

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To The Honorable Mayor, Town Council, and Town Manager  
Town of Jupiter, Florida

Marcum LLP (“Marcum” or “we”) have performed the procedures enumerated below over the Interlocal Agreement for Fire Protection and Emergency Services between the Town of Jupiter (the “Town” or “Jupiter”) and Palm Beach County (the “County”) (“Interlocal Agreement”) for the fiscal years ended September 30, 2020, 2021 and 2022. Per the Interlocal Agreement, the Town’s contract price for services rendered by the County is calculated on an annual basis using a *full cost formula* as defined in Exhibit A of the Interlocal Agreement. Compliance with the Interlocal Agreement is responsibility of the Town.

The engaging party, the Town, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining the contract price for services rendered by the County is calculated on an annual basis using a *full cost formula* as defined in Exhibit A of the Interlocal Agreement for the fiscal years ended September 30, 2020, 2021 and 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The agreed-upon procedures and associated findings are as follows:

- 1. Obtain an understanding of the Interlocal Agreement cost calculation by review of the Interlocal Agreement, interview of County personnel and walk-through of the cost calculation with County personnel.**

A summary of the formula components based on the performance of the above procedure has been documented in the accompanying Appendix A – Formula Cost Allocations Summary (“Appendix A”).

**Findings:**

As described in Appendix A, the Town’s contract price for services rendered under the Interlocal Agreement is calculated on an annual basis using the *full cost formula* as defined in Exhibit A to the Interlocal Agreement.

1a. Contract Criteria not defined:

**The cost criteria and definition of the various costs and percentages are not defined in the contract.** Exhibit A does not define what information should be used to support the calculation. For example, original budget is used by the County to calculate the amount to be charged. Significantly different cost amounts would be noted if the “*amended budget*” or “*actual amounts*” were used instead of original budget amounts.

Also, the “*percentage of unit responses*” (% of unit Response) is not defined in the Agreement. The County is considering a unit response as a call to the County dispatcher (central dispatch) and the call is coded by MAP/Range/Town or area where the call occurs. Response units are dispatched based on the location and the type of call. The County is considering a “response” as one unit response when there could be multiple trucks sent out or multiple trips required. For example, a sick person who needs assistance and an ambulance that is sent out would be considered one (1) response. A large structure fire in which 10 fire trucks are sent out is also considered one (1) response. There is no definition of “*unit response*” in the contract.

**The contract is vague and the underlying interpretations are based on the methodology provided by the County. We interpreted the calculations when there was no specific definitions or methods based on discussions or information provided by County personnel. Different amounts or outcomes could be derived based on the different interpretations of the Agreement or different assumptions used for the calculation.**

1b. Calculation is based on budget information that is two years prior to cost calculation.

We noted data for the cost calculation is derived or pulled from the last completed fiscal year when the Jupiter Cost Methodology Budget is being prepared.

For the cost allocation calculation, the number (“No.”) of unit responses, No. of inspections, No. of investigations, No. of plans reviewed, and No. of public contact hours are all derived from information that is two years prior to the cost calculation. The County stated as an example, the FY 2020 allocation uses the numbers from FY 2018, since the actual budget for FY 2020 was being prepared in FY 2019 and the only completed fiscal year is FY 2019. The FY 2021 allocation uses FY 2019 information and FY 2022 allocation uses FY 2020 information.

1c. Lack of support for certain items or Information Carried Forward from a Prior Year and not adjusted

Vehicle Maintenance - For vehicle maintenance, the County could not provide the original information for the calculated amounts. Due to turnover of personnel who provided the information for this component of the formula, the County had to recreate the information for our review. The County provided the summary data that was provided by the employee when the Cost Methodology was being calculated, but there is no detailed back-up/support documentation and there is

no feasible process to recreate the report since the vehicle database only reflects current activity and does not retain historical data. Instead, the County provided a current vehicle count and all the back-up data. In the future, the County intends to back-up data when pulled and retain records for the cost methodology calculations. The lack of original back up information and the other factors described above could significantly affect the cost calculation.

#### Inspections, Plan Reviews and Public Education

The original data could not be located by the County, so the County tried to recreate the information, but was not able to match the original data that was provided in the cost methodology calculation for the charge to Jupiter. The lack of original back up information and the other factors described above could significantly affect the cost calculation.

#### Software or Systems Changes

The County was retaining a data base which is derived from various departments within the County and when department leaders or personnel left, the information was not maintained or new systems or software was implemented and prior information was not available. The lack of original information or changes for new systems or software and the other factors described above could significantly affect the cost calculation.

#### 1d. The percentages used by the County in the cost allocation calculation does not match actual underlying data.

For each year, certain costs are allocated based on:

- Percentage of personnel
- Percentage of vehicles
- Percentage of buildings
- Percentage of inspections, investigations, plans review contract hours, public contract hours

Per our review, there were differences in all the percentages personnel, % of vehicles, % of inspections, % of investigations, % of plans review contract hours, % of public contract hours. All the percentages in these categories had different percentage amounts from the original calculation due to the County not having the original information that was used for the calculation and the County having to recreate the information for this agreed-upon procedures engagement. The differences in the percentages affected the recalculation. The table below shows the differences in the percentages in the various categories from the original County calculation to the adjusted calculation.

**OVERHEAD COSTS - PERCENTAGE DIFFERENCES**

	FY 2020		FY 2021		FY 2022	
	Allocation per Back Up Allocation used by County Calculation	or Allocation that should have been Used	Allocation per Back Up Allocation used by County Calculation	or Allocation that should have been Used	Allocation per Back Up Allocation used by County Calculation	or Allocation that should have been Used
<b>Overhead Costs</b>						
Chief's Office	8.96%	8.90%	7.98%	9.36%	7.81%	9.16%
Fiscal/Planning	8.96%	8.90%	7.98%	9.36%	7.81%	9.16%
Overhead & BCC Indirect	8.96%	8.90%	7.98%	9.36%	7.81%	9.16%
Human Resources	8.96%	8.90%	7.98%	9.36%	7.81%	9.16%
Support Services:						
Vehicle Maintenance	7.44%	7.44%	6.84%	6.84%	6.84%	6.84%
Building Maintenance	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%
Training	8.96%	8.90%	7.98%	9.36%	7.81%	9.16%
Inspections	12.34%	14.49%	24.39%	18.17%	18.96%	15.73%
Investigations	3.82%	0.00%	3.60%	5.49%	3.44%	4.28%
Plans Review	9.37%	11.67%	10.71%	11.23%	10.93%	10.86%
Public Education	8.07%	8.68%	6.62%	8.35%	19.44%	5.99%
Operations Management	11.01%	10.72%	9.82%	11.36%	9.25%	11.05%
LTD Contributions	11.01%	10.72%	9.82%	11.36%	9.25%	11.05%

**Revenue Credits**

As noted in Appendix A, Section 3 C of the Interlocal Agreements states the County shall retain the right to charge, collect and retain all revenues for services rendered by Fire-Rescue within the Town, including but not limited to: a) Hazardous material cost mitigation services, b) Fees for non-emergency services, including but not limited to impact fees, fire inspection fees, plan review fees, false alarm fees, etc., c) Emergency transport services pursuant to the County’s fee schedule.

- a) Hazardous materials cost mitigation services – As discussed above, the County receives revenue from the Solid Waste Authority for hazardous waste disposal. Hazardous materials funding (revenue) is included in the cost calculation and the amount is credited as part of the Direct Costs Battalion No.1 Budget calculation. Per the County representatives, the methodology for allocating the SWA hazardous waste disposal fee is determined based on four hazardous material teams located in the County that provide this service. The areas are broken into the following four teams: West Plan Beach, Boca Raton/Delray Beach, and two general PBCFR teams. The Town is credited 25% of the SWA fee which is backed out from the Battalion No. 1 Budget amount.
- b) Fees for non-emergency services - Fees for non-emergency services only include fees for plan reviews and fire inspection fees. Fire Inspection fees, plan review fees, and false alarm fees are reduced from the Community Risk Reduction Division’s expenditure budget prior to the allocation.

Impact Fees were not included in the cost methodology (County provided data). There was no support to show how the Town of Jupiter is receiving their portion of impact fees collected. The County did not include any revenues for investigations or public education.

- c) Emergency Transport Services (EMS) – EMS fees are credited as part of the process to develop the amount to be used for the ad valorem tax. The amount reimbursed for EMS fees is credited based on the budgeted amount that uses projected collections as well as a true-up of the previous two years. The two-year prior true-up is calculated by taking the difference between the amount budgeted and the actual collections from that year. The previous year true-up is calculated the same way but uses estimated collections as compared to actual because the year is not yet completed when the current year budget is being calculated.

**2. We reviewed a copy of the Battalion No. 1 Budget (showing direct cost detail) for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.**

The Battalion No. 1 budget covers the Town of Jupiter and other municipalities. The other municipalities covered by Battalion No. 1 include the City of Palm Beach Gardens, Village of Tequesta, Town of Juno Beach, Town of Lake Park and certain unincorporated areas of the County. The allocation to the Town is based on the response calls for the Town of Jupiter over the total number response calls for Battalion No. 1.

The following table shows the difference between the Direct Cost calculated for fiscal years 2020, 2021 and 2022 using original budget, amended budget and actual amounts.

**DIRECT COSTS**

	Recalculation Using Original Adopted Budget	Recalculation Using Amended Budget	Recalculation Using Actual Amounts
<b>Fiscal Year 2020</b>			
Calculated amount per contract	\$ 18,791,603	\$ 18,791,744	\$ 18,367,971
Original amount charged by County	<u>18,018,940</u>	<u>18,018,940</u>	<u>18,018,940</u>
Over (under) charge	<u>\$ (772,663)</u>	<u>\$ (772,804)</u>	<u>\$ (349,031)</u>
<b>Fiscal Year 2021</b>			
Calculated amount per contract	\$ 20,045,429	\$ 20,257,328	\$ 20,251,691
Original amount charged by County	<u>20,056,548</u>	<u>20,056,548</u>	<u>20,056,548</u>
Over (under) charge	<u>\$ 11,119</u>	<u>\$ (200,780)</u>	<u>\$ (195,143)</u>
<b>Fiscal Year 2022</b>			
Calculated amount per contract	\$ 18,452,226	\$ 21,412,230	\$ 22,164,412
Original amount charged by County	<u>18,456,207</u>	<u>18,456,207</u>	<u>18,456,207</u>
Over (under) charge	<u>\$ 3,981</u>	<u>\$ (2,956,023)</u>	<u>\$ (3,708,205)</u>

As noted above, the Battalion No. 1 budget covers the “*direct costs*” of budgeted personnel costs (salaries and fringe benefits) of following seven station numbers: 14, 15, 16, 18, 19, 17 and 68). Stations 14, 15, 16, 18, 19 cover the Jupiter area. Stations No. 17 and No. 68 do not cover Jupiter but are part of Battalion No. 1. The personnel costs for stations No. 17 and No. 68 are backed out of the total Battalion No. 1 budget.

The County receives a download of the all the personnel assigned to Battalion No. 1. The cost of personnel assigned to stations No. 17 and No. 68 are sorted from the total personnel and the costs of the station No. 17 and No. 68 personnel are totaled and removed or taken out of the total personnel costs for Battalion No. 1. We performed a recalculation of the amount that should have been backed out for Stations No. 17 and No. 68 and noted the following:

**Station No. 17 & No. 68 Allocation**

	Recalculation Using Adopted Budget
<b>Fiscal Year 2020</b>	
Estimated allocation for Stations No. 17 and No. 68	\$ 4,768,904
Original amount allocated by County in submitted invoice	<u>4,950,508</u>
Over (under) charge	<u><u>\$ (181,604)</u></u>
<b>Fiscal Year 2021</b>	
Estimated allocation for Stations No. 17 and No. 68	\$ 4,957,216
Original amount allocated by County in submitted invoice	<u>5,026,200</u>
Over (under) charge	<u><u>\$ (68,984)</u></u>
<b>Fiscal Year 2022</b>	
Estimated allocation for Stations No. 17 and No. 68	\$ 4,173,074
Original amount allocated by County in submitted invoice	<u>5,018,995</u>
Over (under) charge	<u><u>\$ (845,921)</u></u>

Amounts were based on number of personnel assigned to Stations No. 17 and No. 68 per numbers of personnel provided by the County.

- We reviewed the number of response calls for the Town of Jupiter and response calls in total for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.**

The County provided a Computer-Aided Design (CAD) summary report (Crystal Report) that provides a breakdown of the calls to each municipality. The calls come into the County dispatcher and coded by MAP/Range/Town or area where the call occurs. Response units are dispatched based on the location.

**Findings:**

3a. This information is unaudited. We requested the call logs and Crystal Report that was used to generate the response call breakdown, but per the Executive Assistance to the Fire Chief at the County, this information is protected by the Health Insurance Portability and Accountable Act (HIPAA) and the reports contain sensitive patient health information that cannot be disclosed without the patient’s consent or knowledge. This information and amounts considered are based solely on the reports provided by the County.

Another matter that was discussed was the definition of a unit response. For example, a sick person who needs assist and an ambulance sent out would be considered one (1) response. A large structure fire in which 10 fire trucks are sent out is also considered one (1) response. There is no definition of unit response in the contract. The County is considering a unit response a call in which the County responds by sending out firefighters.

The response calls were as follows:

**RESPONSE CALLS**

**Fiscal Year 2020**

Unit responses for Jupiter	12,466	unit responses
Total unit responses Battalion # 1	18,448	unit responses
Allocated unit responses percentage to Jupiter	<u>67.57%</u>	

**Fiscal Year 2021**

Unit responses for Jupiter	11,900	unit responses
Total unit responses Battalion # 1	17,434	unit responses
Allocated unit responses percentage to Jupiter	<u>68.26%</u>	

**Fiscal Year 2022**

Unit responses for Jupiter	12,260	unit responses
Total unit responses Battalion # 1	18,059	unit responses
Allocated unit responses percentage to Jupiter	<u>67.89%</u>	

4. We reviewed the cost of personnel (showing amount paid to employees) and the operating and capital budgets for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation for following departments:
  - a. Chief's Office
  - b. Fiscal Planning
  - c. Overhead and BCC Indirect
  - d. Human Resources

Below is a description for each overhead cost department on how the allocation is calculated.

Chief's Office (Office of the Fire Chief)

Uses the Fire Chief's Office budget (4210) which includes Fire Rescue Administrator, Assistant Fire Chief, Executive Assistant, Media Relations, and Administrative staff and operating costs associated with this office.

Any charge-offs to other cost centers (object code 9626 from unit 4210) are added back into the budget and the total is multiplied by the % of personnel and again by the % of unit responses.

Fiscal Planning

Uses the Fire Rescue Fiscal (Unit 4215) and Fire Rescue Planning (Unit 4246) budgets which includes Finance Director, Fiscal Manager, Contract Manager, Purchasing staff, Revenue staff, Planning/GIS staff and operating costs associated with these offices. These offices are responsible for Budget preparation, Purchasing, Revenue, Contacts, Grants, Board Items, Audits, Statistical Analysis, Long Range Planning and GIS.

**Plus**, the ISS Enterprise Services (object code 3413 from unit 4217) and ISS Professional Services (object code 3414 from budget 4217).

Overhead and BCC Indirect:

Uses the Overhead and Indirect Cost budget (4209) which is the Board of County Commissioners cost allocation plan passed on the County's General Fund to support department services. Overhead costs include internal and external Legal services, County Purchasing, County Facilities, County Human Resources, County Finance, other Professional services and the Office of the Inspector General costs.

**Plus** add in the Property Appraiser Commission Refund (object code 4967 from unit 4209) and the Tax Collector Commission Refund (object code 4970 from unit 4209).

**Subtract** the Property Appraiser Commission (object code 4968 from unit 4209) and the Tax Collector Commission (object code 4969 from unit 4209).

**Plus** the Medical/Health Care Services (object code 3103 from unit 4230) and Casualty Self Insurance Premiums (object code 4502 from unit 4230). This includes Risk Management lawsuits.

The total is then multiplied by the % of personnel and again by the % of unit responses.

Human Resources:

Uses the Fire Rescue Human Resources budget (4218) which includes Fire Rescue Payroll, Staffing, Recruiting, Internal Affairs, Records Bureau, Wellness staff (excluding clinic benefits), drug testing, and operating costs associated with these areas.

Any charge-offs to other cost centers (object code 9626 from unit 4218) are added back into the budget and the total is multiplied by the % of personnel and again by the % of unit responses.

**Findings:**

4a. Difference of \$93,940 noted in FY 2020 between budget (\$2,391,056) and allocation to cost report (\$2,494,996). Difference of \$82,757 noted in FY 2022 between budget (\$3,186,384) and allocation to cost report (\$3,103,627).

The following table shows the differences in overhead calculation for the Chief’s Office, Fiscal Planning, Overhead and BCC Indirect and Human Resources for fiscal years 2020, 2021 and 2022:

**OVERHEAD COSTS - CHIEF'S OFFICE, FISCAL PLANNING,  
OVERHEAD & BCC INDIRECT, HUMAN RESOURCES**

	<b>Original County Allocation</b>	<b>Recalculation using Adopted Budget</b>	<b>Recalculation using Amended Budget</b>	<b>Recalculation using Actual Amounts</b>
<b>Overhead Costs</b>				
<b>Fiscal Year 2020</b>				
Chief's Office	\$ 83,334	\$ 82,815	\$ 82,815	\$ 72,643
Fiscal/Planning	171,737	170,668	170,668	162,279
Overhead & BCC Indirect	597,873	594,154	639,263	586,652
Human Resources	150,377	143,792	143,792	123,862
<b>Fiscal Year 2021</b>				
Chief's Office	\$ 67,548	\$ 79,278	\$ 99,404	\$ 97,864
Fiscal/Planning	168,998	198,344	200,899	190,956
Overhead & BCC Indirect	622,820	730,969	730,969	710,866
Human Resources	138,584	162,649	162,227	160,664
<b>Fiscal Year 2022</b>				
Chief's Office	\$ 82,900	\$ 97,275	\$ 85,335	\$ 83,939
Fiscal/Planning	169,139	198,435	204,343	188,722
Overhead & BCC Indirect	635,198	745,221	745,221	730,705
Human Resources	164,511	198,152	173,029	160,032

5. For support services:

- a. **Vehicle Maintenance** – We reviewed the list of the number and type of vehicles and supporting detail of the costs for these services for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.
- b. **Building Maintenance** – We reviewed the list of the number of buildings and the supporting detail of the cost for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.

Vehicle Maintenance

Uses the Support Service Vehicle Maintenance, SCBA and Warehouse budgets (units 4211, 4212 and 4220) which includes costs associated with vehicles maintenance, apparatus technicians, parts and supplies. Also included are costs associated with Stryker stretcher maintenance contracts and replacement stretchers. The Fire Rescue Warehouse and staff includes bunker gear cleaning, medical supplies, drug costs, and other operating supplies. The Self-Contained Breathing Apparatus (SCBA) shop does the SCBA testing maintenance and repairs.

**Less** charges for services (revenue source 4900 from unit 4211). This is for other vehicle maintenance contracts (West Palm Beach, Tequesta, Riviera and Palm Beach).

Any charge-offs to other cost centers (object code 9626 from units 4211, 4212 and 4220) are added back into the budget and the total is multiplied by the **% of vehicles** and again by the **% of unit responses**.

Note: In FY 2020, these three (3) sections are all in the same budget (4211). In FY 2021 the Fleet budget was separated from the SCBA and Warehouse and moved to 4212. In FY 2022, the SCBA budget was split from the Warehouse and moved to unit 4220.

Building Maintenance (Facilities)

Uses the Support Service Building Maintenance budget (4214) which includes building and grounds maintenance costs and Fire Rescue staff that maintain the fire stations. This includes washer, dryers, stoves, ice machines, refrigerators, etc. Maintenance costs between \$5,000 and \$200,000 are included. Costs under \$5,000 are charged to the battalion budget. Costs over \$200,000 are in the Capital Improvement Plan (CIP) and there is currently no allocation to Jupiter for these costs (for examples; roofs, bay doors and large renovations).

**Less** any Carry-over costs (\$) and the total is multiplied by the **% of buildings** and again by the **% of unit responses**.

**Findings:**

5a. Difference of \$185,348 noted in FY 2020 between budget (\$3,299,032) and allocation to cost report (\$3,113,684). The following table shows the differences in overhead calculation for the Support Services for fiscal years 2020, 2021 and 2022:

**OVERHEAD COSTS - SUPPORT SERVICES**

	<b>Original County Allocation</b>	<b>Recalculation using Adopted Budget</b>	<b>Recalculation using Amended Budget</b>	<b>Recalculation using Actual Amounts</b>
<b>Overhead Costs</b>				
<b>Fiscal Year 2020</b>				
Vehicle Maintenance	\$ 442,411	\$ 442,384	\$ 487,856	\$ 410,587
Building Maintenance	214,697	227,374	165,000	129,012
<b>Fiscal Year 2021</b>				
Vehicle Maintenance	\$ 473,817	\$ 473,691	\$ 466,828	\$ 334,616
Building Maintenance	245,029	244,940	238,392	208,879
<b>Fiscal Year 2022</b>				
Vehicle Maintenance	\$ 461,498	\$ 487,837	\$ 501,768	\$ 442,159
Building Maintenance	210,597	210,518	204,479	179,471

**6. Training – We reviewed the list of the number of personnel and costs for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.**

Training

Uses the Training budget (4221) which includes staff permanently assigned to Training along with programs to include training tower, burn building and other props for all training programs and dive/marine programs. Training equipment and supplies are also included.

Any charge-offs to other cost centers (object code 9626 from unit 4221) are added back into the budget and the total is multiplied by the % of personnel and again by the % of unit responses.

Community Risk Reduction Division (CRRD) – Previously called BOSS/Fire Prevention:

For this Cost Methodology, the CRRD budget is split out into four (4) sections: 1) Inspections, 2) Investigations, 3) Plans Review, and 4) Public Education.

The cost associated with each section is determined by the No. of positions in ‘each section’ divided by the ‘total No. of positions’. The Administrative section of the budget is divided out in the same manner.

**Findings:**

6a. The following table shows the differences in overhead calculation for the Training for fiscal years 2020, 2021 and 2022:

**OVERHEAD COSTS - TRAINING**

	<b>Original County Allocation</b>	<b>Recalculation using Adopted Budget</b>	<b>Recalculation using Amended Budget</b>	<b>Recalculation using Actual Amounts</b>
<b>Overhead Costs</b>				
<b>Fiscal Year 2020</b>				
Training	\$ 352,431	\$ 350,239	\$ 350,239	\$ 146,194
<b>Fiscal Year 2021</b>				
Training	\$ 348,765	\$ 409,327	\$ 351,090	\$ 347,996
<b>Fiscal Year 2022</b>				
Training	\$ 414,127	\$ 493,097	\$ 425,313	\$ 419,878

7. **Inspections – We reviewed the schedule of inspections and the associated costs for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.**

Inspections

Uses the Inspection portion of the CRRD budget less the budgeted total department Inspection fees and False Alarm Fees then multiplied by the **% of Inspections**. The County assigns one full time existing Inspector to Jupiter, however, the allocation is based on a percentage of the total Inspection budget.

Investigations

Uses the Investigation portion of the CRRD budget then multiplied by the **% of Investigations**. The County assigns one full time existing Inspector to Jupiter, however, the allocation is based on a percentage of the total Investigation budget.

**Findings:**

7a. The following table shows the differences in overhead calculation for the inspections and investigations for fiscal years 2020, 2021 and 2022:

**OVERHEAD COSTS - INSPECTIONS AND INVESTIGATIONS**

	<b>Original County Allocation</b>	<b>Recalculation using Adopted Budget</b>	<b>Recalculation using Amended Budget</b>	<b>Recalculation using Actual Amounts</b>
<b>Overhead Costs</b>				
<b>Fiscal Year 2020</b>				
Inspections	\$ 310,078	\$ 246,091	\$ 246,091	\$ 233,885
Investigations	45,583	-	-	-
<b>Fiscal Year 2021</b>				
Inspections	\$ 739,051	\$ 375,779	\$ 375,779	\$ 344,667
Investigations	49,734	51,771	51,771	46,831
<b>Fiscal Year 2022</b>				
Inspections	\$ 608,192	\$ 342,571	\$ 299,311	\$ 290,457
Investigations	48,824	41,299	6	36,425

8. **Plan Reviews – We reviewed the schedule of plan reviews for the fiscal years ended September 30, 2020, 2021 and 2022 and compared the amounts charged to the cost calculation.**

Plan Review

Uses the Plan Reviews portion of the CRRD budget less the budgeted total department Plans Review fees then multiplied by the % of Plans Reviewed. The County assigns one full time plans reviewer and one full time new construction inspector to Jupiter, however, the allocation is based on a percentage of the total Plans Review budget.

**Findings:**

8a. The following table shows the differences in overhead calculation for the Plans Review for fiscal years 2020, 2021 and 2022:

**OVERHEAD COSTS - PLANS REVIEW**

	<b>Original County Allocation</b>	<b>Recalculation using Adopted Budget</b>	<b>Recalculation using Amended Budget</b>	<b>Recalculation using Actual Amounts</b>
<b>Overhead Costs</b>				
<b>Fiscal Year 2020</b>				
Plans review	\$ -	\$ 67,491	\$ 67,491	\$ (8,264)
<b>Fiscal Year 2021</b>				
Plans review	\$ -	\$ 66,356	\$ 66,356	\$ (3,346)
<b>Fiscal Year 2022</b>				
Plans review	\$ -	\$ 32,411	\$ 11,945	\$ (48,064)

**9. Public Education – We reviewed the amount of public education charged and the number of public contract hours for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.**

Uses the Public Education portion of the CRRD budget multiplied by the *% of Public Contact Hours*.

**Findings:**

9a. The following table shows the differences in overhead calculation for the Public Education for fiscal years 2020, 2021 and 2022:

**OVERHEAD COSTS - PUBLIC EDUCATION**

	<b>Original County Allocation</b>	<b>Recalculation using Adopted Budget</b>	<b>Recalculation using Amended Budget</b>	<b>Recalculation using Actual Amounts</b>
<b>Overhead Costs</b>				
<b>Fiscal Year 2020</b>				
Public Education	\$ 109,971	\$ 79,949	\$ 79,949	\$ 71,208
<b>Fiscal Year 2021</b>				
Public Education	\$ 52,223	\$ 44,995	\$ 44,995	\$ 40,689
<b>Fiscal Year 2022</b>				
Public Education	\$ 157,908	\$ 33,028	\$ 29,550	\$ 29,121

**10. Operations Management – We reviewed the list of employees and amounts paid to operations management personnel for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.**

Uses the Fire Rescue General Operations, Fire Rescue Emergency Management and Medical Services budgets (4230, 4242 and 4243) which includes the Deputy and Division Chief of Operations, Operations Aide, Division Chief of Emergency Management, Division Chief of Medical Services, support staff, Medical Director and Associate Medical Director liaison, Mobile Integrated Health Program (MIH), ET3 program and OD2A grant support staff for social workers and paramedics in the field. Associated operating costs include bunker gear replacement, and other non-capital medical equipment and maintenance agreements. The Cancer Bill is also in this budget allocation.

**Subtract** the Medical/Health Care Services (object code 3103 from unit 4230) and Casualty Self Insurance Premiums (object code 4502 from unit 4230). This is used in the Overhead and BCC costs.

**Subtract** the Machinery and Equipment (object code 6401 from units 4230, 4242 and 4243). These are used in the Capital (New and Replacement) rolling stock.

Any charge-offs to other cost centers (object code 9626 from units 4230) are added back into the budget and the total is multiplied by the *% of Operational personnel* and again by the *% of unit responses*.

**Findings:**

10a. Difference of \$93,688 noted in FY 2022 between budget (\$10,171,188) and allocation to cost report (\$10,077,500).

The following table shows the differences in overhead calculation for the Operations Management for fiscal years 2020, 2021 and 2022:

**OVERHEAD COSTS - OPERATIONS MANAGEMENT**

	<b>Original County Allocation</b>	<b>Recalculation using Adopted Budget</b>	<b>Recalculation using Amended Budget</b>	<b>Recalculation using Actual Amounts</b>
<b>Overhead Costs</b>				
<b>Fiscal Year 2020</b>				
Operations Management	\$ 1,078,412	\$ 1,049,610	\$ 1,038,950	\$ 517,026
<b>Fiscal Year 2021</b>				
Operations Management	\$ 903,911	\$ 1,045,839	\$ 643,801	\$ 599,467
<b>Fiscal Year '2022</b>				
Operations Management	\$ 632,569	\$ 763,027	\$ 740,311	\$ 637,731

**11. LTD (Long-term Disability) Contributions – We reviewed the list of employees paid LTD contributions and amounts for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.**

This allocation uses the amount transferred into the LTD Plan 1304 (object code 9056 from unit 4290) and multiplies it by the % of Operational personnel (since only operational employees qualify for LTD) and multiplies it again by the % of unit responses.

**Findings:**

11a. The following table shows the differences in overhead calculation for the Long-Term Disability Contributions for fiscal years 2020, 2021 and 2022:

**OVERHEAD COSTS - LTD (LONG-TERM DISABILITY)**

	<b>Original County Allocation</b>	<b>Recalculation using Adopted Budget</b>	<b>Recalculation using Amended Budget</b>	<b>Recalculation using Actual Amounts</b>
<b>Overhead Costs</b>				
<b>Fiscal Year 2020</b>				
LTD (Long-term Disability Contributions)	\$ 14,587	\$ 44,687	\$ 44,687	\$ 44,687
<b>Fiscal Year 2021</b>				
LTD (Long-term Disability Contributions)	\$ 53,104	\$ 61,442	\$ 61,442	\$ 61,442
<b>Fiscal Year 2022</b>				
LTD (Long-term Disability Contributions)	\$ 57,925	\$ 69,228	\$ 69,228	\$ 69,228

**12. Capital Costs – We reviewed the schedule of capital costs for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.**

Capital Costs, New and Replacement:

Uses any Machinery and Equipment (object code 6401 from units 4230, 4242 and 4243), which includes all rolling stock of equipment and new or and replacement vehicles (to include Engines, Rescues, Aerials, Brush trucks and support vehicles). Includes capital medical equipment purchases such as life packs and Lucas devices.

This does not include buildings, land or renovations/repair costs over \$200,000 that are in the Capital Improvement Plan (CIP) as there is no allocation to Jupiter for these costs (for example; roofs, large renovations, land purchases and new/replacement fire stations or other buildings).

Less any Carry-over \$\$ and the total is multiplied by the % of buildings and again by the % of unit responses.

**Findings:**

12a. The following table shows the differences in overhead calculation for the Capital costs for fiscal years 2020, 2021 and 2022:

**CAPITAL COSTS**

	<b>Original County Allocation</b>	<b>Recalculation using Adopted Budget</b>	<b>Recalculation using Amended Budget</b>	<b>Recalculation using Actual Amounts</b>
<b>Fiscal Year 2020</b>				
Capital Costs	\$ 704,014	\$ 685,030	\$ 649,440	\$ 787,810
<b>Fiscal Year 2021</b>				
Capital Costs	\$ 605,173	\$ 644,579	\$ 871,571	\$ 661,922
<b>Fiscal Year 2022</b>				
Capital Costs	\$ 568,762	\$ 714,347	\$ 1,019,037	\$ 362,168

**13. Revenue Credits – We reviewed the schedule of the amount of revenue credits (fees collected for: a) Hazardous materials cost mitigation services; b) Fees for non-emergency services, including impact fees, fire inspection fees, plan review fees, false alarm fees, etc. and c) Emergency transport services fees for the fiscal years ended September 30, 2020, 2021 and 2022 and compared amounts to the cost calculation.**

**Findings:**

13a. There was no support to show how Jupiter is receiving their portion of impact fees collected. The other revenue credits were agreed to supporting schedules.

14. We reviewed the calculation for costs for increasing number of personnel on duty at all times, if applicable (Note: This only pertains to the fiscal year 2021 calculation).

**Findings:** No findings noted.

**Overall Findings:**

Table 1- Overall Differences per “Full Cost Allocation Methodology” per County Invoice (Exhibit A) of Interlocal Agreement’ below shows the difference between the amounts submitted to the Town in the original cost allocation and the calculation amounts for the various scenarios. The amounts were calculated based on original adopted budget, amended budget and actual amounts. This table does not consider the revenue credits.

**TABLE 1  
OVERALL DIFFERENCES PER FULL COST ALLOCATION  
METHODOLOGY WITHOUT REVENUE CREDITS  
PER COUNTY INVOICE (EXHIBIT A) OF INTERLOCAL AGREEMENT**

	<u>Recalculation Using Original Adopted Budget</u>	<u>Recalculation Using Amended Budget</u>	<u>Recalculation Using Actual Amounts</u>
<b>Fiscal Year 2020</b>			
Calculated amount per contract	\$ 22,976,029	\$ 22,957,986	\$ 21,645,552
Costs Charged per Jupiter contract	<u>22,294,445</u>	<u>22,294,445</u>	<u>22,294,445</u>
Over (under) charge	<u>\$ (681,584)</u>	<u>\$ (663,541)</u>	<u>\$ 648,893</u>
<b>Fiscal Year 2021</b>			
Calculated amount per contract	\$ 24,635,389	\$ 24,622,852	\$ 24,055,203
Costs Charged per Jupiter contract	<u>24,525,305</u>	<u>24,525,305</u>	<u>24,525,305</u>
Over (under) charge	<u>\$ (110,084)</u>	<u>\$ (97,547)</u>	<u>\$ 470,102</u>
<b>Fiscal Year 2022</b>			
Calculated amount per contract	\$ 22,878,672	\$ 25,921,105	\$ 25,746,382
Costs Charged per Jupiter contract	<u>22,668,357</u>	<u>22,668,357</u>	<u>22,668,357</u>
Over (under) charge	<u>\$ (210,315)</u>	<u>\$ (3,252,748)</u>	<u>\$ (3,078,025)</u>

Analysis with Revenue Credits

The amount of the over/under charge was also calculated based on the revenue credits for the EMS transport fees which was not reflected in the County Full Cost Allocation Methodology per Exhibit A of the Agreement. See Table 2 – Overall Difference in Amounts Charged with Revenue Credits Included below.

Based on the analysis of the contract and recalculation, we noted the Town was under charged \$681,584 and \$210,315 for fiscal years 2020 and 2022 and over charged \$57,265 for fiscal year 2021. This calculation uses the original adopted budget by the County.

If the calculation was based on the amended budget, the Town was under charged by \$663,541 and \$3,289,704 for fiscal years 2020 and 2022 and over charged \$69,802 for fiscal year 2021.

If the calculation was based on actual amounts, the Town was over charged by \$601,643 in fiscal year 2020, under charged by \$475,453 for fiscal year 2021, and under charged by \$2,871,328 for fiscal year 2022.

The following is the difference in the calculation amounts and the charged amounts for the various scenarios after applying the EMS fees revenue credit.

**TABLE 2**  
**OVERALL DIFFERENCE IN AMOUNTS CHARGED WITH REVENUE CREDITS**

	Recalculation Using Original Adopted Budget	Recalculation Using Amended Budget	Recalculation Using Actual Amounts
<b>Fiscal Year 2020</b>			
Calculated amount per contract	\$ 21,404,568	\$ 21,386,525	\$ 20,121,341
Costs Charged per Jupiter contract	<u>20,722,984</u>	<u>20,722,984</u>	<u>20,722,984</u>
Over (under) charge	<u>\$ (681,584)</u>	<u>\$ (663,541)</u>	<u>\$ 601,643</u>
<b>Fiscal Year 2021</b>			
Calculated amount per contract	\$ 21,924,704	\$ 21,912,167	\$ 22,457,404
Costs Charged per Jupiter contract	<u>21,981,969</u>	<u>21,981,969</u>	<u>21,981,969</u>
Over (under) charge	<u>\$ 57,265</u>	<u>\$ 69,802</u>	<u>\$ (475,435)</u>
<b>Fiscal Year 2022</b>			
Calculated amount per contract	\$ 21,383,009	\$ 24,462,398	\$ 24,044,022
Costs Charged per Jupiter contract	<u>21,172,694</u>	<u>21,172,694</u>	<u>21,172,694</u>
Over (under) charge	<u>\$ (210,315)</u>	<u>\$ (3,289,704)</u>	<u>\$ (2,871,328)</u>

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Interlocal Agreement, for the fiscal years ended September 30, 2020, 2021 and 2022. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Town Council, Town Manager and management of the Town and is not intended to be and should not be used by anyone other than those specified parties.

*Marcum LLP*

Town of Jupiter, Florida  
June 28, 2023

## Appendix A – Formula Cost Allocations Summary

We obtained an understanding of the Interlocal Agreement cost calculation and interviewed the Director of Finance and Planning and the Executive Assistant to the Fire Chief who works in the Palm Beach County Board of County Commissioners (BOCC) Fire Rescue Division. The Director of Finance and Planning walked-through the cost calculation and the methodology utilized by the County to determine the amount of the contract price for services to be billed to the Town.

The Director of Finance and Planning mentioned the Interlocal Agreement between the County and Town has been in effect since 1997. The current Interlocal Agreement for Fire services between the County and Town began on October 1, 2013 and expires September 30, 2023. There has also been turnover of various County Directors or Department heads and supporting personnel who were involved in putting the cost calculation together in the prior years. Per the County representatives, all the parties involved in the development of the original cost calculation from both the Town and County are no longer employed, with the previous employees either being retired or moving to other employment. The Interlocal Agreement states the contract price for the services rendered is calculated on an annual basis using the *full cost formula*. The Interlocal Agreements references “Exhibit A” of the Agreement. Exhibit A provides a listing of the elements that make up the “*Full Cost Allocations Methodology*”. There are no descriptions or definitions in the Agreement on how these elements are to be calculated. For example, when we initially requested the support for each year of our engagement (FY 2020, FY 2021 and FY 2022), the County representatives stated that the information is from two years prior to the fiscal year being billed. We noted data for the cost calculation is derived from the last completed fiscal year when the Jupiter Cost Methodology Budget is being prepared.

The Interlocal Agreement states that the costs of the fire services are to be allocated based on methodology determined fair and reasonable between the parties. The Town's contract price for this Agreement is calculated on a *full cost formula* methodology which is calculated using a percentage of the County’s Battalion No.1 Fire Department budget based on the percentage of “*Unit Responses*” within the Jupiter Municipal Service Taxing Unit (“MSTU”) boundaries.

Fire Rescue MSTU is a dependent district (the “District”) under the control of the Board of County Commissions which created to pay for the fire services. The County levies a millage to all property owners in the unincorporated portion of the County and all residents of municipalities that have elected to the join the District that provide the fire and EMS services. The County has a special revenue fund called the Municipal Service Taxing District Fund which accounts for the revenues/costs used in the unincorporated areas of the County for services rendered. The County has a separate Fund (Fund 1301) which accounts for the Fire Rescue Jupiter MSTU.

The full cost allocation methodology uses the following components:

**Direct Costs:**

The Town is charged a percentage of the Battalion No. 1 budget. Battalion No. 1 consists of seven fire stations and multiple fire departments that cover the northern geographical area of the County. The Battalion No. 1 covers the Town of Jupiter as well as other municipal areas. The other municipalities covered by Battalion No. 1 includes support for the City of Palm Beach Gardens, Village of Tequesta, Town of Juno Beach, Town of Lake Park and certain unincorporated areas of the County. The allocation of the Battalion No. 1 budget to the Town is based on the response calls for the Town of Jupiter over the total number response calls for Battalion No. 1.

The Battalion No. 1 budget covers the “*direct costs*” of budgeted personnel costs (salaries and fringe benefits) and a portion of the “*operating and capital costs*”. Battalion No. 1 budget includes the following seven station numbers: 14, 15, 16, 18, 19, 17 and 68).

Stations 14, 15, 16, 18, 19 cover the Jupiter area.

- Station No. 14 – 12015 Indiantown Road, Jupiter, FL 33478
- Station No. 15 – 12870 U.S. Highway 1, Juno Beach, FL 33408
- Station No. 16 – 3550 Military Trail, Jupiter, FL 33458
- Station No. 18 – 777 N. Highway 1, Jupiter, FL 33477
- Station No. 19 (HQ) – 322 N. Central Blvd, Jupiter, FL 33458

Stations not included as part of the allocation:

- Station No. 17 – 8130 N. Jog Road, West Palm Beach, FL 33412
- Station No. 68 – 1000 Park Avenue, Lake Park, FL 33403

Stations No.17 and No. 68 do not cover Jupiter but are part of Battalion No.1. The personnel costs for stations No. 17 and No. 68 are backed out of the total Battalion No.1 budget. The County receives a download of all the personnel assigned to Battalion No.1. The cost of personnel assigned to stations No. 17 and No. 68 are sorted from the total personnel and the costs of the stations No.17 and No. 68 personnel are totaled and removed or taken out of the total personnel costs for Battalion No. 1.

For the “*operating and capital costs*” for Battalion No. 1, the operating and capital costs total is divided by the seven (7) stations to reach a per station cost (Cost per station) and then multiplied by five (5) stations (stations No.14, No.15, No.16, No.18, No.19) that cover the Town of Jupiter area.

The hazardous material remittance from the Solid Waste Authority (“SWA”) is subtracted from the total costs. The County receives revenue from SWA for hazardous material disposal which is allocated 25% between the County’s four (4) fire hazard teams (West Palm Beach, Boca/Delray, and two (2) PBCFR teams) that provide hazardous material services.

The “*Direct costs*” amount derived above is then allocated based on the “*percentage of unit responses*”. The Town is charged a based on the “*percentage of unit responses*” (applicable to the Town of Jupiter). The ‘*direct costs*’ from Battalion No. 1’s original budget less the amount of personnel and operating costs for Stations No.17 and No. 68 less ¼ (25%) of the SWA hazardous material disposal funding is totaled (Direct Cost Amount for Jupiter Allocation) and this direct cost amount is multiplied by the percentage of unit responses applicable to Jupiter.

See summary of direct cost formula below:

*Direct Costs =*

- a. *Battalion No. 1 Budgeted personnel cost (salaries and fringe benefits) less the personnel costs of stations No. 17 and No. 68.*
- b. *+ Operating costs of Battalion No. 1 /(divided by) 7 stations x 5 stations (No. 14, No. 15, No. 16, No. 18, No. 19) applicable to Jupiter*
- c. *- SWA remittance(25% credit to Jupiter)*

*Subtotal (a + b + c) x % of Unit Responses in Jupiter = Direct Costs*

#### **Overhead Costs (Indirect Costs):**

The County also charges cost to cover overhead (indirect costs) associated with this contract. Overhead costs are those cost not directly related to the fire Battalion No. 1 costs, but are necessary for the operation of the fire services. The overhead costs take the budget for each of the other County supporting service areas and departments and prorates a portion of these costs to the Town using one or more of the following methods.

- Chief’s Office costs x (% of Personnel) x (% of Unit Responses)
- Fiscal/Planning costs x (% of Personnel) x (% of Unit Responses)
- Overhead and BCC Indirect costs x (% of Personnel) x (% of Unit Responses)
- Human Resources costs x (% of Personnel) x (% of Unit Responses)
  
- Support services – Vehicle Maintenance costs x (% of vehicles) x (% of Unit Responses)
- Support services – Building Maintenance costs x (% of Buildings) x (% of Unit Responses)
  
- Training cost x (% of Personnel) x (% of Unit Responses)
- Inspections costs x (% of Inspections)
- Investigation costs x (% of Investigations)
- Plans Review costs x (% of Plans Reviewed)
- Public Education costs x (% of Public Contract Hours)
  
- Operation Management costs x (% of Personnel) x (% of Unit Responses)
- Dispatch costs x (% of calls)
- LTD (Long Term Disability) Contributions costs (% of Personnel) x (% of Unit Responses)

The formula can be summarized as follows:

*Sum of above indirect costs (per above categories allocated based on the applicable percentage to Jupiter) = Total Overhead Costs*

### **Capital Costs:**

There are two type of capital costs allocated per the Agreement.

Machinery and Equipment - Machinery and Equipment includes all costs over \$5,000 for rolling stock of equipment and new or replacement vehicles (to include Engines, Rescues, Aerials, Brush trucks and support vehicles). Includes capital medical equipment purchases such as life packs and Lucas devices.

Buildings and Improvements – This includes the cost of buildings, land or renovations/repair costs less than \$200,000. The County does not allocate cost of buildings, land or renovations/repair cost over \$200,000.

The formula can be summarized as follows:

*Capital (New and Replacement) costs x (% of Stations) x (% of Unit Responses)*

### **Revenue Credits**

The interlocal agreement states (Section 3, C.), the County shall retain the right to charge, collect and retain all revenues for services rendered by Fire-Rescue within the Town, including but not limited to:

- a) Hazardous Material mitigation services,
- b) Fees for non-emergency services, including but not limited to impact fees, fire inspection fees, plan review fees, false alarm fees, etc.
- c) Emergency transport services pursuant to the County’s fee schedule.

### **Summary of the Cost Allocation Methodology**

Total Costs Jupiter Contract = Sum of Direct Costs + Indirect Costs + Capital Cost

Less: Revenues credits

Less: Cost for increasing number of personnel on duty at all time

= Net Costs Jupiter Contract

The original amounts charged to the Town were \$22,294,445, \$24,692,655 and \$22,668,357 for the fiscal years ended September 2020, 2021 and 2022, respectively. The percentage of Unit Responses used for cost calculation was 67.57%, 68.26%, and 67.89% for fiscal years ended 2020, 2021 and 2022, respectively.