



Internal Audit Department

Audit Report 2014-7

Fee Payment Assistance Program: Guadalupe Center, Inc.

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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, 5th District) and Section 119.0713, Florida Statutes.

Internal Audit provided draft Audit Report 2014-7 to the Impact Fee Manager for management response on April 25, 2014. The Impact Fee Manager provided the management response on May 8, 2014.

Summary

Internal Audit conducted a site visit to vouch five Guadalupe Center, Inc., employees, filling created jobs, to payroll data. Pay rates of those jobs were annualized, averaged, and compared to Ordinance requirements.

Payroll data was compared to the personnel records of employees filling the five 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 Guadalupe Center, Inc., had created and continued to retain five jobs paying more than 50% of the County's private-sector average wage, and remains eligible to participate in the Fee Payment Assistance Program.

Objective

The objectives of this special request were to validate the five employees in the jobs created by Guadalupe Center, and to validate the wages paid for the jobs created.

Scope

This engagement 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;
- Checking the Tax Collector's records of tax payments;
- Validating payroll records from Guadalupe Center, Inc.;
- Visiting Guadalupe Center and interviewing the Chief Financial Officer;
- Tracing names, addresses, hire dates, job titles, and pay rates, to the personnel records of Guadalupe Center;
- Scheduling payroll data for all employees filling the created jobs; and
- Annualizing, averaging, and comparing pay rates of the five jobs to Ordinance requirements.

Internal Audit examined applicable payroll and personnel records for Guadalupe Center.

Background

The Fee Payment Assistance program was a performance-based Collier County initiative authorized in Board of County Commissioners (BCC) Ordinance 2003-61, as amended. It is found in Chapter 49, Article II, of the Collier County Code of Ordinances. The program paid selected impact fees for eligible development projects. Eligibility criteria included the creation of minimum numbers of new jobs at or above specific wage levels. Ordinance 2003-61 states that the program's purposes were 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.

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.

To be eligible, businesses had to apply to the County Manager prior to making the decision to locate or expand within Collier County. The Fee Payment Assistance incentive award was calculated by multiplying the total capital investment (land, building, equipment) of the expansion or relocation by the current millage rate, then multiplying by either ten (projects located in areas outside the enterprise community) or 15 (projects located within the enterprise community). This project used the multiplier 15 because it was located within the enterprise community. This award, \$73,998.79, equaled the amount of impact fees due for the project. Payments made under this program were subject to funding availability.

On January 25, 2005, the BCC approved the application of Guadalupe Center, Inc., to participate in the Fee Payment Assistance Program. The County Manager executed the BCC approved Fee Payment Assistance Agreement (OR: 3754 PG: 3815-3821) with Guadalupe Center on March 17, 2005. The legal description for the property, located at 509 Hope Circle, Immokalee, was included in Exhibit A to the Agreement.

The Agreement required the creation and retention of five new jobs at "an average wage equal to or greater than 50% of the County's (then) current private-sector average wage..." The Agreement also provided that the Fee Payment Assistance Program would pay EMS, Correctional Facilities, Road, General Government Buildings, and Fire Protection impact fees totaling \$73,998.79.

Internal Audit observed the Impact Fee Office's verification of jobs created in accordance with Collier County's Fee Payment Assistance Program in order to validate ongoing eligibility for participation. For Guadalupe Center's location, program criteria called for a minimum of five new jobs paying at least 50% of the County's average private-sector wage in effect at the time of the agreement. The business also had to pay its property tax bill in full annually on or before its due date. However, Guadalupe Center is a Section 501(C)(3) not-for-profit corporation that is exempt from property tax.

Management Response

"We appreciate the ongoing cooperation to complete the required annual monitoring of businesses participating in the various County economic incentive programs. As always, the Internal Audit Department has been thorough, helpful and direct in its review of this matter, and staff looks forward to the opportunity for continued collaboration on this annual process."

Conclusion

Due to Guadalupe Center's compliance with the requirements of the Fee Payment Assistance Program Ordinances, there are no adverse observations to report.