budget amounts shown net of 5% statutory reduction						



\*\* 2019 information represents fiscal year 2019 budgeted amounts since actual amounts are not yet available.

# Revenue Analysis

Total Revenues (continued)

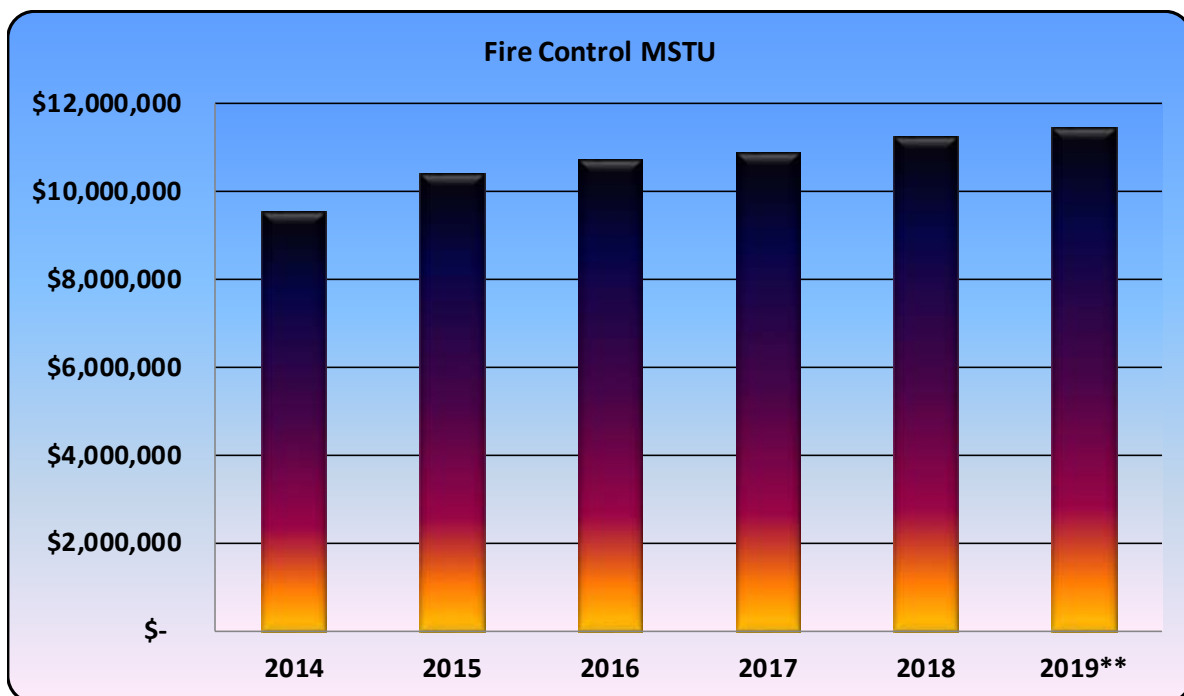


# Revenue Analysis

## 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 Board. The fiscal year 2019 Final Millage Rate for the Fire Control MSTU is 0.6504 and is estimated to generate \$11.5 million in revenues. For fiscal year 2018, the Final Millage Rate for the Fire Control MSTU was 0.6816 which generated \$11.3 million in revenues. This comprised approximately 18% of the Department's revenues.

In the FY 2019 budget, the Fire Control MSTU (\$11.5 million, net of the 5% statutory reduction) represents 18% of the Department's revenue budget. As with the fire assessment, only about between 96% and 97% is collected from property owners, after discounts.

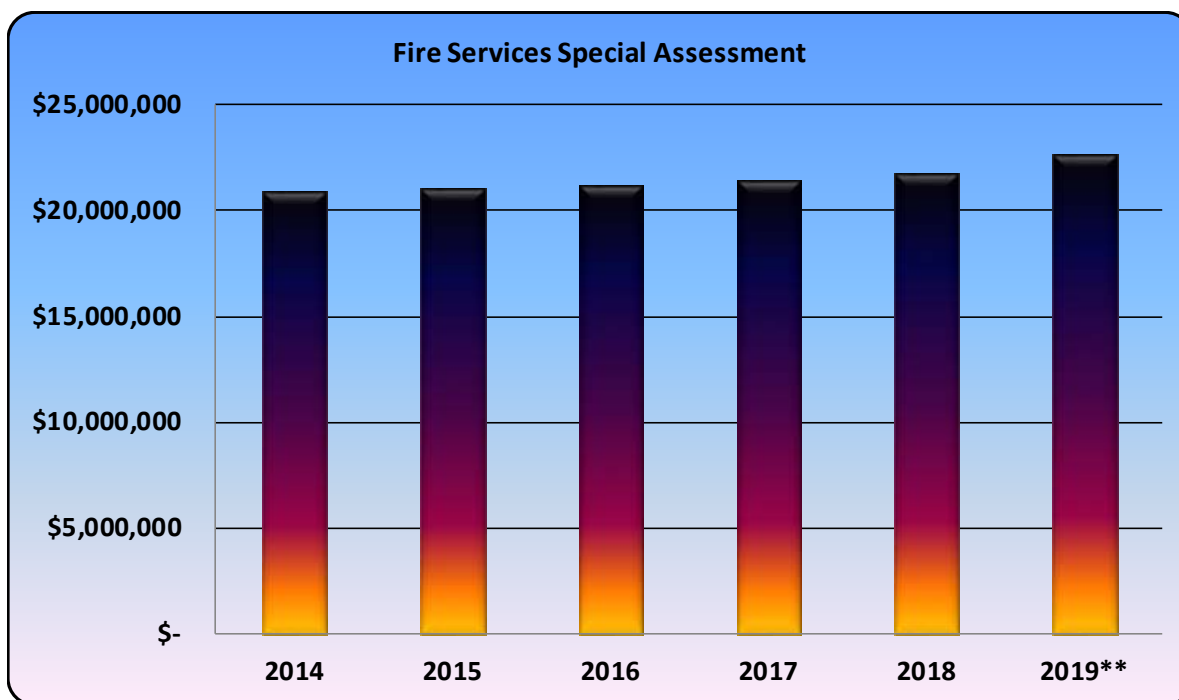


# Revenue Analysis

## Fire Services Special Assessment

The Fire Services Special Assessment (“FSSA”) is a non-ad valorem fire assessment 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 takes 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 Board and has not changed since 2008. In May 2018 the Board adopted resolution No. 18-079 adjusting the rates by an increase of six percent in FY 2018-2019 followed by an annual rate increase equal to the Consumer Price Index (CPI) or three percent, whichever is lower, until a 15 percent increase over the FY 2018 rate is achieved.

For FY 2018, the FSSA actual revenue collected (\$21.7 million) comprised approximately 35% of the Department’s revenues. In the FY 2019 budget, the FSSA (\$22.7 million, net of the 5% statutory reduction) represents 36% 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.



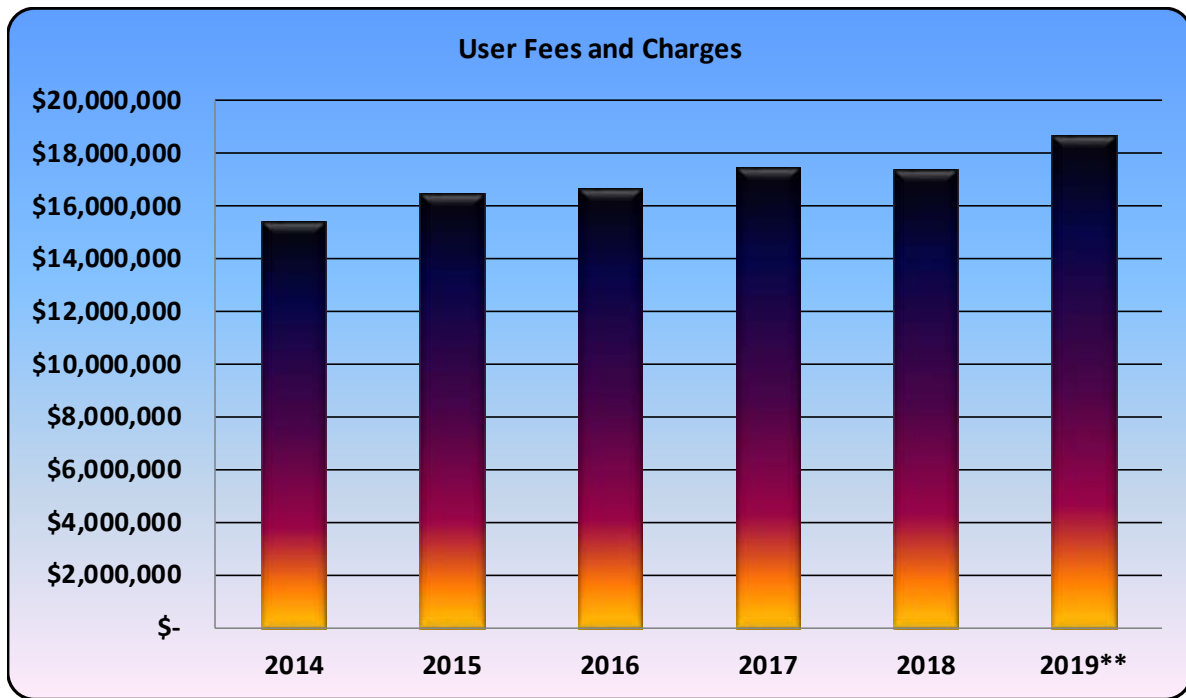
# Revenue Analysis

## 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. For FY 2018, the user fees and charges comprised approximately 28% of the Department’s revenues. In the FY 2019 budget, user fees and charges represent 29% of the Department’s revenue budget.

<i>(in thousands)</i>	Actual					Budget
	2014	2015	2016	2017	2018	2019*
EMS Billings	\$ 14,897	\$ 15,598	\$ 15,971	\$ 16,365	\$ 16,408	\$ 17,769
Lifeguard Contracts	113	113	131	131	131	125
Fire Prevention Inspection Fees	392	772	538	952	850	753
Miscellaneous User Fees	36	34	65	33	18	31
	<b>\$ 15,438</b>	<b>\$ 16,517</b>	<b>\$ 16,705</b>	<b>\$ 17,481</b>	<b>\$ 17,407</b>	<b>\$ 18,678</b>

\* FY 2019 budget amounts shown net of 5% statutory reduction



# Revenue Analysis

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## **User Fees and Charges (Continued)**

**EMS Billings** – EMS billings, which are managed by a third party vendor, are for services rendered. In January 2018 the Board adopted resolution No. 18-06 adjusting EMS user fees and approving an annual adjustment to use fee rates based on the CPI. The resolution became effective on February 1, 2018 and fee rates are as follows:

- Basic Life Support - \$683
- Advanced Life Support I - \$733
- Advanced Life Support II - \$803
- Mileage (from incident site to receiving facility) - \$11.75 per mile
- Oxygen - \$25

These billing rates are based on the economic profile in place at the time the rate study was performed. In FY 2018, BCFR rates were well below the average transport rates when compared to other EMS transport organizations throughout Florida (see **Benchmarking**) and transports had increased by 13,987 since 2009 (see **Benchmarking**).

EMS billings increased by 10.1% from FY 2014 to FY 2018 and were consistent with the previous fiscal year. The EMS ambulance revenues budget in FY 2019 reflects an increase of 8.3% from the fiscal year 2018 actual which reflects increased revenue projections as a result of the increase in user fee rates changed on February 1, 2018.

**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. The contractual revenue was consistent with the previous fiscal year.

**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.

Fire prevention inspection fees have fluctuated due to changes in new construction year to year.

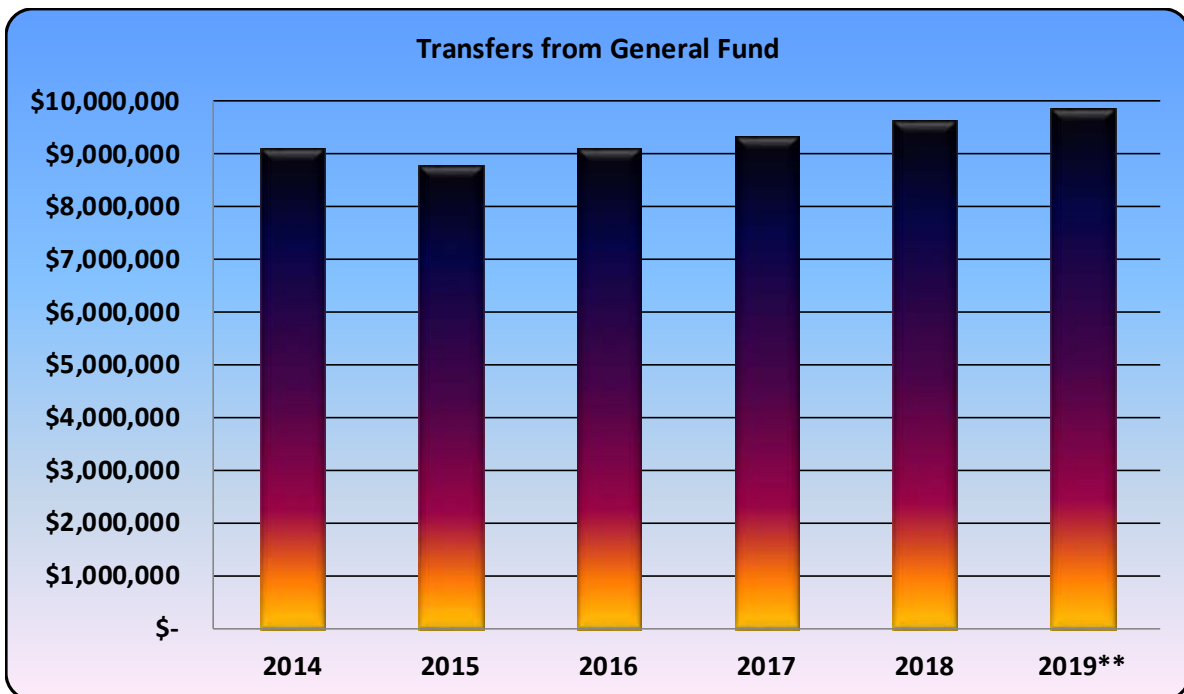


# Revenue Analysis

## General Revenue Fund Transfers

Funding from the General Fund is based on a budget approved by the Board and is used to help fund the EMS (Fund 1351) and Ocean Rescue (Fund 1362) operations. Any money transferred from the General Fund to BCFR, but not spent by BCFR at the end of the fiscal year, BCFR may request to keep some or all of these funds based on their emerging requirements and approval by the County Manager.

For FY 2018, BCFR received \$9.6 million from the General Fund. BCFR kept all of their unspent funds carried forward into the FY 2018/19 budget. These funds were appropriated to repair of facilities and the purchase of equipment.

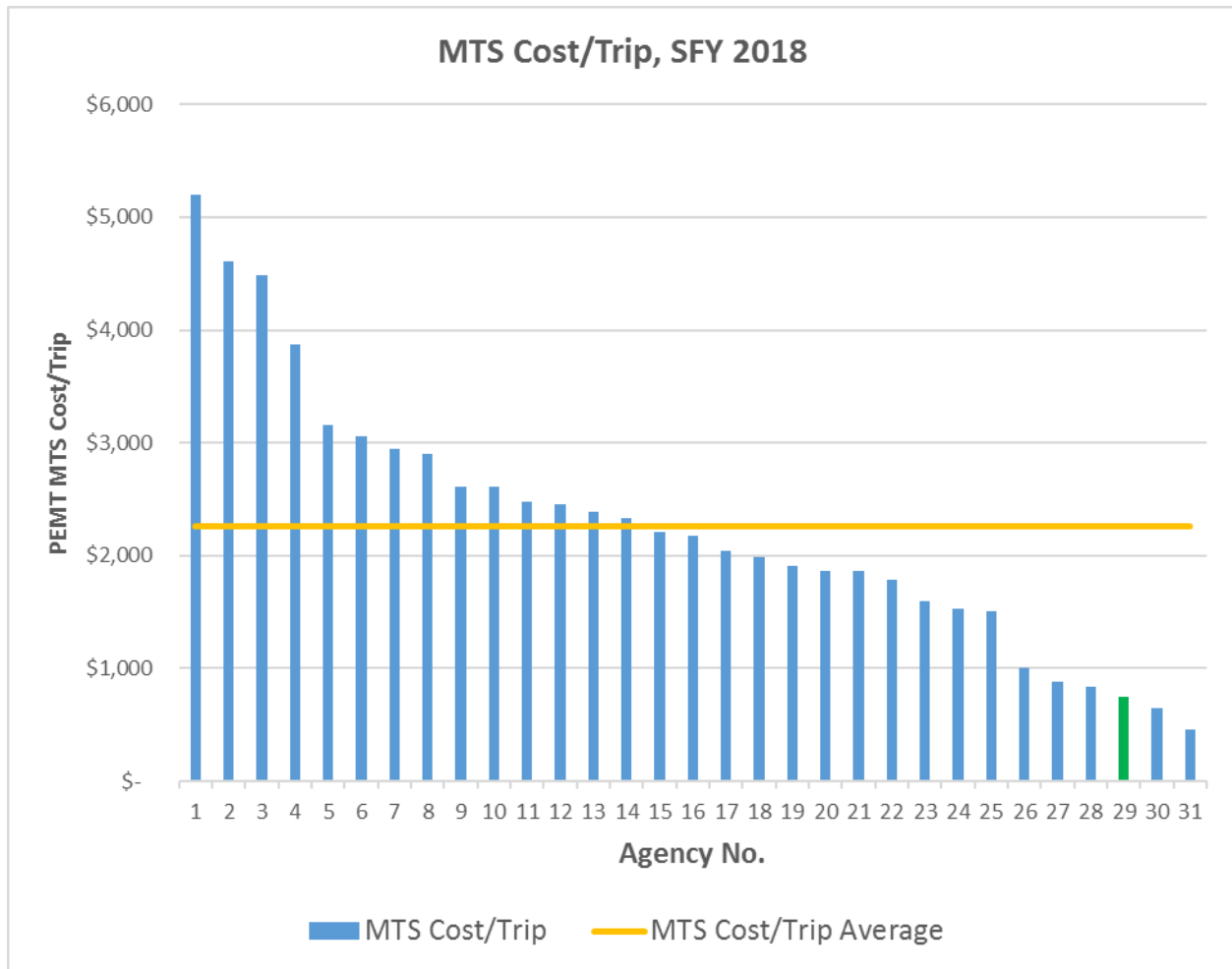


# Benchmarking

## Ambulance Services

The following graph was created by Public Consulting Group Health to compare several Florida EMS agencies that provide ambulance services and their respective operating cost per transport. BCFR's cost to provide ambulance services is well below the state average and less than most other providers. BCFR is ranked at #29 out of 31 and its cost per trip, \$744, is below the average of \$2,263 per trip (orange line in graph).

Source:



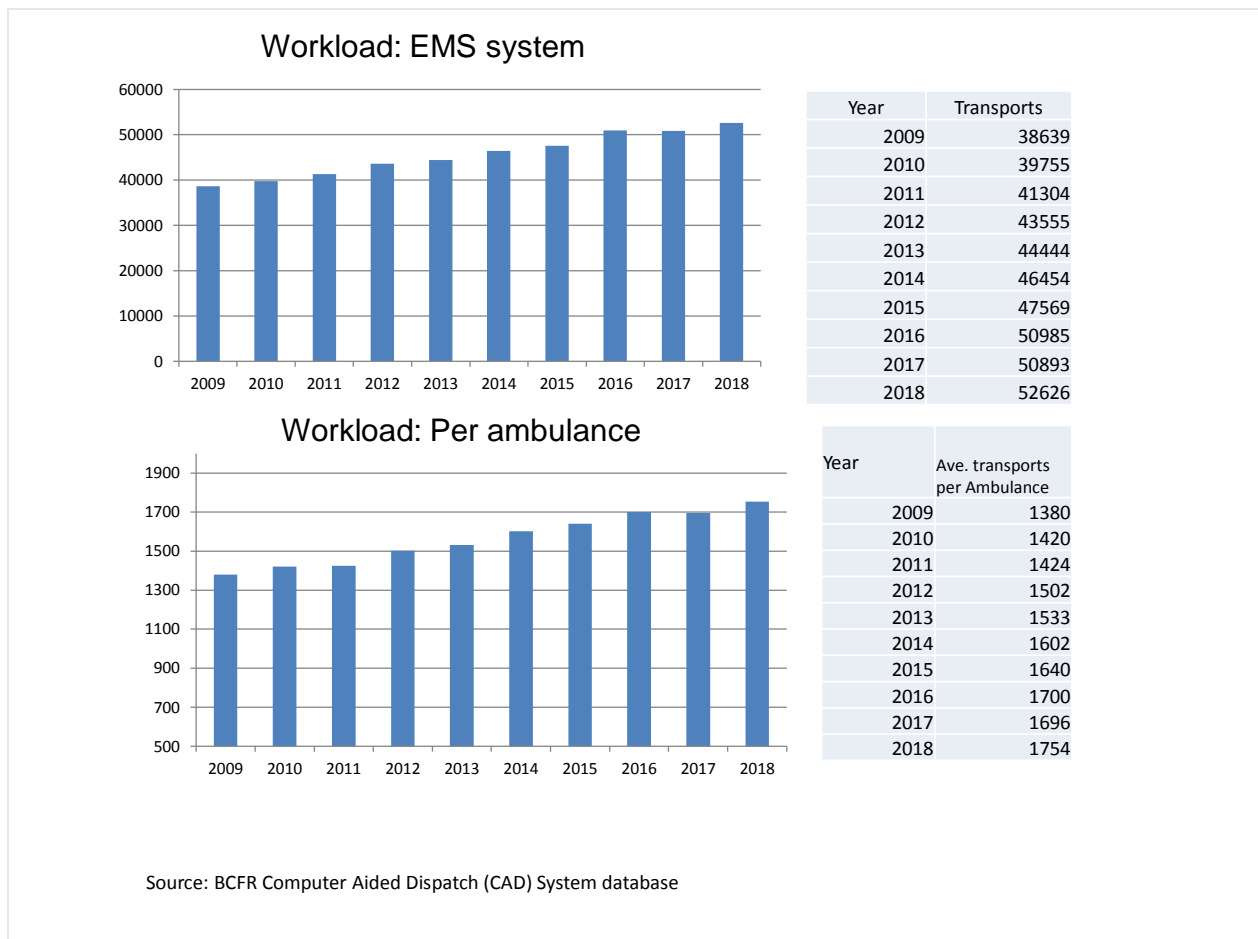
# Benchmarking

## EMS Workload

The first graph (Workload: EMS system) details the annual number of emergency medical patients transported to hospitals by BCFR EMS. The second graph (Workload: Per ambulance) represents the average number of patients each ambulance delivers to hospitals annually. The trend of both graphs indicate both an increase in total number ambulance transports as well as increase in workload per ambulance unit.

FY 2018 number of emergency patients transported to hospitals to FY 2009: 36.2% increase.

FY 2018 average number of patients per ambulance to FY 2009: 27.1% increase.



# Salaries and Benefits Analysis

The following is a summary of salaries and benefits (in thousands) for the Fire Rescue department:

	FY 2019	FY 2018			FY 2017			FY 2016			FY 2015			FY 2014
	Budget	Budget	Actual	Variance	Budget	Actual*	Variance	Budget	Actual*	Variance	Budget	Actual*	Variance	Actual*
<b>1350 - Fire Rescue Ops</b>														
Salaries & Other Comp	\$ 10,832	\$10,524	\$10,888	(\$364)	\$10,891	\$10,973	(\$82)	\$10,825	\$10,781	\$44	\$9,897	\$9,587	\$310	\$9,489
Overtime	2,106	1,781	1,690	91	1,910	2,499	(589)	1,969	2,531	(562)	1,777	1,722	55	2,008
Benefits	6,277	6,008	6,215	(207)	6,454	6,378	76	6,511	6,714	(203)	5,814	5,684	130	5,368
<b>1351 - EMS Ops</b>														
Salaries & Other Comp	10,344	\$10,040	\$9,901	139	\$9,529	\$9,739	(210)	\$9,267	\$8,551	716	\$8,984	\$8,738	246	9,567
Overtime	1,958	1,618	1,815	(197)	1,743	2,506	(763)	1,575	2,134	(559)	1,651	1,780	(129)	2,075
Benefits	6,702	6,390	6,216	174	6,190	6,054	136	6,166	5,850	316	5,661	5,356	305	5,136
<b>1354 - MSTU</b>														
Salaries & Other Comp	5,191	\$4,975	\$4,889	86	\$4,562	\$4,331	231	\$4,551	\$3,883	668	\$4,362	\$4,045	317	3,995
Overtime	976	957	1,005	(48)	994	1,215	(221)	993	1,056	(63)	877	848	29	1,088
Benefits	3,136	3,001	3,019	(18)	2,810	2,619	191	2,823	2,614	209	2,587	2,454	133	2,396
<b>1361 - Dispatch</b>														
Salaries & Other Comp	1,097	\$1,122	\$911	211	\$1,095	\$980	115	\$1,087	\$980	107	\$1,039	\$904	135	1,009
Overtime	135	135	302	(167)	180	375	(195)	135	306	(171)	135	220	(85)	202
Benefits	502	514	436	78	538	489	49	538	517	21	520	454	66	456
<b>1362 - Ocean Rescue</b>														
Salaries & Other Comp	963	\$952	\$901	51	\$890	\$857	33	\$860	\$864	(4)	\$839	\$793	46	833
Overtime	30	30	39	(9)	30	51	(21)	22	47	(25)	22	41	(19)	31
Benefits	460	453	399	54	449	392	57	445	409	36	376	372	4	405
<b>1363 - Hazmat</b>														
Salaries & Other Comp	\$ -	\$ -	\$ -	-	\$518	\$262	256	\$522	\$467	55	\$493	\$496	(3)	457
Overtime	-	-	-	-	120	74	46	120	147	(27)	120	114	6	130
Benefits	-	-	-	-	330	172	158	331	322	9	304	304	0	270
<b>Total salaries &amp; benefits</b>	<b>\$50,709</b>	<b>\$48,500</b>	<b>\$48,626</b>	<b>(\$126)</b>	<b>\$49,233</b>	<b>\$49,966</b>	<b>(\$733)</b>	<b>\$48,740</b>	<b>\$48,173</b>	<b>\$567</b>	<b>\$45,458</b>	<b>\$43,912</b>	<b>\$1,546</b>	<b>\$44,915</b>
<b>Percentage (over) under budget</b>				-0.3%			-1.5%			1.2%			3.4%	
<b>Increase (decrease) over prior year</b>				-2.7%			3.7%			9.7%			-2.2%	

\* Actual results do not include labor distribution credits which are included in the line item "Compensation & benefits" on pages 9 - 15.

# Salaries and Benefits Analysis

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## Analysis

Total compensation and benefits costs in FY 2018 were approximately \$48.6 million which includes costs for salaries, wages, overtime, payroll taxes, insurance and pension costs.

- FY 2018 compensation and benefits to FY 2014: 8.3% increase driven primarily by salaries, benefit and overtime costs within Fire Operations and EMS.
- FY 2018 compensation and benefits to FY 2017: 2.7% decrease primarily due to higher compensation and benefits in FY 2017 resulting from overtime costs incurred due to the hurricane.

The actual costs in FY 2018 were consistent with the budgeted amount as a result of Fire Rescue changing the method as to how personnel would be assigned in the various stations in prior years. This change also resulted in a reduction in overtime by freeing up personnel at lower rates to fill the overtime needs.

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.

Actual salaries and benefits within Hazmat Fund 1363 were reallocated to the parent funds beginning in FY 2018.

# Capital Outlay Analysis

## Summary

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

	2019		2018		2017		2016	
	Budget	Budget	Actual	Under (Over)	Budget	Actual	Under (Over)	Actual
1350 - Fire Rescue Ops	\$1,028	\$1,212	\$1,109	\$103	\$1,352	\$1,075	\$277	\$1,368
1351 - EMS Ops	1,030	702	639	63	2,127	1,251	876	793
1354 - Referendum	801	615	478	137	179	105	74	113
1361 - Dispatch	26	141	131	10	66	6	60	40
1362 - Ocean Rescue	76	83	77	6	167	143	24	86
1363 - Hazmat	5	-	-	-	0	0	0	14
1700	0	602	585	17	156	124	32	13
<b>Totals</b>	\$2,966	\$3,355	\$3,019	\$336	\$4,047	\$2,704	\$1,343	\$2,427
<i>% of budget spent</i>				90.0%			66.8%	
<i>Increase (decrease) over prior year spending</i>				11.6%			11.4%	

## Analysis

Total capital expenditures in FY 2018 were approximately \$3.4 million primarily for the purchase of machinery and equipment.

- FY 2018 capital expenditures to FY 2017: 11.6% increase driven by Fire Operations.
- FY 2018 capital expenditures to FY 2018 Budget: 90.0% of budget spent compared to 66.8% in FY 2017

The unspent budget for capital outlay in 2018 was approximately \$400 thousand.

# Allocation of Support Costs Analysis

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## Approach

The Fire Rescue Department is a multi-service organization. The two principle services are fire suppression (Fire Ops) and emergency medical service (EMS). These two services are not funded from the same revenue sources because each provides their respective service to a specific population group. EMS is a countywide service; revenue sources are patient billings and the County's General Fund. Fire Ops provides service to unincorporated Brevard County and 4 contracted municipalities; revenue sources are the Fire Assessment (non-ad valorem) and an MSTU (ad valorem). Because both EMS and Fire Ops have separate revenue streams and are varied in the population served; revenues and expenses for each service must be accounted for separately to ensure that the revenue is being used appropriately.

Many of the Department's support functions (dispatch, fleet, administration, etc.) service both EMS and Fire Ops. Therefore, a cost allocation methodology is used to determine the level of funding provided from each service for funding the various support functions. 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 2018, aggregate costs of Fund 1360 were allocated ~38% to Fire Operations (1350), ~40% to EMS (1351), ~16% to MSTU (1354) and ~3% to Dispatch (1361). For fiscal year 2019, management has budgeted for \$7.2 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). Every year the cost allocation is reviewed. The variance is analyzed and management evaluates the fiscal impact for each fund. Management decides during budget development if the cost allocation should change. Parent funds (1350, 1351 and 1354) are charged directly when the charges are clearly identifiable to the nature of the business. Ex: medical supplies, brush fires expenses, bunker gear, physicals, billing fees, etc.

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.).

Management estimates each allocation percentage based on the projected number of Field personnel. Support personnel charges are directly charged to the parent fund accordingly to the cost allocation rates.

Identifiable operating expenses to the operations of each program (utility, fire or EMS stations maintenance and repairs, maintenance agreements, medical supplies, brush fires expenses, bunker gear, physicals, billing fees, etc.), are charged directly to Fire, EMS, MSTU or Dispatch. Combined expenses (Dual Stations expenses, IT, Fleet charges, Support, supplies, preventive maintenance, R&M, operating supplies, etc.) are allocated as per the cost allocation rates.

# Allocation of Support Costs Analysis

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## Cost Pools

Fire Rescue management allocates costs associated with two (2) different cost pools, as follows:

Pool 1: Cost allocation based on personnel count including Dispatch support, supplies and information systems.

- **Support** (~\$3.9 million budgeted for fiscal year 2019) – support costs include various administrative costs of operating the Fire Rescue department such as administrative salaries, utilities, operating expenses for dual stations, facility maintenance and costs paid to other County departments in support of Fire Rescue. These costs are allocated based on the total number of employees according to the function they perform (i.e., do they serve Fire Operations, EMS, Dispatch).
- **Supplies** (~\$.4 million budgeted for fiscal year 2019) – These costs are allocated based on the total number of employees according to the function they perform (i.e., do they serve Fire Operations, EMS, Dispatch).
- **Information system charges and other professional services** (~\$.9 million budgeted for fiscal year 2019) – these costs are allocated based on the personnel split.

Pool 2: Cost allocation based on personnel count excluding Dispatch, Fire Prevention and Ocean Rescue and including training and fleet.

- **Training** (~\$.9 million budgeted for fiscal year 2019) – training cost for all personnel based on the total number of employees according to the function they perform.
- **Fleet** (~\$.1.1 million budgeted for fiscal year 2019) – fleet costs, which include costs to maintain all Fire Rescue vehicles, are allocated based on the vehicle split.

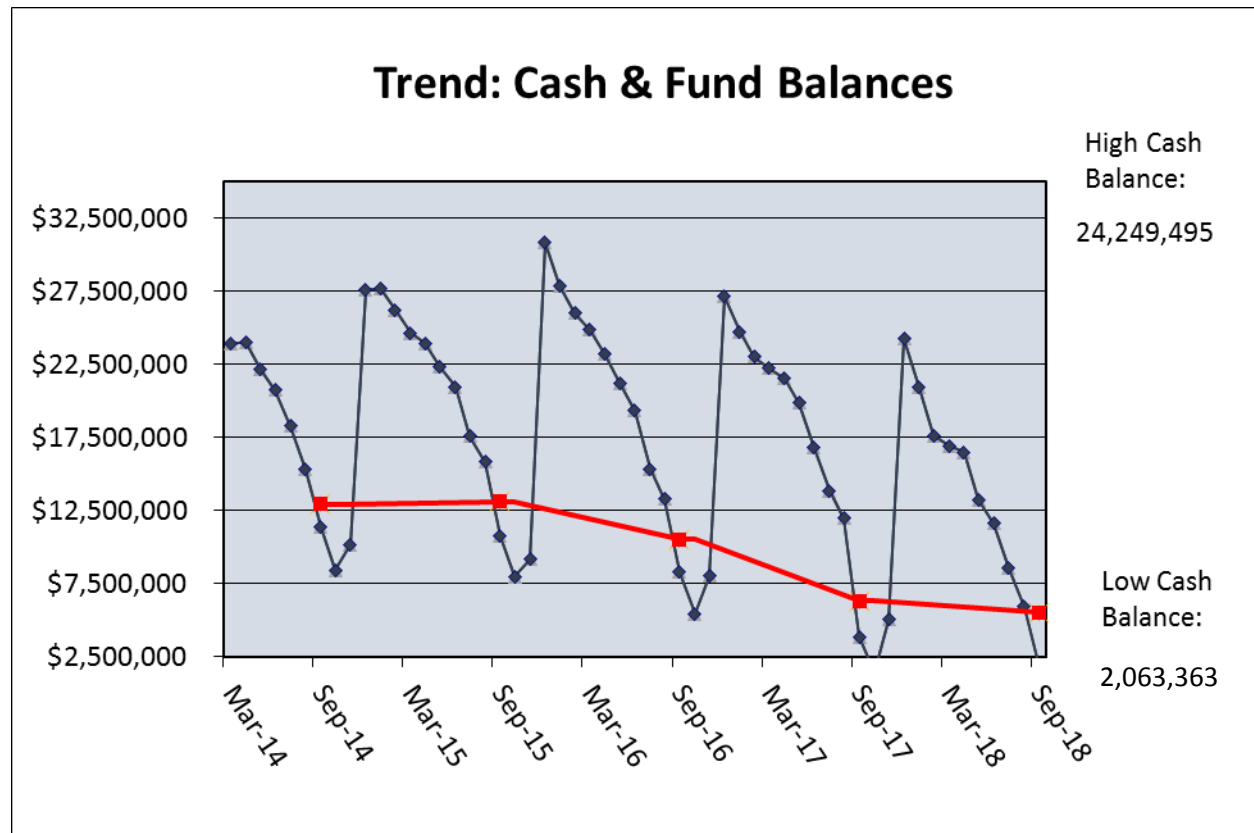
## Results

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.



# Cash Flow Analysis

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 of Funds 1350, 1351 and 1354. Funds 1360, 1361, 1362 and 1363 are excluded as they are subsidized by the parent or general fund.



## 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 30<sup>th</sup>), 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 seven (7) 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.

Due to adoption of Resolution #18-079, the fire assessment is expected to have an increase in revenue equal with CPI for FY 2019/20. Management believes the balance forward for fire assessments and the MSTU will continue to be a challenge as expenses are expected to continue to increase more than the CPI.

# Fund Balance Analysis

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## Considerations

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 unspent 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:
  - Budgeting term used to represent the "unspent funds" carried forward as revenue to the next year's budget
- Designated fund balance:
  - 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 that Fire Rescue's fund balance is not 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.

We note there is a policy for General Fund reserves which says for the General Fund, planned fund balance shall be no less than ten percent (10%) of general operating revenues. However, there is no such policy that provides guidance to departments with dedicated funding sources other than the General Fund.

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):

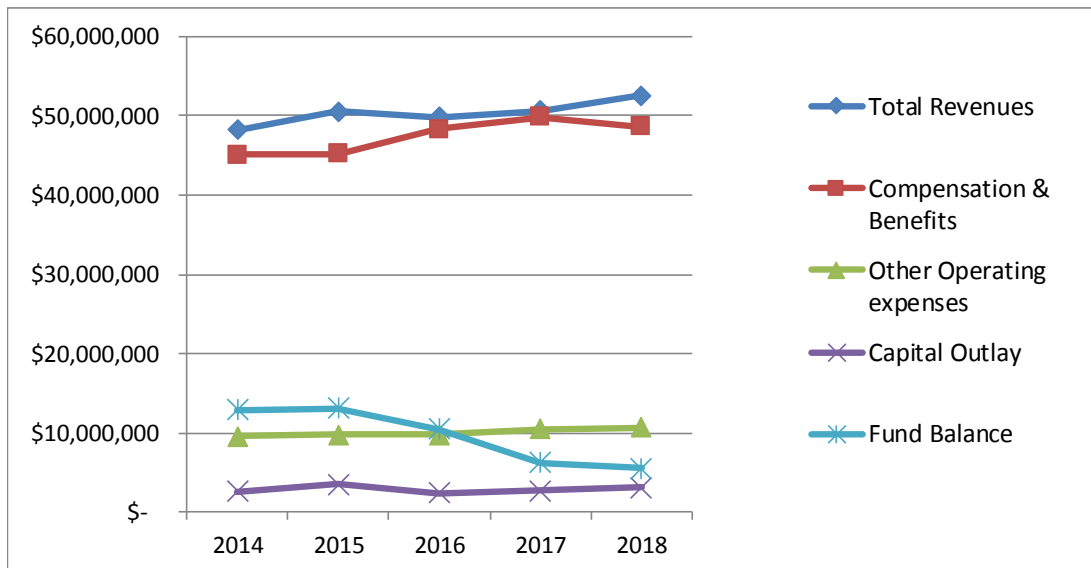
# Fund Balance Analysis

## Observations (Continued)

	Fiscal Year				
	2014	2015	2016	2017	2018
Total fund balance	\$ 12,922	\$ 13,113	\$ 10,513	\$ 6,302	\$ 5,527
Annual total operating expenditures *	\$ 54,749	\$ 54,906	\$ 58,158	\$ 60,301	\$ 59,333
Fund balance as a % of operating expenditures *	24%	24%	18%	10%	9%
Brevard County Population**	552,176	561,503	568,701	575,018	583,369
Change in fund balance:					
FY 2018 to FY 2014	-57.2%				
FY 2018 to FY 2017	-12.3%				
Change in operating expenditures:					
FY 2018 to FY 2014	8.4%				
FY 2018 to FY 2017	-1.6%				
Change in Brevard County population:					
FY 2018 to FY 2014	5.6%				
FY 2018 to FY 2017	1.5%				

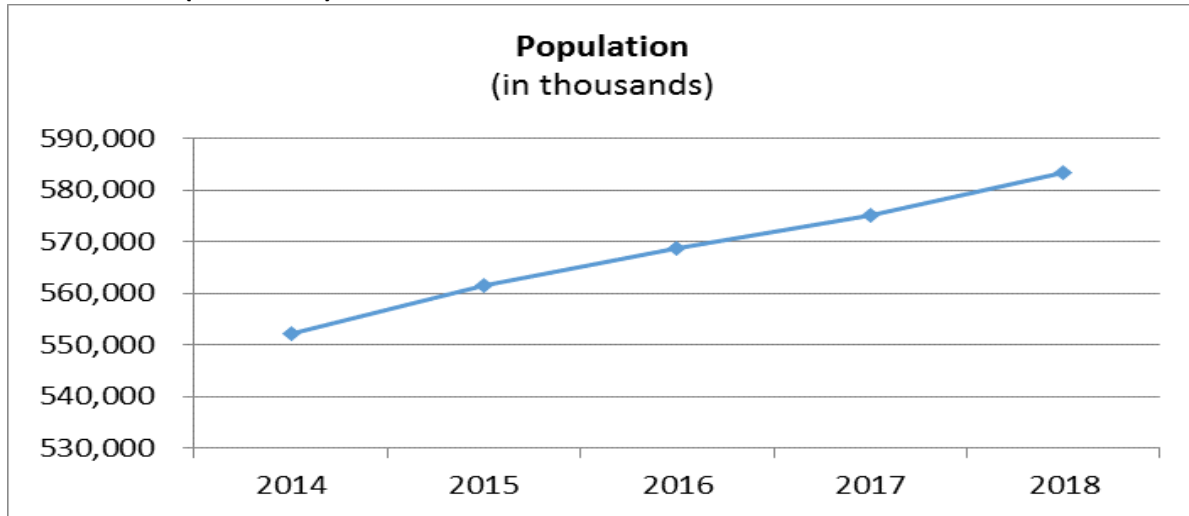
\* Operating expenditures exclude capital outlay, debt service, transfers to other Fire Rescue funds, bad debt expense, and budgeted reserves.

\*\* Source: <http://www.brevardclerk.us/comprehensive-annual-financial-report>



# Fund Balance Analysis

## Observations (Continued)



## Conclusions

Per review of the County's most recently published Comprehensive Annual Financial Report (CAFR) (fiscal year 2018), the Fire Rescue department's entire fund balance is reported as restricted, all except the fund balance in Fund 1351 and 1362, which is assigned. Consistent with general accepted accounting principles, the CAFR shows material designations (approved by the Board) for capital or debt service.

As a guide, BCFR follows County Policy BCC-21 balances which says for the General Fund, planned fund balance shall be no less than ten percent (10%) of general operating revenues. In FY 2018, the Department's fund balance is 6.47% of general operating revenues.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Fire Control MTSU	9,543,051	10,420,194	10,747,518	10,894,217	11,256,059
Fire Special Assessment	20,907,824	21,092,337	21,259,286	21,436,097	21,751,379
User Fees (Charges for Ser)	15,438,339	16,517,407	16,705,293	17,481,122	17,407,624
Intergovernmental	1,880,018	2,213,407	540,086	393,646	1,133,260
Miscellaneous Revenue	453,246	301,084	551,296	444,183	1,050,619
<b>Total Operating Revenues</b>	<b>48,222,478</b>	<b>50,544,429</b>	<b>49,803,479</b>	<b>50,649,265</b>	<b>52,598,941</b>
Ending Fund Balance	12,922,000	13,113,000	10,513,000	6,302,000	5,527,000
Reserved Fund Balance	(6,027,015)	(7,150,779)	(6,427,930)	(3,737,363)	(2,122,143)
Restricted Fund Balance	6,894,985	5,962,221	4,085,070	2,564,637	3,404,857
<b>Fund Balance as a % of General Operating Revenues</b>	<b>14.30%</b>	<b>11.80%</b>	<b>8.20%</b>	<b>5.06%</b>	<b>6.47%</b>

# Write-Off of EMS Billings Analysis

## Analysis

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				
	FY18	FY17	FY16	FY15	FY14
<b>Charges for services, gross</b>	\$ 37,643,820	\$ 30,516,018	\$ 29,928,977	\$ 29,000,143	\$ 27,874,293
<b>Board Approved Write-Offs</b>					
Contractual					
Medicare/Medicaid	(10,343,969)	(7,095,902)	(6,819,318)	(6,709,792)	(6,455,807)
Other	(7,477,967)	(7,871,376)	(7,253,687)	(6,796,270)	(6,597,600)
<b>Total Write-Offs</b>	<b>(17,821,936)</b>	<b>(14,967,278)</b>	<b>(14,073,005)</b>	<b>(13,506,062)</b>	<b>(13,053,407)</b>
<b>Charges for services, net</b>	<b>\$ 19,821,884</b>	<b>\$ 15,548,740</b>	<b>\$ 15,855,972</b>	<b>\$ 15,494,081</b>	<b>\$ 14,820,886</b>
Change in total Write-Offs:					
FY 2018 to FY 2014	36.5%				
FY 2018 to FY 2017	19.1%				
Change in Charges for services, gross:					
FY 2018 to FY 2014	35.0%				
FY 2018 to FY 2017	23.4%				

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 FY 2018 books were closed, a request was made to write-off accounts outstanding as of the end of FY 2017. 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., 2018 contractual adjustments are posted in fiscal year 2018. Contractual adjustments have averaged 24% of gross revenues over the past five (5) years. Write-offs for accounts deemed uncollectible averaged 23% 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 Analysis

## Analysis (Continued)

	Actual				
	FY18	FY17	FY16	FY15	FY14
<b>EMS Revenue - Fund 1351</b>	\$ 16,252,134	\$ 16,163,702	\$ 15,705,689	\$ 15,336,075	\$ 14,583,170
Change in charges for services - EMS Revenue:					
FY 2018 to FY 2014	11.4%				
FY 2018 to FY 2017	0.5%				
<b>Budgeted Revenue - EMS Billings</b>	\$ 17,086,682	\$ 16,480,000	\$ 15,440,000	\$ 15,535,000	\$ 14,818,017
<b>Actual revenue as a % of budget</b>	95%	98%	102%	99%	98%

EMS billings increased from FY 2017 to FY 2018 by \$88 thousand 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 2019 (after the statutory 5% reduction) reflects an increase of 8% from the fiscal year 2018.

General Fund transfers have averaged \$7.7 million each year for the past five (5) years. Historically, any unspent monies in the EMS Fund not needed for existing commitments are remitted back to the General Fund. As of the end of fiscal year 2018, the EMS Fund retained no funds, in excess of existing commitments, to be carried forward in to the next fiscal year for capital items.

	Actual				
	FY18	FY17	FY16	FY15	FY14
<b>General Fund Transfer EMS fund</b>	\$ 8,086,257	\$ 7,667,979	\$ 7,596,799	\$ 7,306,838	\$ 7,678,264
<b>Balance Forward - EMS Fund</b>	\$ -	\$ 1,172,093	\$ 732,868	\$ 83,226	\$ 450,000