



Clerk of the Circuit Court
Board of County Commissioners
Marion County
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Internal Audit Division

David R. Ellspermann
Clerk of the Circuit Court
Wallace K. Watford
Internal Auditor

Post Office Box 1030, Ocala, Florida 34478-1030
110 NW First Avenue, Ocala, Florida 34475

Telephone: (352) 620-3904
Facsimile: (352) 620-3300
Suncom: 667-3904

MEMORANDUM

TO: Patrick G. Howard, County Administrator
M. Stuart McElhaney, Life Safety Services Bureau/Fire Chief

FROM: Wallace K. Watford, Internal Auditor

DATE: August 4, 2005

RE: **MARION COUNTY FIRE ASSESSMENT FEE CALCULATION - 2005 UPDATE**

The following contains Internal Audit's comments and conclusion on the calculation of the County Fire Assessment Fee that will be established for the 2005/06 fiscal year. This updates and revises our activities and work product of June 2003. The following has been discussed in considerable detail with the Fire Chief and Government Services Group (GSG), the County's consultant in this matter.

Fire/EMS Analyses-Revised for FY 2005/06

Purpose:

The Internal Auditor assisted the Fire Chief to devise a rational, reasonable and fair method to allocate costs of emergency medical services (EMS) provided by Marion County Fire Rescue that are not funded by the Fire Assessment Fee, as necessitated by a Florida Supreme Court decision. The EMS portion of the Fire Rescue budget is funded primarily by an ad valorem tax.

Assumptions:

1. Firefighters identified in the 10 year plan will be needed regardless of whether Fire Rescue provides any EMS. Therefore Fire Rescue is able to provide EMS services at an incremental cost.
2. EMS is assumed to be: advanced life support (ALS) on scene, including any resulting transport; and first responder medical aid/basic life support (BLS). Fire services are assumed to be fire suppression, rescue and any other activities not considered EMS.
3. Some budget accounts pertain to both Fire and EMS to such an overall or general extent that it is difficult to delineate or ascertain specific relationships. (These were resolved based on best available information.)
4. Some budget accounts are specific to only Fire or EMS.
5. Some budget accounts are a combination of Fire and EMS.

MARION COUNTY FIRE ASSESSMENT FEE CALCULATION - 2005 UPDATE

Methodology/Approach:

1. Used Fund 181 adopted expenditure budgets for FY2004 and FY2005 and proposed budget for FY 2006 for cost allocation modeling.
2. Used allocation spreadsheet/model previously used for June 2003 analysis, which had been developed for the Village Center Community Development District interlocal agreement for Fire and EMS services in 2000.
3. Fire Chief derived EMS percentage based on relative personnel costs of firefighters, firefighter/EMTs, and firefighter/Paramedics.
4. Fire Chief determined the resulting incremental percentage of providing EMS. The resulting EMS percentage was the principal statistic applied to adopted budget accounts (expenditures) for FYs 2004, 2005 and 2006.
5. Allocated personnel positions and salaries for FYs 2004, 2005 and 2006 into particular classifications, such as career firefighters.
6. EMS rate was applied to those budget accounts that have overall or general or undelineated relationship to Fire and EMS.
7. Fire or EMS was applied at 100%, as appropriate, for budget accounts identified to be specific to either Fire or EMS.
8. For budget accounts that are a combination of Fire and EMS: individual Fire and EMS components were separately identified and calculated, then 'blended' by budget account.
9. Fixed assets (land, buildings, apparatus, and equipment) belonging to Fire Rescue were classified by type of asset and the relative percentage pertaining to Fire and EMS. The Fire Chief reviewed the official listing at 9/30/04 and identified the specific assets with the respective allocation percentage.
10. Internal Auditor suggested using depreciation expense in the previous June 2003 analysis, rather than the budgeted capital assets. This was continued in this analysis. Used existing assets per official Fire Service inventory listing at 9/30/04; assumed that each asset had remaining depreciation basis. Estimated depreciation on these assets was calculated and applied in order to smooth out changes in assets and to provide a consistent measurement of cost of services on an annual basis. Depreciation rates used were official rates: buildings (30 years); improvements to buildings (10 years); equipment and vehicles (5 years).

Comments:

The EMS labor rate was calculated to be 15% and was applied against many of the largest operating budget accounts, particularly personnel costs. The overall EMS allocation rate was calculated to be 14%, primarily as the result of the blending of fire and EMS costs included in certain large operating budget accounts.

The Fire Chief and Internal Auditor understood that this updated analysis will be considered by the consultants (Government Services Group and Nabors, Giblin & Nickerson) as part of their respective services. The supporting analyses have been separately submitted to the interested parties.

Conclusion:

The Fire Chief has developed a rational, reasonable and fair method to identify, calculate and allocate the costs of fire and EMS services provided by Marion County.

c: David R. Ellspermann, Clerk of the Circuit Court