



Clerk of the Circuit Court

Marion County

Internal Audit Division

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MEMORANDUM

TO: Janet Y. Tutt, Assistant County Administrator, Marion County
Pete Wahl, District Administrator, Village Center Community Development District
Stuart McElhaney, Fire Chief, Marion County
Steven M. Roy, Attorney for Village Center Community Development District

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

DATE: February 21, 2000

RE: **FIRE PROTECTION/RESCUE/EMS INTERLOCAL AGREEMENT SPECIAL REVIEW**

Pursuant to your request to me, the Internal Auditor has completed a review to recommend the appropriate allocation percentages for the Municipal Service Benefit Unit (MSBU) receipts expected to be derived from the Villages of Marion (VOM) residents. These percentages will be formalized in the *Interlocal Governmental Agreement for Fire Protection, Rescue and Emergency Medical Services* expected to be submitted to the Board of County Commissioners in March 2000.

In its November 1999 final report, the *Emergency Medical Response Task Force*, recommended an "...independent review of the assessment distribution to make sure it's equitable to the citizens of Marion County." Our work meets the independence criterion since the Clerk of the Circuit Court is a constitutional officer who is statutorily and organizationally separate from both the Marion County Board of County Commissioners (County) and the Village Center Community Development District (District). Further, each of you as County or District representatives made the appropriate efforts to ensure the Internal Auditor's objectivity throughout this review.

This review evaluated various alternative methodologies to allocate the relative costs of services. This required the examination of financial information contained in County official records, analyses of historical service levels and cost information provided by Marion County Fire-Rescue, and the development of financial models to test various assumptions. The review also included the Internal Auditor's attendance at the meetings of County and District representatives to discuss negotiation issues and agreed-upon procedures.

Based upon his activities, and in accordance with the expressed wishes of the parties to finalize this issue, the Internal Auditor has recommended that the following MSBU allocation percentages be in effect during the term of the agreement: **District-59%; County-41%**. The respective parties are in agreement with this allocation. An appropriate allocation is not necessarily limited to only one method and, in this particular matter, the parties have arrived at a fair and reasonable allocation that was obtained through good faith negotiations. The County and District representatives were professional and exercised due diligence throughout the negotiation process.

FIRE PROTECTION/RESCUE/EMS INTERLOCAL AGREEMENT

When the review began, specific service and financial data were not available since the VOM did not actually exist. This required analysis of historical service levels and department costs on a County-wide basis, which necessitated mutually agreed-upon procedures and assumptions in order to facilitate a prompt resolution. We believe this process was reasonable and sufficient in the particular circumstances.

The Interlocal Agreement will expire on September 30, 2004. Should any future extension of the agreement or renegotiation of allocation percentages occur, we recommend that a more sophisticated methodology be devised and implemented. The four (4) year term will allow the accumulation of sufficient historical data which will aid in the determination of a current ratio of actual relative service levels and/or costs of services within the County and VOM. We have developed financial models (in spreadsheet formats) that should assist in this matter, which will be provided to both parties.

We have additional comments on the related issue of payments by the County to the District. We understand that the District has made the necessary arrangements with the Marion County Property Appraiser and Tax Collector to identify the MSBU fees collected within the VOM. As presently planned, the Tax Collector's office will directly provide the County with the amounts collected during a previous month. This information should be in sufficient detail and the information verifiable. The County should promptly review the information provided and timely process the payment to the District for its percentage share of the net MSBU fees, as specified in the Interlocal Agreement.

Should you require additional assistance, please let me know.

c: James L. Lowry, County Administrator