

Leon County Research and Development Authority
Audit Committee Meeting
Knight Administrative Centre
1736 West Paul Dirac Drive
Tallahassee, Florida

March 21, 2017
3:00 p.m.

Agenda

1. Call to Order
2. Agenda Modifications
3. Public Comment
4. Approval of the November 3, 2016, Audit Committee meeting minutes (*Attachment A*)
5. Audit presentation and discussion (*Attachments B & C*)
 - a. Presentation of reports by auditors
 - b. Difficulties or restrictions encountered in conducting the audit
 - c. Disagreements between management and the independent auditors in the preparation of the financial statements
 - d. Significant changes in financial reporting practices or the Authority's internal control systems
 - e. Recommendations for improvements in the financial policies, procedures, and practices of the Authority
6. Audited Financial Statements for fiscal year 2015-2016.
Staff requests a recommendation to the Board for approval of the draft Audited Financial Statements for fiscal year 2015-16.
7. RFP 17-01 Professional Auditing Services (*Attachments D & E*)
Staff requests approval of the draft Request for Proposals 17-01 for Professional Auditing Services.
8. New Business
9. Adjourn

Leon County Research and Development Authority
Audit Committee Meeting
Knight Administrative Centre
1736 West Paul Dirac Drive
Tallahassee, FL 32310

November 3, 2016
3:00pm

Minutes

Members in Attendance: Anne Longman, Dave Ramsay (attended as Treasurer, but did not vote), Paul Dean, April Salter, Eric Holmes,

Guests: Ron Miller and Peggy Bielby (LCRDA staff), Mark Frost and Kristy Bennett (NAI Talcor), Allison Harrell (Thomas Howell Ferguson, CPA).

NOTE: Board Chair Anne Longman read the following statement: “As of result of unforeseeable circumstances, Dustin Daniels, the Chair of the Audit Committee will not be able to attend today. For the record, under the powers granted me as Chair under the LCRDA Bylaws, I am appointing myself, Anne Longman, to replace Dustin Daniels as a member and chair of the Audit Committee.”

1. **Call to Order:**

Chair Anne Longman called the meeting to order at 1:05pm.

2. **Introduction of Guests:**

All present introduced themselves.

3. **Modifications to the Agenda:**

None.

4. **Public Comments:**

None.

5. **Approval of Draft Meeting Minutes, June 21, 2016:**

April Salter offered a motion to approve the June 21, 2016 meeting minutes. Paul Dean seconded the motion which passed unanimously.

6. **Review of the Audit Committee Charter**

An annual review of the Charter was completed as required, and new committee members had the opportunity to suggest amendments or ask questions.

7. **Comments from Audit Staff**

Allison Harrell, Audit Shareholder with Thomas Howell Ferguson, CPA, reported that field work begins November 14, 2017 and there are no expected changes in scope as the accounting and governmental standards in place are largely the same as last year.

8. Finance/Process Risks Discussion

No new risks were identified by staff or Talcor representatives.

9. Establish and Approve Audit Schedule

Paul Dean offered a motion to approve the schedule:

Begin field work: November 14, 2016

Final draft report: January 13, 2017

Audit Committee meeting: Week of January 23, 2017

Board of Governors review and approval: February 2, 2017

April Salter seconded the motion, which passed unanimously.

10. Bank Statement related Internal Control and Procedure Changes

April Salter offered a motion to approve the staff recommendation to the Board of Governors to change the Internal Control and Operating Procedure so that a.) the original monthly bank statement is sent directly to the Executive Director, instead of the Audit Committee chair, for review, and b.) clarifying the related procedures. Ron Miller explained that both the property manager agent and he receive and review the bank statements. Dave Ramsay commented that the internal controls and procedures in place are extensive, and Allison Harrell indicated she did not have any concerns with the change. Paul Dean seconded the motion, which passed unanimously.

11. Auditor Selection Process for FY 2016-17

Ron Miller explained that the same auditor, Thomas Howell Ferguson, has been retained for approximately 8 years due to extenuating circumstances, but the Authority typically likes to issue a Request for Proposal every three years. The draft RFP will be on the agenda for January 2017 when the final audit is reviewed. It will be released in May 2017; the responses will be reduced to three firms who will provide presentations to the Audit Committee, which will make a ranked recommendation to the Board for final selection at the August Board of Governors meeting.

12. New Business

None.

13. Adjourn

The meeting adjourned at 1:43pm.

NOTE: Board Chair Anne Longman read the following statement: "For the record, under the powers granted me as Chair under the LCRDA Bylaws, I am re-appointing Dustin Daniels to replace me, Anne Longman, as a member and chair of the Audit Committee."

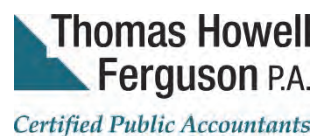
Next Audit Committee Meeting:

The week of January 23, 2017

Financial Statements

Leon County Research and Development Authority

*Years ended September 30, 2016 and 2015
with Report of Independent Auditors*



Leon County Research and Development Authority

Financial Statements

Years ended September 30, 2016 and 2015

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Report of Independent Auditors

The Board of Governors
Leon County Research and Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Leon County Research and Development Authority (the Authority), which comprise the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Leon County Research and Development Authority, as of September 30, 2016 and 2015, and the changes in its net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System, Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System, Schedule of Proportionate Share of Net Pension Liability – Health Insurance Subsidy Program, and Schedule of Contributions – Health Insurance Subsidy Program, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated NEED DATE, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Tallahassee, Florida
NEED DATE

Leon County Research & Development Authority Management's Discussion and Analysis

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purposes only.
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As management of the Leon County Research and Development Authority (the Authority), we offer users of the Authority's financial statements this management discussion and analysis of the Authority's financial activities for the fiscal year ended September 30, 2016. Management's Discussion and Analysis is a narrative overview designed to: (a) assist a financial statement user in focusing on significant financial issues, (b) provide an overview of the Authority's financial activities, (c) identify changes in the Authority's financial position and operations, and (d) bring attention to individual concerns and issues. This discussion and analysis should be read in conjunction with the Authority's financial statements and notes to the financial statements which follow this section.

Financial Highlights

- On October 26, 2015, the Authority and the City of Tallahassee sold to Danfoss the building Danfoss was leasing. The distributions of funds from the sale of the building, held by the City and the Authority under an agreement among tenants in common, were \$3,431,684 to the City and \$79,241 to the Authority. As a portion of an incentive package with contributions from the City and the State of Florida, Danfoss and the Authority entered into a ground lease for the land on which the building is located through January 28, 2074 for \$1.00 per year. Among other commitments, Danfoss agreed to build on the lots a 44,000-square feet Application Development Center. The building is currently nearing completion.
- In March, 2016, the Authority was awarded a \$20,000 grant from the Knight Foundation to assume the responsibilities of operating the Entrepreneurial Excellence Program (EEP) from the dissolving Economic Development Council (EDC). The proceeds of the grant were used to contract with the EEP program director. The Authority also received \$4,000 from the EDC to fund additional operating expenses of the program.
- No significant deficiencies in internal control over financial reporting were identified by the independent auditors for the years 2016 and 2015. There were two management comments provided by the independent auditors in their management letter for fiscal year 2015, and these have been addressed by management.

Overview of the Financial Statements

While identified as a dependent special district, the Authority is not considered by Leon County, its governing authority, to be a component unit of Leon County. The Authority's financial statements consist of the financial statements and the notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Fund Financial Statements

The Authority follows financial reporting requirements for enterprise funds, which use the accrual basis of accounting. This reporting follows accounting methods similar to those used by private-sector companies. As a business type activity, Authority operating revenues come from leases, maintenance, and management and common area management fees. Nonoperating revenues come from interest earned on deposits with financial institutions and other authorized depositories.

Enterprise Fund Analysis

The Statement of Net Position provides useful information about the Authority's financial position. The following table shows a condensed Statement of Net Position for the current and prior two years:

Table 1
Statement of Net Position
 As of September 30
(in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Change 2016</u>	<u>Change 2015</u>
Assets					
Current assets	\$ 4,236	\$ 4,167	\$ 4,342	\$ 69	\$ (175)
Noncurrent assets	4,268	4,569	4,807	(301)	(238)
Deferred outflows of resources	73	65	18	8	47
Total assets and deferred outflows of resources	<u>\$ 8,577</u>	<u>\$ 8,801</u>	<u>\$ 9,167</u>	<u>\$ (224)</u>	<u>\$ (366)</u>
Liabilities and deferred inflows of resources					
Current liabilities	\$ 32	\$ 40	\$ 34	\$ (8)	\$ 6
Noncurrent liabilities	105	86	65	19	21
Deferred inflows of resources	18	19	-	(1)	19
Total liabilities and deferred inflows of resources	<u>155</u>	<u>145</u>	<u>99</u>	<u>10</u>	<u>46</u>
Net Position					
Invested in capital assets net of related debt	4,225	4,521	4,807	(296)	(286)
Unrestricted	4,197	4,135	4,261	62	(126)
Total net position	<u>8,422</u>	<u>8,656</u>	<u>9,068</u>	<u>(234)</u>	<u>(412)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,577</u>	<u>\$ 8,801</u>	<u>\$ 9,167</u>	<u>\$ (224)</u>	<u>\$ (366)</u>

The Authority's total assets and deferred outflow of resources exceeded total liabilities and deferred inflow of resources as of September 30, 2016, by \$8.422 million (net position). Of this amount, \$4.197 million represents unrestricted net position that is available to meet ongoing obligations to tenants and creditors.

Fund net position decreased by \$234,730. \$297,114 of the decrease is attributable to depreciation and amortization expense offset by the increase attributable to the \$71,175 gain from sale of the Danfoss building.

Current assets consisting of cash and cash equivalents, accounts receivable, and prepaid expenses increased by \$68,512 for the fiscal year 2016 from the fiscal year 2015. Current liabilities consisting of accounts payable and unearned revenue decreased by \$8,127.

Capital Asset and Debt Administration

The majority of Authority assets are capital assets having a depreciated value of \$4.224 million and representing 49.7 percent of total assets. These capital assets primarily consist of Authority buildings leased to scientific research and development entities affiliated with institutions of higher education and other entities that foster economic development in affiliation with one or more institutions of higher education.

Table 2
Statement of Revenue, Expenses, and Changes in Net Position
(in thousands)

The following table summarizes the changes in net position for the current and prior two years.

	2016	2015	2014	Change 2016	Change 2015
Operating revenues	\$ 697	\$ 729	\$ 868	\$ (32)	\$ (139)
Operating expenses	(1,048)	(1,184)	(1,210)	136	26
Operating income (loss)	(351)	(455)	(342)	104	(113)
Nonoperating revenues (expenses)	117	43	(37)	74	80
Change in net position before special items	(234)	(412)	(379)	178	(33)
Loss on transfer of operations	-	-	(3,058)	-	3,058
Change in net position	(234)	(412)	(3,437)	178	3,025
Net position at the beginning of the year, as restated	8,656	9,068	12,505	(412)	(3,437)
Net position at end of year	<u>\$ 8,422</u>	<u>\$ 8,656</u>	<u>\$ 9,068</u>	<u>\$ (234)</u>	<u>\$ (412)</u>

For the year ended September 30, 2016, Authority operating expenses exceeded operating revenues by \$351,373.

Total operating revenues decreased by \$32,212. This is attributed to a \$9,145 decrease in common area maintenance fees; a \$40,500 increase in other income from program grants and fees, and licenses; and a decrease in lease revenue of \$63,567. The net decrease in lease revenue is attributed to an decrease of \$68,483 in the Morgan Building from the loss of three FSU affiliated tenants, a decrease of \$883 in the Knight Building, an increase of \$41,127 in the Johnson Building due to the National Park Service lease, and a decrease of \$35,326 in the Collins Building due to the termination of the Bing lease, and a reduction in space by the Florida Department of Agriculture.

Total operating expenses decreased by \$135,621. \$100,000 of the decrease was a result of funds paid to terminate a sublease in 2015. Depreciation and amortization decreased by \$11,719. Salaries and benefits increased by \$16,175. Other expenses decreased by \$40,077 predominantly due to reduced utility, and repairs and maintenance expenses.

Also, included in operating expenses for 2016 is a bad debt expense of \$31,033 as a result of a tenant lease termination and bankruptcy, and \$22,511 for 2015 due to \$16,336 in uncollectable claims for the reimbursement of legal fees in an eviction proceeding, and \$6,173 in uncollectable rents and expense reimbursements.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Leon County Research and Development Authority's office at 1736 West Paul Dirac Drive, Tallahassee, Florida.

Respectfully submitted,

Ronald J. Miller, Jr.
Executive Director

David Ramsay
Treasurer

Leon County Research and Development Authority

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Statements of Net Position

	September 30,	
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,719,021	\$ 2,636,793
Designated cash and cash equivalents	1,400,000	1,400,000
Accounts receivable - leases and other, net	105,435	115,577
Accrued interest receivable	3,176	2,487
Prepaid expenses and other current assets	8,206	12,469
Total current assets	<u>4,235,838</u>	<u>4,167,326</u>
Noncurrent assets:		
Other assets	42,932	48,662
Capital assets, net of accumulated depreciation	<u>4,224,671</u>	<u>4,520,720</u>
Total assets	<u>8,503,441</u>	<u>8,736,708</u>
Deferred outflows of resources		
Pension	<u>72,759</u>	64,996
Total deferred outflows of resources	<u>72,759</u>	<u>64,996</u>
Total assets and deferred outflows of resources	<u>\$ 8,576,200</u>	<u>\$ 8,801,704</u>
Liabilities, deferred inflows of resources and net position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 31,716	\$ 39,843
Total current liabilities	<u>31,716</u>	<u>39,843</u>
Noncurrent liabilities:		
Unearned revenue	221	221
Net pension liability	<u>104,668</u>	<u>86,076</u>
Total noncurrent liabilities	<u>104,889</u>	<u>86,297</u>
Total liabilities	<u>136,605</u>	<u>126,140</u>
Deferred inflows of resources		
Pension	<u>18,117</u>	19,356
Total deferred inflows of resources	<u>18,117</u>	<u>19,356</u>
Net position:		
Net investment in capital assets	4,224,671	4,520,720
Unrestricted	<u>4,196,807</u>	<u>4,135,488</u>
Total net position	<u>8,421,478</u>	<u>8,656,208</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,576,200</u>	<u>\$ 8,801,704</u>

See accompanying notes.

Leon County Research and Development Authority

Statements of Revenues, Expenses, and Changes in Net Position

	Years ended September 30,	
	2016	2015
Operating revenues		
Leases	\$ 588,486	\$ 652,053
Common area management fees	67,190	76,335
Other income	41,145	645
Total operating revenues	<u>696,821</u>	<u>729,033</u>
Operating expenses		
Salaries and employee benefits	248,963	232,788
Depreciation and amortization expense	297,114	308,833
Lease termination fee	-	100,000
Other expenses	502,117	542,194
Total operating expenses	<u>1,048,194</u>	<u>1,183,815</u>
Operating loss	<u>(351,373)</u>	<u>(454,782)</u>
Nonoperating revenues (expenses)		
Gain on sale of assets	71,175	-
Interest income	45,468	43,447
Total nonoperating revenue (expenses)	<u>116,643</u>	<u>43,447</u>
Change in net position	<u>(234,730)</u>	<u>(411,335)</u>
Net position at beginning of year, as restated	<u>8,656,208</u>	<u>9,067,543</u>
Net position at end of year	<u>\$ 8,421,478</u>	<u>\$ 8,656,208</u>

See accompanying notes.

Leon County Research and Development Authority

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Statements of Cash Flows

	Years ended September 30,	
	2016	2015
Operating activities		
Cash received from tenants	\$ 655,874	\$ 725,967
Other cash receipts	51,089	17,312
Cash payments to tenant for lease termination fee	-	(100,000)
Cash payments to suppliers for goods and services	(513,609)	(551,060)
Cash payments to employees	(233,683)	(233,078)
Net cash used in by operating activities	<u>(40,329)</u>	<u>(140,859)</u>
Capital and related financing activities		
Purchase of capital assets	(2,151)	(21,281)
Payments of capitalized fees	-	(50,100)
Net cash used in capital and related financing activities	<u>(2,151)</u>	<u>(71,381)</u>
Investing activities		
Interest and dividends on investments	45,468	43,447
Proceeds from sale of capital asset	79,240	-
Net cash provided by investing activities	<u>124,708</u>	<u>43,447</u>
Net increase (decrease) in cash and cash equivalents	82,228	(168,793)
Cash and cash equivalents at beginning of year	4,036,793	4,205,586
Cash and cash equivalents at end of year	<u>\$ 4,119,021</u>	<u>\$ 4,036,793</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (351,373)	\$ (454,782)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	297,114	308,833
Changes in operating assets and liabilities:		
Unearned revenue and net pension liability	15,280	20,619
Accounts receivable	10,142	16,513
Prepaid expenses and other assets	3,574	(57,375)
Accounts payable and accrued expenses	(15,066)	25,333
Net cash used in operating activities	<u>\$ (40,329)</u>	<u>\$ (140,859)</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 2,719,021	\$ 2,636,793
Designated cash and cash equivalents	1,400,000	1,400,000
Total	<u>\$ 4,119,021</u>	<u>\$ 4,036,793</u>

See accompanying notes.

Leon County Research and Development Authority

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Notes to Financial Statements

Years ended September 30, 2016 and 2015

1. Summary of Significant Accounting Policies**Description of Organization**

The Leon County Research and Development Authority (the Authority) was created by the Leon County Board of County Commissioners pursuant to County Ordinance No. 80-68 in accordance with Section 159.703, Florida Statutes. The Authority was created for the purpose of promoting scientific research and development in affiliation with and related to the research and development activities of one or more state-based, accredited, public or private institutions of higher education; for the purpose of financing and refinancing capital projects related to the establishment of a research and development park in affiliation with one or more institutions of higher education, including facilities that complement or encourage the complete operation thereof, as defined by and in the manner provided by the Florida Industrial Development Financing Act; and for the purpose of fostering the economic development and broadening the economic base of a county in affiliation with one or more institutions of higher education.

The Authority has acquired land within Leon County to perform any and all functions related or incidental to the operation of Innovation Park, Tallahassee (the Park). The Park is to provide a compatible location where selected applied research operations can be established to build upon and mutually benefit the economy of North Florida, the research capabilities of Florida A&M and Florida State Universities, and the services of Florida's capital city.

The Authority was notified on October 22, 1991, by the Office of the Comptroller, Department of Banking and Finance, State of Florida, that it had been reclassified from an independent to a dependent special district. The Authority is not considered by Leon County, its governing authority, to be a component unit of Leon County.

Basis of Accounting

The Authority follows Governmental Accounting Standards Board (GASB) financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

Revenue Recognition

Operating revenues – Operating revenues generally result from providing services in connection with ongoing operations. Operating revenues consist of lease, maintenance, management, and common area management fee revenues collected from tenants. Operating revenues are recognized as revenue in the period earned.

Nonoperating revenues – Nonoperating revenues consist of interest earned on deposits held with financial institutions and are recognized as revenue in the period earned.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash consists of demand deposits held at qualified public depositories. Qualified public depositories of public funds are required to provide collateral each month pursuant to Section 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. Therefore, any amount of the Authority’s demand deposits in excess of FDIC protection would be fully insured or collateralized.

Designated cash and cash equivalents consist of amounts for the completion of capital projects.

Accounts Receivable

Accounts receivable consists of amounts due from tenants for leases, common area fees, maintenance fees, and management fees.

The Authority provides an allowance for doubtful accounts based upon the anticipated collectability of each specific account. At September 30, 2016 and 2015, the Authority has recorded an allowance of \$53,544 and \$22,511, respectively.

Capital Assets

Capital assets are recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

	<u>Useful Lives</u>
Buildings	10 – 40 years
Improvements	5 – 20 years
Equipment and furnishings	5 – 8 years
Development costs	10 years

Beginning October 1, 1986, capital outlays for the construction of streets, parks, water and sewer lines, and other types of infrastructure expenditures are capitalized and included in improvements. To date, all such completed projects have been transferred to and accepted by the City of Tallahassee.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)**Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) and addition to/deduction from the FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Amortization

The costs of obtaining bonded debt were deferred and amortized over the life of the bonds using the straight line method.

Subsequent Events

The Authority has evaluated subsequent events through NEED DATE, the date the financial statements were available to be issued. During the period from September 30, 2016 to NEED DATE, the Authority did not have any material recognizable subsequent events.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. Ground Lease

The Authority entered into an agreement on January 28, 1980, with the State of Florida Board of Trustees of the Internal Improvement Trust Fund (the Board) to lease Park lands from the Board comprised of 207.92 acres for a period of 94 years. The agreement does not call for any lease payments from the Authority but specifies that the Park lands shall be used for research, design, development, light manufacturing and assembly, and educational and related purposes in furtherance of essential public purposes. In prior years, the Authority transferred its leasehold interest in approximately 33 acres to Florida State University. On March 18, 2014, the Authority transferred its leasehold interest in approximately 96 gross acres of developed and undeveloped Park land to Florida State University and Florida A&M University.

Notes to Financial Statements

3. Retirement Plan**General Information about the Florida Retirement System (FRS)**

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the Authority are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The Authority's pension expense totaled \$13,107 for the fiscal year ended September 30, 2016.

FRS Pension Plan

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Senior Management Service Class (SMSC) – Members in senior management level positions.

Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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Notes to Financial Statements

3. Retirement Plan (continued)**FRS Pension Plan (continued)**

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

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Notes to Financial Statements

3. Retirement Plan (continued)**Benefits Provided (continued)**

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on or after October 1, 1974	3.00
Senior Management Service Class	2.00
Elected Officers' Class	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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Notes to Financial Statements

3. Retirement Plan (continued)**Contributions**

Prior to July 1, 2011, the FRS was noncontributory for employees. Beginning July 1, 2011, employees who are not participating in DROP are required to contribute 3% of their salary to the FRS. The Authority is required to contribute at an actuarially-determined rate. Contribution rates for the 2015-2016 fiscal year are as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.37
FRS, Senior Management Services	3.00	21.14
Elected Officers	3.00	43.24
FRS, Special Risk	3.00	19.82
Deferred Retirement Option Program – Applicable to Members from All of the Above Classes	N/A	12.28
FRS Reemployed Retiree	(2)	(2)

Notes: (1) These Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The Authority's contributions, including employee contributions, to the defined benefit pension plan totaled \$15,497 for the fiscal year ended September 30, 2016, excluding HIS plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the Authority reported a liability of \$40,209 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Authority's proportionate share of the net pension liability was based on the Authority's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At September 30, 2016, the Authority's proportionate share was 0.000159 percent, which was a decrease of 32% percent from its proportionate share measured as of September 30, 2015.

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Notes to Financial Statements

3. Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the fiscal year ended September 30, 2016, the Authority recognized pension expense of \$9,835. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,079	\$ (374)
Change of assumptions	2,433	-
Net difference between projected and actual earnings on FRS pension plan investments	18,498	(8,104)
Changes in proportion and differences between Authority FRS contributions and proportionate share of contributions	18,966	(8,781)
Authority FRS contributions subsequent to the measurement date	2,928	-
Total	<u>\$ 45,904</u>	<u>\$ (17,259)</u>

The deferred outflows of resources related to pensions totaling \$2,928 resulting from the Authority contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2017	\$ 3,704
2018	3,704
2019	3,704
2020	937
2021	(1,214)
Thereafter	(650)
Total	<u>\$ 10,185</u>

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Notes to Financial Statements

3. Retirement Plan (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	7.60 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB table.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. As of June 30, 2016, the investment rate of return decreased from 7.65% to 7.60%.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation ¹</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Equities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Edge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	<u>12.00%</u>	7.11%	6.35%	13.00%
Total	<u>100.00%</u>			
Assumed Inflation – Mean		2.60%		2.00%

¹ As outlined in the Plan's investment policy.

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Notes to Financial Statements

3. Retirement Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Authority’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60 percent) or 1 percentage point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Authority’s proportionate share of the net pension liability - FRS	\$74,027	\$40,209	12,059

Pension Plan Fiduciary Net Position

Detailed information about pension plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

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Notes to Financial Statements

3. Retirement Plan (continued)**Benefits Provided**

For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the contribution rate was 1.26 percent through June 30, 2016 and 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The Authority contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Authority's contributions to the HIS Plan totaled \$2,975 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2016, the Authority reported a net pension liability of \$64,459 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Authority's proportionate share of the net pension liability was based on the Authority's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At September 30, 2016, the Authority's proportionate share was 0.000553 percent, which was an increase of 0.73 percent from its proportionate share measured as of September 30, 2015.

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Notes to Financial Statements

3. Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the fiscal year ended September 30, 2016, the Authority recognized pension expense of \$8,573. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ —	\$ (147)
Change of assumptions	10,115	—
Net difference between projected and actual earnings on HIS pension plan investments	33	—
Changes in proportion and differences between Authority HIS contributions and proportionate share of HIS contributions	14,200	(710)
Authority contributions subsequent to the measurement date	840	—
Total	<u>\$ 25,188</u>	<u>\$ (857)</u>

The deferred outflows of resources totaling \$840 was related to pensions resulting from Authority contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2017	\$ 3,218
2018	3,218
2019	3,218
2020	3,218
2021	579
Thereafter	39
Total	<u>\$ 13,490</u>

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Notes to Financial Statements

3. Retirement Plan (continued)**Actuarial Assumptions**

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, including inflation
Municipal bond rate	2.85 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB table.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013. As of June 30, 2016, the municipal rate used to determine total pension liability decreased from 3.8% to 2.85%.

Discount Rate

The discount rate used to measure the total pension liability was 2.85 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 2.85 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.85 percent) or 1 percentage point higher (3.85 percent) than the current rate:

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Notes to Financial Statements

3. Retirement Plan (continued)

Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (continued)

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Authority’s proportionate share of the net pension liability – HIS	\$73,949	\$64,459	\$56,583

Pension Plan Fiduciary Net Position

Detailed information about pension plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

FRS Investment Plan

The State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Authority employees already participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member’s account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

Notes to Financial Statements

3. Retirement Plan (continued)**FRS Investment Plan (continued)**

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Authority.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Authority's Investment Plan pension expense totaled \$3,883 for the fiscal year ended September 30, 2016.

Deferred Compensation Program

On November 18, 1997, the Authority adopted the National Association of Counties Deferred Compensation Program pursuant to Section 457 of the Internal Revenue Code (IRC). The deferred compensation plan allows for the voluntary participation of all eligible employees of the Authority. All assets of this plan, including all deferred amounts, property, and rights purchased with deferred amounts, and all income attributable to such deferred amounts, property, or rights, other than assets held in annuity contracts, will be held in a custodial account described in IRC Section 457(g).

The custodian shall hold the assets for the exclusive benefit of the participants and beneficiaries and the assets may not be diverted to any other use. Contributions to the plan for the years ended September 30, 2016 and 2015 were \$14,654 and \$14,200, respectively.

Notes to Financial Statements

4. Commitments and Contingencies

Master Plan Update and Future Park Development – The Authority’s Planned Unit Development (PUD) master development plan for the Park was amended and approved May 15, 2013. As of September 30, 2016 and 2015, \$754,961 has been incurred and capitalized as park development costs. The costs are being amortized over a period of 10 years. Accumulated amortization of these costs is \$613,939 and \$568,825 as of September 30, 2016 and 2015, respectively. Such costs are for various projects including Park amenities, a business incubator program, PUD/DRI, landscaping and park beautification, and other miscellaneous expenses.

Economic Development – Corporate Location Agreement – The Authority entered into an agreement on January 6, 2006, with the City of Tallahassee and Danfoss Turbocor Compressors Inc. (Danfoss) for the construction of a facility to house the Tallahassee operation of Danfoss. The agreement calls for the City of Tallahassee and the Authority to jointly construct the facility at a cost to the City of Tallahassee and the Authority of \$4.5 million. In addition, the City of Tallahassee and the Authority have agreed to reimburse Danfoss’ special building requirements, up to a maximum amount equal to the lesser of \$200,000 or the amount by which the total of all design and construction costs is less than \$4.8 million. Upon completion, the Authority would own 20% of the building. On October 23, 2015, the Authority sold the Danfoss building for \$79,240 and recognized a gain of \$71,175.

Agreement Among Tenants in Common – On January 6, 2006, the Authority and the City of Tallahassee entered into an “Agreement Among Tenants in Common.” The purpose of this co-tenancy is for the construction, ownership, management, and leasing of a building to be occupied by Danfoss. The term of the co-tenancy is fifty (50) years, commencing on January 6, 2006, and ending on January 6, 2056, unless sooner terminated by the tenants in common. The ownership and the operating interests in the co-tenancy is 20% for the Authority and 80% for the City of Tallahassee. Contributions by the Authority include Lots 1D, 2D, and 3D to the co-tenancy by leasing these properties for one dollar (\$1.00) per year for 20 years, and for fair market value for the remaining 30 years. The City is to provide up to \$4,750,000 for construction of the building. The Authority was to provide up to \$450,000 for construction of the building.

Effective October 26, 2015, an amendment to this agreement was made which removed the Authority’s \$450,000 construction obligation and adjusted the ownership interests in the co-tenancy for the Authority and the City of Tallahassee to 16.2% and 83.8%, respectively.

According to the co-tenancy agreement, any sublease of the property and building will require the tenant to pay all maintenance and operational expenses, rent, utilities, insurance, common area fees, and taxes.

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Notes to Financial Statements

4. Commitments and Contingencies (continued)

City of Tallahassee Ground Lease – On January 6, 2006, the Authority and the City of Tallahassee entered into a ground lease. The terms of the lease include rental of Lots 1D, 2D, and 3D as set forth in the Innovation Park/Tallahassee Amended Final Development Plan dated November 20, 1992. The term of the ground lease is for fifty (50) years, commencing on January 6, 2006, and ending on January 6, 2056. The City of Tallahassee, as tenant, will pay the Authority the sum of one dollar (\$1.00) per year for 20 years, and fair market value for the remaining 30 years.

On May 26, 2015, Danfoss exercised its option to purchase the property constructed and leased under the Agreement Among Tenants In Common. As a result, effective October 26, 2015, the Authority and the City sold the building to Danfoss, terminated the ground lease with Danfoss, terminated the Corporate Location Agreement, terminated the Agreement Among Tenants in Common, and terminated the Ground lease between the Authority and City. The distributions of funds from the sale of the building were \$3,431,684 to the City and \$79,241 to the Authority. Concurrently, Danfoss and the Authority entered into a ground lease for Lots 1D, 2D and 3D through January 28, 2074 for \$1.00 per year.

Sunnyland Solar Ground Lease – On August 3, 2011, the Authority and Sunnyland Solar Re, LLC entered into a ground lease. The terms of the lease include rental of approximately 9.8 acres. The term of the ground lease is for seven (7) years, with an option to renew for two additional seven (7) year terms, for a total of twenty-one (21) years. Sunnyland Solar Re, LLC, as tenant, will pay the Authority the sum of \$7,000 per year for the term of the lease. As an inducement to enter into this lease, an entity related to the tenant, Inkbridge, LLC, transferred \$100,000 into an escrow account for unrestricted use by the Authority for purposes that will be determined by the Board in conjunction with Inkbridge, LLC. The Authority expended escrowed funds during the fiscal years ended September 30, 2016 and 2015 of \$0 and \$35,000, respectively.

5. Operating Leases*Phipps Building*

The agreement with the Florida Department of Transportation (FDOT) for the Phipps Building is for 11,661 square feet and requires monthly payments of \$10,719 beginning June 1, 2007, through May 31, 2022, with an option to renew for an additional five-year term.

Notes to Financial Statements

5. Operating Leases (continued)*Collins Building*

On June 12, 2007, the Authority entered into an agreement with the Florida Department of Agriculture and Consumer Services (FDACS) for 25% of the Collins Building. The agreement is for 6,126 square feet and requires monthly payments of \$4,671 beginning July 1, 2007, through June 30, 2022, with an option to renew for an additional five-year term.

Johnson Building

On February 18, 2015, the Authority entered into a lease agreement with the Government of the United States of America with monthly lease payments of \$22,065 through February 17, 2025, which replaced two expiring agreements.

Morgan Building

During the years ended September 30, 2016 and 2015, the Authority recognized other short-term lease revenues from space in the Morgan Building in the amount of \$109,649 and \$182,085, respectively.

Administrative Office

During the years ended September 30, 2016 and 2015, the Authority also recognized other short-term lease revenues from space in the Administrative Office in the amount of \$6,356 and \$8,555, respectively.

Common Area Management Fees

The Authority maintains all of the common area in the Park. Owners of long-term leases purchased from the Authority and certain other tenants are charged an annual common area fee based on the Park's adjusted annual administrative overhead costs divided by the developable acres. For the years ended September 30, 2016 and 2015, the Authority recognized common area revenue in the amount of \$75,190 and \$76,335, respectively.

Following is a table of the minimum future rentals expected to be collected over the next five years:

	September 30,					Total
	2017	2018	2019	2020	2021	
Johnson	\$ 264,781	\$ 264,781	\$ 264,781	\$ 281,338	\$ 293,164	\$ 1,368,845
DOT	128,635	128,635	128,635	128,635	128,635	643,175
DACS	31,972	31,972	31,972	31,972	31,972	159,860
Morgan	44,909	-	-	-	-	44,909
Admin Center	5,476	-	-	-	-	5,476
Ground leases	7,000	5,833	-	-	-	12,833
	<u>\$ 482,773</u>	<u>\$ 431,221</u>	<u>\$ 425,388</u>	<u>\$ 441,945</u>	<u>\$ 453,771</u>	<u>\$ 2,235,098</u>

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6. Capital Assets

Following is a summary of the changes in capital assets for the year ending September 30, 2016:

Descriptions	Balance at September 30, 2015	Additions	Deletions	Balance at September 30, 2016
Buildings	\$ 8,821,417	\$ -	\$ -	\$ 8,821,417
Equipment and furnishings	68,309	2,151	-	70,460
Improvements	128,452	-	(66,116)	62,336
Land	635,921	-	-	635,921
Park and development costs	754,961	-	-	754,961
	10,388,986	2,151	(66,116)	10,345,095
Accumulated depreciation	(5,888,340)	-	-	(6,120,424)
Total	\$ 4,520,720	\$ -	\$ -	\$ 4,224,671

7. Designated Net Position and Cash and Cash Equivalents

The Board of Governors has designated unrestricted net position for each of the years ended September 30, 2016 and 2015 for future capital projects in the amount of \$1,400,000. In addition, the Board of Governors has designated cash and cash equivalents in the amount equal to the above designation.

8. Risk Management

The Authority is exposed to various risks of loss associated with normal operations and has purchased commercial insurance to mitigate such risks.

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purposes only.
Not for outside distribution.

Other Required Supplementary Information

Leon County Research and Development Authority

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Required Supplementary Information

Year ended September 30, 2016

Schedule of Proportionate Share of Net Pension Liability -
 Florida Retirement System
 Last 10 Fiscal Years

	Year Ending September 30,		
	2016	2015	2014
Proportion of the net pension liability	0.000159%	0.000233%	0.000178%
Proportionate share of the net pension liability	\$ 40,209	\$ 30,111	\$ 10,860
Covered-employee payroll	\$ 179,219	\$ 168,450	\$ 113,542
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	22.44%	17.88%	9.56%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See report of independent auditors.

Leon County Research and Development Authority

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Required Supplementary Information

Year ended September 30, 2016

Schedule of Contributions -
 Florida Retirement System
 Last 10 Fiscal Years

	Year Ending September 30,		
	2016	2015	2014
Contractually required contribution	\$ 3,883	\$ 5,684	\$ 3,888
Contributions in relation to the contractually required contribution	<u>(3,883)</u>	<u>(5,684)</u>	<u>(3,888)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 179,219	\$ 168,450	\$ 113,542
Contributions as a percentage of covered-employee payroll	2.17%	3.37%	3.42%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See report of independent auditors.

Leon County Research and Development Authority

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Required Supplementary Information

Year ended September 30, 2016

Schedule of Proportionate Share of Net Pension Liability -
 Health Insurance Subsidy Program
 Last 10 Fiscal Years

	Year Ending September 30,		
	2016	2015	2014
Proportion of the net pension liability	0.00055%	0.00055%	0.00056%
Proportionate share of the net pension liability	\$ 64,459	\$ 55,965	\$ 52,330
Covered-employee payroll	\$ 179,219	\$ 168,450	\$ 113,542
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.97%	33.22%	46.09%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See report of independent auditors.

Leon County Research and Development Authority

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Required Supplementary Information

Year ended September 30, 2016

Schedule of Contributions -
 Health Insurance Subsidy Program
 Last 10 Fiscal Years

	Year Ending September 30,		
	2016	2015	2014
Contractually required contribution	\$ 2,835	\$ 2,098	\$ 1,917
Contributions in relation to the contractually required contribution	<u>(2,835)</u>	<u>(2,098)</u>	<u>(1,917)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 179,219</u>	<u>\$ 168,450</u>	<u>\$ 113,542</u>
Contributions as a percentage of covered-employee payroll	1.58%	1.25%	1.69%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See report of independent auditors.

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Other Reports

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Audit Committee

Leon County Research and Development Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Leon County Research and Development Authority (the Authority), which comprise the statement of net position as of September 30, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated NEED DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tallahassee, Florida
NEED DATE

Management Letter

The Board of Governors
Leon County Research and Development Authority

Report on the Financial Statements

We have audited the financial statements of the Leon County Research and Development Authority (the Authority) as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated NEED DATE.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in this report, which are dated NEED DATE, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Page Two

Financial Condition

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our testing of cash disbursements, we noted one instance where the documentation supporting the invoice paid had not been maintained but the original contract was available. In a separate instance, we noted where the rate per the invoice did not match the contract due to the vendor's error. We suggest that all contracts be kept on file and that documentation be requested for any rate changes. We also recommend that invoices are reviewed for compliance with contracts to ensure that internal worksheets used for tracking are updated with current rates.

Page Three

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Our management letter is intended solely for the information and use of management, the Board of Governors, the Leon County Board of County Commissioners, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Tallahassee, Florida
NEED DATE

To the Audit Committee
Leon County Research and Development Authority

We are pleased to present this report related to our audit of the financial statements of Leon County Research and Development Authority (the Authority) as of and for the year ended September 30, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority’s financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor’s Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<p>Our Responsibilities With Regard to the Financial Statement Audit</p>	<p>Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i>, issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated July 18, 2016. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
<p>Overview of the Planned Scope and Timing of the Financial Statement Audit</p>	<p>We discussed with members of the Audit Committee and the Authority’s management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, our approach to internal control relevant to the audit, and the timing of the audit.</p>

Area	Comments
Accounting Policies and Practices	<p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions</p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
Management’s Judgments and Accounting Estimates	<p>Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include the following:</p> <ul style="list-style-type: none"> • Allowance for uncollectible accounts. • Pension liabilities. • The allocation of certain maintenance expenses and common area maintenance fees. The Authority has established through lease agreements with specific tenants that certain maintenance costs incurred by the Authority may be allocated and billed to the tenants. In addition, the Authority calculates an annual charge to the tenants for common area maintenance fees based on actual costs incurred during the year.

Page Three

Area	Comments
Management's Judgments and Accounting Estimates (continued)	<ul style="list-style-type: none"> • Amortization of capitalized fees. • Useful lives used to calculate depreciation of capital assets. <p>The Audit Committee may wish to monitor throughout the year the process used to determine and record these accounting estimates.</p>
Audit Adjustments	<p>Audit adjustments proposed by us and recorded by the Authority are shown on the attached Exhibit A. The adjustments decreased net position by \$9,590. Journal entries were related to the pension liability.</p>
Uncorrected Misstatements	<p>During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements and to the related financial statement disclosures. The adjustments were to adjust utilities expense for proper cut-off. The effect of the adjustments would be to decrease net position by \$1,924. See Exhibit B for a copy of the representation letter provided to us by the Authority's management that includes a description of uncorrected misstatements.</p>
Disagreements With Management	<p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</p>
Consultations With Other Accountants	<p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>
Significant Issues Discussed With Management	<p>No significant issues arising from the audit were discussed with or the subject of correspondence with management.</p>

Page Four

Area	Comments
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Authority's financial and accounting personnel.
Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting	We have separately communicated any significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements as required by <i>Government Auditing Standards</i> . There were none identified. This communication is included in the Other Reports section of the financial statements.
Significant Written Communications Between Management and Our Firm	See Exhibit B for a copy of the representation letter provided to us by the Authority's management.

This report is intended solely for the information and use of the Audit Committee and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to continue to be of service to Leon County Research and Development Authority.

Tallahassee, Florida
[REPORT DATE]

Leon County Research and Development Authority

Year End: September 30, 2016

Trial balance

Date: 10/1/2015 To 9/30/2016

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence
Net Income (Loss) Before Adjustments							(225,140.00)		
1	9/30/2016	Pension	THF 190	0215	2,433.00				
1	9/30/2016	Pension	THF 190	0215		1,999.00			
1	9/30/2016	Pension	THF 190	0215	10,393.00				
1	9/30/2016	Pension	THF 190	0215	3,079.00				
1	9/30/2016	Pension	THF 190	0215		3,179.00			
1	9/30/2016	Pension	THF 190	0215	27,070.00				
1	9/30/2016	Pension	THF 190	0215		34,901.00			
1	9/30/2016	Pension	THF 190	0215		961.00			
1	9/30/2016	Pension	THF 280	0215	7,190.00				
1	9/30/2016	Pension	THF 280	0215		374.00			
1	9/30/2016	Pension	THF 280	0215	714.00				
1	9/30/2016	Pension	THF 280	0215		16,886.00			
1	9/30/2016	Pension	THF 280	0215	10,606.00				
1	9/30/2016	Net Pension Liability	THF 285	0215		10,098.00			
1	9/30/2016	Employee Benefits-Authority	4406-0000	0215	6,131.00				
1	9/30/2016	Employee Benefits-Authority	4406-0000	0215	3,704.00				
1	9/30/2016	Employee Benefits-Authority	4406-0000	0215		2,922.00			
FRS Entry #1 (Year 2 and Following)- To record Employer's share of collective pension amounts for the measurement period.					71,320.00	71,320.00	(232,053.00)	(6,913.00)	
2	9/30/2016	Pension	THF 190	0215	10,115.00				
2	9/30/2016	Pension	THF 190	0215	33.00				
2	9/30/2016	Pension	THF 190	0215		30.00			
2	9/30/2016	Pension	THF 190	0215		4,403.00			
2	9/30/2016	Pension	THF 190	0215	14,200.00				
2	9/30/2016	Pension	THF 190	0215		17,149.00			
2	9/30/2016	Pension	THF 190	0215		706.00			
2	9/30/2016	Pension	THF 280	0215		147.00			
2	9/30/2016	Pension	THF 280	0215		710.00			
2	9/30/2016	Pension	THF 280	0215	846.00				
2	9/30/2016	Net Pension Liability	THF 285	0215		8,494.00			
2	9/30/2016	Employee Benefits-Authority	4406-0000	0215	5,356.00				
2	9/30/2016	Employee Benefits-Authority	4406-0000	0215	3,218.00				
2	9/30/2016	Employee Benefits-Authority	4406-0000	0215		2,129.00			
HIS Entry #2- To record Employer's share of collective pension amounts for the measurement period.					33,768.00	33,768.00	(238,498.00)	(6,445.00)	
3	9/30/2016	Pension	THF 190	0215	2,928.00				
3	9/30/2016	Pension	THF 190	0215	840.00				
3	9/30/2016	Employee Benefits-Authority	4406-0000	0215		2,928.00			
3	9/30/2016	Employee Benefits-Authority	4406-0000	0215		840.00			
FRS & HIS Entry #3- To reclassify contributions paid subsequent to the Measurement Date.					3,768.00	3,768.00	(234,730.00)	3,768.00	
					108,857.00	108,857.00	(234,730.00)	(9,590.00)	

Select Year:

The 2016 Florida Statutes

[Title XIV](#)
TAXATION AND
FINANCE

[Chapter 218](#)
FINANCIAL MATTERS PERTAINING TO POLITICAL
SUBDIVISIONS

[View Entire
Chapter](#)

218.391 Auditor selection procedures.—

(1) Each local governmental entity, district school board, charter school, or charter technical career center, prior to entering into a written contract pursuant to subsection (7), except as provided in subsection (8), shall use auditor selection procedures when selecting an auditor to conduct the annual financial audit required in s. 218.39.

(2) The governing body of a charter county, municipality, special district, district school board, charter school, or charter technical career center shall establish an audit committee. Each noncharter county shall establish an audit committee that, at a minimum, shall consist of each of the county officers elected pursuant to s. 1(d), Art. VIII of the State Constitution, or a designee, and one member of the board of county commissioners or its designee. The primary purpose of the audit committee is to assist the governing body in selecting an auditor to conduct the annual financial audit required in s. 218.39; however, the audit committee may serve other audit oversight purposes as determined by the entity's governing body. The public shall not be excluded from the proceedings under this section.

(3) The audit committee shall:

(a) Establish factors to use for the evaluation of audit services to be provided by a certified public accounting firm duly licensed under chapter 473 and qualified to conduct audits in accordance with government auditing standards as adopted by the Florida Board of Accountancy. Such factors shall include, but are not limited to, ability of personnel, experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its particular requirements.

(b) Publicly announce requests for proposals. Public announcements must include, at a minimum, a brief description of the audit and indicate how interested firms can apply for consideration.

(c) Provide interested firms with a request for proposal. The request for proposal shall include information on how proposals are to be evaluated and such other information the committee determines is necessary for the firm to prepare a proposal.

(d) Evaluate proposals provided by qualified firms. If compensation is one of the factors established pursuant to paragraph (a), it shall not be the sole or predominant factor used to evaluate proposals.

(e) Rank and recommend in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services after considering the factors established pursuant to paragraph (a). If fewer than three firms respond to the request for proposal, the committee shall recommend such firms as it deems to be the most highly qualified.

(4) The governing body shall inquire of qualified firms as to the basis of compensation, select one of the firms recommended by the audit committee, and negotiate a contract, using one of the following methods:

(a) If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it

may not negotiate with more than one firm at a time.

(b) If compensation is one of the factors established pursuant to paragraph (3)(a) and used in the evaluation of proposals pursuant to paragraph (3)(d), the governing body shall select the highest-ranked qualified firm or must document in its public records the reason for not selecting the highest-ranked qualified firm.

(c) The governing body may select a firm recommended by the audit committee and negotiate a contract with one of the recommended firms using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor used to select the firm.

(d) In negotiations with firms under this section, the governing body may allow a designee to conduct negotiations on its behalf.

(5) The method used by the governing body to select a firm recommended by the audit committee and negotiate a contract with such firm must ensure that the agreed-upon compensation is reasonable to satisfy the requirements of s. 218.39 and the needs of the governing body.

(6) If the governing body is unable to negotiate a satisfactory contract with any of the recommended firms, the committee shall recommend additional firms, and negotiations shall continue in accordance with this section until an agreement is reached.

(7) Every procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions of the procurement of such services. For purposes of this section, an engagement letter signed and executed by both parties shall constitute a written contract. The written contract shall, at a minimum, include the following:

(a) A provision specifying the services to be provided and fees or other compensation for such services.

(b) A provision requiring that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract.

(c) A provision specifying the contract period, including renewals, and conditions under which the contract may be terminated or renewed.

(8) Written contracts entered into pursuant to subsection (7) may be renewed. Such renewals may be done without the use of the auditor selection procedures provided in this section. Renewal of a contract shall be in writing.

History.—s. 65, ch. 2001-266; s. 1, ch. 2005-32.

DRAFT



Leon County Research & Development Authority

REQUEST FOR PROPOSALS

for

Professional Auditing Services

RFP 17-01

Release Date: May 1, 2017

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I. INTRODUCTION

A. General Information and Overview

1. Leon County Research & Development Authority (“LCRDA”), a Florida Special District located in Tallahassee, Florida, is requesting proposals from qualified firms of certified public accountants to audit three years of financial statements commencing with the fiscal year ending September 30, 2017, with the option of auditing the financial statements for each of the four subsequent fiscal years (seven years maximum). These audits are to be performed in accordance with generally accepted auditing standards, the standards for financial audits set forth in the United States General Accounting Office's Government Auditing Standards, Chapter 10.550, Rules of the Auditor General, Local Governmental Entity Audits; and any other required standards that are or become applicable.
2. A pre-proposal conference is scheduled for 3:00 P.M., Wednesday, May 24, 2017, in the LCRDA Conference Room, 1736 W. Paul Dirac Drive, Tallahassee, Florida 32310 to respond to any questions you may have about the RFP.
3. All questions before and after the pre-proposal conference concerning this RFP shall be directed **in writing** via email to:

Ron Miller, Executive Director
Email: Rmiller@inn-park.com
Subject: RFP 17-01

Each Vendor shall examine the Request for Proposal documents carefully; and, no later than 2:00pm, Friday, June 2, 2017, may make a written request to LCRDA for interpretations or corrections of any ambiguity, inconsistency or error which may be discovered. All interpretations or corrections will be issued as addenda, emailed to all proposers, and posted to the <http://LCRDA.org> website not later than 5:00pm, Monday, June 5, 2017.

No negotiations, decisions, or actions shall be initiated or executed by the proposer as a result of any discussions with any LCRDA employee prior to the opening of proposals. Only those communications which are in writing from LCRDA may be considered as a duly authorized expression on behalf of LCRDA. Only communications from firms which are in writing and signed will be recognized by LCRDA as duly authorized expressions on behalf of proposers.

Prohibited Communications:

All communications regarding this RFP, or a proposal, must be in accordance with this section; provided any such contact shall be limited to questions regarding clarification of information provided in this RFP, and shall not relate to the merits of a proposal.

Other than written communication permitted by this section, or discussions held

during the pre-proposal conference and public meetings of the LCRDA Board of Governors ("Board"), or of the LCRDA Audit Committee ("Audit Committee"), no contact or communication in person, by telephone, e-mail, through an intermediary, or otherwise with any member of the Board or any other representative of the LCRDA regarding this RFP shall occur.

The prohibited communication shall be in effect as of the issuance of the RFP. The provisions of this section shall terminate at the time the Board, or an LCRDA employee authorized to act on behalf of the Board, awards or approves a contract, rejects all bids or responses, or otherwise takes action which ends the solicitation process.

Any contact or communication in violation of the provisions above shall be cause for rejection of the proposal.

4. Costs for developing and presenting submittals in response to this Request for Proposals are entirely the obligation of the proposer and shall not be chargeable in any manner to LCRDA. There is no expressed or implied obligation for LCRDA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.
5. To be considered, one UNBOUND original and six (6) UNBOUND copies of the proposal, and an electronic version of proposal (pdf format) on a USB drive, shall be delivered to the LCRDA Executive Director ("Executive Director"):

Leon County R&D Authority
Attn: Ron Miller
1736 W. Paul Dirac Drive
Tallahassee, Florida 32310

for receipt, no later than 2:00 P.M., Monday, June 12, 2017. Proposals must be submitted in a sealed envelope clearly marked with the name of the audit firm and the Proposal Number RFP 17-01. Please DO NOT bind the proposals in any way other than a single staple, binder clip, or paper clip. The sealed proposals will be publicly opened shortly thereafter.

Proposals may not be withdrawn after this time or within the ensuing sixty (60) day period. Proposals may be withdrawn prior to 2:00 P.M., Monday, June 12, 2017, if so requested in writing. Proposals received after this time will not be considered.

6. LCRDA reserves the right to reject any proposal which may be considered irregular, incomplete, or which shows serious omission, unauthorized alteration of form, unauthorized alternate proposals, or is submitted after 2:00 P.M., Monday, June 12, 2017. LCRDA reserves the right to accept or reject any and all proposals and to waive all nonmaterial irregularities in any or all proposals submitted.
7. LCRDA reserves the right to retain all proposals submitted and to use any idea in a

proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between LCRDA and the firm selected.

8. Proposals submitted will be evaluated by the Audit Committee, created by the Board and pursuant to the provisions of Section 218.391, Florida Statutes, with membership appointed by the Chair of the Board. During the evaluation process, the Audit Committee and LCRDA reserve the right, where it may serve the best interests of LCRDA, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions.
9. If more than three firms submit responsive proposals, a preliminary Audit Committee meeting may be held on June 22, 2017 to narrow the number of firms for oral presentation and final ranking. Firms are not required to attend, and will not make oral presentations at this meeting.

It is anticipated that the final ranking of firms will occur at the Audit Committee Meeting scheduled to be held on Thursday, June 29, 2017. Firms being included in the final ranking must attend this final ranking meeting and may be requested to make oral presentations. The negotiation process and approval and execution of the contract will occur subsequent to this meeting.

All Audit Committee meetings are currently scheduled to be held in the LCRDA Conference Room located at 1736 W. Paul Dirac Drive, Tallahassee, Florida 32310.

Further description of the evaluation procedures is provided in section VII of the RFP.

10. Since the receipt of more than one proposal is anticipated, LCRDA will follow the provisions of Section 218.391, Florida Statutes, which states in part:

“If compensation is not one of the factors established pursuant to paragraph (3)(a) and not used to evaluate firms pursuant to paragraph (3)(e), the governing body shall negotiate a contract with the firm ranked first. If the governing body is unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the governing body shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The governing body, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.”
11. The use of the term “contractor” herein refers to the individual or firm which executes the contract awarded under this RFP.

B. Term of Engagement

A three-year contract is contemplated, subject to the annual review and recommendation of the Audit Committee, the satisfactory negotiation of terms (including a price acceptable to both LCRDA and the selected firm), and the concurrence of the Board. The contract will contain a provision allowing LCRDA to renew twice for two subsequent years, subject to the above conditions.

C. Joint Ventures/Subcontracting

Any proposed subcontracting must be clearly identified in the initial proposal, including the name of the firm and all other information as required of the principal firm in this Request for Proposals. LCRDA reserves the right to reject any proposed subcontractors. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of LCRDA.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

LCRDA desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with generally accepted accounting principles.

B. Auditing Standards and Requirements to be Followed

To meet the requirements of this Request for Proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the United States General Accounting Office's Government Auditing Standards, and Chapter 10.550, Rules of the Auditor General Local Governmental Entity Audits; and any other required standards that are or may become applicable.

C. Reports to be Issued

1. Following the completion of the audit of each fiscal year's financial statements during the term of the contract, the auditor shall issue:
 - a. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
 - b. A report on internal control over financial reporting including any material weaknesses or significant deficiencies found during the audit.
 - c. A report on compliance with laws, regulations, contracts, grant agreements, and other matters, including all instances of noncompliance with applicable laws and regulations.
 - d. A management letter.
 - e. The Auditor's Communication with Those Charged with Governance.
 - f. Any other attestations and certifications as may be required by Government

Auditing Standards, Florida Statutes or Florida Administrative Code.

2. Irregularities and illegal acts: The auditor shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts, of which they become aware, to the Board Chair, the Audit Committee Chair, and the Executive Director.
 3. Reporting to the Audit Committee: The auditors shall assure themselves that the Audit Committee is informed of each of the following:
 - a. The responsibilities of the auditor under generally accepted auditing standards.
 - b. Significant audit adjustments.
 - c. Difficulties or restrictions encountered in performing the audit.
 - d. Disagreements between management and the independent auditors in the preparation of the financial statements.
 - e. Recommendations for improvements in the financial policies, procedures, and practices of the Authority.
- D. Special Considerations
1. LCRDA does not currently receive financial assistance subjecting it to the audit requirements of the federal or Florida Single Audit Act, and the price of any such audit requirements are outside the scope of this RFP. However, receipt of future assistance is possible, and may subject LCRDA to such audit requirements. In such a case, the auditors and LCRDA will work in good faith to negotiate fair compensation for the expanded scope based on the hourly rates included in the contract. The ability to perform these services will be considered in the technical proposal portion of this RFP.
 2. LCRDA may prepare one or more official statements in connection with the sale of debt securities which will contain the financial statements and the auditor's report thereon. The auditor shall be required under the contract, if requested by the financial advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor, and any necessary "comfort letters."
 3. LCRDA acknowledges that in order to provide a non-audit service to LCRDA, the auditor must determine whether providing such a service would create a significant threat to its independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of that determination is consideration of management's ability to effectively oversee the non-audit service to be performed. The LCRDA agrees that the Executive Director possesses suitable skill, knowledge, or experience and that the individual understands the non-audit services described below to be performed sufficiently to oversee them.
- Accordingly, the management of the LCRDA agrees to the following:
- a. LCRDA has designated the Executive Director a senior member of management, who possesses suitable skill, knowledge, and experience to oversee the services.
 - b. The Executive Director will assume all management responsibilities for subject

matter and scope of the drafting of the financial statements and trial balance adjustments.

- c. LCRDA will evaluate the adequacy and results of the services performed.
- d. LCRDA accepts responsibility for the results and ultimate use of the services.

Non-audit services required to be provided by the auditor:

- a. The auditor will be required to prepare the required financial statements, accompanying notes, and other required supplementary information for the LCRDA. LCRDA will prepare the Management Discussion and Analysis.
 - b. The auditor will be required to review GASB 68 information provided by the Florida Retirement System, and prepare all required general ledger entries, footnote disclosures, and supplementary information related to this retirement plan.
 - c. The auditor will be required to maintain fixed asset depreciation and amortization schedules and compute annual depreciation and amortization amounts.
 - d. Additional LCRDA requested non-audit services will be considered by the auditor on a case-by-case basis. The auditors and LCRDA will work in good faith to negotiate fair compensation for the expanded scope based on the hourly rates included in the contract.
4. The auditor should be able to provide guidance and assist in the implementation of current changes in governmental accounting standards
 5. As required by the provisions of Chapter 10.550, Rules of the Auditor General, the auditor shall review the Annual Financial Report of Units of Local Government (which is required to be completed pursuant to the provisions of Section 218.32, Florida Statutes), in order to ensure it is in agreement with the audited financial statements.
 6. A list of findings, other weaknesses, and recommendations with responses from the most recent financial statement audit of LCRDA are attached to this document (Appendix A). Of those findings, other weaknesses, and recommendations, management believes that all the issues have been resolved.
 7. The auditor shall be required to provide 6 originals of all reports, and an electronic version of all reports.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five years after release of the audit, unless the firm is notified in writing by LCRDA of the need to extend the retention period.

The auditor will be required to make working papers available, upon request, without charge, to the following parties or their designee:

1. LCRDA.
2. Parties designated by the federal or state governments or by LCRDA as part of an audit

quality review process.

3. Auditors of entities of which LCRDA is a sub-recipient of grant funds

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE LEON COUNTY R&D AUTHORITY

A. Name and Telephone Number of Contact Person Key Personnel

The auditor's principal contact with LCRDA will be Ron Miller, Executive Director, (850) 575-0343 or a designated representative, who will coordinate the assistance provided by LCRDA to the auditor.

A list of key personnel is attached as Appendix B. These individuals are not to be contacted during the proposal process except as noted in section I.A.3. of the RFP.

B. Background Information

LCRDA was created by the Leon County Board of County Commissioners pursuant to County Ordinance No. 80-68 in accordance with Section 159.703, Florida Statutes. LCRDA was created for the purpose of promoting scientific research and development in affiliation with and related to the research and development activities of one or more state-based, accredited, public or private institutions of higher education; for the purpose of financing and refinancing capital projects related to the establishment of a research and development park in affiliation with one or more institutions of higher education, including facilities that complement or encourage the complete operation thereof, as defined by and in the manner provided by the Florida Industrial Development Financing Act; and for the purpose of fostering the economic development and broadening the economic base of a county in affiliation with one or more institutions of higher education.

The LCRDA has acquired land within Leon County to perform any and all functions related or incidental to the operation of Innovation Park, Tallahassee (the Park). The Park is to provide a compatible location where selected applied research operations can be established to build upon and mutually benefit the economy of North Florida, the research capabilities of Florida A&M and Florida State Universities, and the services of Florida's capital city.

LCRDA is governed by an 11-member Board of Governors with one member each appointed by the Presidents of Florida State University, Florida A&M University, and Tallahassee Community College, and the Mayor of Tallahassee. The Leon County Board of County Commissioners appoints one Commissioner and six private sector members to the Board.

Additional background information is available on the LCRDA websites:

1. <http://lcrda.org> : LCRDA governance related including financial reports, budgets,

Board and committee meeting minutes and records, Board member and staff list, strategic plan, charter, bylaws, policies.

2. <http://innovation-park.com>: Innovation Park programs, news, property information, park tenant information, and property development information.

C. Basis of Accounting

The Authority follows Governmental Accounting Standards Board (GASB) financial reporting requirements for enterprise funds, which use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

D. Relationship to Leon County Government

The LCRDA was notified on October 22, 1991, by the Office of the Comptroller, Department of Banking and Finance, State of Florida, that it had been reclassified from an independent to a dependent special district. The LCRDA is NOT considered by Leon County, its governing authority, to be a component unit of Leon County.

E. Budgets

Pro forma budgets are prepared on a cash basis. Budgets are reviewed and recommended for approval to the Board by the Budget Committee appointed by the Board Chair, and chaired by the Board Treasurer. Performance against budget is reported in the monthly financial statements and reviewed by the Treasurer in his report at each Board meeting.

F. Pension Plan

In accordance with Florida Law, the LCRDA employees must participate in the Florida Retirement System, a multiple employer cost sharing defined benefit plan and defined contribution plan, administered by the Florida Department of Management Services, Division of Retirement. All permanent LCRDA employees are covered by the pension plan.

G. Finance Operations

Responsibility for financial operations (as well as property management) is contracted to NAI Talcor ("Talcor"). Talcor provides all general ledger, accounts payable, accounts receivable, and lease tracking functions for the LCRDA. Financial records and other documents are maintained by Talcor at their Tallahassee office. Responsible Talcor staff includes a Certified Public Accountant.

Executive Director, Ron Miller, provides management, oversight, and review of the financial operations performed by Talcor. He possesses a BS degree in Accounting, and a Master of Business Administration degree. He was formerly a licensed CPA in the State of Indiana from 1988 until 2012; currently in an inactive status. He has served extensively in a Chief

Financial Officer capacity in the private sector, as well as for state and local government agencies.

H. Computer Systems

Talcor utilizes YARDI Voyager v5.05 software as a service and web-based application accessible to both Talcor and LCRDA staff. LCRDA staff can only view information, and does not have security access to enter transactions.

I. Availability of Prior Audit Reports

Audit reports for fiscal years ending September 30, 2011 through 2016 are available on-line at <http://lcrda.org/financials>.

IV. SCHEDULE

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for Proposals issued	Monday, May 1, 2017
Due date for notification of interest	Monday, May 22, 2017, 2:00pm
Pre-proposal conference	Wednesday, May 24, 2017, 3:00pm
Deadline for questions	Friday, June 2, 2017, 2:00pm
Responses to questions posted by	Monday, June 5, 2017, 5:00pm
Due date for proposals	Monday, June 12, 2017, 2:00pm

B. Notification and Contract Dates

(These dates subject to change, and times TBD—proposers will be notified via email, and changes noted on the <http://lcrda.org> website.)

Audit Committee, preliminary meeting (if needed)	Thursday, June 22, 2017
Audit Committee approval of ranking, authority to negotiate contract	Thursday, June 29, 2017
Executive Committee approval of negotiated contract	Tuesday, July 18, 2017
Board of Governors ratification	Thursday, August 3, 2017

C. Date Audit May Commence

Audit work may be commenced at any date after the execution of the contract between the parties. In future years, interim work, if any, shall commence no earlier than July 1 of each year.

D. Schedule for the Fiscal Year 2016-17 Audit

(These dates are subject to change based on regulatory or statutory requirements, or as may be required by the Audit Committee Chair or Executive Director in consultation with the auditor. A similar schedule will be developed for audits of future fiscal years.)

Each of the following shall be completed by the auditor no later than the dates indicated.

1. Fieldwork: The auditor shall complete all fieldwork by November 30, 2017.
2. Draft Reports: The auditor shall have drafts of all audit reports and recommendations to the Executive Director by December 18, 2017, for review and preparation of the draft Management Discussion and Analysis (MD&A). Executive Director's comments and MD&A will be returned to auditor within seven days.

E. Audit Committee Meetings

(A similar time schedule will be developed for audits of future fiscal years).

At a minimum, the following Audit Committee meetings will be held:

1. Planning meeting—To be scheduled prior to fieldwork
The purpose of this meeting will be to discuss prior audit problems, the audit schedule, any changes in operations and procedures, special audit risks, potential issues identified by accounting staff and management, and or any other pre-audit concerns by the Audit Committee or the auditor.
2. Draft report presentation—To be scheduled upon draft report completion
The purpose of this meeting is for the auditor to provide to and discuss with the Audit Committee the audit report, and all recommendations, revisions and suggestions for improvement. The Audit Committee will then make its recommendation to the Board for approval of the audit report.

F. Final Report and Approval

The final report approved by the Audit Committee will be to be submitted to the LCRDA Executive Committee for approval in January, 2018, subject to ratification by the Board at its February 1, 2018 meeting.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Accounting Staff and Clerical Assistance

Talcor Accounting Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. All required journal entries, and trial balances will be prepared by Talcor Accounting Department staff. Any additional information provided by LCRDA will be in the format maintained by Talcor. Any additional or reformatted schedules will be the responsibility of the auditor. Confirmations will be typed by LCRDA staff, if requested.

B. Computer and Data Assistance

In addition to other documents and schedules to be prepared by LCRDA and Talcor, Talcor Accounting Department staff will provide a download of the detailed general ledger in Excel format.

C. Work Area, Telephones, Photocopying and Facsimile Machines

LCRDA and Talcor will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone, photocopying facilities and facsimile machines.

D. Report Preparation

Report preparation, editing and printing of the all reports shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal are encouraged to submit no later than 2:00 P.M., Monday, May 22, 2017 their "Notification of Interest" in the format attached as Appendix H. This notification will enable us to provide interested parties with all proposal related information.

2. Pre-proposal Conference

A conference for firms interested in submitting proposals will be held at 3:00 P.M., Wednesday, May 24, 2017, at the LCRDA offices, 1736 W. Paul Dirac Drive, Tallahassee, Florida 32310. Both verbal and written questions will be accepted during the conference.

3. Inquiries

Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made in accordance with section I.A.3. of the RFP.

4. Submission of Proposals

The following material must be received no later than 2:00 P.M., Monday, June 12, 2017, for a proposing firm to be considered:

- a. Title Page: Title page showing the Request for Proposals' subject; RFP number 17-01; the firm's name; and the name, address, and telephone number of a contact person; and the date of the proposal.
- b. Table of Contents.
- c. Transmittal Letter: A signed letter of transmittal shall be submitted, briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for sixty (60) days after the submission deadline.
- d. Summary of the firm's current workload and ability to satisfy the requirements of LCRDA. A brief statement should be included on the firm's background, organization, and size.
- e. Technical Proposal: The technical proposal should follow the order set forth in section VI.B. of the RFP.
- f. Executed copy of the Proposer Guarantee attached to this Request for Proposals (Appendix C).
- g. Equal Opportunity/Affirmative Action Requirements: The contractors and all subcontractors shall agree to a commitment to the principles and practices of equal opportunity in employment and to comply with the letter and spirit of federal, state, and local laws and regulations prohibiting discrimination based on race, color, religion, national region, sex, age, handicap, marital status, and political affiliation or belief. For federally funded projects, in addition to the above, the contractor shall agree to comply with Executive Order 11246, as amended, and to comply with specific affirmative action obligations contained therein. In addition to completing the Equal Opportunity/Affirmative Action Statement, (Appendix D), the Proposer shall include a copy of any affirmative action or equal opportunity policies in effect at the time of submission.
- h. Certification Regarding Debarment, Suspension, and Other Responsibility Matters: The prospective primary participant must certify to the best of its knowledge and belief, that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency and meet all other such responsibility matters as contained on the attached certification form (Appendix E).
- i. Public Entity Crimes Statement: The prospective primary participant must certify on the attached form (Appendix F), to the best of its knowledge and belief, that it and its principals comply with the Florida Statutes Section

287.133(3)(a) on Public Entity Crimes. A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

To be considered, one UNBOUND original and six (6) UNBOUND copies of the proposal, and an electronic version of proposal (pdf format) on a USB drive, shall be delivered to the Executive Director:

Leon County R&D Authority
Attn: Ron Miller
1736 W. Paul Dirac Drive
Tallahassee, Florida 32310

for receipt, no later than 2:00 P.M., Monday, June 12, 2017. Proposals must be submitted in a sealed envelope clearly marked with the name of the audit firm and the Proposal Number RFP 17-01. Please DO NOT bind the proposals in any way other than a single staple, binder clip, or paper clip. The sealed proposals will be publicly opened shortly thereafter.

B. Technical Proposal

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of LCRDA in conformity with the requirements of this Request for Proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the Request for Proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE PROPOSAL DOCUMENT.

The technical proposal should address all the points outlined in the Request for Proposals (excluding any cost information). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the Request for Proposals. While additional

data may be presented, the following subjects, item Numbers 2 through 11 must be included. They represent criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of LCRDA, including its Board, as defined by generally accepted auditing standards and the United States General Accounting Office's Government Auditing Standards.

The firm should also list and describe, if any, the firm's (or proposed subcontractors') professional relationships involving LCRDA for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

3. License to Practice in the State of Florida

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of Florida.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be so employed on a part-time basis. This information should include specific details for the office from which the audit will be conducted.

If the proposer is a joint venture, or if the proposer is subcontracting a portion of the work, the qualifications of each firm comprising the joint venture or each subcontractor should be separately identified and the firm that is to serve as the principal auditor should be clearly stated, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory, and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including the

engagement partner, manager, other supervisors and specialists, and the auditor in-charge of fieldwork, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in the State of Florida. The firm should also provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Also, the firm should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office, providing that any replacements have equal or better qualifications than those personnel replaced. These personnel may also be changed for other reasons with the express prior written permission of LCRDA. However, in either case, LCRDA retains the right to approve or reject replacements. The qualifications of any replacements will be furnished to the Executive Director prior to beginning any work on the audit.

Consultants and firm specialists mentioned in response to this Request for Proposals can only be changed with the express prior written permission of LCRDA, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications and experience.

In the event of a joint venture or use of a subcontractor, requirements of this section apply to all staff connected with the audit.

6. Prior Engagements with LCRDA

The firm should list separately by type of engagement (i.e., audit, management advisory services, other), all engagements for LCRDA since October 1, 2006. For each engagement, the firm should indicate the scope of work, date, engagement partners, and the location of the firm's office from which the engagement was performed.

7. Similar Engagements with Other Governmental Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of five) performed in the last five years that are similar to the engagement described in this Request for Proposals. Indicate the scope of work, date, engagement partners, and the name and telephone number of the principal client contact.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in section II of the RFP. In developing the work plan, reference should be made to such sources of information as LCRDA's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement, including time frames for each segment.
- b. Level of staff to be assigned to each proposed segment of the engagement.
- c. Sample size methodology and the extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of EDP software in the engagement .
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the internal control structure of LCRDA.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.
- i. Approach to be taken in reviewing and auditing EDP systems.

9. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from LCRDA.

10. Insurance

Proposers should confer with their respective insurance carriers or brokers to determine in advance of bid submission the availability of insurance certificates and endorsements as prescribed and provided herein. If a Proposer fails to comply strictly with the insurance requirements, that Proposer may be disqualified from award of the contract.

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors. The cost of such insurance shall be included in the Contractor's bid.

1. Minimum Limits of Insurance. Contractor shall maintain limits no less than:
 - a. General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
 - b. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage. (Non-owned, Hired Car).
 - c. Workers' Compensation and Employer's Liability: Insurance covering all employees meeting Statutory requirements in compliance with the applicable state and federal laws and Employer's Liability with a limit of \$500,000 per accident, \$500,000 disease policy limit, \$500,000 disease each employee. Waiver of Subrogation In lieu of Additional Insured is required.
 - d. Contractor shall carry professional liability insurance of the types necessary to protect the Firm from any professional liability arising under this agreement with a minimum \$1,000,000 liability limit. The deductible shall not exceed \$25,000 and, if greater than \$1,000, must be guaranteed by Contractor for the difference between the deductible and \$1,000. The professional liability insurance coverage for the services provided under this agreement shall be maintained in force from the date of the contract until a date at least one (1) year following the actual completion of the provision of any services under the terms of this agreement.
2. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by LCRDA. At the option of LCRDA, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects LCRDA, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
3. Other Insurance Provisions. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to LCRDA.
4. Acceptability of Insurers. Insurance is to be placed with insurers with a Best's rating of no less than A:VII.
5. Verification of Coverage. Contractor shall furnish LCRDA with certificates of insurance and with original endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be received and approved by LCRDA

before work commences. LCRDA reserves the right to require complete, certified copies of all required insurance policies at any time. Certificates of Insurance acceptable to LCRDA shall be filed with LCRDA prior to the commencement of the work. These policies described above, and any certificates shall specifically name LCRDA as an additional Insured and shall contain a provision that coverage afforded under the policies will not be canceled until at least thirty (30) days prior to written notice has been given to LCRDA.

Cancellation clauses for each policy should read as follows: *Should any of the above described policies be canceled before the expiration date thereof, the issuing company will mail thirty (30) days written notice to the Certificate Holder named herein.*

6. Subcontractors. Contractors shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

VII. EVALUATION PROCEDURES

A. Audit Committee

Proposals submitted will be evaluated the Audit Committee, created by the LCRDA pursuant to the provisions of Section 218.391, Florida Statutes. Meetings of the Audit Committee are subject to the Florida Sunshine Law Florida Statute Section 286.011 and Article I, Section 24 of the Florida Constitution. The Executive Director and the Treasurer for the Board may provide advice and assistance to the committee.

B. Review of Proposals

The Audit Committee will use a point formula during the review process to score proposals. Each member of the Audit Committee will first determine responsiveness to the Request for Proposals by making sure all terms of the Request for Proposals were followed. Any proposal determined not to be responsive by a majority of the committee will be eliminated from further consideration. For those proposals determined to be responsive, each member of the Audit Committee will score each technical proposal using the criteria described in the RFP section VII.C. below. Each member's top three firms will be assigned three, two, and one points, respectively. These points will be totaled for all members to determine the recommended ranking of the top three firms. In the event of a tie for first, second, or third position, the affected ranking will be determined by a vote of the committee. The Audit Committee will meet and may require oral presentations as necessary during this process.

LCRDA reserves the right to retain all proposals submitted and to use any idea in a proposal, regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using the criteria identified below. Firms meeting the mandatory criteria will have their proposals evaluated and scored for technical qualifications. The technical qualifications evaluation will assess the ability of each responding firm based on experience and qualifications of key staff members, the capability of the firm in meeting time and budget requirements, and the record of the firm with regard to this type of work, particularly in Leon County or in the State of Florida. Consideration will be given to the firm's current work load, financial stability and the location where the majority of the technical work will be produced. The Audit Committee will not be impressed with excessive amounts of boilerplate, excessive numbers of photographs, work that distant offices have performed, or work not involving personnel to be assigned to the proposed project. The following represent the principal selection criteria which will be considered during the evaluation process:

1. Mandatory Elements
 - a. The audit firm is independent and licensed to practice in the State of Florida.
 - b. The professional personnel of the audit firm have received adequate continuing professional education within the preceding two years.
 - c. The firm has no conflict of interest with regard to any other work performed by the firm for LCRDA.
 - d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
 - e. The firm adheres to the instructions in this Request for Proposals on preparing and submitting the proposal.

2. Technical Qualifications: (Maximum Points - 95)
 - a. Expertise and Experience (Maximum Points - 50)
 - (1) The past experience and performance of the firm (and specifically the local office which will be performing the engagement) on comparable government engagements (Maximum Points - 20).
 - (2) The quality of the professional personnel of the firm to be assigned to the engagement and the quality of the management support personnel of the firm to be available for technical consultation (Maximum Points - 20).
 - (3) The experience of the firm in performing single audits of federal or state financial assistance programs (Maximum Points - 10).
 - b. Audit Approach (Maximum Points - 45)
 - (1) Adequacy of the proposed staffing plan for various segments of the engagement (Maximum Points - 15).
 - (2) General approach to the audit (Maximum Points - 15).
 - (3) Adequacy of sampling techniques (Maximum Points - 5).
 - (4) Adequacy of analytical procedures (Maximum Points - 5).
 - (5) Approach to EDP systems (Maximum Points - 5).

3. Office Location from Which Work Will Be Conducted (Maximum Points - 5).

D. Other Factors

The evaluation may include other factors that may be pertinent such as the implementation of a Drug Free Work Place Policy, past performance, and previous work done for LCRDA.

E. Preliminary Scoring

If more than three firms submit responsive proposals, the Audit Committee may, in its sole discretion hold a meeting to score the proposals before holding a final selection meeting for the purposes of hearing oral presentations and making final rankings. The Audit Committee may choose to limit the number of oral presentations to be heard in the final selection process based on the preliminary scoring. By vote of the Audit Committee, more than three firms may be chosen for oral presentations in the final selection meeting, in which case, ranking points under RFP section VII.B. will be adjusted accordingly. Preliminary scoring of finalist firms may be adjusted during the final selection meeting based on information obtained in the final selection meeting.

F. Final Selection

Selected proposers will be advised in advance of the final selection meeting of the need to make oral presentations to the Audit Committee. Such presentations will provide firms with an opportunity to answer any questions the Audit Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations. All presentations shall be solely at the expense of the firm.

Based on oral presentations and RFP responses, members will score and rank their top three firms in accordance with RFP section VII.B. The Audit Committee will make the final decision as to the ranking of the top three firms. The Audit Committee will then authorize fee and contract negotiations, which shall be accomplished pursuant to the provisions of Section 218.391(4)(a), Florida Statutes, which states in part:

"The firm ranked first may then negotiate a contract with the board giving, among other things, a basis of its fee for that engagement. Should the board be unable to negotiate a satisfactory contract with that firm, negotiations with that firm shall be formally terminated, and the board shall then undertake negotiations with the second-ranked firm. Failing accord with the second-ranked firm, negotiations shall then be terminated with that firm and undertaken with the third-ranked firm. Negotiations with the other ranked firms shall be undertaken in the same manner. The board, in negotiating with firms, may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time. The board shall also negotiate on the scope and quality of services."

It is anticipated that the ranking of firms and authorization to negotiate will be approved by the Audit Committee on June 29, 2017. Negotiation of a contract will be performed on behalf of the Board by the Executive Director, and presented to the Executive Committee

for approval followed by ratification by the Board.

G. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between LCRDA and the firm selected.

LCRDA reserves the right without prejudice to reject any or all proposals.

VIII. ADDITIONAL CONSIDERATIONS

A. Cost of Service Requirements for Selected Auditor

LCRDA is requesting that fees not be discussed in submitted proposals but included under separate cover. Also, during the final selection and negotiation process, the auditors should be prepared to comply with the following requirements:

1. Total All-inclusive Maximum Price

The negotiated cost of services should contain all pricing information relative to performing the audit engagement as described in this Request for Proposals. The total all-inclusive maximum price shall contain all direct and indirect costs including all out-of-pocket expenses. These prices should be determined on an annual basis for the term of the contract.

LCRDA will not be responsible for expenses incurred in preparing and submitting the technical proposal. Such costs should not be included.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times; Hours Anticipated for Each.

The selected firm will be required to provide to LCRDA a schedule detailing the names and levels of personnel assigned to this engagement, anticipated hours, standard and quoted rates, and total cost by person as well as total personnel cost that supports the total all-inclusive maximum price.

3. Out-of-pocket Expenses Included in the Total All-inclusive; Maximum Price and Reimbursement Rates

All estimated out-of-pocket expenses for firm personnel (e.g., travel, lodging, and subsistence) to be reimbursed should be detailed. All expense reimbursements will be charged against the total all-inclusive maximum price submitted by the firm.

4. Rates for Additional Professional Services

If it should become necessary for LCRDA to request the auditor to render any additional services to either supplement the services requested in this Request for Proposals or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between LCRDA and the firm. Any such additional work agreed to between LCRDA and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the negotiated contract.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred. Billings must be presented in detailed format including hours anticipated, hours worked, rates, etc. Interim billings shall cover a period of not less than a calendar month. No more than eighty percent (80%) of the Maximum Price shall be billed prior to delivery of the final reports.

B. Request for Proposals/Contract

All requirements and conditions set forth in this Request for Proposals shall be incorporated into the contract entered into between LCRDA and the auditor selected unless otherwise specified in the contract. LCRDA contracts are subject to legal requirements set forth in State and Federal Law.

C. Termination Provisions

1. Termination for Convenience of LCRDA

LCRDA, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of LCRDA. If this contract is terminated, LCRDA shall not be liable for damages. LCRDA shall be liable only for payment under the payment provisions of the contract (as set forth in RFP section VIII.A.5 above) for services rendered before the effective date of termination.

2. Default

LCRDA, by written notice, may terminate the contract upon default of any provisions thereof by the auditor.

D. Ethical Business Practices

1. Gratuities. It shall be unethical for any person to offer, give, or agree to give any LCRDA employee, or for any LCRDA employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a

program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or performing in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, subcontract, or to any solicitation or proposal therefore.

2. Kickbacks. It shall be unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.
3. The Board reserves the right to deny award or immediately suspend any contract resulting from this proposal pending final determination of charges of unethical business practices. At its sole discretion, the Board may deny award or cancel the contract if it determines that unethical business practices were involved.

E. Local Preference in Purchasing and Contracting

1. Preference in Requests for Proposals. In letting of contracts for procurement of contractual services for which a request for proposals is developed with evaluation criteria, a local preference of the total score may be assigned for a local preference, as follows:
 - a. Individuals or firms which have a home office located within Leon, Gadsden, Wakulla, or Jefferson County, and which meet all of the criteria for a local business as set forth in this article, shall be given a preference in the amount of five (5) points.
 - b. Individuals or firms which do not have a home office located within Leon, Gadsden, Wakulla, or Jefferson County, and which meet all of the criteria for a local business as set forth in this article, shall be given a preference in the amount of three (3) points.
2. Local business definition. For purposes of this section, "local business" shall mean a business which:
 - a. Has had a fixed office located in and having a street address within Leon, Gadsden, Wakulla, or Jefferson County for at least six (6) months immediately prior to the issuance of the request for competitive bids or request for proposals by LCRDA; and
 - b. Holds any business license required by Leon County and, if applicable, the City of Tallahassee; and
 - c. Is the principal offeror who is a single offeror; a business which is the prime contractor and not a subcontractor; or a partner or joint venturer submitting an offer in conjunction with other businesses.
3. Certification. Any vendor claiming to be a local business as defined shall so certify in writing to LCRDA. The certification shall provide all necessary information to meet the requirements of above. The Local Vendor Certification Form is enclosed (Appendix G).

LCRDA shall not be required to verify the accuracy of any such certifications, and shall have the sole discretion to determine if a vendor meets the definition of a "local business."

IX. APPENDICES

APPENDIX

A. Findings from Recent External Audits

MANAGEMENT LETTER COMMENTS

Fiscal Year: 2015-16

None

Fiscal Year: 2014-15

Recommendation to improve financial management:

15-001 Current Contract Rates for Cash Disbursements

In connection with our testing of cash disbursements, we noted one instance where the documentation supporting the invoice paid had not been maintained but the original contract was available. In a separate instance, we noted where the rate per the invoice did not match the contract due to the vendor's error. We suggest that all contracts be kept on file and that documentation be requested for any rate changes. We also recommend that invoices are reviewed for compliance with contracts to ensure that internal worksheets used for tracking are updated with current rates.

Fiscal Year: 2013-14

None

APPENDIX

B. List of Key Personnel

LCRDA Board of Governors:

Anne Longman, Chair; Lewis, Longman, and Walker, P.A.
Eric Holmes, Vice Chair; Florida State University
David Ramsay, Treasurer; SunTrust Bank (retired)
Kristin Dozier, Immediate Past Chair; Leon County Commissioner
Dustin Daniels*, Audit Committee Chair; City of Tallahassee
Shawnta Friday-Stroud; Florida A&M University
Kimberly Moore**; Tallahassee Community College
T. Paul Dean**; Danfoss Turbocor
Kim Dixon; Merrill Lynch
April Salter**; SalterMitchell, Inc.
Kim Williams**; Marpan

* Audit committee chair

** Current Audit Committee Members—subject to change

Alternates:

Keith Bowers; Florida A&M University
Ross Ellington; Florida State University
Rick Frazier; Tallahassee Community College

LCRDA Employees:

Ron Miller, Executive Director
Denise Bilbow, Director of Programs and Communications
Peggy Bielby, Administrative Coordinator

General Counsel-Broad & Cassel

Melissa Van Sickle

NAI Talcor Employees:

Ed Murray, President
Rick Smith, Chief Operations Officer
Lori Billberry, Director of Property Management
Kristy Bennett, CPA, Director of Property Management Accounting
Kelly Beacher, Payroll and Commissions
Arthur Lewis, Property Management Accountant
Stephanie Shoulet, Property Manager
DeMaurio Moten, Maintenance Manager

APPENDIX

C. Proposer Guarantees

The proposer certifies it can and will provide and make available, at a minimum, all services set forth in Section II, Nature of Services Required.

Signature of Official:
Name (typed):
Title:
Firm:
Date:

APPENDIX

D. Equal Opportunity/Affirmative Action Statement

1. The contractors and all subcontractors hereby agree to a commitment to the principles and practices of equal opportunity in employment and to comply with the letter and spirit of federal, state, and local laws and regulations prohibiting discrimination based on race, color, religion, national region, sex, age, handicap, marital status, and political affiliation or belief.
2. The contractor agrees to comply with Executive Order 11246, as amended, and to comply with specific affirmative action obligations contained therein.

Signed: _____

Title: _____

Firm: _____

Address: _____

APPENDIX

**E. Certification Regarding Debarment,
Suspension, And Other Responsibility Matters
Primary Covered Transactions**

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) Have not within a three-year period preceding this been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - 8 Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of these offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.
- (3) No subcontract will be issued for this project to any party which is debarred or suspended from eligibility to receive federally funded contracts.

Signature

Title

Contractor/Firm

Address

**Appendix
F. Public Entity Crimes Statement**

**SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(a),
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES**

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCES OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted to _____
(print name of the public entity)

by _____
(print individual's name and title)

for _____
(print name of entity submitting sworn statement)

whose business is

and (if applicable) its Federal Employer Identification Number (FEIN) is
_____.

(If the entity has no FEIN, include the Social Security Number of the individual signing this sworn statement: _____.)

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), **Florida Statutes**, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), **Florida Statutes**, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), **Florida Statutes**, means:
1. A predecessor or successor of a person convicted of a public entity crime; or
2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

Leon County Research & Development Authority
Request for Proposals for Professional Audit Services
RFP 17-01
Due: 2:00 P.M., Monday, June 12, 2017

DRAFT

5. I understand that a "person" as defined in Paragraph 287.133(1)(e), **Florida Statutes**, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting the sworn statement. **[Indicate which statement applies.]**

_____ Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. _____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. **[attach a copy of the final order]**

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES FOR CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

(Signature)

Sworn to and subscribed before me this _____ day of _____, 20____.

Personally known _____

Notary Public - State of _____

OR Produced identification _____

My commission expires _____

(Type of identification)

(Printed typed or stamped commissioned name of notary public)

Leon County Research & Development Authority
Request for Proposals for Professional Audit Services
RFP 17-01
Due: 2:00 P.M., Monday, June 12, 2017

DRAFT

**APPENDIX
G. Local Vendor Certification**

The undersigned, as a duly authorized representative of the vendor listed herein, certifies to the best of his/her knowledge and belief, that the vendor meets the definition of a Local Business. For purposes of this section, "local business" shall mean a business which:

- a) Has had a fixed office located in and having a street address within Leon, Gadsden, Wakulla, or Jefferson County for at least six (6) months immediately prior to the issuance of the request for competitive bids or request for proposals by the Leon County R&D Authority; and
- b) Holds any business license required by Leon County (or one of the other local counties), and, if applicable, the City of Tallahassee; and
- c) Is the principal offeror who is a single offeror; a business which is the prime contractor and not a subcontractor; or a partner or joint venturer submitting an offer in conjunction with other businesses.

Please complete the following in support of the self-certification and submit copies of your County and City business licenses. Failure to provide the information requested will result in denial of certification as a local business.

Business Name:	
Current Local Address:	Phone: Fax:
If the above address has been for less than six months, please provide the prior address.	
Length of time at this address:	
Home Office Address:	Phone: Fax:

Signature of Authorized Representative

Date

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20__.

By _____, of _____,
(Name of officer or agent, title of officer or agent) (Name of corporation acknowledging)

a _____ corporation, on behalf of the corporation. He/she is personally known to me
(State or place of incorporation)

or has produced _____ as identification.
(type of identification)

Signature of Notary

Print, Type or Stamp Name of Notary

Title or Rank

Serial Number, If Any

**Return Completed form with
supporting documents to:**

**Leon County R&D Authority, Ron Miller
1736 W. Paul Dirac Drive
Tallahassee, Florida 32310**

Leon County Research & Development Authority
Request for Proposals for Professional Audit Services
RFP 17-01
Due: 2:00 P.M., Monday, June 12, 2017

DRAFT

APPENDIX
H. Sample Letter of Interest

VIA Email to: Rmiller@inn-park.com

[DATE]

Mr. Ron Miller
Executive Director
1736 W. Paul Dirac Drive
Tallahassee, Florida 32310

RE: Notification of Interest

Dear Mr. Miller:

Our firm is interested in submitting a proposal to audit three years of Leon County R&D Authority financial statements, commencing with the fiscal year ending September 30, 2017, with the Leon County R&D Authority's option to renew twice for two subsequent years, as set forth in the request for proposals.

Yours very truly,

Contact Information:

Name:
Company:
Telephone:
Email: