

**CITRUS COUNTY
CLERK OF THE CIRCUIT COURT AND COMPTROLLER**

**Internal Auditing Services for
Fire/Rescue Service Business Processes**

October 2, 2017

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October 2, 2017

Ms. Angela Vick
Citrus County Clerk of the Circuit Court and Comptroller
110 North Apopka Avenue
Inverness, Florida 34450

Dear Ms. Vick:

As requested by the Citrus County Clerk of the Circuit Court and Comptroller (the Clerk and Comptroller), we have completed our engagement, the objectives of which were to:

- Obtain an adequate understanding of the interlocal agreement between the Board of County Commissioners of Citrus County (BOCC) and the Citrus County Sheriff's Office (CCSO) for the delivery of fire/rescue services.
- Verify the fire/rescue service revenues were properly recorded by the CCSO for the period of October 1, 2015 through April 30, 2017.
- Verify, for the period of October 1, 2015 through April 30, 2017, that expenditures of fire/rescue funds were in compliance with the interlocal agreement by testing payroll expenditures, operating expenditures, and transfers.

Our report is intended solely for the Clerk and Comptroller's management, the BOCC, BOCC management, Citrus County Sheriff, and CCSO management, and is not intended for any purpose other than to assist you with the items mentioned above. Consequently, our report is limited for your information and use only, and should not be used by anyone else. In addition, our report is based on current circumstances. We have no responsibility to update our report for events and circumstances that occurred after October 2, 2017.

Respectfully submitted,

CliftonLarsonAllen LLP



Michael E. Carter, CPA
Principal
863-680-5614

I. SCOPE AND METHODOLOGY

The scope of the audit covered the period from October 1, 2015 to April 30, 2017. CliftonLarsonAllen (CLA) interviewed the following employees:

- Sheriff's Office Finance Director
- Fire Chief
- Sheriff's Office Accounting Supervisor
- Sheriff's Office Accounts Payable and Inventory Clerk
- Various Fire Fighters
- Additional personnel were spoken to for corroboration and additional questions specifically related to certain transactions and/or events

An adequate understanding was developed of the interlocal agreement between the BOCC and CCSO for the delivery of fire/rescue services. This was done through obtaining and reading the interlocal agreement and inquiry of personnel.

For the evaluation of fire/rescue revenue, CLA reviewed the flow of funds from the Citrus County Tax Collector's Office to the BOCC, and from the BOCC to the CCSO.

For the evaluation of expenditures, our methodology included intensive analytical testing of data whereby we obtained a report listing all transactions that were recorded in the Fire Rescue Fund of the CCSO for the audit period of October 1, 2015 to April 30, 2017. All transaction records of the Sheriff's Fire Rescue Fund were imported into IDEA Software and subjected to a series of queries and reports to identify unusual activity during the audit period.

The methodology also included inspecting specific transactions outside the audit period that came to our attention via requests from the public and through discussions with personnel.

I. SCOPE AND METHODOLOGY (CONTINUED)

In total, 838 transactions totaling \$2,455,278 were tested for proper recording and supporting documentation. Included in our sample of 838 transactions were 75 allocated costs. Our testing of cost allocation was limited to the sample selection from the Fire Rescue Fund. CCSO management would not provide general ledger detail for any funds other than the Fire Rescue Fund. Had we been provided general ledger detail from other funds, we would have been able to perform more extensive analysis and testing of allocated costs.

II. SUMMARY OF RESULTS

Except as noted in Finding 001, we determined that the fire/rescue service's revenues and expenditures were in compliance with the interlocal agreement and properly recorded. In addition, as noted in Finding 002, we could not find any specific reporting of fire/rescue service's activities in accordance with Article 9 of the interlocal agreement.

Additional transactions, outside the audit period of October 1, 2015 to April 30, 2017, were investigated based on specific requests and discussions that occurred during the engagement. The results from our investigation of these transactions are included in the findings and observations in Section IV.

III. OVERVIEW OF THE PROCEDURES PERFORMED

Revenues

Property taxes restricted for fire/rescue services are collected by the Citrus County Tax Collector and periodically remitted to the Fire Special Taxing District (District), which is a blended component unit of the BOCC. In addition, fire assessments are collected by the District. The District makes a monthly transfer to the CCSO where it is deposited into the Fire Rescue Fund. To verify that these transactions were properly recorded, we performed the following tests:

- Funds remitted by the Citrus County Tax Collector during the audit period were reconciled to receipts recorded by the District. No exceptions were noted.
- Disbursements made by the District during the audit period were reconciled to receipts recorded in the CCSO's Fire Rescue Fund. No exceptions were noted.

III. OVERVIEW OF THE PROCEDURES PERFORMED (CONTINUED)

Revenues (continued)

During our testing, it was noted that during the fiscal year ended September 30, 2016, \$237,921 was withheld from the Fire Services Fund by the BOCC for indirect costs and retained in the general fund of the BOCC. Of this amount, \$82,936.60 represented indirect charges related to CCSO salaries. For more details see Observation 001 in Section IV.

Expenditures

Expenditures of fire/rescue funds were analyzed and determined to be properly recorded by the CCSO for period of October 1, 2015 through April 30, 2017. The funds were expended in compliance with the interlocal agreement and procedures were applied to specifically review categories as follows:

- Payroll expenditures
- Operating expenditures
- Transfers
- Cost allocation charges

Payroll Expenditures

A payroll analysis was performed on two specific payroll runs examining all personnel allocated to the Fire Rescue Fund. Fire/Rescue service personnel expenditures were verified to be legitimate by reviewing employee files with Human Resources at the CCSO. Rates and supplemental amounts were traced to supporting documentation. See Finding 001 for an item of note as it relates to cost allocation.

Operating Expenditures and Transfers

Operating expenditures and transfers were subjected to multiple queries and tests. Samples were drawn based on different criteria in response to different risks as follows:

- Top Vendors – Top vendors used, based on dollars expended and the amount of transactions, were reviewed for reasonableness. A sample of 105 transactions totaling \$960,749 was selected. Supporting documentation was examined to determine reasonableness and proper recording.

III. OVERVIEW OF THE PROCEDURES PERFORMED (CONTINUED)

Operating Expenditures and Transfers (continued)

Top 10 Vendors by Expenditure

VENDOR	EXPENDITURES	COUNT*
Pierce Manufacturing Inc.	\$ 451,568.00	1
Citrus County BOCC	241,010.00	3
Citrus County Property Appraiser	223,603.94	9
Nick Nicholas Ford Inc.	112,883.02	15
Florida Sheriffs Multiple Employers Trust	95,874.00	3
Bennett Fire Products Co.	61,059.00	17
FL Sheriff's Risk Management Fund	60,553.65	8
Municipal Emergency Services Inc.	58,452.60	71
Alpine Software	49,000.00	1
Duke Energy	47,656.24	234

Top 10 Vendors by Transaction Count

VENDOR	EXPENDITURES	COUNT*
MWM Lawn Care & Tractor Service	\$ 14,227.52	420
Grainger	25,868.53	263
Duke Energy	47,656.24	234
SunTrust Bankcard (P-Card)	41,314.59	222
Home Depot	20,025.53	186
Lowe's	10,253.09	183
Bright House Network	14,267.60	156
Sew What By Debbi	2,443.00	131
Document Technologies of NCF, LLC	8,995.29	126
Citrus County Utilities	7,565.27	108

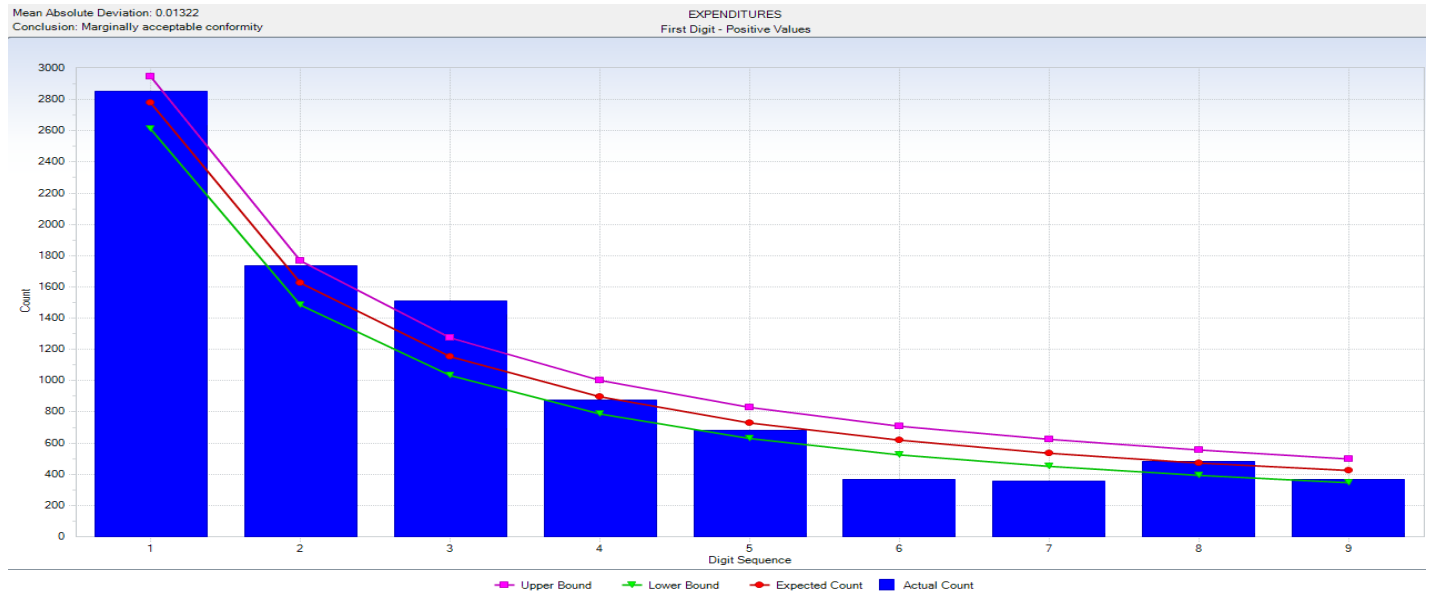
**Count is defined as the number of line item entries within the general ledger.*

- Bankcard – Top vendors paid by a bankcard were analyzed. A sample of 73 transactions totaling \$24,052 was selected and supporting documentation reviewed.
- Predictive – Recurring transactions such as utilities were tested against the expected monthly transactions to occur based on the number of locations.

III. OVERVIEW OF THE PROCEDURES PERFORMED (CONTINUED)

Operating Expenditures and Transfers (continued)

- Benford's Analysis – Benford's law, also called the first-digit law, is an analysis of the frequency distribution of leading digits in many real-life sets of numerical data. The law states that in many naturally occurring collections of numbers, the leading significant digit is likely to be small. This analysis was applied to the entire population.



- Monthly – Data was analyzed to review the amount of transactions and dollars moving on a monthly basis. Unusual variances were investigated.
- Repairs and Maintenance – Our sample included 60 expenditures coded to repairs and maintenance totaling \$79,627. Supporting documentation was examined to determine the reasonableness and proper recording of repairs and maintenance transactions.
- Keyword – Specific keywords were searched for within the population to identify certain transactions.

Cost Allocation Charges

Cost allocations were recorded by the CCSO for different types of expenditures. Allocation rates and how they were applied were tested against the underlying data for reasonableness and consistency of application. See Finding 001.

III. OVERVIEW OF THE PROCEDURES PERFORMED (CONTINUED)

Cost Allocation Charges (continued)

Allocation rates noted in our testing were applied as follows:

- Certain information technology purchases such as spam filters and the additional health insurance reserve funding were allocated to fire/rescue services at a rate of 19% based on the total Sheriff's Office employee count. The 19% allocation was tested and deemed an accurate percentage for employee count.
- Certain fleet costs were allocated as 1/3 fire/rescue services and 2/3 law enforcement. We were not provided sufficient support to determine the rationale for this allocation.
- The East Side Gym had costs that were split 64% law enforcement and 36% fire/rescue services. We were not provided sufficient support to determine the rationale for this allocation.
- The West Side Gym had costs that were split 36% law enforcement and 64% fire/rescue services. We were not provided sufficient support to determine the rationale for this allocation.
- In addition to the fire chief and firefighters who were allocated to fire/rescue services, the positions listed below were also allocated to fire/rescue services:
 - 1 employee from Human Resources
 - 1 employee from Finance
 - 1 employee from Training
 - 1 employee from Information Technology
 - 2 employees from Special Operations

Additional Work Performed Outside the Engagement Period

During our engagement, specific transactions and events were brought to our attention. These specific transactions are identified and described below:

- The helicopter hoist was overhauled during the fiscal year ending 2014 at a cost of \$58,105. See Finding 001-1.

III. OVERVIEW OF THE PROCEDURES PERFORMED (CONTINUED)

Additional Work Performed Outside the Engagement Period (continued)

- A \$750,000 payment was made on June 26, 2017, of which fire/rescue services paid for 19% (\$142,500), based on employee count, for additional reserve for claims funding. The purpose of the additional claim funding was to increase the claim reserve funding to remain compliant with the requirements of Chapter 112.08, F.S., for the 2016-17 plan year actuarial filing. The actuary advised that additional claim funding will be needed to account for potential reduction in reserve funding and increases in medical and pharmacy claim costs. See Finding 001-5.

IV. FINDINGS AND OBSERVATIONS

Finding - The results of an evaluation of the collected evidence against engagement criteria. Findings can indicate nonconformity with audit criteria, or is an opportunity for improvement.

Observation - Statement of fact made during an engagement and substantiated by objective evidence. Observations identify concerns about practices and procedures.

FINDING 001-1: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS - HOIST

On June 25, 2014, a helicopter hoist was overhauled at a cost of \$58,105, paid from fire/rescue services funds. Information concerning the hoist is as follows:

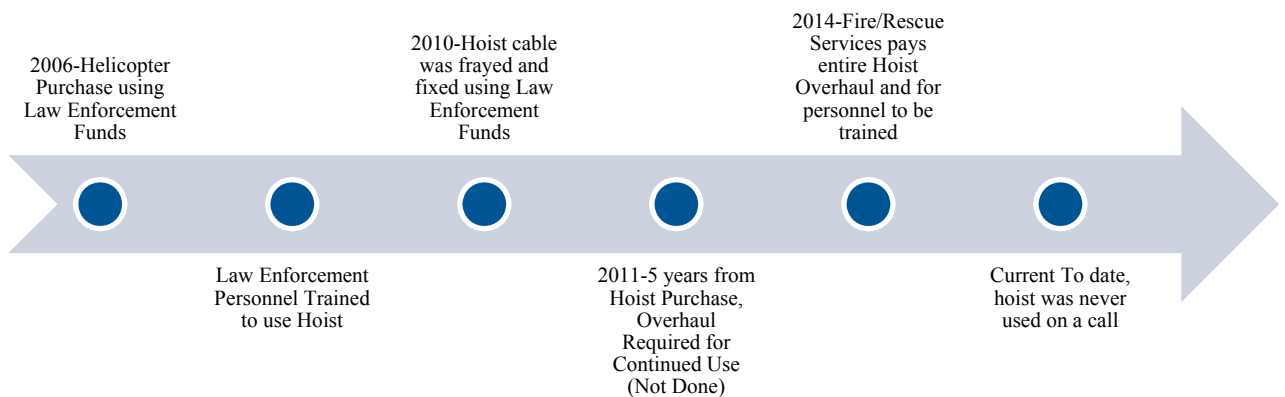
- a. This hoist was originally purchased in 2006 with CCSO funds.
- b. After purchase, law enforcement personnel were trained to use the hoist.
- c. During 2010, as a result of law enforcement training, the cable became frayed and was repaired with law enforcement funds
- d. Subsequently, the pilots employed at that time by the CCSO did not feel comfortable in using the hoist apparatus.
- e. The hoist is required to be overhauled every five years. However, since no pilots were willing to use it, management decided not to overhaul the hoist in 2011.
- f. During 2014, management decided to have fire/rescue service personnel trained to use the hoist. Training costs and the hoist overhaul were paid from fire/rescue funds.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 001-1: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS – HOIST (CONTINUED)

- g. Due to turnover in the pilot position, there was not a pilot on law enforcement staff that was willing to use the hoist after the fire/rescue service personnel training was completed.
- h. Other than training, the hoist has not been used by either law enforcement or fire/rescue.

The timeline below illustrates the information described above:



We were unable to determine why fire/rescue funds paid the entire cost of the hoist overhaul since both law enforcement and fire/rescue personnel had been trained to use the hoist.

Recommendation:

Since law enforcement personnel were also trained to use the hoist and could utilize it, some of the costs should have been shared. We also recommend hiring/training a pilot capable and comfortable with using the hoist, or improving coordination and planning of future significant projects.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 001-1: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS – HOIST (CONTINUED)

Management's Response:

Non-concur with Finding - We disagree with the recommendation that some of the cost of the hoist overhaul should have been shared between Fire and Law. Prior to 2011, Law had utilized the hoist in three training scenarios to determine the functionalities related to SWAT operations. In 2011, upper-management decided to forgo the mandatory overhaul deciding the hoist would no longer be utilized. In 2014, Fire Rescue personnel requested to have advanced training and obtain certification for their Urban Search and Rescue team where hoist operations was part of said training. Due to this request, the hoist had to be in compliance with FAA regulations resulting in the cost to overhaul said apparatus and for this reason Fire Rescue paid for that required overhaul. Only Fire personnel were trained and certified in use and operation of the hoist. After the initial certification training, Fire Rescue continued to use the hoist in training to further develop their skills. Please see fire-training records held by Battalion Chief White for exact dates and times.

If it were not for the desire of Fire Rescue to utilize the hoist, it would not have been overhauled. None of the cost to operate the helicopter or the cost of the pilot incurred during Fire Rescue training was charged to Fire Rescue. Law paid all of these costs.

Auditor's Response:

The helicopter to which the hoist is attached is owned by law enforcement, which shows the shared nature of this operation.

The previous administration was unable to employ a pilot who was willing to fly when the hoist was in use. The hoist has never been deployed in either a law enforcement or a fire/rescue non-training operation. The auditor questions the appropriate use of funds that are restricted to fire/rescue related expenditures.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 001-2: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS - GYM

The two gym facilities that were open to all CCSO employees had costs allocated to fire/rescue services. The East Side Gym expenses were allocated 36% to fire/rescue services and the West Side Gym expenses were allocated 64% to fire/rescue services. Amounts were determined by CCSO management. The West Side Gym sustained flood damage in September 2016. We noted that fire/rescue services paid \$4,436 (64%) of a \$6,931 repair invoice. We also noted that fire/rescue services paid for \$1,262 (64%) of a \$1,973 invoice for West Side Gym supplies that were purchased in November 2016. No supporting documentation was received from the CCSO to explain why fire/rescue was allocated 36% for East Side Gym expenditures and 64% of West Side Gym expenditures when fire/rescue personnel represented 19% of total CCSO employees.

Recommendation:

The gym facilities are open to the entire CCSO, so employee count (19%) would be a more appropriate allocation rate. The gym facilities share building space with certain specific departments so square footage calculations would also be appropriate for certain costs; however, no support for this type of allocation was received.

Management's Response:

Non-concur with Finding - We answered all questions asked about the gyms and provided all documentation asked for during the audit. It was determined that these costs should be shared between Fire and Law since all employees and all of their family members could utilize both gyms. Management determined a fair allocation. For the west side gym, since it is also a fire station, management set the allocation at 64% percent Fire and 36% Law. Two thirds of the station was utilized as a gym, Fire Rescue utilized one third for storage. For the eastside gym, management set the allocation at 64% Law and 36% Fire. The two invoices noted for repairs and supplies for the west side gym followed our set allocation. Also as stated in an email response during the audit, the invoice for \$6,931.00 referenced in Finding 2 was damage to the building from Hurricane Hermine.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 001-2: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS - GYM (CONTINUED)

Management's Response (continued):

This invoice was sent to the County to include in their FEMA reimbursement request. Because it is a County owned building, by FEMA's requirements, it had to be included in the County's request. Our submission of invoice copies to the County did request that once they received reimbursement from FEMA they could at that time reimburse CCSO. To date, we have not received any reimbursement from the County. Additionally, these percentage allocations were spelled out very clearly each year in the budget detail sheets we provided to all County Commissioners, the County Administrator, and the County Budget Director with our Fire Budget submission and our budget was approved as submitted.

Question for the Record:

Upon an inquiry to the BOCC as to the status of FEMA reimbursement, we received a response October 30, 2017, the Office of Budget and Management advised that they did receive FEMA reimbursement in April of 2017 and they retained the funds. A Journal Voucher was only processed on 10/9/17 for the reimbursement received of \$2,781.40 to transfer to Fire. This reimbursement was not remitted to CCSO. A percentage of this should have been given to Law, since the original cost allocation was 64% Fire and 36% Law.

Auditor's Response:

Cost allocation is the process of identifying, aggregating, and assigning costs to cost objects. The methodology should be measurable and equitable and should be based on observable inputs such as headcount, square footage, number of vehicles, etc. The response we received during our audit is listed in Appendix A and is very similar to the response above. In the above response, management stated that they "determined a fair allocation." The CCSO did not provide the requested supporting documentation, i.e., budget detail sheets, which explains their basis for the cost allocations. Therefore, the auditor was unable to substantiate this allocation to measurable criteria, or determine that the allocation was equitable.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 001-3: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS - FLEET

We tested costs related to Fleet facilities, such as utilities or purchases like fencing, that were allocated 1/3 to fire/rescue services and 2/3 law enforcement. The allocation was determined by CCSO management. We requested a listing of law enforcement and fire/EMS vehicles, or other criteria, to determine if this allocation was reasonable; however, the listing of law enforcement vehicles, or other criteria, was not provided. Our testing disclosed a fleet invoice from November 2016 for \$1,762 where fire/rescue services paid \$581.55 (33%). We were not provided a specific description of how this allocation was derived; therefore, we could not validate if this allocation percentage was reasonable.

Recommendation:

Fleet allocations should be based on vehicle count or a cost study which more accurately estimates the difference between law enforcement and fire/rescue service use.

Management's Response:

Non-concur with Finding – We do not agree that the "facility related expenses" should be based on a vehicle count percentage. All vehicle specific expenses were charged 100% to Fire when it was for a Fire vehicle and 100% to Law when it was for a Law vehicle. When Fire moved under the Sheriff, there was a renovation done to accommodate Fire's fleet operation. The building was a total of 5,000 square feet; the addition added to accommodate Fire was 2,500 square feet. Fire utilized all the additional square footage added, plus used another 150 square feet for their tire machine, another 24 square feet in the warehouse storage area, shared the breakroom area, and the bathroom area, all of which was in the original 5,000 square feet. The invoices you note are "facility" related expenses and they follow this allocation. The square footage utilized by Fire is more than 33%. Additionally, these percentage allocations were spelled out very clearly each year in the budget detail sheets we provided to all County Commissioners, the County Administrator, and the County Budget Director with our Fire Budget submission and our budget was approved as submitted.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 001-3: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS – FLEET (CONTINUED)

Auditor's Response:

Management did not provide this square footage breakdown during the audit. The explanation provided to the auditor was vague and unverifiable. See Appendix B for management's response to the auditor's request for support of the allocation percentages.

According to management's response in finding 001-2, budget detail sheets explained the basis of cost allocation. However, these were not provided to the auditor in response to the emails listed in Appendices A and B.

FINDING 001-4: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS – COMPUTER LICENSES

During our testing, we noted 60 Microsoft licenses were purchased with fire/rescue service funds for \$18,721 in May 2016. Other Microsoft licenses were purchased on the same invoice which, per review of the support provided, appeared to be paid for with law enforcement funds. However, we could not trace it to the detail general ledger, as this general ledger detail was not provided by the CCSO. We inquired why 60 licenses were purchased and were told by CCSO management that the licenses had to be purchased for each user, and not for each computer. Based on our research, this is not accurate since the licenses are used on a per computer basis. We requested the computer count of the CCSO for both law enforcement and fire/rescue services, but the listing was not provided. Therefore, we were not able to determine if the purchase of 60 licenses was reasonable.

Recommendation:

Unless there is a compelling reason (such as a volume discount for licenses that will not become obsolete), computer licenses should only be purchased for the computers on hand and for those expected to be purchased in the near-term.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 001-4: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS – COMPUTER LICENSES (CONTINUED)

Management’s Response:

Non-concur with Finding – Upon review of this Finding, we found there was confusion during the audit process with two different IT purchases for Fire Rescue. Please see attached memo (Appendix D) of explanation from our Information Technology Director, as well as email correspondence starting back in May of 2017 with the County's IT department providing details for turning over all Fire related license purchases by Fire to the County to remain with Fire.

Auditor’s Response:

Based on the memo dated October 17, 2017 in Appendix D, there is no finding related to the software license purchase. As demonstrated in the email string in Appendix C, there may have been some confusion on the Sheriff’s side. However, there was a simple request for a listing of computers related to fire/rescue. Nowhere in that string does the Sheriff’s Office provide the auditor with the requested computer count. If the auditor had been provided a listing of fire/rescue computers, as requested on September 11, 2017, this would not have been an issue. However, the CCSO did not provided the requested information until they responded to the audit report.

FINDING 001-5: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS – SELF-INSURANCE RESERVE PAYMENT

A \$750,000 payment was made on June 26, 2017, of which fire/rescue services paid for 19% (\$142,500), based on employee count, for additional claim reserve funding. However, at that time the decision had been made to transfer the fire/rescue services back to the BOCC as of October 1, 2017. As of June 2017, the reserve balance was \$707,032, which is up from \$206,276 at June 2016. In addition, the June 2017 Florida Sheriffs Multiple Employer Trust financial statements for the CCSO included a liability for “claims payable - incurred but not reported” (IBNR), which included fire/rescue services employees, of \$264,737. The purpose of the IBNR is to estimate claims that are incurred prior to the financial statement date, but will not be paid until a future date.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 001-5: ALLOCATION RATES, SPLIT COSTS, AND CONSISTENCY OF THOSE TRANSACTIONS – SELF-INSURANCE RESERVE PAYMENT (CONTINUED)

Recommendation:

A calculation should be made for the additional claim reserve funding related to fire/rescue services. Since fire/rescue personnel became employees of the BOCC as of October 1, 2017, the additional reserve balance relating to these employees should be refunded to the Fire Services Fund once it is transferred to the BOCC.

Management's Response:

Non-concur with Finding - We do not agree that a refund should be issued to the Fire Rescue fund because Fire personnel became employees of the BOCC as of October 1, 2017. This payment into the reserves is necessary for the claims incurred prior to September 30, 2017, a period Fire personnel were part of the Sheriff's Office health plan. Please see attached letter of explanation provided by our Administrators of the Florida Sheriffs Multiple Employers Trust (Appendix E).

Auditor's Response:

As stated in Appendix E, the liability for IBNR, will be established for the period of October 1, 2017 through September 30, 2018 and will include some portion of the estimated claims pertaining to fire/rescue services due to claim lag or runout from claims that have been incurred by fire/rescue services personnel through September 30, 2017 that will be paid after October 1, 2017.

The reserve was calculated with fire/rescue employees included in the census and a portion of the reserve balance at September 30, 2017 is for fire/rescue services personnel. A portion of IBNR also includes estimated claims related to fire/rescue employees. The auditor discussed the above recommendation with the actuary from Wakely, the firm that prepared the actuarial report for the Florida Sheriffs Multiple Employers Trust. The actuary stated that, given the proper information, Wakely could calculate the remaining reserve and IBNR amounts related to fire/rescue personnel after the fire claims runout has been settled. She also stated that they have done this in the past for other groups that have split.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 002: ARTICLE 9 OF THE INTERLOCAL AGREEMENT - MONITORING

Article 9 of the interlocal agreement states, "CCSO and the County Administrator will develop a mutually agreed upon reporting format(s) and reporting period(s) for Fire/Rescue Services whereby CCSO will report its activities to the County Administrator and the Board of County Commissioners. At any time during the term of this Interlocal Agreement, the County Administrator or the Board of County Commissioners shall have the right to request reasonable modifications to the reporting format(s), reporting content, and reporting period(s)." Other than annual budgets and audited financial statements, we are not aware of specific reporting to the BOCC for fire/rescue services activities.

Recommendation:

There is no recommendation since fire/rescue services is being turned over to the BOCC starting in fiscal year 2018.

Management's Response:

Not providing mutually agreed upon reporting by reporting periods developed by CCSO and the County Administrator.

Non-concur with Finding - I have been employed at CCSO in the Finance department since March of 2012, at my time of hire, I was the Senior Accountant and was promoted to Finance Director in September of 2014. While in either position, I was never told of any required special reporting with special reporting periods for Fire Rescue, being mutually agreed upon by CCSO and the County Administrator. We submitted budgets by June 1st of every year, included Fire Rescue in our end of year certified financial report for the state, to include the return of any excess fees given to the Clerk by October 31st of every year, and included fire rescue's financial information in our annual financial reporting to be included in the Comprehensive Annual Financial Report. Throughout my time at CCSO there have been many "specific request" for "specific data" for "specific periods of time" requested at different times by different Commissioners and they were always provided as requested. I feel very strongly that if the CCSO did not comply with some special reporting requirement we would have been sent notification of this. As the Finance Director, I would be aware of such non-compliance issues, yet I never received such notification. It would also be very hard to believe throughout the five-year period Fire Rescue was under the Office of Sheriff, the County Commissioners and the County Administrator would allow a requirement to go unmet.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

FINDING 002: ARTICLE 9 OF THE INTERLOCAL AGREEMENT - MONITORING (CONTINUED)

Management's Response (continued):

If there is some documentation of a mutually agreed reporting format and reporting period that was established by CCSO and the County Administrator we request copies, and if letters or memos exist requesting such reports or noncompliance notifications being sent to CCSO, we also request copies of those.

Auditor's Response:

See Appendix F describing Article 9 of the Interlocal Agreement. The Interlocal Agreement pre-dates the scope of this engagement so we did not investigate whether there was correspondence between the BOCC and the previous Sheriff. However, the auditor was not provided any evidence and could not obtain documentation regarding Article 9.

OBSERVATION 001 – INDIRECT COSTS:

The cost allocation plan that was developed in fiscal year 2014 for Citrus County, Florida was used in fiscal year 2016 to allocate certain indirect costs. This plan included an allocation of costs that incorporated certain law enforcement salaries allocated to fire/rescue services. The BOCC withheld \$237,921 of total indirect costs of the fire/rescue services appropriation and retained this amount in the general fund. Included in that total was \$82,936.60 that related to CCSO salaries.

Recommendation:

Indirect costs charged against fire/rescue services that related to CCSO salaries should be remitted to the CCSO's general fund to reimburse that fund for costs related to fire/rescue services. However, there is no recommendation since fire/rescue services is being turned over to the BOCC starting in fiscal year 2018.

IV. FINDINGS AND OBSERVATIONS (CONTINUED)

OBSERVATION 001 – INDIRECT COSTS (CONTINUED):

Management's Response:

The cost allocation plan that was developed in fiscal year 2014 for Citrus County, Florida was used in fiscal year 2016 to allocate certain indirect costs. This plan included an allocation of costs that incorporated certain law enforcement salaries allocated to Fire Rescue services. The BOCC withheld \$237,921 of total indirect costs of the Fire Rescue services appropriation and retained this amount in the general fund. Included in that total was \$82,936.60 that related to CCSO salaries.

The recommendation stated; indirect cost charged against Fire Rescue services that related to CCSO salaries should be remitted to the CCSO's general fund to reimburse that fund for cost related to Fire Rescue services. However, there is no recommendation since Fire Recuse services is being turned over to the BOCC starting in fiscal year 2018.

Question for the record:

While the audit was being performed by CliftonLarsonAllen, our Accounting Supervisor and myself were questioned on this cost allocation plan and the indirect cost being retained by the County. It was stated that this was not a proper way for this to be handled, that these funds should have been remitted to CCSO, and that this would result in a Finding. We are questioning as to why this only resulted in an "Observation" with "No Recommendation".

Auditor's Response:

As outlined on page seven of this report, a Finding indicates nonconformity with audit criteria, or opportunities for improvement. An Observation identifies concerns about practices and procedures.

The auditor did not state that this was not proper, but stated that we did not understand why indirect costs were handled in this manner, just as is noted in the Finding section above. As opposed to Findings 001 and 002 above, this was considered an observation because the practice did not result in the improper use of restricted funds or noncompliance with the Interlocal Agreement.

OBSERVATION 002 – FOOD AND BEVERAGE PURCHASES:

Fire union meetings were held where food and beverages were provided which, at times, were purchased with fire/rescue service funds.

Recommendation:

We recommend management establish a policy authorizing the usage of funds in this manner to be specifically allowable.

Management's Response:

No response received.

Appendix A

From: [Krieps, Ginger](#)
To: [Jickell, Timothy](#)
Subject: [External] RE: Items for Discussion and Redaction to be Removed
Date: Thursday, July 13, 2017 9:37:58 AM
Attachments: [image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[Follow Up and Remove Redaction.xlsx](#)
[Screen shot of folder.docx](#)

Good Morning Tim,

I will upload the checks that you listed on the 2nd tab of the attached spreadsheet, into the County's web folder for you this morning.

I have made some notes on your follow up question tab.

Fleet is a 1/3 Fire and 2/3 Law

Kensington is a Fire Station that also houses the Entire Agency's Accreditation Department, split 1/3 Law and 2/3 Fire

Station 17 is a Fire Station that also houses the West Side Gym, split 1/3 Law and 2/3 Fire

Ginger Krieps
Accounting Supervisor
Citrus County Sheriff's Office
1 Dr Martin Luther King Jr. Avenue
Inverness FL 34450
(352) 341-7453 direct line



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From: Jickell, Timothy [mailto:Timothy.Jickell@claconnect.com]
Sent: Tuesday, July 11, 2017 5:15 PM
To: Krieps, Ginger <GKrieps@sheriffcitrus.org>
Cc: Seffern, Tracy <TSeffern@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>
Subject: Items for Discussion and Redaction to be Removed

Please see the attached for some additional follow up questions and some items which redaction needs to be removed. More may be selected however per our discussion you wanted them sooner

Appendix A (Continued)

so that you would have time to prepare and hopefully finish sooner.

Regards,

 **Timothy J. Jickell, Senior**
Public Sector, CliftonLarsonAllen LLP

Direct 863-680-5641
timothy.jickell@CLAconnect.com

Main 863-680-5600 x35641, Fax 863-680-5650
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CliftonLarsonAllen LLP

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Appendix A (Continued)

Account	Reference	Description	Expenditures	Question	Notes
4647	72589	1024	581.55	How was the 33% of the fence determined to be paid out of Fire as the total invoice was \$1,762.28.	Fleet
4645	73064	220875	912.00	How was the 19% of the inv determined to be paid out of Fire as the total invoice was \$4,800.00.	Based on employee count
6449	74015	298637	1,137.75	How was the 67% of the inv determined to be paid out of Fire and law pay 33%	Kensington Station: Agency Accreditation
4649	72909	1896051	137.60	How was the 64% of the inv determined to be paid out of Fire and law pay 36%	Station 17: West Side Gym
4443	73694	Jan-17	1,622.92	How was the 33% of the invoice determined to be paid out of Fire and law pay 67%	Fleet

* Columns Account, Reference, Description, Expenditures, and Question were prepared by the auditor and provided to Citrus County Sheriff management. Citrus County Sheriff management added the Notes Column which references the email in Exhibit A.

* Some columns have been hidden in order to fit all of the necessary information onto the same page in order to assist with understanding. Hidden columns were not considered necessary in the understanding of responses by the auditor.

Appendix B

From: [Seffern, Tracy](#)
To: [Jickell, Timothy](#)
Cc: [Krieps, Ginger](#); [Robin Barclay](#); [Carter, Mike E.](#); [Vitt, Elena](#); [Ferrara, Justin](#)
Subject: RE: [External] RE: Vehicle and Computer Count
Date: Tuesday, September 12, 2017 4:18:54 PM

To set the allocation of things like, building lease, electric, garbage, water, building repairs, etc can't be based on vehicle count. We charge all vehicle specific cost to Law or Fire based on the vehicle they are for. The 1/3 - 2/3 split was based on Fleet Operation in its entirety, things like square footage of the building that was added for fire, which also lends to the cost of electric. Also keep in mind there is only one Fire mechanic charged to fire, there is a Division Commander that Fleet falls under, a Fleet supervisor, a fleet coordinator that are 100% charged to law that have duties and responsibilities and support Fire operations as well. So we feel that the allocation is more than justified.

Please let me know if you have any other questions.

From: Jickell, Timothy [mailto:Timothy.Jickell@claconnect.com]

Sent: Monday, September 11, 2017 5:47 PM


To: Seffern, Tracy

Cc: Krieps, Ginger ; Robin Barclay ; Carter, Mike E.

Subject: RE: [External] RE: Vehicle and Computer Count

Vehicle count goes towards the fleet being allocated as 1/3 Fire and 2/3 Law Enforcement.

Computer counts go towards certain IT purchases being made based on employee count at 19%.

 **Timothy J. Jickell, Senior**
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CLAconnect.com



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Wealth Advisors, LLC, an SEC-registered investment advisor.*

From: Seffern, Tracy [mailto:TSeffern@sheriffcitrus.org]

Sent: Monday, September 11, 2017 5:41 PM

To: Jickell, Timothy <Timothy.Jickell@claconnect.com>

Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@claconnect.com>

Subject: [External] RE: Vehicle and Computer Count

Which allocation rates are you trying to substantiate with these counts?

From: Jickell, Timothy [mailto:Timothy.Jickell@claconnect.com]

Sent: Sunday, September 10, 2017 4:36 PM

To: Seffern, Tracy <TSeffern@sheriffcitrus.org>

Appendix C

From: [Barton, Jim W.](#)
To: [Jickell, Timothy](#)
Subject: RE: [External] RE: Vehicle and Computer Count
Date: Friday, September 15, 2017 2:43:17 PM

I briefly researched the Microsoft Office 2016 and SQL server licensing.

Office 2016 is licensed under the desktop application licensing model on a per-device basis. In this model, you could have 10 computers with 30 staff and only need 10 licenses. If you had a couple of spare computers then you would need 12 licenses even if the computers were not assigned to staff. This cost should be divided by the number of computers.

The SQL server software is licensed per server. This cost would be divided by the number of users that access the servers. Using the example above, this cost should be divided by the 30 users and not the 10 or 12 computers.

I would be glad to discuss if you would like.

Jim

From: Jickell, Timothy
Sent: Thursday, September 14, 2017 10:50 AM
To: Barton, Jim W. <Jim.Barton@claconnect.com>
Subject: FW: [External] RE: Vehicle and Computer Count

Thank you in advance for any insight and help you can provide!

 **Timothy J. Jickell, Senior**
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From: Jickell, Timothy
Sent: Thursday, September 14, 2017 10:49 AM
To: Barton, Jim W. <Jim.Barton@claconnect.com>
Subject: FW: [External] RE: Vehicle and Computer Count

078-202932
Fire & Rescue 2017

I attached the support for the Microsoft license information. Another part of the invoice is included in a snip-it in an email in the string below about servers. I can help put this in context if you need when you have time to look at it.

 **Timothy J. Jickell, Senior**
Public Sector, CliftonLarsonAllen LLP
Direct 863-680-5641
timothy.jickell@claconnect.com

Appendix C (Continued)

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 402 South Kentucky Avenue, Suite 600, Lakeland, FL 33801
CLACONNECT.COM



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From: McDow, Kevin [<mailto:KMcDow@sheriffcitrus.org>]
Sent: Tuesday, September 12, 2017 2:51 PM
To: Jickell, Timothy <Timothy.Jickell@clacconnect.com>; Seffern, Tracy <TSeffern@sheriffcitrus.org>
Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@clacconnect.com>
Subject: RE: [External] RE: Vehicle and Computer Count

This was true-up license requirements from Microsoft for servers being utilized for the antira agency so it could not be split according to computers as all users had to access these server applications & databases. So the only way to split the cost was by percentage of employees.

Kevin McDow
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 (352) 341-7408 direct line
 (352) 423-3934 cell



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From: Jickell, Timothy [<mailto:Timothy.Jickell@clacconnect.com>]
Sent: Tuesday, September 12, 2017 11:39 AM
To: Seffern, Tracy <TSeffern@sheriffcitrus.org>; McDow, Kevin <KMcDow@sheriffcitrus.org>
Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@clacconnect.com>
Subject: RE: [External] RE: Vehicle and Computer Count

For that same check, the remaining amounts.

For example, 19% of the \$17,610.64 below:

Item No. Mfg Part No.	Description	Qty Ordered	Qty Shipped	Unit Price	Extended Price
28333570 7NQ-00599 No Media MICROSOFT	SQLSvrStdCore 2014 SNGL MVL 2Lic CoreLic 2014 Windows - Multiple Windows Platform Single Language No Media Software Contract number: ncr Enrollment No.: 91CC77E3 Agreement No.: 8064502 Country of Usage: USA	8	8	2,201.33	17,610.64

Appendix C (Continued)

Also, fleet at 1/3 Fire and 2/3 Law Enforcement. I need the vehicle count or some support to substantiate the reasonableness to that allocation rate.

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From: Seffern, Tracy [<mailto:TSeffern@sheriffcitrus.org>]
Sent: Tuesday, September 12, 2017 10:57 AM
To: Jickell, Timothy <Timothy.Jickell@claconnect.com>; McDow, Kevin <KMcDow@sheriffcitrus.org>
Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@claconnect.com>
Subject: RE: [External] RE: Vehicle and Computer Count

This is correct, this all belongs to Fire and what licenses have not been used will be transferred to the County with Fire. Our IT director has communicated this information to the IT Director at the County. Also I think we addressed this early on in the audit.

Are there any other specific charges for us to explain the allocation method for?

From: Jickell, Timothy [<mailto:Timothy.Jickell@claconnect.com>]
Sent: Monday, September 11, 2017 7:32 PM
To: McDow, Kevin <KMcDow@sheriffcitrus.org>; Seffern, Tracy <TSeffern@sheriffcitrus.org>
Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@claconnect.com>
Subject: RE: [External] RE: Vehicle and Computer Count

Check 70707 to Software House International/SHI where 60 licenses were attributed to Fire.

 **Timothy J. Jickell, Senior**
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Appendix C (Continued)

From: McDow, Kevin [<mailto:KMcDow@sheriffcitrus.org>]
Sent: Monday, September 11, 2017 6:40 PM
To: Jickell, Timothy <Timothy.Jickell@claconnect.com>; Seffern, Tracy <TSeffern@sheriffcitrus.org>
Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@claconnect.com>
Subject: Re: [External] RE: Vehicle and Computer Count

Many programs are based on users not by computer. One computer may have 4 users and therefore require 4 licenses not 1 license. If you will name a specific purchase, then we can explain the charges.

----- Original Message -----

Subject: Re: [External] RE: Vehicle and Computer Count
From: "Jickell, Timothy" <Timothy.Jickell@claconnect.com>
Date: Sep 11, 2017, 6:31 PM
To: "Seffern, Tracy" <TSeffern@sheriffcitrus.org>
This is more for reasonableness. I agree that not all IT purchases are alike. For domains and accounts, each employee has one so I agree that IT purchases for items in relation to that are accurate. However computer specific items, such as programs would be specific to computer, not user.

Tim

Get [Outlook for iOS](#)

From: Seffern, Tracy <TSeffern@sheriffcitrus.org>
Sent: Monday, September 11, 2017 6:23:33 PM
To: Jickell, Timothy
Cc: Krieps, Ginger; Robin Barclay; Carter, Mike E.; McDow, Kevin
Subject: RE: [External] RE: Vehicle and Computer Count

But certain IT purchases take care of all employees, some employees may share a computer but each have an email account, etc so it would not be correct to just base it on computer count. If you can give me the specific charge I would like to give you the explanation of why we used 19%. To justify this on computer count would not be accurate.

From: Jickell, Timothy [<mailto:Timothy.Jickell@claconnect.com>]
Sent: Monday, September 11, 2017 6:13 PM
To: Seffern, Tracy <TSeffern@sheriffcitrus.org>
Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@claconnect.com>
Subject: Re: [External] RE: Vehicle and Computer Count

I am sorry if there was confusion but I was not saying that computer purchases were based on employee count. I stated certain IT purchases were based on that count, such as the Microsoft licenses. The computer counts will assist in determining the reasonableness of this allocation.

Tim

Get [Outlook for iOS](#)

From: Seffern, Tracy <TSeffern@sheriffcitrus.org>
Sent: Monday, September 11, 2017 5:59:42 PM
To: Jickell, Timothy
Cc: Krieps, Ginger; Robin Barclay; Carter, Mike E.
Subject: RE: [External] RE: Vehicle and Computer Count

Appendix C (Continued)

On the computer count, we never charged "computer purchases" based on 19%. So on this question I think I need to know what specific purchase you are looking at so that I can tell you why we used that percentage, but we charged computers for fire to fire and computers for law to law.

From: Jickell, Timothy [<mailto:Timothy.Jickell@claconnect.com>]
Sent: Monday, September 11, 2017 5:47 PM
To: Seffern, Tracy <TSeffern@sheriffcitrus.org>
Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@claconnect.com>
Subject: RE: [External] RE: Vehicle and Computer Count

Vehicle count goes towards the fleet being allocated as 1/3 Fire and 2/3 Law Enforcement. Computer counts go towards certain IT purchases being made based on employee count at 19%.

 **Timothy J. Jickell, Senior**
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From: Seffern, Tracy [<mailto:TSeffern@sheriffcitrus.org>]
Sent: Monday, September 11, 2017 5:41 PM
To: Jickell, Timothy <Timothy.Jickell@claconnect.com>
Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@claconnect.com>
Subject: [External] RE: Vehicle and Computer Count

Which allocation rates are you trying to substantiate with these counts?

From: Jickell, Timothy [<mailto:Timothy.Jickell@claconnect.com>]
Sent: Sunday, September 10, 2017 4:36 PM
To: Seffern, Tracy <TSeffern@sheriffcitrus.org>
Cc: Krieps, Ginger <GKrieps@sheriffcitrus.org>; Robin Barclay <rbarclay@clerk.citrus.fl.us>; Carter, Mike E. <Mike.Carter@claconnect.com>
Subject: Vehide and Computer Count

Good afternoon,

For the Sheriff's Office (Law Enforcement and in total), how many vehicles and computers are there? This information is necessary to help substantiate some allocation rates used.

Thank you and stay safe,

Timothy J. Jickell, Senior
Public Sector, CliftonLarsonAllen LLP

Appendix D



CITRUS COUNTY SHERIFF'S OFFICE
A Nationally Accredited Law Enforcement Agency

SHERIFF
MIKE PRENDERGAST



MEMO

DATE: 10/17/2017

TO:

FROM: Kevin McDow, Director of Information Technology

SUBJ: Explanation of Allocation – Section IV Finding 001: #4

The 60 Microsoft Office 2016 licenses that were purchased with Fire Rescue funds are computer licensed, not user licensed. The amount purchased reflected the approximate number of Fire Rescue computers that were present at the time of purchase and a few additional licenses for anticipated growth. The BOCC Information Services Department were notified of these 60 licenses and have contacted Microsoft and SHI to have their ownership transferred. As of the October 1, 2017 transfer of Fire Rescue back to the BOCC, 61 computers were transferred. The Microsoft Core Cals that were also purchased at the same time were user related and this may be the cause of the confusion on how/why this number of licenses were purchased.

Sincerely,

Kevin McDow
Director of Information Technology
Citrus County Sheriff's Office

Appendix D (Continued)

McDow, Kevin

From: McDow, Kevin
Sent: Tuesday, June 6, 2017 10:21 AM
To: 'SHANNON R. BUDD'
Subject: RE: Fire - Core CALs & Office 2016

Office 2016 - PO1601409
CORE Cals- PO1601410

Kevin McDow
Director of Information Technology
Citrus County Sheriff's Office
1 Dr Martin Luther King Jr. Avenue
Inverness FL 34450-4968
(352) 341-7408 Office
(352) 423-3934 Cell



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From: SHANNON R. BUDD [mailto:SHANNON.BUDD@citrusbocc.com]
Sent: Tuesday, June 6, 2017 10:03 AM
To: McDow, Kevin <KMcdow@sheriffcitrus.org>
Subject: FW: Fire - Core CALs & Office 2016

Good morning Kevin,

Would you please provide us with the PO number SHI is requesting?

Thanks,
Shannon

1

From: Sean Carlin [mailto:Sean_Carlin@SHI.com]
Sent: Monday, June 05, 2017 10:39 AM
To: SHANNON R. BUDD
Subject: RE: Fire - Core CALs & Office 2016

Hi Shannon,

Can you confirm that this is what ultimately needs to happen?

- Move qty 60 office pro plus licenses to the BOCC for Fire
- Move qty 95 CoreCAL to the BOCC for Fire

I am not seeing that quote # 11304508 was processed in our system. Would you be able to confirm the PO number for this?

Thanks,

Sean Carlin | SHI International Corp | Inside Account Manager, Public Sector
Sean_Carlin@SHI.com | <https://www.publicsector.shidirect.com/>
Florida Team Toll Free: 800-543-0432 | Fax: 732-868-6055 | Email: FloridaTeam@shi.com
Southeast Team (AL, GA, SC) Toll Free: 800-715-3197 | Fax: 732-868-6055 | Email: SoutheastTeam@shi.com
North Carolina Team Toll Free: 800-211-0831 | Fax: 800-211-7954 | Email: carolinateam@shi.com

From: "SHANNON R. BUDD" <SHANNON.BUDD@citrusbocc.com>
Date: May 26, 2017 at 9:37:44 AM EDT
To: Tom Miner <Thomas_Miner@SHI.com>
Subject: FW: Fire - Core CALs & Office 2016

Good morning Tom,

Fire Services will be moving back under the BOCC (from the Sheriff) effective 10/1. See email chain below.

Would you please provide the costs of:

- 1) Converting their licenses to our license model
- 2) Converting them to some form of O365 model

Please feel free to contact me should you have any questions.

Thanks,

2

Appendix D (Continued)

Shannon Budd
Systems Administrator
Citrus County Board of County Commissioners
Department of Systems Management
phone: (352) 527-5231

From: McDow, Kevin [<mailto:KMcDow@sheriffcitrus.org>]
Sent: Tuesday, May 23, 2017 4:44 PM
To: SHANNON R. BUDD
Cc: Todd Dunn
Subject: Fire - Core CALs & Office 2016

The attached pdf is our invoice for the Office 2016 purchase. It has the SHI Rep name and info. Of the 350 purchased, 60 were paid for by Fire.

The excel shows our Core CAL purchase. It has the SHI Rep info as well. Of the 500 purchased, 19% (95) of them were paid for by Fire.

Kevin McDow
Director of Information Technology
Citrus County Sheriff's Office
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Appendix E



FLORIDA SHERIFFS MULTIPLE EMPLOYERS TRUST

October 6, 2017

Tracy Seffern
Finance Director
Citrus County Sheriff's Office
1 Dr Martin Luther King Jr Avenue
Inverness, Florida 34450-4968

Dear Mrs. Seffern

In response to our conversation on October 4, 2017, you asked that we review two transactions pertaining to your self-insured health plan as they apply to Fire Services personnel. Fire Services was joined with the Citrus County Sheriff's Office in October 2011, at that time the Citrus County Sheriff's Office had approximately \$1,185,426 in reserve for the payment of claims in the self-insured health plan. The two transactions in question refer to amounts established in the annual actuary filing with the Office of Insurance Regulation in accordance with Florida Statute 112.08.

The first transaction that is in questions pertains to the Incurred But Not Reported (IBNR) claim funding established which included Fire Services Personnel. The IBNR in question was for the October 1, 2016 through September 30, 2017 plan year. As the Fire Services Personnel were active participants through September 30, 2017, no adjustment would be needed for this IBNR calculation. The IBNR is established annually through the Wakely actuary report. The amount that will be estimated for the October 1, 2017 through September 30, 2018 will also include some portion of estimated claim funding pertaining to Fire Services personnel due to claim lag or runout from claims that have been incurred by Fire Services personnel through September 30, 2017 that will be paid after October 1, 2017.

The second transaction in question involves an additional funding amount of \$750,000. The additional funding amount was established based on the Wakely actuary report for the plan year of October 1, 2016 through September 30, 2017 which Fire Services personnel participated during the entire plan year. Upon completion of the additional funding amount, the reserve balance in the self-insured health plan was approximately \$892,689. Therefore, the additional funding balance that was estimated by Wakely in the actuary filing should be fully allocated to the plan reserves that will be necessary for claims incurred prior to September 30, 2017.

We hope that this addresses your concerns, we are able to assist with any further questions.

Sincerely,

Vickie Whaley, REBC
Account Executive
Hunt Insurance Group, LLC
Administrators of the Florida Sheriffs Multiple Employers Trust

★ Hunt Insurance Group, LLC - Administrator

3606 Macley Blvd S., Ste. 204 • Tallahassee, FL 32312 • Toll Free: (800) 763-4868 • Phone: (850) 385-3636 • Fax: (850) 893-7245 • www.firnet.net

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Appendix F

ARTICLE 9 - REPORTING

CCSO and the County Administrator will develop a mutually agreed upon reporting format(s) and reporting period(s) for Fire/Rescue Services whereby CCSO will report its activities to the County Administrator and the Board of County Commissioners. At any time during the term of this Interlocal Agreement, the County Administrator or the Board of County Commissioners shall have the right to request reasonable modifications to the reporting format(s), reporting content, and reporting period(s).