



Inspector General Insights

Background: The Florida Department of Economic Opportunity (DEO) contacted the Board of County Commissioners (BCC) Department of Business and Economic Development (BED) regarding a partial reimbursement to DEO for the Collier County portion of a grant to Arthrex Inc. (Arthrex) under Project #: 16-00589 / Resolution: 2016-117. Under the program, Arthrex was given a tax refund grant from DEO (Qualified Target Industry Tax Refund, or QTITR, per Florida Statute 288.106) in recognition of achieving certain economic thresholds over the life of the program:

- Capital investment of at least \$63.35 million
- New full-time equivalent jobs committed of 560 between 2017 and 2021
- The new jobs must be held at least until December 31, 2024
- The new jobs have an annual wage qualifier of at least \$54,000/year.

Upon meeting these qualifiers, DEO paid Arthrex the grant award, which was to be partially reimbursed by Collier County under the following schedule:

State Fiscal Year	Maximum Tax Refund Per FY by State of Florida	Maximum Tax Refund Per FY Paid by Collier County
2018-2019	\$ 187,500.00	\$ 37,500.00
2019-2020	\$ 325,000.00	\$ 65,000.00
2020-2021	\$ 475,000.00	\$ 95,000.00
2021-2022	\$ 637,500.00	\$ 127,500.00
2022-2023	\$ 512,500.00	\$ 102,500.00
2023-2024	\$ 375,000.00	\$ 75,000.00
2024-2025	\$ 225,000.00	\$ 45,000.00
2025-2026	\$ 62,500.00	\$ 12,500.00
TOTAL	\$ 2,800,000.00	\$ 560,000.00

Objective: The purpose of this review was to ensure that Arthrex had complied with all requirements contained in their program agreement, and that DEO had remitted payment to Arthrex under the payment schedule. Upon verification, the Office of Inspector General (OIG) would recommend partial reimbursement to DEO according to the payment schedule.

Scope: The OIG reviewed all active Arthrex DEO programs, from inception to date.

Observations: The OIG reviewed the steps performed by the independent CPA employed by DEO, which would be similar to those we would have performed. We also reviewed Arthrex’s public reports available online to confirm the findings, and reviewed the status of their local taxes paid.

Arthrex had approximately doubled their required new jobs (1,122 achieved) and their capital investment (\$117.82 million) required, and their annual wages for the new jobs were about 50% higher than the requirement (\$79,890.39 actual versus \$54,000.00 required). DEO had properly disbursed the Arthrex grant under the schedule for the QTITR grant.

Upon verifying the DEO payments to Arthrex, the OIG noted another active program, for which no history of payments by DEO or BCC was noted. There was a Quick Action Closing Fund (QACF) under Florida Statute 288.1088, with all the same qualifiers as the QTITR grant previously noted. This grant award had a separate payment schedule, as follows:

State Fiscal Year	Maximum Tax Refund Per FY by State of Florida	Maximum Tax Refund Per FY Paid by Collier County
2018-2019	\$100,000.00	\$24,000.00
2019-2020	\$200,000.00	\$48,000.00
2020-2021	\$280,000.00	\$67,200.00
2021-2022	\$370,000.00	\$88,800.00
2022-2023	\$400,000.00	\$96,000.00
2023-2024	\$400,000.00	\$96,000.00
2024-2025	\$375,000.00	\$90,000.00
2025-2026	\$375,000.00	\$90,000.00
TOTAL	\$2,500,000.00	\$600,000.00

Throughout the entire program, Arthrex could qualify for a total of \$5.3 million from DEO under both grants, for which the BCC would be partially reimbursing DEO for \$560,000 and partially reimbursing Arthrex for \$600,000, for a total of \$1.16 million paid by the County.

No payments were processed by BCC, as no invoices were submitted by Arthrex for the QACF grant payments. BED staff stated they were unaware of the program, and they did not budget for the Collier County portion of the reimbursements to DEO, which totaled \$420,000 to date. Arthrex agreed to invoice and accept the funds at a later date.

Recommendations & Actions: DEO should track the open commitments and coordinate with the local companies to ensure sufficient budget exists for payments as they become due.

It appears that the division and/or Clerk's accounts payable should have been accruing liability. This matter has been referred to the OIG audit services unit to be included into the audit annual plan for fiscal year 2025.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	# Observations / Recommendations
8	\$ 847,500.00	\$ 420,000.00	N/A	1