



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

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MEMORANDUM

TO: Patrick G. Howard, County Administrator

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

DATE: December 29, 2006

RE: FOURTH ANNUAL REVIEW AND AUDIT OF COUNTY AGREEMENT WITH THE VILLAGES OF LAKE-SUMTER, INC. 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 fourth 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 three previous annual reviews (Audit Reports 2002-02, 2003-07 and 2005-02), Internal Audit 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, and Sachiko Leon, Senior Auditor. We met with Mr. John Wise, Vice President of Finance, of the Developer to discuss the construction costs of the recently completed Phase III. Mr. Wise presented an invoice for the total construction and land costs of **\$3,977,644.43**, which was promptly forwarded to the County Administrator.

We subsequently examined the supporting documentation and performed such tests as we considered necessary. We compared the amount requested to the County's records of available transportation impact fee credits. County records at October 31, 2006 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

The Developer, upon our request, subsequently provided the required certification of costs by a professional engineer. The Phase III total costs as certified by the engineer (Farner, Barley and Associates, Inc.) are the same as the invoiced amount of \$3,977,644.43.

The County Engineer performed a separate review of the invoiced costs. We agree that there are \$112,200.00 of costs that need further explanation. If these costs were disallowed, the adjusted total costs would be \$3,865,444.43, which still exceeds the impact fees available. We will be conferring with the Developer and County management in order to resolve this issue.

Conclusion

Based on the review performed, we have concluded that the Developer has demonstrated good faith compliance with the terms of this Agreement. The Developer is eligible for payment of the invoice not to exceed the balance of transportation impact fee credits. There are impact fee credits currently available in the amount of **\$3,788,527.86**.

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