



Clerk of the Circuit Court
Board of County Commissioners
Marion County



Internal Audit Division

David R. Ellspermann

Clerk of the Circuit Court

Wallace K. Watford

Internal Auditor

Post Office Box 1030, Ocala, Florida 34478-1030

110 NW First Avenue, Ocala, Florida 34475

Telephone: (352) 671-5604

Facsimile: (352) 671-5600

MEMORANDUM

TO: Lee A. Niblock, County Administrator

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

DATE: August 24, 2009

RE: SIXTH 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 B.4 (C) of the Fourth Amendment to the Agreement, "Annual Review and Audit," the Internal Audit Division has performed the sixth 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."

This review was conducted by Wallace Watford, Internal Auditor. Internal Audit has performed five previous annual reviews (Audit Reports 2002-02, 2003-07, 2005-02, 2006-11 and 2007-01), as well as additional activities to assist the County to determine the total construction costs of the first two phases (Audit Report No. 2002-04).

Summary of Activities

Mr. John Wise, Vice President of Finance, of the Developer presented a request for payment dated June 24, 2009 in the amount of **\$1,884,600**. This represented the maximum reimbursable portion of the costs of the Phase IV (Part B) project identified in the Fourth Amendment to the Agreement dated March 15, 2005. Part B involved improvements to US Highway 301 both north and south of County Road 42.

We subsequently examined the supporting documentation, compared to the Agreement and performed an analytical review of the Developer's reimbursement request. The County Engineer performed a separate and concurrent review of the Developer's request.

COUNTY IMPACT FEE CREDIT AGREEMENT WITH THE VILLAGES

Agreement/Project Status

As noted in our last report, the Agreement had a remaining project to be completed. This is described in the Fourth Amendment, Section B.1. as “Part B of Phase IV of the Project includes, but is not necessarily limited to the preliminary and final design, engineering, and similar preconstruction activities for USH 301 from the Marion/Sumter County line to the existing four (4) lane section in Summerfield, excluding Part A of Phase IV.”

The Developer was to contribute \$1,884,600 to the Florida Department of Transportation towards the design and engineering costs. The Developer would then be entitled to reimbursement from transportation impact fees collected in the identified Impact Fee Reimbursement Area, subject to the conditions stated in the Fourth Amendment, Section B.3 (B).

This remaining project has been completed. The County Engineer and Internal Auditor have concurred that the Developer is due the maximum of **\$1,884,600**.

Conclusion

Based on the review performed, we have concluded that the Developer and County have demonstrated good faith compliance with the terms of this Agreement. The total reimbursable amount due to Developer for Phase IV, Part B is maximum of **\$1,884,600** and the Developer is eligible to receive reimbursements totaling that amount during the period identified in the Agreement.

At present, there is the amount of **\$486,597.50** available for immediate reimbursement. The Developer has requested that future reimbursements of the balance (\$1,398,002.50) be made monthly as impact fees are collected in the associated Impact Fee Reimbursement Area.

In addition, there still remains an existing credit for Phase IV (Part A) in the amount of \$694,758.24 as we reported in our previous report.

- c: Larry Thacker, Public Works Assistant County Administrator
- Mounir Bouyounes, County Engineer
- Kimberly Hatcher, Impact Fee Coordinator
- Bill Kauffman, Administrative Services Bureau Chief
- Jeff Fowler, Acting County Attorney
- John Garri, Finance Director
- John Wise, Vice President Finance, The Villages of Lake-Sumter, Inc.