



# **Internal Audit Department**

## **Audit Report 2013-2**

### **Impact Fee & Economic Development**

#### **Fee Payment Assistance Program: NCH/Anchor Health Centers**

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Workpapers supporting the observations noted within this report are public record and can be made available upon request once the final audit report has been issued. The files and draft versions of audit reports remain confidential and protected from public records requests during an active audit under Nicolai v. Baldwin (Aug. 28, 1998 DCA of FL, 5<sup>th</sup> District) and Section 119.0713, Florida Statutes.

## **BACKGROUND**

The Clerk's Finance Director requested Internal Audit to observe the Impact Fee & Economic Development Office's validation of Naples Community Hospital, Inc. (NCH), jobs created in accordance with the Fee Payment Assistance Program. This program is a performance-based Collier County initiative authorized in Board of County Commissioners (BCC) Ordinance 2003-61. It is found in Chapter 49, Article II of the Collier County Code of Ordinances. The program provides the payment of impact fees for eligible development projects. Eligibility criteria include the creation of minimum numbers of new jobs at or above specific wage levels. For this project's location, program criteria call for a minimum of ten new jobs paying at least 115% of the County's private-sector average wage. The business must also pay its tax bill in full annually on or before its due date.

Ordinance 2003-61 states that the program's purposes are to:

- 1) Provide a performance-based program offering financial relief for eligible targeted industry development or expansion projects in Collier County to mitigate the effects of rising Impact Fee rates;
- 2) Provide for the economic well being of Collier County residents by providing high-wage employment opportunities in Collier County;
- 3) Lessen the seasonal cycle of Collier County's economy; and
- 4) Encourage investment opportunities for new or existing companies thus increasing and diversifying the County's tax base.

To be eligible, businesses must apply to the County Manager prior to making the decision to locate or expand within Collier County. The Fee Payment Assistance incentive award is calculated by multiplying the total capital investment (land, building, equipment) of the expansion or relocation by the current millage rate, then multiplied by either ten (projects located in areas outside the enterprise community) or 15 (projects located within the enterprise community). This project uses the multiplier ten because it is located outside the enterprise community. The award may not exceed the amount of impact fees due for the project. Payments made under this program are subject to funding availability. A project participating in Fee Payment Assistance is not eligible to participate in the property tax stimulus program or the charitable organization waiver program that may be offered by Collier County.

The BCC originally entered into a Fee Payment Assistance agreement (OR: 4115 PG: 367-373) with Anchor Health Centers, P.A. (Anchor), and Naples Investment Group, LLC, on September 1, 2006. NCH acquired Anchor in 2010, so the BCC subsequently approved an assumption agreement with NCH to continue participation in the Fee Payment Assistance Program (September 12, 2012, item 16.F.9).

Ordinance 2003-61 originally terminated this program on October 1, 2008, but on September 9, 2008, the BCC enacted Ordinance 2008-46, which extended the Fee Payment Assistance Program to October 1, 2013.

## **SUMMARY**

This examination generated the following observations of the Fee Payment Assistance Program:

- A site visit was conducted to vouch ten NCH/Anchor employees filling created jobs to payroll register data. Pay rates of the ten jobs were annualized, averaged, and compared to Ordinance requirements.
- Payroll register data was compared to the personnel records of employees filling the ten created jobs. The data consisted of employees' names, addresses, hire dates, job titles, and pay rates. The procedures revealed no exceptions.
- These tests validated that NCH/Anchor had created ten jobs paying more than 115% of the County's private-sector average wage.

## **SCOPE**

This examination consisted of validating jobs created and their wages, including, but not limited to, the following:

- Reviewing section 125.045, Florida Statutes;
- Reviewing Collier County Ordinances 2003-61, 2004-24, 2004-45, 2005-30, 2006-36, 2008-25, and 2008-46;
- Validating payroll records from NCH/Anchor Health Center;
- Visiting NCH/Anchor Health Center and interviewing applicable staff;
- Scheduling payroll data for all employees filling the created jobs; and
- Tracing names, addresses, hire dates, job titles, and pay rates, to the personnel records.

Internal Audit tested 100% of applicable payroll and personnel records for NCH/Anchor. The objectives of this special request were to validate the 10 employees in the jobs created by NCH/Anchor, and to validate the wages paid for the created jobs.

## **CONCLUSION**

Due to NCH/Anchor's compliance with the requirements of Collier County Code of Ordinances Chapter 49, Article II, there are no adverse observations to report.