



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

David R. Ellspermann
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MEMORANDUM

TO: Patrick G. Howard, County Administrator

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

DATE: July 15, 2005

RE: THIRD ANNUAL REVIEW AND AUDIT OF COUNTY AGREEMENT WITH THE VILLAGES
FOR TRANSPORTATION IMPACT FEE CREDITS

Marion County and The Villages of Lake-Sumter, Inc. (Developer) entered into an Impact Fee Credit Agreement for Development of County Road 42, dated November 7, 2000. In accordance with the Section 3.F of the Agreement "Annual Review and Audit," the Internal Audit Division has performed the third annual review. This section states that "the County shall conduct an annual review and audit of performance under this agreement to determine whether or not there has been demonstrated good faith compliance with the terms of this agreement and to report the credit applied toward payment of transportation impact fees and the balance of available and unused credit."

In addition to the two annual reviews (Audit Reports 2002-02 and 2003-07), Internal Audit has performed additional activities to assist the County to determine the total construction costs of the first two phases (Audit Report No. 2002-04).

This review was conducted by Wallace Watford, Internal Auditor, with assistance from Sachiko Leon and Kathy Fitzhugh, Staff Auditors. We met with Mr. John Wise, Vice President of Finance, of the Developer to discuss the construction costs to date. Phase III of CR 42 is in the construction stage. Documentation obtained from Mr. Wise indicates total construction costs of **\$2,156,654.59** for Phase III at March 31, 2005. The Developer has not submitted any of the costs for reimbursement from transportation impact fees. The County records at June 30, 2005 show that the balance of available and unused credits to Developer for Phase III costs is **\$3,788,527.86**. The last impact fee collected from housing units in The Villages of Marion was on September 30, 2004.

COUNTY IMPACT FEE CREDIT AGREEMENT WITH THE VILLAGES

Conclusion

Based on the review performed, we have concluded that the Developer has demonstrated good faith compliance with the terms of this Agreement. There are transportation impact fees available for credits in the amount of \$3,788,527.86. We shall perform a more detailed audit of construction costs under this Agreement after Phase III has been completed and the Developer has submitted costs for reimbursement.

- c: Mike May, Growth Management Bureau Chief
- Larry Thacker, Public Works Bureau Chief
- Mounir Bouyounes, County Engineer
- Dwight D. Gano, Planning Director
- John W. Garri, Finance Director
- John F. Wise, Vice President Finance, The Villages of Lake-Sumter, Inc.