




**CLERK OF THE CIRCUIT COURT AND COMPTROLLER**  
**David R. Ellspermann**

**To:** The 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:** July 30, 2020

**RE:** Report No. 2020-09: Economic Development Financial Incentive Grant Compliance  
Review: **Cardinal LG Company**

**Purpose**

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

**Background**

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The Board of County Commissioners awarded to the grantee an Economic Development Financial Incentive Grant in the total amount of up to \$70,000.00 effective September 19, 2017. The grant is to be paid to the grantee to cover the expense of transportation impact fees incurred in connection with the construction of the new facility and is to be paid at the time of issuance of the certificate of occupancy.

The grantee is required to:

- 1) Occupy the new and existing facility 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 improvements requirements
- 3) Provide capital improvements as follows:
  - a. Construct a facility at a cost of at least \$18 million
  - b. Equip the facility with machinery and equipment at a cost of at least \$5 million by December 31, 2019

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*Marion County Clerk of the Circuit Court and Comptroller*

Board of County Commissioners – Internal Audit Division – Sachiko H. León, Internal Audit Director  
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- 4) Employ and maintain at least 50 FTE at the new facility at an average annual salary of \$51,000.00 in addition to the 425 FTE currently employed at the existing facility no later than 3 years after the substantial completion date
  - a. The date the required FTE count is reached determines the achievement date
  - b. The number of FTE should be calculated annually at the achievement date
- 5) Submit annual reports to assess compliance with the FTE requirement
  - a. The first report is 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 (CY)
- 6) In the event that the grantee defaults, there is a prorated (with interest) repayment calculation defined in the agreement

### **Objective**

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

- Compliance with the reporting due date
- Facility construction at a cost of at least \$18 million
- Equip the facility with machinery and equipment at a cost of at least \$5 million
- Reporting of FTE

### **Scope and Approach**

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

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

### **Results**

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

The grantee timely submitted the required initial report. The substantial completion was met in August of 2019. We agreed that the grantee spent at least \$18 million for construction of their new facility and at least \$5 million for machinery and equipment. The grantee exceeded the minimum FTE requirement by the end of the second quarter in CY 2019; therefore, the achievement date is June 30, 2019.

The grantee incurred a transportation impact fee of \$89,976.74 and provided the certificate of occupancy to the County Administration. The County Administration issued a payment to the grantee in the amount \$70,000.00 on May 14, 2020 as specified in the agreement. No further payments are required.

**Acknowledgement**

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We would like to thank the representatives of the County Administration and Cardinal LG Company for their cooperation during our review.

This review was conducted by Andrew Gibb and Heather Ewing.

## Report Distribution List

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