



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

CLERK OF COURT
RECORDER OF OFFICIAL RECORDS
CLERK AND ACCOUNTANT OF THE BOARD OF COUNTY COMMISSIONERS
CUSTODIAN OF COUNTY FUNDS AND COUNTY AUDITOR

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: Sachiko Horikawa, Internal Audit Director

DATE: April 21, 2022

RE: Report No. 2022-02: Economic Development Financial Incentive Grant Compliance
Review: **Cardinal LG Company**

Purpose

Internal Audit performed a compliance review of the performance measures for the Cardinal LG Company (grantee) pursuant to the Economic Development Financial Incentive Grant Agreement (agreement).

Objective

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

- Maintain at least 475 Full-Time Equivalent Employees (FTE) at an average annual wage of \$51,000.
- Meet the March 1, 2022, reporting due date for the reporting year 2021.

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 for the reporting year 2021.

Scope and Approach

The scope included verification of compliance with the applicable requirements for the reporting year.

We reviewed the submitted documentation and performed analytical procedures to independently assess the timeliness of the grantee's reporting and the number of full-time jobs. We compared our results with the County Administration's assessment to determine if it was reasonable and supported by sufficient documentation.

Background

The Board of County Commissioners awarded the grantee an Economic Development Financial Incentive Grant in the total amount of up to \$70,000 effective September 19, 2017. The grant was paid to the grantee to cover the expense of transportation impact fees incurred in connection with the construction of the new facility and was payable at the time of issuance of the certificate of occupancy.

The grantee is required to:

1. Occupy the new and existing facility and report for a period of five years following the substantial completion date and utilize both facilities commencing with the January 1 that immediately follows the achievement date.
2. Submit an initial report by March 1 after the substantial completion date for County Administration to assess compliance with the capital improvement requirements. (Requirement met)
3. Provide capital improvements as follows:
 - a. Construct a facility at a cost of at least \$18 million. (Requirement met)
 - b. Equip the facility with machinery and equipment at a cost of at least \$5 million by December 31, 2019. (Requirement met)
4. Employ and maintain at least 50 FTE at the new facility at an average annual salary of \$51,000 in addition to the 425 FTE currently employed at the existing facility no later than 3 years after the substantial completion date. (Requirement met)
 - a. The date the required FTE count is reached determines the achievement date.
 - b. The grantee is required to maintain 475 total FTE at the Marion County facility locations. The number of FTE should be calculated annually at the anniversary of the achievement date for a period of two years. (Requirement met)
5. Submit annual reports to assess compliance with the FTE requirement.
 - a. The reports are due March 1 after the first anniversary of the substantial completion date and continuing the same day of each year thereafter.
 - b. Annual reports should include four quarters of gross wages for the previous calendar year.
6. In the event that the grantee defaults, there is a prorated (with interest) repayment calculation defined in the agreement.

This review was conducted by Heather Ewing and Sachiko Horikawa.

Report Distribution List

Name	Position Title
The Honorable Gregory C. Harrell	Clerk of Court and Comptroller
The Honorable Craig Curry	District 1 Commissioner, Vice Chairman
The Honorable Kathy Bryant	District 2 Commissioner
The Honorable Jeff Gold	District 3 Commissioner
The Honorable Carl Zalak III	District 4 Commissioner, Chairman
The Honorable Michelle Stone	District 5 Commissioner
Mounir Bouyounes	County Administrator
Michael McCain	Executive Director of Internal Services
Jennifer Cole	Finance Director
Ted Paget	Cardinal LG Plant Manager