

Johnson County Sheriff's Office

Agreed Upon Procedures

May 31, 2014

Mr. Lawrence L. Ferree, III, President
Ferree, Bunn, Rundberg, Radom & Ridgway, Chartered
9300 Metcalf Avenue, Suite 300
Overland Park, Kansas 66212

We have performed certain agreed upon procedures for the Johnson County Sheriff's Office ("JCSO"). Our services were provided in accordance with the Statement of Standards for Consulting Services promulgated by the American Institute of Certified Public Accountants and, accordingly, do not constitute a rendering by **BKD, LLP** or its partners or staff of any legal advice, nor do they include a compilation, review or audit of financial statements. Because our services are limited in nature and scope, they cannot be relied upon to discover all documents or other information or provide all analyses that may be of importance in this matter. For example, any procedures we perform cannot be relied upon to give assurance that any defalcations or misappropriations that might have taken place will be discovered. Furthermore, we place full reliance upon information provided to us for review or through conversations and interviews with relevant parties, inclusive of, but not necessarily limited to current or past employees and JCSO management.

This report is based on work completed to date. We reserve the right to supplement this report if additional information becomes available.

This report is the property of **BKD, LLP**. This report is solely for the use of JSCO management and should not be used by any other party or for any other purpose without our prior written consent. If any party intends to publish or otherwise reproduce this report and make reference to our firm name, **BKD** must be provided with the printer's proofs and masters for our review and approval before printing or other reproduction and provided with a copy of the final reproduced material for our approval before it is distributed.

BKD, LLP

May 31, 2014

Johnson County Sheriff's Office

Agreed Upon Procedures

May 31, 2014

Engagement Overview

BKD, LLP was hired by Ferree, Bunn, Rundberg, Radom & Ridgway, Chartered (“Counsel”) to provide certain agreed upon procedures related to the Johnson County Sheriff’s Office (“JCSO”). The scope of our work was limited and is attached as Exhibit 5 to this report.

This report is based on information available as of May 31, 2014. Should additional information become available, we may update this report to take into consideration that additional information, although we are not obligated to do so. If so requested by Counsel, we will create exhibits to help explain opinions contained in this report.

Background

The JCSO provides a full range of public safety services including two Adult Detention Centers, Road Patrol, Communications, Investigations, Warrants, Civil Division, a Criminalistics Lab, and many other sections. Although the Office of Sheriff is an elected position, the Sheriff Office’s budget is approved by the Johnson County Board of County Commissioners (“JCBC”) and funded through Johnson County.

In 2013, the JCBC requested Audit Services to conduct a performance audit in the Sheriff’s office with three specific objectives¹:

1. Determine if Sheriff’s Office staffing is at optimum levels. This focused on determining if the JCSO had an optimum mix of sworn and non-sworn personnel and whether sworn personnel occupied positions that could be potentially provided by non-sworn personnel.
2. Evaluate Sheriff’s Office controls and practices for managing and administering overtime.
3. Determine the extent to which the Sheriff’s Office is reimbursed for law enforcement services provided to others.

On February 27, 2014, the Johnson County Auditor issued his report: “Review of Johnson County Sheriff’s Office” (or “JCA’s Audit” or “Audit Report”). The audit recommendations came in five overall areas²:

- Staffing
- Overtime
- Cost and Pricing
- City of Olathe Dispatch Support

¹ Johnson County Auditor, “Review of Johnson County Sheriff’s Office,” February 27, 2014, Introduction letter

² Johnson County Auditor, “Review of Johnson County Sheriff’s Office,” February 27, 2014, Executive Summary “Staffing.”

Johnson County Sheriff's Office

Agreed Upon Procedures

May 31, 2014

The staffing recommendation was for the JSCO to convert specific sworn positions to civilian to yield “significant cost savings without impacting law enforcement effectiveness.”³ The positions include sworn positions (32) in the Communications Division, Alarm Monitoring sworn positions (8), Classifications sworn positions (8), Escort sworn positions (7) and sworn Court Security Screeners (6). The sworn positions would be re-assigned to a “relief pool” to support the 24x7 positions throughout JCSO at regular hourly rates rather than through overtime.

In March 2014, the JCSO submitted a “Request for Additional Resources – Personnel,” or an “RAR” to Johnson County’s Personnel Review Committee, which requested an additional 22 Sworn Deputies and 20 Civilian Specialists for the Detention Centers. In April 2014, the Personnel Review Committee rated both the requests as “high,” or a high level of importance. The JCSO sent these requests to the Johnson County’s Budget and Financial Planning department (“JCBFP”). The response from the JCBFP was to include 20 additional Civilian Specialists in the County Manager’s Proposed FY2015 budget, but not 22 additional Sworn Deputies.

Our procedures focused on evaluating the conversion portion of the staffing recommendation from the JCA’s Report. Additionally, we analyzed the impact of JCSO’s RAR for 22 Sworn Deputies and 20 Civilian Specialists on overtime hours and the JCSO’s budget.

Finding 1

The JCA Report’s conclusion that budget savings resulting from the “conversion” of Sworn Deputies to Civilian Specialists would approximate \$2.923 million annually is overstated. Throughout the Audit Report, the JCA uses the same terminology for savings that are attributable to 1) the conversion from Sworn Deputies to Civilian Specialist; and 2) the reduction of overtime. Both are referred to as “conversion” savings rather than “conversion” savings and “reduction of overtime” savings.

- The JCA Report supports an ongoing annual reduction of \$1.899 million, not \$2.923 million. After the calculation is corrected and updated for the current pay scale, it leaves an ongoing annual budget reduction of \$1.226 million.
- Savings attributable to the conversion from Sworn Deputies to Civilian Specialist is approximately \$376k.
- The remaining \$850k of the savings is attributable to the reduction of overtime with additional staffing, which would take place with sufficient staffing of either Civilian Specialists or Sworn Deputies.

³ Johnson County Auditor, “Review of Johnson County Sheriff’s Office,” February 27, 2014, Executive Summary “Staffing.”

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

Basis for Finding

JCA Report Annual Calculation of Net Cost Reduction

The JCA Report states that “Budget savings (net cost reduction) stemming from the sworn to civilian conversion are significant and are estimated to be \$2.923 million annually, after all identified sworn positions have been converted to civilian.”⁴ However, the Audit Report supports a savings of only \$1,899,000, rather than the \$2,923,000 presented. Exhibit 1 shows the recalculation of the savings from Detention, Court Security and Communications. The following table summarizes the JCA Report’s calculation⁵:

Table 1

	Net Cost Reduction
Alarm Monitoring Post	\$ 350,221
Classifications	318,535
Escort	173,446
Security Screeners	292,334
Communications (Year 3)	<u>764,648</u>
Total Net Cost Reduction	<u>\$ 1,899,184</u>

It is unclear how the JCA Report calculated the \$2.923 million net cost reduction. It may be that they incorrectly used Communication’s combined net cost reduction for Years 1, 2 and 3. However, for a savings “annually,” only Year 3 should be included, which represents the calculated savings when all sworn positions have been converted. It may be that they used “Gross” numbers rather than “Net” numbers, which brings the calculation closer, but not to the \$2.923 million amount. See the calculation of gross savings in Exhibit 26.

Even with these incorrect assumptions, we still cannot recalculate the \$2.923 million stated in the Audit Report.

Updates and Corrections to the JCA Report’s Net Cost Reduction

Exhibit 3 shows the calculation in Exhibit 1 (or JCA’s Original Calculation) with the following changes:

- A) The JCA Report Calculation uses beginning hourly rates from a July 2011 pay table. We have updated the rates used for both Civilian Specialists and Sworn Deputies using the January 2014 pay table.
- B) The JCA Report calculates the number of Sworn Deputies reassigned to the relief pool by dividing the number of hours needed to fully staff the post by the net available working hours, or “NAWH” for Sworn Deputies in that Division. This gives the number of Full

⁴ Johnson County Auditor, “Review of Johnson County Sheriff’s Office,” February 27, 2014, page 3, paragraph 2.

⁵ Amounts may differ slightly from Exhibit 1 due to rounding.

⁶ The calculation of “Gross” numbers uses Year 1 for the number of Sworn Deputies reassigned to the relief pool.

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

Time Equivalent, or "FTEs" needed to staff the posts. Separately, the Audit Report calculates the reduction of overtime costs of one reassigned Sworn Deputy as \$62,833. The Audit Report then multiplies the Sworn Deputy FTEs by the \$62,833 (reduction of overtime costs of one reassigned Sworn Deputy) to arrive at the overtime cost reduction.

We have compared the number of Calculated FTEs to the number of Sworn Deputies that are currently staffing the post, who under the JCA's Report would be available for reassignment to the relief pool:

Table 2

Division	Calculated FTEs	Available Sworn	Difference
Alarm	10.59	8	2.59
Classifications	10.09	8	2.09
Escort	7.06	7	0.06
Security Screeners	<u>8.14</u>	<u>6</u>	<u>2.14</u>
	<u>35.88</u>	<u>29</u>	<u>6.88</u>

The Audit Report has multiplied the 36.69 FTEs by the \$62,833 savings per reassigned Sworn Deputy. However, there are only 29 Sworn Deputies to reassign. It is unclear if the underlying assumption by the JCA is for the JCSO to hire an additional 6.88 Sworn Deputies in order to fully realize the cost savings for each reassigned Sworn Deputy (although the report does not consider the additional personnel cost), or they intend the 29 Sworn Deputies to work overtime to equal that of 36.69 FTEs. Relief pool Sworn Deputies working overtime would defeat the purpose of the relief pool, and it would reduce the \$62,833 reduction of overtime costs of one reassigned Sworn Deputy.

We have adjusted this calculation to include the number of available Sworn Deputies, as the Sheriff's Office cannot reassign more deputies than it employs.

For the reduction of overtime costs of one reassigned Sworn Deputy, JCA used a different number for Court Security than for the other Divisions in the calculation. As "Civil/Court Security" was one of the divisions used in the JCA's calculation for the \$62,833.22⁷, it is unclear, and not stated, why they used a different amount (\$68,120.76) for this particular Division. We have adjusted this number to \$62,833.22.

- A) The Audit Report was silent as to how the "Overtime Cost Reduction-Communications" was calculated. Without knowledge as to this calculation, we assumed in Exhibit 1 that the calculation was the difference between the additional NAWH available for straight time due to the Civilian Specialists having a higher NAWH than Sworn Deputies. This would then be multiplied by the overtime rate for a Sworn Deputy. Therefore, knowing the reported "Overtime Cost Reduction – Communications," and the overtime rate for a Sworn

⁷ Johnson County Auditor, "Review of Johnson County Sheriff's Office," February 27, 2014, page 57, Table App. 1 and Table App. 2.

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

Deputy, we calculated the additional available NAWH. This was an assumption, as the Audit Report did not state how they calculated these savings.

When we performed this calculation, we found differences in the additional NAWH that we had calculated in Exhibit 1. Below is our calculation of additional NAWH available:

Table 3

	Sworn	Civilian	Sworn NAWH @ 1,847.42 Annual Hours	Civilian NAWH @ 1,965.09 Annual Hours	NAWH Total	NAWH Difference
Year 0	32	0	59,117.44	-	59,117.44	
Year 1	21	12	38,795.82	23,581.08	62,376.90	3,259.46
Year 2	10	24	18,474.20	47,162.16	65,636.36	3,259.46
Year 3	0	36	-	70,743.24	70,743.24	5,106.88

This table shows that there are 3,259.46 to 5,106.88 additional hours with the staffing level changes available to work at straight time, rather than at an overtime rate. We took the “NAWH Difference” amount, multiplied it by the Sworn Deputy overtime rate (updated to the January 2014 pay table), to calculate the overtime savings within Communications.

The updates and corrections to the JCA Report, show in letters A–D above, reduce the net cost reduction by approximately \$631,000. When we recalculated the overall net cost reduction, we arrive at \$1,268,000. Please refer to Exhibit 3.

Savings Attributable to the “Conversion”

The JCA Report calculates the net cost reduction “stemming from the sworn to civilian conversion.”⁸ Although there is a cost savings for the conversion, it is a small portion of the total overall savings. The cost savings from reassigning Sworn Deputies and replacing them with Civilian Specialists is essentially the pay differential between the two.

We have calculated the pay differential between the Civilian Specialist and the Sworn Deputy using the January 2014 pay table as being \$6,067.

Table 4

	Civilian Specialist	Sworn Deputy
Beginning hourly rate	\$ 16.60	\$ 18.71
Annual hours	2,080	2,080
Annual pay	34,528	38,917
Benefit factor	0.3823	0.3823
Annual pay plus benefits	\$ 47,728	\$ 53,795
Less Civilian Specialist Compensation		\$ (47,728)
CS/Sworn Differential of pay with benefits		\$ 6,067

⁸ Johnson County Auditor, “Review of Johnson County Sheriff’s Office,” February 27, 2014, page 3, paragraph 2.

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

The JCA's Report adds 62 Civilian Specialist position; therefore, the savings of having Civilian Specialists rather than Sworn Deputies is \$376,132, not the entire \$1,225,967 net cost reduction.

Savings Attributable to the Reduction of Overtime

The JCA's Report recommends hiring 62 additional employees within the JCSO. It is clear that the JCA recognizes the need for additional employees to reduce overtime. The JCA's Report does not calculate the reduction of overtime that would take place with the addition of Sworn Deputies rather than Civilian Specialists.

We have re-worked Exhibit 3 to assume that 62 new Sworn Deputies were hired rather than Civilian Specialists in Exhibit 4. The annual savings remains significant at \$838,773.9. Though this is lower than \$1.268 million with Civilian Specialists, it demonstrates that it is the addition of employees, not conversion to Civilian Specialists, that will save the taxpayers' money.

Finding 2

The JCA's Report does not address the training costs associated with the hiring of 62 Civilian Specialists. The cost of training 62 additional Civilian Specialists will cost Johnson County taxpayers between \$455,000 and \$569,000. This is a significant investment when the estimate of annual cost savings is \$376,000.

Basis for Finding

The Audit Report states that "One-time training costs for civilians were not included in the analysis."¹⁰ The JCSO states that training for a Civilian Specialist ranges from eight to ten weeks, depending on the position and duties. We calculated the cost of a single week of pay to a Civilian Specialist below:

Table 5

CS beginning hourly rate	\$	16.60
Annual hours		2,080
Annual pay		34,528
Benefit factor		.3823
Annual pay plus benefits		47,728
Divided by weeks per year		52
Weekly pay to CS	\$	917.85

⁹ This differs from \$850k (budget reduction of \$1,226 million less \$376k savings from conversion, as stated in Finding 1) due to the increase in pay for the Sworn Deputies who began employment in Year 1 (in Year 2 and Year 3), and the Sworn Deputies who began employment in Year 2 (in Year 3).

¹⁰ Johnson County Auditor, "Review of Johnson County Sheriff's Office," February 27, 2014, page 58, footnote 26.

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

Applying \$917.85 per week to JCA's recommendation for 62 new Civilian Specialists calculates an estimated cost for training between \$455,000 and \$569,000.

Table 6

	Count	8 Weeks	10 Weeks
Civilian Specialists - Year 1	38	\$ 279,026.40	\$ 348,783.00
Civilian Specialists - Year 2	12	88,113.60	110,142.00
Civilian Specialists - Year 3	<u>12</u>	<u>88,113.60</u>	<u>110,142.00</u>
	<u>62</u>	<u>\$ 455,253.60</u>	<u>\$ 569,067.00</u>

The conversion savings for the newly hired Civilian Specialists are at its maximum level at three years with \$376,154.

Table 7

	Count	Salary Differential	"Conversion Savings"
Civilian Specialists - Year 1	38	\$ 6,067	\$ 230,546
Civilian Specialists - Year 2	50	6,067	303,350
Civilian Specialists - Year 3	62	6,067	376,154

When considering training costs over time, conversion savings of over \$376,000 will not begin to be realized until the fourth year, after all 62 Civilian Specialists are trained. Training costs increase if there is any turnover of any of the 62 Civilian Specialists.

Table 8

	"Conversion Savings"	Cost of Training		Savings After Training	
		8 Weeks	10 Weeks	8 Weeks	10 Weeks
Year 1	\$ 230,546.00	\$ 279,026.40	\$ 348,783.00	\$ (48,480.40)	\$ (118,237.00)
Year 2	303,350.00	88,113.60	110,142.00	215,236.40	193,208.00
Year 3	<u>376,154.00</u>	<u>88,113.60</u>	<u>110,142.00</u>	<u>288,040.40</u>	<u>266,012.00</u>
	<u>\$ 910,050.00</u>	<u>\$ 455,253.60</u>	<u>\$ 569,067.00</u>	<u>\$ 454,796.40</u>	<u>\$ 340,983.00</u>

Finding 3

The JCA's Report recommendations create more relief pool hours than there are overtime hours to fill. This creates a situation where fully trained and experienced Sworn Deputies go unpaid while newly hired Civilian Specialists enjoy full-time employment.

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

Basis for Finding

The Audit Report states that deputies consume more than 80% of all overtime hours.¹¹ The Audit Report "Chart App.1- Overtime Hours 2010-13: Department-wide" gave the total overtime hours for the JCSO. We have taken the total hours from this chart and multiplied by 80% to determine the approximate amount of overtime by Sworn Deputies:

Table 9

	<u>Total OT Hours</u>		<u>Est. Sworn OT Hours</u>
2010	110,617	80%	88,494
2011	104,693	80%	83,754
2012	119,347	80%	95,478
Projected 2013	134,236	80%	107,389

As previously discussed in Finding 1, JCA calculated reassigned Sworn Deputies by dividing the total post hours by the position's NAWH to arrive at FTEs rather than the actual number of Deputies employed in the position. Using the JCA's Report calculation of FTEs, there are over 119,000 relief pool hours available, while 80% of actual and projected Sworn Deputies overtime peaked at 107,000 hours over the last four years. However, the correct calculation of the available relief pool hours uses the actual number of Sworn Deputies to be reassigned. See the calculation presented below:

Table 10

	<u>Reassigned Sworn</u>	<u>NAWH</u>	<u>Actual Available Relief Hours</u>	<u>JCA Report Relief Hours</u>
Alarm	8	1,649.86	13,199	17,472
Classifications	8	1,649.86	13,199	16,640
Escort	7	1,649.86	11,549	11,648
Security Screeners	6	1,788.92	10,734	14,560
Communications (year 3)	<u>32</u>	1,847.42	<u>59,117</u>	<u>59,124</u>
	<u>61</u>		<u>107,798</u>	<u>119,444</u>

Although the actual available relief pool hours comes closer to 80% of the projected overtime for 2013, *actual* overtime for 2013 falls short of this total.

Table 11

	<u>Total OT Hours</u>		<u>Est. Sworn OT Hours</u>
Projected 2013	134,236	80%	107,389
Actual 2013	119,181	80%	95,345

¹¹ Johnson County Auditor, "Review of Johnson County Sheriff's Office," February 27, 2014, page 57, paragraph 4.

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

Had the relief pool been staffed in 2013 by the 61 reassigned Sworn Deputies, available hours for the deputies to work were short by nearly 12,500 hours, which would have resulted in Sworn Deputies not employed full time.

The JCA's report does not address the additional shortage of working hours for the relief pool deputies with the differences between the NAWH of the Civilian Specialist and the Sworn Deputy. This higher NAWH will result in over 14,000 more hours of straight time, which is 14,000 fewer needed for the relief pool.

Table 12

	Employee Count	NAWH	Total Work Hours
Reassigned Sworn	61	<i>Table 10</i>	107,798
Civilian Specialists	62	1,965.09	<u>121,836</u>
			<u>14,038</u>

The actual results from 2013 showed 12,500 hours short with Sworn Deputies, not Civilian Specialists in the conversion positions. Had the 61 Sworn Deputies been replaced by 62 Civilian Specialists, the relief pool would have been an additional 14,000 hours short, or 26,500 hours short of keeping the 61 Sworn Deputies working full time. That is the equivalent of 14–16 Sworn Deputy positions.

Finding 4

The JCSO's request for 22 Sworn Deputies and 20 Civilian Specialists for the Detention Centers would effectively eliminate the overtime in the Detention Centers, and result in as much as \$987,000 annual cost savings.

Basis for Finding

The Detention Centers had nearly 76,000 of overtime hours in 2013 at a cost of \$2.847 million.

Table 13

	2013 Overtime	
	Hours	Cost
Central Booking Facility	44,306	\$ 1,654,984
New Century ADC	<u>31,542</u>	<u>1,192,025</u>
Total	<u>75,848</u>	<u>\$ 2,847,009</u>

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

Overtime Hours Analysis

The JCA Report recommends hiring 20 new Civilian Specialists in the Detention Centers, as shown by department in the table below:

Table 14

	JCA Report New CS
Alarm	7
Classification	7
Escort	<u>6</u>
	<u>20</u>

However, exclusively hiring 20 new Civilian Specialists leaves nearly 37,000 overtime hours still not fulfilled.¹²

The addition of 22 Sworn Deputies *and* 20 Civilian Specialists effectively eliminates overtime in the Detention Centers.

Table 15

	New FTEs	NAWH	Straight Time Available Hours
Sworn Deputies	22	1,649.86	36,297
Civilian Specialists	20	1,965.09	<u>39,302</u>
Budget Request Additional Hours			75,599
2013 Overtime Hours			<u>75,848</u>
Unfilled Overtime Hours			<u><u>249</u></u>

Budget Savings Analysis

The cost savings associated with the additional 42 FTEs is derived from comparing the personnel cost of the requested FTEs with the value of overtime eliminated with the FTEs working straight time.

A) Personnel Cost of Additional FTEs

The personnel cost of the FTEs is based on the beginning hourly rate and the cost of employee benefits. The JCSO submitted beginning hourly rates to the JCBFP at \$18.71 per hour for Sworn Deputies, and \$16.60 per hour for Civilian Specialists. In the "FY 2015 Budget: Request for Additional Resources - Personnel; Section 2- Request Detail," prepared by the JCBFP, the starting

¹² (20 additional Civilian Specialists x 1,965.09 NAWH = 39,302; 2013 overtime hours of 75,848 – 39,302 hours by new Civilian Specialists = 36,546 remaining overtime hours)

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

hourly rate for the Sworn Deputy is \$20.09 per hour¹³ and \$17.10 per hour for Civilian Specialists. These rates appear to be “Step 2” rates for the position, rather than entry level rates. Once the annual cost of the FTE is calculated, it is multiplied by the number of FTEs to be hired to calculate the personnel costs. We show this calculation below (rounded):

Table 16

	JCSO Sworn	JCBFP Sworn	JCSO Civilian	JCBFP Civilian
Beginning hourly rate	\$ 18.71	\$ 20.09	\$ 16.60	\$ 17.10
Annual hours	<u>2,080</u>	<u>2,080</u>	<u>2,080</u>	<u>2,080</u>
Annual pay	\$ 38,917	\$ 41,787	\$ 34,528	\$ 35,568
Benefits	<u>53.58%</u>	<u>57.50%</u>	<u>46.65%</u>	<u>49.31%</u>
Annual Cost per	<u>\$ 59,768</u>	<u>\$ 65,815</u>	<u>\$ 50,635</u>	<u>\$ 53,107</u>
Number of FTEs	<u>22</u>	<u>22</u>	<u>20</u>	<u>20</u>
Total Personnel Cost	<u>\$ 1,314,900</u>	<u>\$ 1,447,900</u>	<u>\$ 1,012,700</u>	<u>\$ 1,062,200</u>

The totals are \$2,328,000 for JCSO and \$2,510,000 for JCBFP (a \$182,000 difference).

B) Value of Eliminated Overtime

The value of the eliminated overtime can be calculated different ways.

1. Historical Overtime Value

The cost of overtime in 2013 was \$2.847 million. Applying a 6% increase to this amount to adjust for two 3% annual increases in pay, the estimated cost of overtime for the Detention Centers is \$3.018 million.

Table 17

	JCSO	JCBFP
Estimated 2015 Cost of Overtime	\$ 3,018,000	\$ 3,018,000
Cost of additional FTE's	<u>(2,328,000)</u>	<u>(2,510,000)</u>
Calculated Savings	<u>\$ 690,000</u>	<u>\$ 508,000</u>

This calculation shows an estimated annual savings between \$508,000 and \$690,000 for fiscal year 2015.

2. Overtime to Straight Time Comparison

We calculated the cost of straight time for the requested FTEs compared to the value of Sworn Deputies doing the same work at overtime rates. We used the beginning pay rates for the JCSO

¹³ The “Estimated Hourly Rate” states \$19.18; however, the calculation uses \$20.09 per hour.

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

and the JCBFP as presented in Table 16. Sworn Deputy overtime values were calculated using \$35.98 and \$38.64 per hour for JCSO and JCBFP, respectively¹⁴.

We first compared the value of overtime for 20 Sworn Deputies to the payroll cost of 20 Civilian Specialists that would be working straight time in place of the Deputies' overtime. Additionally, we included the savings related to the pay differential between a Sworn Deputy and Civilian Specialist (\$6,067 each as calculated in Finding 1 above) when hiring an additional 20 Civilian Specialists rather than 20 Sworn Deputies in these positions.

Table 18

	JCSO	JCBFP
OT Value of 20 Deputies	\$ 1,496,800	\$ 1,607,400
Payroll Costs of 20 Civilians	(1,012,700)	(1,062,200)
	484,100	545,200
Savings from 20 Civilian hires	121,300	121,300
	\$ 605,400	\$ 666,500

Next we considered the value of overtime of 22 Sworn Deputies, and made a comparison to the payroll cost of 22 Sworn Deputies who will be working straight time rather than overtime.

Table 19

	JCSO	JCBFP
OT Cost of 22 Deputies	\$ 1,646,400	\$ 1,768,200
Payroll Costs of 22 Deputies	(1,314,900)	(1,447,900)
	\$ 331,500	\$ 320,300

The calculated savings for hiring an additional 22 Sworn Deputies and 20 Civilian Specialists who can work straight time rather than Sworn Deputy overtime range from \$936,900 to \$986,800.

Table 20

	JCSO	JCBFP
OT & Pay savings from 20 Civilians	\$ 605,400	\$ 666,500
OT Savings from 22 Deputies	331,500	320,300
	\$ 936,900	\$ 986,800

3. Calculated Overtime Value Using NAWHs

When calculating an hourly overtime rate, benefits do not follow the same 1.5 multiplier as hourly rates. The JCSO calculates benefits based on factors, taking into consideration the benefits that

¹⁴ Rates calculated by JCSO multiplying 1.5 x hourly pay, and factors for benefits, as benefits would be overstated using a multiple of x1.5.

Johnson County Sheriff's Office
Agreed Upon Procedures
May 31, 2014

change based compensation, such as life insurance, workers' compensation, unemployment, Social Security, Medicare, etc. and benefits that do not change based on compensation, such as health insurance. The factors used by JCSO in the budgeting process are below:

Table 21

	Factor 1	Factor 2	Factor 3
Life Insurance	0.3		
Workers' Compensation	0.29	0.97	0.488
Unemployment	0.25		
Social Security	0.062		
Medicare	0.0145		
KPERS	0.0984		
Blue Cross Blue Shield	Flat Rate		

Using the benefit factors above, we calculated overtime value for NAWH using both the JCSO hourly rate and the JCBFP hourly rates (rounded):

Table 22

JCSO Hourly Rates	Sworn	Civilian	Total
Hours of straight time (NAWH)	36,297	39,302	
Cost of Detention OT per hour	\$ <u>35.98</u>	\$ <u>29.40</u>	
OT Cost Reduction	\$ <u>1,306,000</u>	\$ <u>1,155,500</u>	\$ <u>2,461,500</u>

JCBFP Hourly Rates	Sworn	Civilian	Total
Hours of straight time	36,297	39,302	
Cost of Detention OT per hour	\$ <u>38.64</u>	\$ <u>30.28</u>	
OT Cost Reduction	\$ <u>1,402,500</u>	\$ <u>1,190,100</u>	\$ <u>2,592,600</u>

This method of calculating the value of overtime results in lower savings than the other methods, as it uses the NAWH rather for each position, rather than the total cost of each position (2,080 hours) as used in the second calculation. This could be considered the floor of the savings calculation.

Table 23

	JCSO	JCBFP
Estimated 2015 Cost of Overtime	\$ 2,461,500	\$ 2,592,600
Cost of additional FTE's	<u>(2,328,000)</u>	<u>(2,510,000)</u>
Calculated Savings	\$ <u>133,500</u>	\$ <u>82,600</u>

Johnson County Sheriff's Office

Agreed Upon Procedures

May 31, 2014

With the value of overtime ranging from \$2.462 million to \$2.593 million, savings from the additional FTEs approximates \$134,000 using the JCSO hourly rates and \$82,000 using JCBFP hourly rates.

Johnson County Sheriff's Office
JCA's Original Calculation

Exhibit 1

	Net Cost Reduction				
	TOTAL	Alarm	Classification	Escort	Court Security
Beginning hourly rate		\$ 15.66 ¹	\$ 15.66 ¹	\$ 15.66 ¹	\$ 15.20 ¹
Annual hours		2,080	2,080	2,080	2,080
Annual pay		\$ 32,573	\$ 32,573	\$ 32,573	\$ 31,616
Benefit factor		0.3823	0.3823	0.3823	0.3823
Annual pay plus benefits		\$ 45,025	\$ 45,025	\$ 45,025	\$ 43,703
Additional CS hired		7	7	6	6
Total Additional Personnel	\$ 1,162,718	\$ 315,175	\$ 315,175	\$ 270,150	\$ 262,218
Sworn to Relief Pool		10.59	10.09	7.06	8.14
Cost reduction per reassigned Sworn		\$ 62,833.22	\$ 62,833.22	\$ 62,833.22	\$ 68,120.76 ³
OT Cost Reduction	\$ 2,297,497	\$ 665,404	\$ 633,987	\$ 443,603	\$ 554,503
Net Cost Reduction	\$ 1,134,779 ²	\$ 350,229	\$ 318,812	\$ 173,453	\$ 292,285
Year 3 of Communications	\$ 764,649	from A below			
OVERALL Calculated Savings	\$ 1,899,428				

	Communications Net Cost Reduction		
	Year 1	Year 2	Year 3
Beginning hourly rate	\$ 15.96	\$ 15.96	\$ 15.96
Annual hours	2,080	2,080	2,080
Annual pay	\$ 33,197	\$ 33,197	\$ 33,197
Benefit factor	0.3823	0.3823	0.3823
Annual pay plus benefits	\$ 45,888	\$ 45,888	\$ 45,888
Additional CS hired	12	12	12
	\$ 550,656	\$ 550,656	\$ 550,656
Continued Salary Costs		\$ 581,711	\$ 1,192,508
Total Additional Personnel	\$ 550,656	\$ 1,132,367	\$ 1,743,164
Reassigned Sworn	11	22	32
Cost reduction per reassigned Sworn	70,357 ⁴	70,357 ⁴	70,357 ⁴
Reduction to overtime for reassigned	773,927	1,547,853	2,251,423
Additional NAWH with conversion	3,389 ⁵	5,993 ⁵	6,731 ⁵
Cost per hour	38.08 ⁵	38.08 ⁵	38.08 ⁵
Overtime Cost Reduction- Commun.	129,068	228,201	256,313
Net Cost Reduction	\$ 352,339	\$ 643,687	\$ 764,572 A

¹ Calculation uses July 2011 pay scale

² May differ slightly from Table 1.8 (page 24) of JCA Report due to rounding

³ Using 8.14 FTE's does not recalculate using \$62,833.22 as calculated on JCA Report Table App.2 on page 57. Shown adjusted to recalculate

⁴ Based on \$18.37 per hour (\$38.08 overtime rate) and the NAWH per report

⁵ The JCA Report does not specify how they got to the "Overtime Cost Reduction- Communications"

**Johnson County Sheriff's Office
JCA's Gross Savings**

Exhibit 2

	Gross Cost Reduction					
	TOTAL	Communications	Alarm	Classification	Escort	Court Security
Sworn to Relief Pool		11	10.59	10.09	7.06	8.14
Overtime cost per Sworn		\$ 62,833.22	\$ 62,833.22	\$ 62,833.22	\$ 62,833.22	\$ 62,833.22
OT Cost Reduction	\$ 2,945,621	\$ 691,165	\$ 665,404	\$ 633,987	\$ 443,603	\$ 511,462
Difference	\$ (22,621)					
OVERALL Calculated Savings	<u>\$ 2,923,000</u>					

**Johnson County Sheriff's Office
Updated Calculation**

Exhibit 3

	Net Cost Reduction				
	TOTAL	Alarm	Classification	Escort	Court Security
Beginning hourly rate for CS		\$ 16.60	\$ 16.60	\$ 16.60	\$ 16.60 A
Annual hours		2,080	2,080	2,080	2,080
Annual pay		\$ 34,528	\$ 34,528	\$ 34,528	\$ 34,528
Benefit factor		0.3823	0.3823	0.3823	0.3823
Annual pay plus benefits		\$ 47,728	\$ 47,728	\$ 47,728	\$ 47,728
Additional CS hired		7	7	6	6
	<u>\$ 1,240,928</u>	<u>\$ 334,096</u>	<u>\$ 334,096</u>	<u>\$ 286,368</u>	<u>\$ 286,368</u>
Sworn to Relief Pool		8	8	7	6 B
Cost reduction per reassigned Sworn		\$ 62,833	\$ 62,833	\$ 62,833	\$ 62,833 C
OT Cost Reduction	\$ 1,822,164	\$ 502,666	\$ 502,666	\$ 439,833	\$ 376,999
Net Cost Reduction	<u>\$ 581,236</u> ¹	<u>\$ 168,570</u>	<u>\$ 168,570</u>	<u>\$ 153,465</u>	<u>\$ 90,631</u>
Year 3 of Communications	<u>\$ 686,975</u>	From E below			
OVERALL Calculated Savings	<u>\$ 1,268,211</u>				

	Communications Net Cost Reduction		
	Year 1	Year 2	Year 3
Beginning hourly rate	\$ 16.60	\$ 16.60	\$ 16.60 A
Annual hours	2,080	2,080	2,080
Annual pay	\$ 34,528	\$ 34,528	\$ 34,528
Benefit factor	0.3823	0.3823	0.3823
Annual pay plus benefits	\$ 47,728	\$ 47,728	\$ 47,728
Additional CS hired	12	12	12
	<u>\$ 572,736</u>	<u>\$ 572,736</u>	<u>\$ 572,736</u>
Continued Salary Costs		\$ 601,373	\$ 1,232,815 ¹
Total Additional Personnel	<u>\$ 572,736</u>	<u>\$ 1,174,109</u>	<u>\$ 1,805,551</u>
Reassigned Sworn	11	22	32
Cost reduction per reassigned Sworn	71,677 ²	71,677 ²	71,677 ² A
Reduction to overtime for reassigned	788,447	1,576,894	2,293,664
Additional NAWH with conversion	3,259	3,259	5,107 D
Cost per hour	38.94	38.94	38.94 ² A
Overtime Cost Reduction- Common.	126,923	126,923	198,862 ²
Net Cost Reduction	<u>\$ 342,634</u>	<u>\$ 529,708</u>	<u>\$ 686,975</u> E

¹ Using the same 5% raise as original calculation

² Based on \$18.71 per hour (\$38.94 overtime rate)

A Updated for January 2014 pay scale

B Actual Sworn Deputy count. Using a calculation higher than actual would insinuate that Sworn Deputies would be working either overtime in the relief pool, or additional Sworn Deputies would be hired.

C Uses the same overtime cost per Sworn Deputy as calculated in the JCA Report like the other divisions

D Difference between the NAWH for Civilian and Sworn working in Communications

**Johnson County Sheriff's Office
Calculation Using Additional Sworn Deputies**

Exhibit 4

	Net Cost Reduction				
	TOTAL	Alarm	Classification	Escort	Court Security
Beginning hourly rate for SO		\$ 18.71	\$ 18.71	\$ 18.71	\$ 18.71
Annual hours		2,080	2,080	2,080	2,080
Annual pay		\$ 38,917	\$ 38,917	\$ 38,917	\$ 38,917
Benefit factor		0.3823	0.3823	0.3823	0.3823
Annual pay plus benefits		\$ 53,795	\$ 53,795	\$ 53,795	\$ 53,795
Additional SO hired		7	7	6	6
	<u>\$ 1,398,662</u>	<u>\$ 376,563</u>	<u>\$ 376,563</u>	<u>\$ 322,768</u>	<u>\$ 322,768</u>
Sworn to Relief Pool		8	8	7	6
Cost reduction per reassigned Sworn		\$ 62,833	\$ 62,833	\$ 62,833	\$ 62,833
OT Cost Reduction	<u>\$ 1,822,163</u>	<u>\$ 502,666</u>	<u>\$ 502,666</u>	<u>\$ 439,833</u>	<u>\$ 376,999</u>
Net Cost Reduction	<u>\$ 423,501</u> ¹	<u>\$ 126,103</u>	<u>\$ 126,103</u>	<u>\$ 117,064</u>	<u>\$ 54,231</u>
Year 3 of Communications	<u>\$ 415,232</u>	from A below			
OVERALL Calculated Savings	<u>\$ 838,733</u>				

	Communications Net Cost Reduction		
	Year 1	Year 2	Year 3
Beginning hourly rate for SO	\$ 18.71	\$ 18.71	\$ 18.71
Annual hours	2,080	2,080	2,080
Annual pay	\$ 38,917	\$ 38,917	\$ 38,917
Benefit factor	0.3823	0.3823	0.3823
Annual pay plus benefits	\$ 53,794.69	\$ 53,794.69	\$ 53,794.69
Additional SO hired	12	12	12
	<u>\$ 645,536</u>	<u>\$ 645,536</u>	<u>\$ 645,536</u>
Continued Salary Costs		<u>\$ 677,813</u>	<u>\$ 1,389,517</u>
Total Additional Personnel	<u>\$ 645,536</u>	<u>\$ 1,323,349</u>	<u>\$ 2,035,053</u>
Reassigned Sworn	11	22	32
Cost reduction per reassigned Sworn	71,677 ¹	71,677 ¹	71,677 ¹
Reduction to overtime for reassigned	773,927.00	1,547,853.00	2,251,423.00
Additional NAWH with conversion	1,847	3,259	5,107
Cost per hour	38.94 ¹	38.94 ¹	38.94 ¹
Overtime Cost Reduction- Common.	71,938.53 ¹	126,923.37 ¹	198,861.91 ¹
Net Cost Reduction	<u>\$ 200,329</u>	<u>\$ 351,427</u>	<u>\$ 415,232</u> A

¹ Based on \$18.71 per hour (\$38.94 overtime rate)

Johnson County Sheriff's Office ("JCSO")
Litigation Consulting
Phase II - Agreed-Upon Procedures

Existing Calculation

1. "OT Savings from All Conversions" calculation prepared by CFO Kent Brown.
 - a. Verify accuracy calculation based on the amounts and assumptions taken from the February 27, 2014 Johnson County Auditor's report.
2. Present the savings attributable from the civilianization portions of the JCSO work force and the reduction of overtime¹
 - a. Based on facts and assumptions taken from the February 27, 2014 Johnson County Auditor's report
3. Develop conclusions regarding:
 - a. The cost savings achieved from civilianizing portions of the JCSO workforce, based on facts and assumptions taken from the February 27, 2014 Johnson County Auditor's report.
 - b. The cost savings achieved from increasing the number of FTE's/decreasing overtime. based on facts and assumptions taken from the February 27, 2014 Johnson County Auditor's report.
 - i. With portions of the JCSO civilianized
 - ii. Without additional civilianization
 - c. Appropriateness of separating out cost savings attributable from civilianizing the work force from the reduction of overtime.
 - d. A listing of questionable assumptions made by the Johnson County Auditor in the February 27, 2014 Johnson County Auditor's report.

Sheriff's Office 2015 Budget Presentation

1. Develop conclusions regarding the effect of adding additional personnel (20 Civilian Specialists and 22 Sworn FTE's) as requested by the Sheriff's office for the 2015 budget, including:
 - a. Impact on budget
 - b. Impact on hours
 - c. Other relevant factors

¹ This presentation may concur or differ from the "OT Savings for All Conversions" calculation prepared by the CFO