



GREGORY C. HARRELL
CLERK OF COURT AND COMPTROLLER – MARION COUNTY, FLORIDA

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POST OFFICE BOX 1030
OCALA, FLORIDA 34478-1030
TELEPHONE (352) 671-5604
WWW.MARIONCOUNTYCLERK.ORG

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

FROM: Gregory C. Harrell, Clerk of Court and Comptroller
Sachiko Horikawa, Internal Audit Director

DATE: June 7, 2021

RE: Report No. 2021-03: Economic Development Financial Incentive Grant
Compliance Review: **FedEx Ground Package System, Inc.**

Purpose

Internal Audit performed a compliance review of the performance measures for the FedEx Ground Package System Inc. (grantee) required annual report, pursuant to the Economic Development Financial Incentive Grant Agreement (agreement).

Objective

The objective was to determine if the County Administrator's assessment of the grantee for the following requirements was reasonable and supported by sufficient documentation:

- Maintain at least 165 Full Time Equivalent Employees (FTE) at an average annual wage of \$31,536 at the Ocala facility from January 1 to December 31, 2020.
- Meet the March 1, 2021 reporting due date for reporting year 2020.

Results

Our opinion is that the County Administration's assessment was reasonable and supported by sufficient documentation. We agree that the grantee timely submitted the required reports and exceeded the minimum FTE requirements at the Ocala facility. The grantee is due a grant payment of \$40,000 for reporting year 2020.

Scope and Approach

The scope included verifying the achievement and compliance with the agreement's employment and reporting requirement for reporting year 2020.

We performed analytical procedures to independently determine the number of FTE using the 2020 Multiple Worksite Report received by County Administration on February 26, 2021.

Background

The Board of County Commissioners awarded the grantee an Economic Development Financial Incentive Grant in the total amount of up to \$1,078,722.59 on February 5, 2013. This consisted of \$579,722.59 in the form of a waiver for all county transportation impact fees; \$400,000 for the gas line relocation shortfall to the grantee, payable over 10 years in equal installments of \$40,000; and \$99,000 as the county's match for the State of Florida's Qualified Target Refund Program (QTI). Our audit scope was limited to the county grant only. The Department of Economic Opportunity (DEO) performs audits related to the QTI including the county's match.

The grantee was to construct a 383,161 square foot facility at a cost of at least \$75 million and equip the facility with machinery and equipment at a cost of at least \$38 million. The grantee provided sufficient documentation to show compliance with the capital improvement requirements. These requirements were satisfied.

The grantee was to occupy the premises and utilize the facility by the first of January that immediately follows the substantial completion date (Feb. 10, 2016) and employ up to 165 FTE by a date (the "Achievement Date") that was on or before December 31, 2018 with an average annual wage of \$31,536. This requirement was met.

The grantee shall continue to employ, at the facility, at least 165 FTE per year for a term of 10 years in order to qualify for an annual EDFIG grant payment.

Acknowledgement

We would like to thank the representatives of the County Administration and FedEx Ground Package System, Inc. for their cooperation during our review.

This review was conducted by Sarah Conti and Heather Ewing.

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