

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE**

**PERFORMANCE AGREEMENT WITH ELLIOT ELECTRIC SUPPLY, INC.**

**AGREED-UPON PROCEDURES REPORT**

**FOR THE PERIOD BEGINNING JUNE 1, 2015 AND ENDING MAY 31, 2016**

**LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE**  
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**Independent Accountant's Report**

To the Board of Directors and  
Management of  
Lubbock Economic Development Alliance

We have performed the procedures enumerated in the attached supplement, which were agreed to by you, the specified user, solely to assist you with respect to determining the amounts payable pursuant to the Performance Agreement with regard to job creation incentives only, for Elliot Electric Supply, Inc. This agreed upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified user of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the findings as a result thereof, are enumerated in the attached supplement which is an integral part of this report.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

September 13, 2016

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**Procedures and Results**

**Background:**

The Lubbock City Council established the Lubbock Economic Development Alliance, Inc. (hereinafter referred to as LEDA) to stimulate and foster economic activity in Lubbock and the surrounding area. To this end, LEDA entered into a contract with Elliot Electric Supply, Inc. (hereinafter referred to as EES) on May 16, 2011.

The general terms of the contract allow EES to receive incentives for Job Creation. Specifically, EES will receive Job Creation Incentives of \$65,000 for the creation and maintenance of twelve (12) new full-time jobs in Lubbock with an annual aggregate salary of \$596,000 within the period from June 1, 2011 through May 31, 2016. EES will earn Job Creation Incentives ranging from \$2,500 to \$10,000 for each job created according to LEDA's incentive sliding scale schedule. The earned incentives are to be paid out in five annual installments. Future installment payments are subject to reduction and/or forfeiture if EES does not maintain the jobs through the term of the contract.

**Objective, Scope and Procedures Performed:**

Our objective was to determine if EES met the job creation requirements of their agreement with LEDA. A summary of the procedures used is as follows:

- Reviewed the pertinent contract.
- Reviewed employee census data indicating names, dates of hire, dates of termination, work locations and compensation as of May 31, 2016.
- Obtained the year-to-date payroll report ending May 31, 2016.
- Reviewed wages reported on the year-to-date payroll report to verify annual compensation levels and to corroborate dates of hire and/or termination while comparing to employee census.

Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**Results and Conclusions:**

Per our review of the above data and prior year agreed-upon procedure reports:

- EES had five (5) full-time Lubbock employees as of June 1, 2011.
- EES had seven (7) full-time Lubbock employees as of May 31, 2012.
- EES had eleven (11) full-time Lubbock employees as of May 31, 2013.
- EES had thirteen (13) full-time Lubbock employees as of May 31, 2014.
- EES had thirteen (13) full-time Lubbock employees as of May 31, 2015.
- EES had eighteen (18) full-time Lubbock employees as of May 31, 2016.

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Based on the above information, EES had a net increase of thirteen (13) full-time employees since the beginning of the contract period, which is one (1) employee over the projected employment of twelve (12) new full-time employees. Since the full incentive was not met in previous years, LEDA is allowing the one (1) additional employee to count towards calculating the fifth year incentive. The following met the specific compensation requirements for the various levels of incentives:

<u>Number of Employees</u>	<u>Incentive per Employee</u>	<u>Total Incentive</u>
2	\$ 10,000.00	\$ 20,000.00
1	\$ 7,500.00	\$ 7,500.00
3	\$ 4,000.00	\$ 12,000.00
4	\$ 3,000.00	\$ 12,000.00
3	\$ 2,500.00	\$ 7,500.00
<u>13</u>		<u>\$ 59,000.00</u>

Based on the above, EES is currently entitled to receive one-fifth (1/5) of the fifth-year earned incentives of \$59,000, or \$11,800. This is the final year of the Performance Agreement.

Based on procedures performed, there were no questions or issues raised that needed to be discussed with EES personnel.