





CLERK OF THE CIRCUIT COURT AND COMPTROLLER
David R. Ellspermann

To: Board of County Commissioners, individually
Mounir Bouyounes, County Administrator

FROM: David R. Ellspermann, Clerk of the Circuit Court and Comptroller 
Sachiko H. León, Internal Audit Director 

DATE: June 16, 2020

RE: Report No. 2020-07: Economic Development Financial Incentive Grant Compliance Review: **AutoZone Texas LLC**

Purpose

Internal Audit performed the first compliance review of the performance measures for the required initial and annual reports pursuant to the Economic Development Financial Incentive Grant (EDFIG) Agreement (agreement).

Background

The Board of County Commissioners, in a joint agreement with the City of Ocala, awarded to AutoZone Texas LLC (grantee) an Economic Development Financial Incentive Grant in the total amount of up to \$3,894,000 on August 16, 2016. This consisted of \$144,000 as the County's match for the State of Florida's Qualified Target Refund Program (QTI) and \$3,750,000 paid in 30 annual installments of \$125,000 for the County Development Incentive Grant.

The grantee is required to:

- 1) Occupy and utilize the facility for a period of ten years after the achievement date.
- 2) Provide capital improvements as follows:
 - a. Construct a facility at a cost of at least \$32.9 million by December 31, 2017.
 - b. Equip the facility with machinery and equipment at a cost of at least \$12.5 million by December 31, 2017.
- 3) Submit an initial report by March 1 after the substantial completion date for County Administration to assess compliance with the capital improvements requirements.
- 4) Employ and maintain a workforce, at the facility, of at least 192 full time equivalent employees (FTE) by the achievement date that is on or before the fourth anniversary of the substantial completion date.

Marion County Clerk of the Circuit Court and Comptroller

- 5) Submit annual reports commencing with March 1 after the first anniversary of the substantial completion date and continuing the same day of each year thereafter. Such reports contain information used to assess compliance with the FTE requirement.

Scope and Approach

The scope included verification of compliance with the applicable mandatory requirements for calendar year (CY) 2018 and CY 2019. The scope was limited to the County Development Incentive Grant only. The Department of Economic Opportunity performs audits related to the QTI including the county's match.

We reviewed the submitted documentation and performed analytical procedures to independently determine the number of FTE, the amount spent on facility construction, equipment and machinery, and to assess the timeliness of the grantee's reporting. We compared our results with the County Administration's assessment to determine if it was reasonable and supported by sufficient documentation.

Objective and Results

Our objective was to determine if the County Administration's assessment of the grantee was reasonable and supported by sufficient documentation for the criteria of the initial, CY 2018, and CY 2019 reports.

Initial Reporting Criteria:

- Compliance with the reporting due date
- Facility construction at a cost of at least \$32.9 million
- Equip the facility with machinery and equipment at a cost of at least \$12.5 million
- Reporting of FTE

Results:

The grantee timely submitted the required initial report. The substantial completion date was to be on or before December 31, 2017. It was considered not met with the date being March 19, 2018, the date of the final Certificate of Occupancy (C/O). The County Administration subsequently received a temporary C/O from the City of Ocala dated December 5, 2017. Therefore, AutoZone had met the substantial completion deadline. We agree that the grantee constructed a facility at a cost of at least \$32.9 million and equipped the facility with machinery and equipment at a cost of at least \$12.5 million. The grantee reported a total of 17 FTE for CY 2017.

Compliance with both the substantial completion date and the capital improvements requirements made the grantee eligible to receive annual grant payments.

CY 2018 Reporting Criteria:

- Compliance with the reporting due date
- Reporting of FTE

Results:

We agree that the grantee timely submitted the required annual report. The grantee employed at least 192 FTE by the end of the second quarter in CY 2018 causing the achievement date to be June 30, 2018.

CY 2019 Reporting Criteria:

- Compliance with the reporting due date
- Maintain at the facility at least 192 FTE

Results:

We agree that the grantee timely submitted the required annual report and maintained at least 192 FTE at the facility during CY 2019.

Overall Conclusion

Our opinion is that the County Administration's assessment of grantee performance was reasonable and supported by sufficient documentation.

The grantee is due a grant payment of **\$250,000** for CY 2018 and CY 2019 (\$125,000 annual payment).

Acknowledgement

We would like to thank the representatives of the County Administration and AutoZone Texas LLC for their cooperation during our review.

This review was conducted by Andrew Gibb, Heather Ewing, and Sachiko H. León.

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