Leon County Research and Development Authority
Board of Governors Meeting
Collins Building
2051 East Paul Dirac Drive
Tallahassee, FL 32310

April 13, 2023
11:00am to 1:00pm

Agenda

Anyone wishing to submit written comments may do so by 9:00am the day before the scheduled meeting date so that the comments can be distributed to the Board. Comments submitted after this time (up to the time of the meeting) will be accepted and included in the official record of the meeting. Email comments to: publicinput@inn-park.com and reference the meeting title and date in the subject line. Include your name and contact information. All times are approximate.

1. **Call to Order**

2. **Introduction of Guests**

3. **Recognition of Retiring Board Members and Executive Director – Kevin Graham**

4. **Approval of Participation by Electronic Means**
In accordance with the Bylaws, there being a quorum of members present in person, the members of the Board present in person are required to approve participation by those participating via Electronic Means acknowledging that the COVID-19 pandemic constitutes extraordinary circumstances.

5. **Modifications to the Agenda**

6. **Public Comment**
Any public comment received prior to the meeting will be provided to the Board members in addition to any in-person public comment.

7. **Approval of Draft Meeting Minutes, February 2, 2022** *(Attachment A)*

8. **Consent Agenda**
    a. Engagement of Agent (and commission) to Lease Space at Idea Lab and Morgan Building to new tenants.
    b. Request Sponsorships/Fund Raising and Board Member recruitment for NFIL.
    c. CAM Collection Issues and Proposed Change to Reimbursement Requests.
    d. Audit Committee Report – March 9, 2022 *(Attachment B)*
    e. IPTLH Board of Directors Report – March 16, 2023 *(Attachment C)*
    f. Executive Committee Report – March 23, 2023 *(Attachment D)*

g. Investment Reports
   i. January 2023 *(Attachment E1)*
   ii. February 2023 *(Attachment E2)*

~END OF CONSENT AGENDA~

9. Treasurer's Report—David Ramsay

a. Treasurer's Summary Report (*Attachment F)*

b. Audited Financial Statements for Fiscal Year 2021-22

   The Audit Committee recommends and requests approval of the Fiscal Year 2021-22 Audited Financial Statements. Auditors Thomas Howell Ferguson issued an unmodified opinion with the report, and noted no irregularities, errors, or recommendations in its report on internal controls, report on compliance with local government investment policies, management letter, or the Auditor's Communication with Those Charged with Governance. *(Attachments G1 and G2)*

c. Monthly Financial Reports:
   i. January 2023
      Link: https://innovation-park.com/wp-content/uploads/2023/02/1.23-Monthly-Report-Innovation-Park.pdf
   ii. February 2023
      Link: https://innovation-park.com/wp-content/uploads/2023/03/2.23-Monthly-Report-Innovation-Park.pdf

Treasurer David Ramsay will present his report to the Board and supporting financial reports.

10. Staff Requests Authorization to Request EDA Advances, FSURF Advances, and to Liquidate Investment Accounts to Fund NFIL Construction – Michael Kramer

LCRDA Policy 11-05 Investment Policy *(Attachment H1)*

LCRDA Policy 16-01 Lease Policy *(Attachment H2)*

11. NFIL and IPTLH Discussion – Michael Kramer and Bill Lickson

a. Construction Status
b. Board of Directors Composition
c. Documentation Status
d. EDA Request
e. Legislative Request

12. NFIL Calendar – Bill Lickson

a. Furniture, Fixtures, and Equipment (FFE)
b. Marketing
c. Sponsorships
d. Leasing

13. Operational Updates – Michael Kramer

a. LCRDA Leasing
b. CareerSource Request
c. OEV Request

14. TechGrant Update – Bill Lickson

15. Chair's Report

16. Adjourn

Upcoming Meetings and Events

Tech Topics Wednesday, April 19, 2023 11:00am – 1:00pm CAPS Seminar Room #120 FSURF Building A 2000 Levy Ave	**Executive Committee Meeting** Thursday, May 18, 2023 11:00am – 1:00pm
Board of Governors Meeting Thursday, June 1, 2023 11:00am – 1:00pm	**Executive Committee Meeting** Thursday, July 20, 2023 11:00am – 1:00pm
TechGrant 2023 Thursday, May 11, 2023 5:30pm – 7:30pm Goodwood Museum & Gardens Carriage House	

Leon County Research and Development Authority
Board of Governors Meeting
Collins Building
2051 East Paul Dirac Drive
Tallahassee, FL 32310

February 2, 2023
11:00am to 1:00pm

DRAFT Minutes

Members in Attendance In-Person: Kevin Graham, Brain Bautista, Ray Bye, Christian Caban, John Dailey, Eric Holmes, Anne Longman, Kimberly Moore, Dave Ramsay.

Members in Attendance by Electronic Means: None.

Members Not in Attendance: Tom Allen, Shawnta Friday-Stroud.

Guests: Allie Richards, Aide to Commissioner Christian Caban; Stephanie Shoulet, NAI Talcor; Michael Kramer, Bill Lickson, Ayne Markos, Peggy Bielby, LCRDA Staff.

1. **Call to Order**
   Chair Kevin Graham called the meeting to order at 11:05am.

2. **Introduction of Guests**
   All present introduced themselves.

3. **Approval of Participation by Electronic Means**
   As a quorum was present in person no approval was needed.

4. **Modifications to the Agenda**
   Approval of replacing John Reddick with Dylan Haase as a member of the Development Review Committee was added to the consent agenda.

5. **Public Comment**
   None.

6. **Approval of Draft Meeting Minutes, October 6, 2022**
   John Dailey offered a motion to approve the meeting minutes. Kimberly Moore seconded the motion which passed unanimously.

7. **Consent Agenda**
   a. In accordance with the requirements of Bylaws Article II, Chair Kevin Graham requests a vote that would allow him to be considered for a third term as Chair.
   b. Letter to FSU, FAMU, TCC, Leon County re: Optimal Structure
   c. Development Review Committee Report – November 8, 2022

d. Audit Committee Report – November 14, 2022
e. Executive Committee Report – January 18, 2023
f. Investment Reports
  i. September 2022
  ii. October 2022
  iii. November 2022
  iv. December 2022
g. Dylan Hasse will replace John Reddick on the Development Review Committee.

~END OF CONSENT AGENDA~

John Dailey offered a motion to approve the consent agenda items. Brian Bautista seconded the motion which passed unanimously.

8. Treasurer's Report—David Ramsay

a. Treasurer's Summary Report
b. Monthly Financial Reports:
  i. September 2022
  ii. October 2022
  iii. November 2022
  iv. December 2022

Treasurer David Ramsay presented his report to the Board and supporting financial reports.
Kimberly Moore offered a motion to approve and accept the Treasurer's Report. Eric Holmes seconded the motion which passed unanimously.

9. Approval for staff to pursue grants and other opportunities – Michael Kramer

Staff requests approval to negotiate and/or execute the following actions: Membership Agreements, Subtenant leases, grant requests, TI expenditures up to budgeted limits, and the waiving of pre-employment drug testing.
John Dailey offered a motion to approve the request. Dave Ramsay seconded the motion which passed unanimously.

10. TechGrant Applicants' Geographic Scope – Bill Lickson

Executive Committee requests ratification of its decision to authorize staff to set the geographic scope of applicants for TechGrant 2023 and to include free space in the award. The 2022 application limits applicants to companies based in Leon County.
John Dailey offered a motion to approve the request. Anne Longman seconded the motion which passed unanimously.

11. NFIL Update and Innovation Park TLH Board discussion – Bill Lickson

Bill Lickson noted the Board of Governors previously voted to expand the number of Innovation Park TLH (IPTLH) d/b/a North Florida Innovation Labs Board of Directors from three to seven He recommended that the LCRDA have the majority of appointments to the nonprofit and appoint four of the seven directors: the LCRDA Board of Governors will appoint one current Board of Governors member to the IPTLH Board of Directors, and three additional community members. The IPTLH Board of Directors will then appoint the remaining three directors. The IPTLH Board of Directors meetings will alternate months with the LCRDA Board of Governors meetings.

Dave Ramsay offered a motion approving the recommendation. John Dailey seconded the motion which passed unanimously.
Dave Ramsay offered a motion that the LCRDA Board of Governors Chair make the appointments to the IPTLH Board of Directors without further action from the Board of Governors. Brian Bautista seconded the motion which passed unanimously.

12. Chair's Report
Kevin Graham asked each Board member to individually reach out to Michael Kramer and share thoughts about tools and opportunities for the path forward as discussed.

13. Staff Reports
Director of Finance and Administration Ayne Markos reported on the status of the EDA grant reimbursement and budget.
Director of North Florida Innovation Labs Bill Lickson reviewed the construction progress and timelines, as well as grant proposals and government relations and outreach. The newly renovated space at Collins Building is being branded as the Idea Lab at Innovation Park, with a ribbon cutting on Feb. 23, 2023.

At 12:26pm the meeting recessed for eight minutes so that the Board of Governors could tour the newly renovated space in the Collins Building. During this brief tour no discussion of issues related to Innovation Park took place. The meeting reconvened at 12:33pm.

14. Adjourn
The meeting was adjourned at 12:40pm.

Leon County Research and Development Authority
Audit Committee Meeting
Collins Building
2051 East Paul Dirac Drive
Tallahassee, Florida

March 9, 2023
2:00pm – 3:00pm

Report

Members in Attendance: Ray Bye (Chair), Shawnta Friday-Stroud, Eric Holmes.

Members not in Attendance: Brian Bautista, Dave Ramsay (Non-voting).

Guests: Russell Perkins, Thomas Howell Ferguson, CPA; Kristy Wicker, NAI Talcor; Michael Kramer, Ayne Markos, Peggy Bielby, LCRDA.

1. **Call to Order**
   Ray Bye called the meeting to order at 2:00pm.

2. **Introduction of Guests**
   All present introduced themselves.

3. **Approval of Participation by Electronic Means**
   As a quorum was present in person no approval was needed.

4. **Modifications to the Agenda**
   None.

5. **Public Comment**
   None.

6. **Approval of the November 14, 2022, Audit Committee meeting minutes**
   Eric Holmes offered a motion to approve the meeting minutes. Shawnta Friday-Stroud seconded the motion which passed unanimously.

7. **Audit presentation and discussion**
   Russell Perkins presented the draft financial statements and report by the auditors, noting they did not encounter any difficulties or restrictions in conducting the audit and did not have any disagreements between management and the independent auditors in the preparation of the financial statements. He reported no significant changes in financial reporting practices or the Authority's internal control systems, and made no recommendations for improvements in the financial policies, procedures, and practices of the Authority.
   Shawnta Friday-Stroud offered a motion to accept the auditors' report conditioned upon the finalization of the Management Discussion and Analysis update. Eric Holmes seconded the motion which passed unanimously.

8. Audited Financial Statements for fiscal year 2021-2022.

Staff requests a recommendation to the Board for approval of the draft Audited Financial Statements for fiscal year 2021-2022.

Shawnta Friday-Stroud offered a motion to recommend approval of the audited financial statements to the Board. Eric Holmes seconded the motion which passed unanimously.

9. New Business

None.

10. Adjourn

The meeting was adjourned at 2:09pm.

Innovation Park TLH, Inc.
DBA North Florida Innovation Labs
Board of Directors Meeting
Collins Building
2051 East Paul Dirac Drive
Tallahassee, FL 32310

March 16, 2023
11:00am – 12:00pm

Report

Members in Attendance: Kevin Graham, Tom Allen, Dave Ramsay.

Members Not in Attendance: None.

Guests: Michael Kramer, Bill Lickson, Peggy Bielby, LCRDA staff.

1. **Call to Order**
   Chair Kevin Graham called the meeting to order at 11:00am.

2. **Introduction of Guests**
   All present introduced themselves.

3. **Approval of Participation by Electronic Means**
   As all members of the Board were present no approval was needed.

4. **Modifications to the Agenda**
   None.

5. **Public Comment**
   None.

6. **Approval of Draft Meeting Minutes, October 6, 2022**
   Tom Allen offered a motion to approve the meeting minutes. Dave Ramsay seconded the motion which passed unanimously.

7. **Appointments to the IPTLH Board of Directors – Bill Lickson and Kevin Graham**
   The Board of Governors previously voted to expand the number of Innovation Park TLH (IPTLH) d/b/a North Florida Innovation Labs Board of Directors from three to seven. Leon County Research and Development Authority (LCRDA) has the majority of appointments to the nonprofit and will appoint four of the seven directors: the LCRDA Board of Governors will appoint one active Board of Governors member to the IPTLH Board of Directors, and three additional community members. The IPTLH Board of Directors will then appoint the remaining three directors. The LCRDA Board of Governors Chair is

authorized to make the appointments to the IPTLH Board of Directors without further action from the Board of Governors.

The IPTLH Board of Directors meetings will alternate months with the LCRDA Board of Governors meetings. Staff requests that the Board identify potential directors/advisors today and be prepared to request at the upcoming LCRDA Board of Governors meeting.

Bill Lickson shared his concerns about the proposed lease between the 501(c)(3) IPTLH and LCRDA. Bill opined that the new lab is LCRDA's most valuable asset, and that the lease to NFIL could create a more complex administrative burden due to the expected financial support required for several years. His recommendation is that LCRDA, not IPTLH, operate the lab and that the IPTLH entity focus exclusively on fundraising.

The Board also discussed which LCRDA Board members would be the best choice to serve as the LCRDA appointment to the IPTLH Board of Directors and noted the importance of all of the Board of Directors having subject matter expertise and the appropriate experience and relationships to ensure success.

8. Director's Report – Bill Lickson

Bill Lickson discussed potential sponsorship plans, pricing, and FF&E. Based upon some specific examples from other similar facilities, including UF, the sponsorships will start at roughly $50,000 over five years for a conference room and, depending on the space, go up or down. The naming rights are estimated at $5 million dollars which would be spread out over five years to retire the debt as soon as possible. The naming rights would be for a period of 10 to 20 years depending on the agreement with the donor.

9. Draft Operative Documents for NFIL discussion:

a. Ground lease
b. Side Letter Agreement (to be drafted)
c. Membership Agreement and attachments
d. Non-Disclosure Agreement

The Board agreed to postpone discussion of this item.

10. Innovation Park TLH Signature Authority – Michael Kramer

Staff requests signature authority for the Interim Executive Director of the LCRDA, or his designee, to execute and/or enter all grant requests, contracts, membership agreements, non-disclosure agreements, and human resource decisions within the current financial parameters utilized by the LCRDA.

For Discussion: Staff seeks guidance on the best approach to address:

- o Advances from FSURF
- o Liquidation of Investment Accounts at LCRDA

The Board agreed that this was a topic to be considered by LCRDA Executive Committee and the LCRDA Board of Governors.

11. New Business

None.

12. Adjourn

The meeting was adjourned at 12:20pm.

Leon County Research and Development Authority
Executive Committee Meeting
Collins Building
2051 East Paul Dirac Drive
Tallahassee, FL 32310

Thursday, March 23,2023
11:00am –1:00pm

Report

Members in Attendance In-Person: Vice Chair Tom Allen, Kimberly Moore, Dave Ramsay.

Members in Attendance by Electronic Means: Chair Kevin Graham.

Members Not in Attendance: None.

Guests: Michael Kramer, Bill Lickson, Ayne Markos, Christian Wnuk, Peggy Bielby, LCRDA Staff.

1. **Call to Order**
   Vice Chair Tom Allen called the meeting to order at 11:02am.
2. **Introduction of Guests**
   All present introduced themselves.
3. **Approval of Participation by Electronic Means (if needed)**
   In accordance with the Bylaws, there being a quorum of members present in person, the members of the Committee present in person are required to approve participation by those participating via Electronic Means acknowledging that the COVID-19 pandemic constitutes extraordinary circumstances.

   Dave Ramsay offered a motion to approve participation by electronic means. Kimberly Moore seconded the motion with Kevin Graham not voting.
4. **Modifications to the Agenda**
   None.
5. **Public Comment**
   None.
6. **Approval of Draft Meeting Minutes – January 19, 2023**
   Kimberly Moore offered a motion to approve the draft meeting minutes. Dave Ramsay seconded the motion which passed unanimously.
7. **Items for Consent Agenda at Board of Governors Meeting – April 13, 2023**
   a. Engagement of agent (and commission) to lease space at Idea Lab.
   b. Request Sponsorships/Fund Raising and Board Member recruitment for NFIL.
   c. CAM collection issues and proposed change to reimbursement requests.
   d. Authorization to request EDA advances, FSURF advances, and to Liquidate Investment accounts to fund NFIL construction and furnishing.

e. Financial Summary and Budget

Michael Kramer explained why he requested these items to be placed on the next Board of Governors meeting consent agenda. The committee agreed with the exception of Item 7.d., and directed that "Authorization to request EDA advances, FSURF advances, and to Liquidate Investment accounts to fund NFIL construction and furnishing" be placed on the regular agenda for consideration by the Board. Dave Ramsay requested that Item 7.e., "Financial Summary and Budget" also be included in the regular agenda for consideration by the Board.

Dave Ramsay offered a motion to approve the inclusion of Item 7.a., b., and c. on the Board of Governors meeting consent agenda, with Item 7.d. and e. being included as regular agenda items. Kimberly Moore seconded the motion which passed unanimously.

8. Audited Financial Statements for Fiscal Year 2021-22

The Audit Committee recommends and requests approval of the Fiscal Year 2021-22 Audited Financial Statements. Auditors Thomas Howell Ferguson issued an unmodified opinion with the report, and noted no irregularities, errors, or recommendations in its report on internal controls, report on compliance with local government investment policies, management letter or the Auditor's Communication with Those Charged with Governance.

Dave Ramsay noted that an "unmodified opinion" is the best possible opinion.

9. Acknowledgment of the following – Bill Lickson and Ayne Markos

a. Leasing on Idea Lab
b. CareerSource tenancy
c. Legislative request update
d. EDA funding request #2
e. NFIL Construction Status
f. Funding and Cash Flow projections

Bill Lickson reported on the leasing inquiries, Michael Kramer reported on the CareerSource decision to reduce the square footage leased in the Morgan Building and the pending legislative request. Bill Lickson reported on the EDA funding, on-schedule construction, and potential change orders. Michael Kramer reiterated funding and cash flow challenges and their significant impact in the next 24 months. Bill Lickson highlighted the need for funding for FF&E, HR, and operations and that most lab tenants want a Biosafety Level 2 (BSL-2) lab. Ayne Markos reported on cost controls and financial projections.

The committee also decided, after discussion, to consider meeting more frequently and to discuss with the full Board authorization to act on Lab-related matters as needed.

10. Discussion Topics – Michael Kramer and Bill Lickson

a. IPTLH Structure
b. IPTLH Appointments
c. IPTLH Draft Documents - Lease, Membership, Guaranty, NDA (Still needed - side letter agreement, sponsorship)
d. Johnson Building Request
e. FF&E for NFIL and impact
f. OEV request

Bill Lickson shared his concerns about the proposed lease between the 501(c)(3) IPTLH and LCRDA. Bill opined that the new lab is LCRDA's most valuable asset, and that the lease to NFIL could create a more complex administrative burden in light of the lab's inevitably delayed profitability. His recommendation is that LCRDA, not IPTLH, operate the lab and that the IPTLH entity focus exclusively on fundraising.

After discussion the committee agreed to maintain the structure as established, and noted that fundraising, not structure, is the most important concern at this time.

Michael Kramer reported the Board of Governors will have to identify a member to serve on the IPTLH Board of Directors. He asked the committee to review the draft documents, and reported the National Park Service is interested in expanding their space for increased artifact storage in the Johnson Building, which would require building improvements.

11. New Business

None.

12. Adjourn

The meeting adjourned at 12:25pm.

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

INVESTMENT PORTFOLIO

For period ending January 31, 2023

For the Month:

SECURITY OWNED	BALANCE BOM	EARNINGS	ADDITIONS	DEDUCTIONS	BALANCE EOM	YIELD
FL PRIME	$ 660,091.43	$ 2,552.96	$ -	$ -	$ 662,644.39	4.554%
SPIA *	600,194.68	939.66	-	-	601,134.34	1.843%
	$ 1,260,286.11	$ 3,492.62	$ -	$ -	$ 1,263,778.73	3.263%

For the Fiscal Year Beginning October 1:

SECURITY OWNED	BALANCE BOP	EARNINGS	ADDITIONS	DEDUCTIONS	BALANCE EOP	YIELD
FL PRIME	$ 653,818.65	$ 8,825.74	$ -	$ -	$ 662,644.39	3.985%
SPIA	1,397,029.45	4,104.89	-	800,000.00	601,134.34	1.363%
	$ 2,050,848.10	$ 12,930.63	$ -	$ 800,000.00	$ 1,263,778.73	1.871%

Investments Designated for Capital Projects (North Florida Innovation Labs)	$ -
Investments Held to Meet Contractual Requirements (OEV MOU)	$ 93,500.00
Undesignated Investments	$ 1,170,278.73
SPIA Available Balance (see security description for minimum balance requirements)	$ - *

* *SPIA reporting has been delayed--earnings for the month and available balance amounts estimated*
SPIA has approved for 11/10/22 an $800,000 "emergency withdrawal" (beyond available balance), to cover additional NFIL funding requirements, and to pay for costs of elevator refurbishment

NOTABLE ADDITIONS OR DEDUCTIONS TO ACCOUNTS:

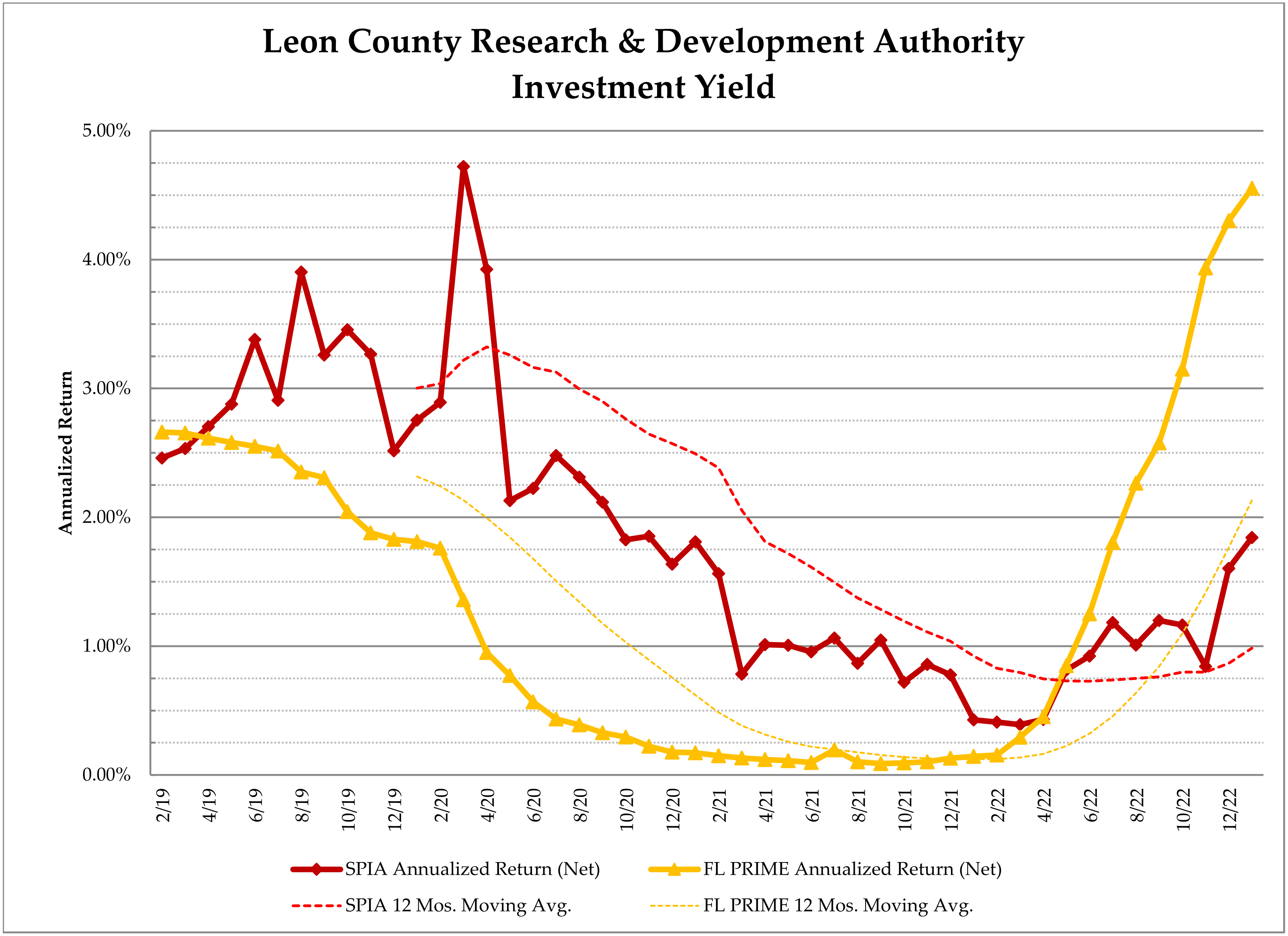
7/22 Withdraw $175,000 of OEV MOU funds for Collins Renovation and marketing expenses
9/22 Withdraw $1,300,000 total from both accounts to pay contribution to NFIL Project
11/22 Withdraw $800,000 total from both accounts to pay contribution to NFIL Project

Note: Security descriptions shown on reverse

SECURITY DESCRIPTIONS:

- FL PRIME - SBA Florida Prime - The Local Government Surplus Funds Trust Fund (Florida PRIME) was created by an Act of the Florida Legislature in 1977 and currently serves over 800 participants across the state. Invests exclusively in short-term, high-quality fixed-income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations, or securities of comparable quality. Seeks to maintain a $1.00 value and maintain a weighted average maturity of 60 days or less, with the maximum maturity of any investment limited to 397 days. Rated AAAm by Standard & Poor's, the highest rating available for a local government investment pool. Complies with legislation that requires numerous operational and reporting enhancements, including restating investment objectives to emphasize safety, liquidity and competitive returns with minimization of risks; and providing for enhanced internal controls, transparency and communication. Federated Investors has managed the assets of Florida PRIME to the exact specifications of its investment policies since February 13, 2008.

- SPIA – Florida Treasury Special Purpose Investment Trust – The Florida State Treasury operates a special investment program for public entities other than the State. This program is authorized in Section 17.61(1), Florida Statutes and is called the Treasury Special Purpose Investment Account (SPIA). Component units of the State, Universities, or Colleges that are created by the Florida Constitution or Florida Statutes are eligible to invest in SPIA. Current non-component unit participants, like the Authority, are allowed to stay in the program with capped investment limits and a minimum balance equal to 60% of the previous 3 months average balance. Liquidations in excess of the minimum balance require 6 months' notice. SPIA funds are invested in the same portfolio as Treasury funds, so the pool of funds has a stable base of funds (over 85% of the funds are captive trust funds) not needed for immediate disbursement. These funds are invested in a combination of short-term liquid instruments and intermediate-term fixed income securities. This "barbell" investment strategy, along with incremental income produced by securities lending, has the ability to return higher yields than a typical money market fund. Participants have the ability to invest and obtain fund withdrawals same day with an 11:00 a.m. deadline for notifying the Treasury. The SPIA maintains a credit rating of A+f by Standard & Poor's.


Leon County Research & Development Authority
Investment Yield
Annualized Return
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1.00%
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SPIA Annualized Return (Net)
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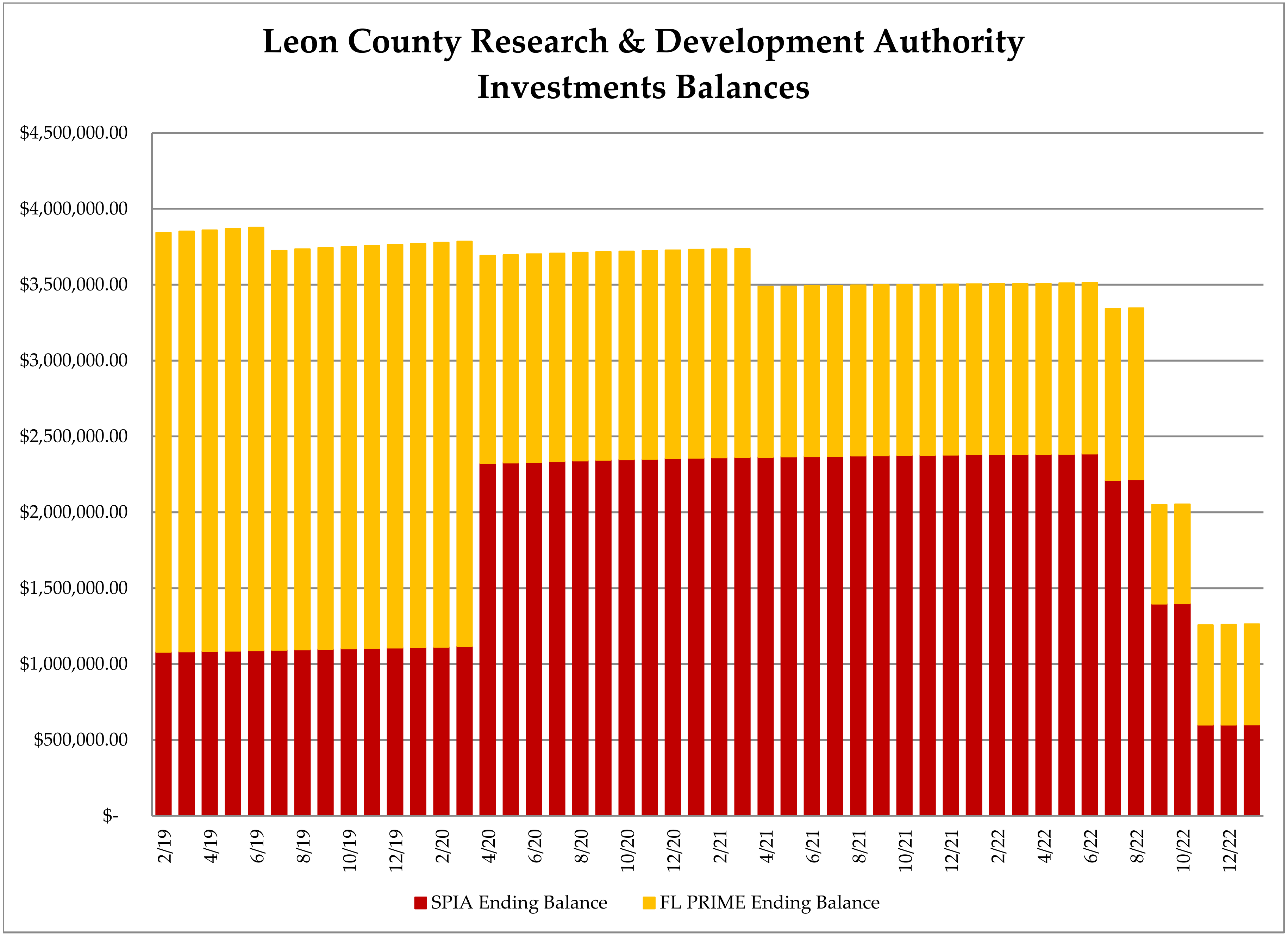
SPIA 12 Mos. Moving Avg.
FL PRIME 12 Mos. Moving Avg.


Leon County Research & Development Authority
Investments Balances
$4,500,000.00
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SPIA Ending Balance
FL PRIME Ending Balance

LEON COUNTY RESEARCH AND DEVELOPMENT AUTHORITY

INVESTMENT PORTFOLIO

For period ending February 28, 2023

For the Month:

SECURITY OWNED	BALANCE BOM	EARNINGS	ADDITIONS	DEDUCTIONS	BALANCE EOM	YIELD
FL PRIME	$ 662,644.39	$ 2,423.55	$ -	$ -	$ 665,067.94	4.768%
SPIA *	601,134.34	762.06	-	-	601,896.40	1.653%
	$ 1,263,778.73	$ 3,185.61	$ -	$ -	$ 1,266,964.34	3.286%

For the Fiscal Year Beginning October 1:

SECURITY OWNED	BALANCE BOP	EARNINGS	ADDITIONS	DEDUCTIONS	BALANCE EOP	YIELD
FL PRIME	$ 653,818.65	$ 11,249.29	$ -	$ -	$ 665,067.94	4.142%
SPIA	1,397,029.45	4,866.95	-	800,000.00	601,896.40	1.421%
	$ 2,050,848.10	$ 16,116.24	$ -	$ 800,000.00	$ 1,266,964.34	1.900%

Investments Designated for Capital Projects (North Florida Innovation Labs)	$ -
Investments Held to Meet Contractual Requirements (OEV MOU)	$ 93,500.00
Undesignated Investments	$ 1,173,464.34
SPIA Available Balance (see security description for minimum balance requirements)	$ - *

* *SPIA reporting has been delayed--earnings for the month and available balance amounts estimated*
SPIA has approved for 11/10/22 an $800,000 "emergency withdrawal" (beyond available balance), to cover additional NFIL funding requirements, and to pay for costs of elevator refurbishment

NOTABLE ADDITIONS OR DEDUCTIONS TO ACCOUNTS:

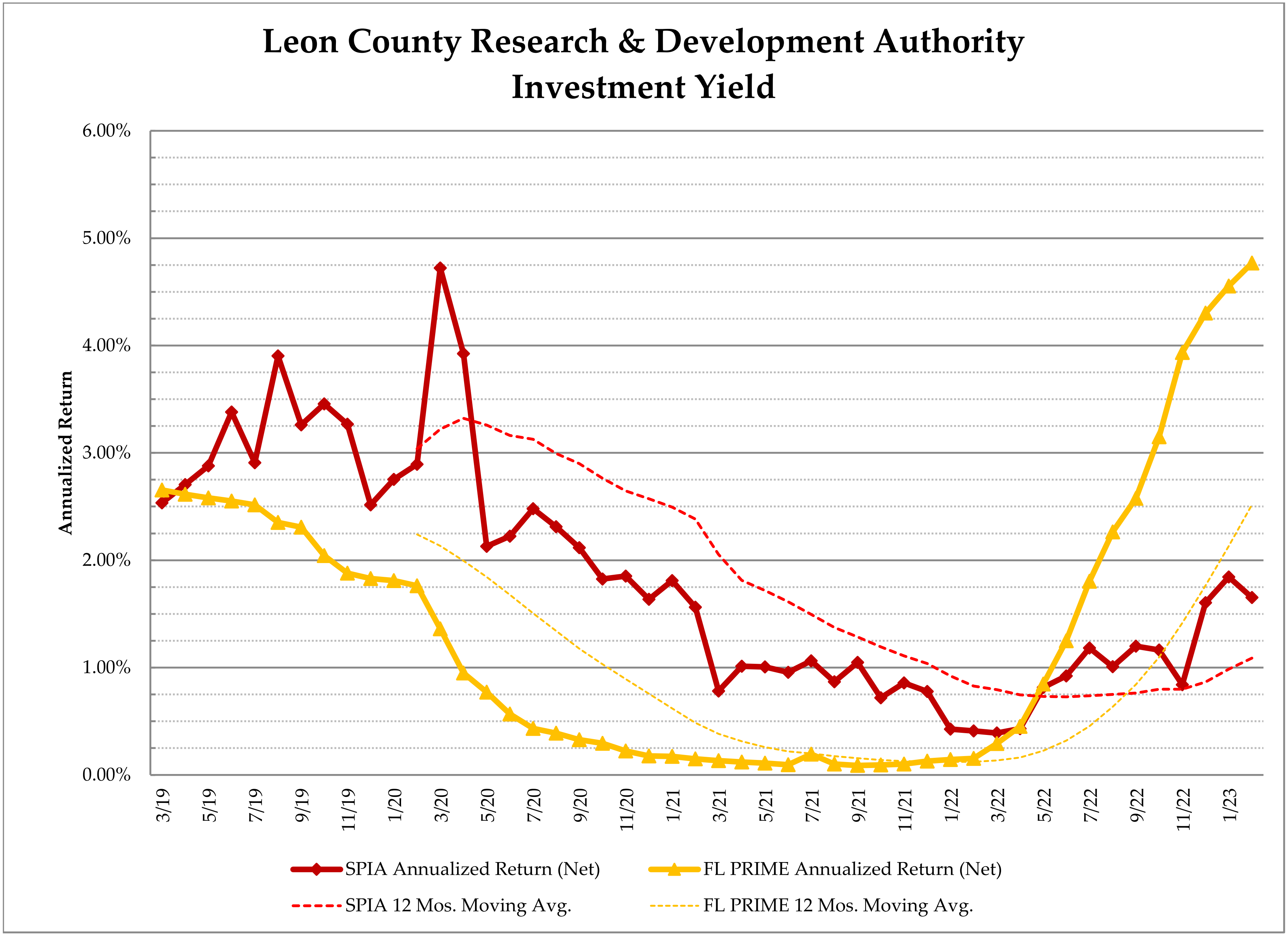
7/22 Withdraw $175,000 of OEV MOU funds for Collins Renovation and marketing expenses
9/22 Withdraw $1,300,000 total from both accounts to pay contribution to NFIL Project
11/22 Withdraw $800,000 total from both accounts to pay contribution to NFIL Project

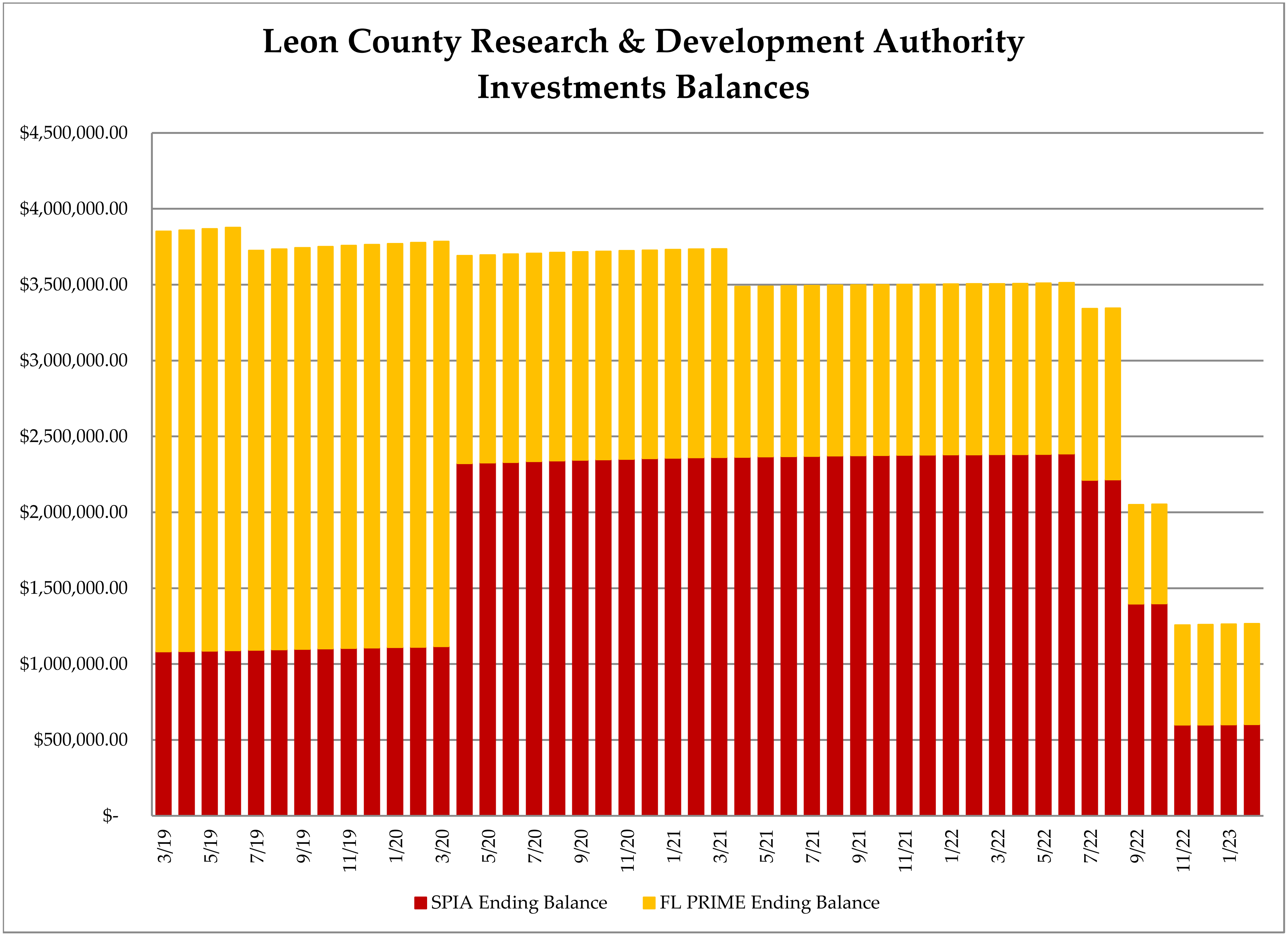
Note: Security descriptions shown on reverse

SECURITY DESCRIPTIONS:

- FL PRIME - SBA Florida Prime - The Local Government Surplus Funds Trust Fund (Florida PRIME) was created by an Act of the Florida Legislature in 1977 and currently serves over 800 participants across the state. Invests exclusively in short-term, high-quality fixed-income securities rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations, or securities of comparable quality. Seeks to maintain a $1.00 value and maintain a weighted average maturity of 60 days or less, with the maximum maturity of any investment limited to 397 days. Rated AAAm by Standard & Poor's, the highest rating available for a local government investment pool. Complies with legislation that requires numerous operational and reporting enhancements, including restating investment objectives to emphasize safety, liquidity and competitive returns with minimization of risks; and providing for enhanced internal controls, transparency and communication. Federated Investors has managed the assets of Florida PRIME to the exact specifications of its investment policies since February 13, 2008.

- SPIA – Florida Treasury Special Purpose Investment Trust – The Florida State Treasury operates a special investment program for public entities other than the State. This program is authorized in Section 17.61(1), Florida Statutes and is called the Treasury Special Purpose Investment Account (SPIA). Component units of the State, Universities, or Colleges that are created by the Florida Constitution or Florida Statutes are eligible to invest in SPIA. Current non-component unit participants, like the Authority, are allowed to stay in the program with capped investment limits and a minimum balance equal to 60% of the previous 3 months average balance. Liquidations in excess of the minimum balance require 6 months' notice. SPIA funds are invested in the same portfolio as Treasury funds, so the pool of funds has a stable base of funds (over 85% of the funds are captive trust funds) not needed for immediate disbursement. These funds are invested in a combination of short-term liquid instruments and intermediate-term fixed income securities. This “barbell” investment strategy, along with incremental income produced by securities lending, has the ability to return higher yields than a typical money market fund. Participants have the ability to invest and obtain fund withdrawals same day with an 11:00 a.m. deadline for notifying the Treasury. The SPIA maintains a credit rating of A+f by Standard & Poor’s.


Leon County Research & Development Authority
Investment Yield
Annualized Return
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
3/19
5/19
7/19
9/19
11/19
1/20
3/20
5/20
7/20
9/20
11/20
1/21
3/21
5/21
7/21
9/21
11/21
1/22
3/22
5/22
7/22
9/22
11/22
1/23
SPIA Annualized Return (Net)
FL PRIME Annualized Return (Net)
SPIA 12 Mos. Moving Avg.
FL PRIME 12 Mos. Moving Avg.


Leon County Research & Development Authority
Investments Balances
$4,500,000.00
$4,000,000.00
$3,500,000.00
$3,000,000.00
$2,500,000.00
$2,000,000.00
$1,500,000.00
$1,000,000.00
$500,000.00
$-
3/19
5/19
7/19
9/19
11/19
1/20
3/20
5/20
7/20
9/20
11/20
1/21
3/21
5/21
7/21
9/21
11/21
1/22
3/22
5/22
7/22
9/22
11/22
1/23
SPIA Ending Balance
FL PRIME Ending Balance

Leon County Research and Development Authority
Treasury Report - Balance Sheet
Feb 28, 2023

	Feb 28,2023 Ending	Jan 31,2023 Ending	Period change
Asset			
Cash Equivalent			
Cash- Operating	$ 287,564	$ 246,896	$ 40,667
Cash- Construction[1]	2,490,271	3,859,207	(1,368,935)
Subtotal	2,777,835	4,106,103	(1,328,268)
Receivables			-
Due from IPTLH[2]	18,475	91,084	(72,609)
Due from EDA[1]	3,792,951	2,724,476	1,068,476
Others	115,767	109,293	6,475
Lease	2,562,747	2,562,747	-
Subtotal	6,489,941	5,487,599	1,002,342
Investment			
Investment	1,266,202	1,262,839	3,363
Subtotal	1,266,202	1,262,839	3,363
Property			
NFIL Construction in progress[1]	11,326,625	9,624,217	1,702,408
Property	10,976,123	10,974,232	1,891
Depreciation	(7,899,684)	(7,876,848)	(22,835)
Subtotal	14,403,064	12,721,601	1,681,463
Other	127,446	129,261	(1,815)
Subtotal	127,446	129,261	(1,815)
Total Asset	***$ 25,064,489***	***$ 23,707,403***	***$ 1,357,086***

	Feb 28,2023 Ending	Jan 31,2023 Ending	Period change
Liability and capital			
Unearned Revenue			
NFIL[1]	$ 2,175,401	$ 2,614,972	$ (439,571)
OEV MOU	-	(42,537)	42,537
Subtotal	2,175,401	2,572,436	(397,035)
Accounts Payable			-
Construction[1]	3,145,936	2,812,463	333,472
Others	79,668	44,510	35,158
Subtotal	3,225,603	2,856,973	368,630
Deferred inflow			
Leases	2,653,041	2,653,041	-
Pension	291,724	291,724	-
Subtotal	2,944,765	2,944,765	-
Total Liability	***8,345,769***	***8,374,174***	***(28,405)***
Capital			
Unrestricted	2,336,781	2,633,373	(296,592)
Restricted[1]	11,326,625	9,624,217	1,702,408
Invested in capital assets	3,055,313	3,075,638	(20,326)
Total Capital	***16,718,719***	***15,333,229***	***1,385,490***
			-
Capital and Lability	***$ 25,064,489***	***$ 23,707,403***	***$ 1,357,086***

1 NFIL construction account
2 Due from IPTLH funded from ARPA grant

Leon County Research and Development Authority
Treasury Report - Income Statement
Oct. 2022- Feb 2023

Book = Accrual	LCRDA		
	Actual	**Budget**	**Variance**
Total Revenue[1]	$ 335,140	$ 453,347	$ (118,207)
Operating Expenditure			
Total Payroll Expense[2]	173,957	200,081	(26,124)
Total Utilities	44,804	51,164	(6,360)
Total Repair/Maintenance [3]	25,580	21,471	4,109
Total Cleaning And Improvements[4]	60,525	104,000	(43,476)
Total Services [5]	44,846	56,129	(11,283)
Total Property Administration [6]	34,109	127,205	(93,096)
Total Other Expenses	38,243	38,245	(2)
Total Insurance/Taxes	27,550	27,550	-
Total Operating Expenditure	449,613	625,844	(176,231)
Total Non-Operating Expenditure	114,177	110,910	3,267
Total Expenditure	563,790	736,754	(172,964)
Net Income	$ (228,650)	$ (283,408)	$ 54,757

Budgeted $90K from OEV for asset readiness at Morgan & Collins and Marketing Expense; FUQUA- FSURF OPEX reimbursement ($30k) - timing

2 Budgeted for hiring additional staff- timing

3 Repairs and property upkeep costs (Electric Repairs, Exterior Building Maintenance, Fire Alarm/Sprinkler Repair, HVAC Repair)

4 Unused Painting Budget ($21k) and Morgan Renovation expenses ($20k) - timing

5 Budgeted expenses for Elevator service that exceeded actuals for period - timing

6 Budgeted expense for Legal, Accounting, Marketing that exceeded actual - timing

Leon County Research & Development Authority
Treasury Report
Dec. 2022 - Feb. 2023

Cash Flow Statement- Direct Method						
For The Period Ending:	02/28/2023		01/31/2023		12/31/2022	
	NFIL	LCRDA Operation	NFIL	LCRDA Operation	NFIL	LCRDA Operation
Beginning Cash in Bank Balance	$ 3,859,207	$ 258,801	$ 543,271	$ 362,444	$ 1,347,594	$ 391,600
Beginning Balance FLPrime	-	662,644		660,091		657,688
Beginning Balance SPIA	-	601,138		600,195		599,378
Subtotal- Beginning Balance	**$ 3,859,207**	**$ 1,522,584**	**$ 543,271**	**$ 1,622,730**	**$ 1,347,594**	**$ 1,648,666**
Deposits	-	128,702	3,340,936	58,680	-	61,339
Payments	(1,368,935)	(87,496)	(25,000)	(158,826)	(804,323)	(87,275)
Ending Cash in Bank (all accounts)	**$ 2,490,271**	**$ 1,563,790**	**$ 3,859,207**	**$ 1,522,584**	**$ 543,271**	**$ 1,622,730**

	02/28/2023		01/31/2023		12/31/2022	
Grants and transfers	$ -	$ 72,609	$ 3,340,936	$ -	$ -	$ -
CAM collection	-	-	-	-	-	-
Miscellanous	-	4,073	-	4,347	-	3,511
Rent	-	52,020	-	54,333	-	57,828
Sub Total - Cash Inflow						
Construction Pay	$ (1,368,935)	$ -	$ -	$ -	$ (804,323)	$ -
Cleared Payment-Operating Expense	-	(87,496)	-	(158,826)	-	(87,275)
Transfer - FSURF	-	-	(25,000)	-	-	-
Sub Total - Cash Outflow						
Ending Cash in Bank (all accounts)						
Net Cash Inflow (Outflow)	***$ (1,368,935)***	***$ 41,206***	***$ 3,315,936***	***$ (100,147)***	***$ (804,323)***	***$ (25,936)***

Outstanding Transactions:						
Outstanding deposit	$ -	$ 8,739	$ -	$ 8,739	$ -	$ -
Outstanding Checks	-	(17,867)	-	(20,752)	-	(40,356)
Subtotal: Outstanding Transactions	$ -	$ (9,129)	$ -	$ (12,013)	$ -	$ (40,356)

Financial Statements

Leon County Research and Development Authority

Year ended September 30, 2022
with Report of Independent Auditors

Thomas Howell Ferguson P.A.
Certified Public Accountants

Leon County Research and Development Authority

Financial Statements

Year ended September 30, 2022

Contents

Thomas Howell Ferguson P.A.
Certified Public Accountants

Report of Independent Auditors

The Board of Governors
Leon County Research and Development Authority

Opinion

We have audited the financial statements of Leon County Research and Development Authority (the Authority) which comprise the statement of net position as of September 30, 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the Authority adjusted its September 30, 2021 financial statements to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Thomas Howell Ferguson P.A.
Certified Public Accountants

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Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Thomas Howell Ferguson P.A.
Certified Public Accountants

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 Contributions - 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 financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the schedule of findings and questioned costs relating to federal awards are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Thomas Howell Ferguson P.A.
Certified Public Accountants

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023 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 solely 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 the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 16, 2023

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

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, 2022. Management's Discussion and Analysis is a narrative overview designed to: assist a financial statement user in focusing on significant financial issues, provide an overview of the Authority's financial activities, identify changes in the Authority's financial position and operations, and 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 September 17, 2020, the Authority was awarded a grant for approximately $10.2 million from the U.S. Department of Commerce, Economic Development Administration ("EDA") and has received an additional $2.2 million, which required the execution of an amended award agreement. The Authority also received commitments for matching funds from other parties totaling $5.1 million. The funds are being used to build the 40,000 square feet North Florida Innovation Labs ("NFIL") business incubator on land in Innovation Park. The Leon County Research and Development Authority awarded the North Florida Innovation Labs project to Culpepper Construction Company by an agreement between the parties dated April 26, 2022 and work commenced on May 11, 2022. As of September 30, 2022, Investments to date in the NFIL totaled $5,784,450, and actual construction costs to date were $5,283,297. The project remains on schedule to be completed by January 2024.
- The Authority received a commitment from the Florida State University Research Foundation for a $4,000,000 line of credit to be used for the construction of, and equipment for NFIL. The loan will be secured by a second mortgage lien on the building, subordinated to the EDA, and a first lien on any purchased equipment. The loan closed in March 2022 and was approved by the boards of both parties, the EDA, and the Leon County Board of County Commissioners.
- During FY 2022, overall revenue from leases decreased by $132,105. This decrease was largely attributable to the following; which is broken down by specific building:
  - Johnson Building: The lease with FSU Anthropology expired on July 31, 2021, reducing the FY 2022 revenue by $161,613.
  - Collins Building: The Authority executed a 5-year lease extension with the Florida Department of Agriculture and Consumer Services ("FDACS") at a monthly lease payment of $3,351 which yielded a $6,176 annual revenue increase in FY 2022.
  - Morgan Building: A three-year lease extension with CareerSource Capital Region with monthly lease payments of $6,961 was effective February 12, 2021, which increased 2022 lease revenue by $31,204. In addition, revenue from FSU/TMH fell by $5,522 because they reduced their space needs during 2022.

Leon County Research and Development Authority
Management's Discussion and Analysis (continued)

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, management and common area management fees, and grant income. Nonoperating revenues includes 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*)

	2022	2021	2020	Change 2022	Change 2021
Assets					
Current assets	$8,144	$5,440	$4,612	$2,704	$828
Noncurrent assets	10,434	6,409	5,101	4,025	1,308
Deferred outflows of resources	105	125	117	-20	8
Total assets and deferred outflows of resources	$18,683	$11,974	$9,830	$6,709	$2,144
Liabilities and deferred inflows of resources					
Current liabilities	$4,135	$947	$122	$3,188	$825
Noncurrent liabilities	263	162	276	101	-114
Deferred inflows of resources	2,691	3,272	1,975	-581	1,297
Total liabilities and deferred inflows of resources	7,089	4,381	2,373	2,709	2,008
Net Position					
Invested in capital assets net of related debt	3,112	3,378	3,600	-266	-222
Restricted	142	-	-	142	-
Unrestricted	8,340	4,215	3,857	4,125	358
Total net position	11,594	7,593	7,457	4,001	136
Total liabilities, deferred inflows of resources and net position	$18,683	$11,974	$9,830	$6,709	$2,144

As of September 30, 2022, The Authority's total assets exceeded total liabilities by $11,593,996 (net position).

- Current assets consisting of cash and cash equivalents, accounts receivable, grants receivable, lease receivable and prepaid expenses increased by $2,704,101 for the fiscal year 2022. The primary component of this increase is the EDA Grant Receivable for NFIL construction expenditures of $3,315,936.

Leon County Research and Development Authority
Management's Discussion and Analysis (continued)

- Non-current assets consisting of capital and intangible assets, lease receivables, and construction in progress, increased by $4,024,749. The primary component of this change is the increased expenditures on the NFIL construction in progress.
- Current liabilities consisting of accounts payable, accrued expenses, and unearned revenue increased by $3,188,189 due primarily to unearned revenue increases of approximately $1,766,000 related to NFIL and accounts payable and accrued expenses of approximately $1,430,000.
- Non-current liabilities consisting of Unearned revenue and net pension liabilities increased by $100,908 due to an increase in net pension liabilities.
- Deferred inflows of resources consisting of revenue from leases and pensions to be recognized in the future decreased by $580,783. due to the expiration of the FSU Anthropology lease and from a decrease in deferred pension liabilities.

Capital Asset and Debt Administration

The Authority's capital assets primarily consist of Authority buildings leased to a variety of clients including institutions of higher education, state agencies and departments, and private for-profit companies pursuing innovative technologies to take to market as well as the construction in progress for the NFIL.

Table 2
Statements of Revenues, Expenses, and Changes in Net Position
(in thousands)

	2022	**2021**	**2020**	**Change 2022**	**Change 2021**
Operating revenues	$5,422	$1,407	$861	$4,015	$546
Operating expenses	-1,362	-1,303	-1,249	-59	-54
Operating income (loss)	4,060	104	-388	3,956	492
Nonoperating revenues (expenses)	27	32	75	-5	-43
Change in net position	4,087	136	-313	3,951	449
Net position at the beginning of the year	7,593	7,457	7,770	136	-313
Prior period adjustment	-86	-	-	-86	-
Net position restated	7,507	7,457	7,770	50	-313
Net position at end of year	$11,594	$7,593	$7,457	$4,001	$136

For the year ended September 30, 2022, Authority operating revenues exceeded operating expenses by $4,059,985. Fund net position increased by $4,000,814. Depreciation and amortization expense accounts decreased net position by $274,025.

- Total operating revenues increased by $4,014,802. This was overwhelmingly attributable to the recognition of grant income for NFIL construction of $4,285,035. The Authority also received its first $268,500 payment of three installments from the 2020 OEV Agreement in exchange for a minimal cost lease to Danfoss Turbocor for the construction of a new facility in Leon County at Innovation Park.

Leon County Research and Development Authority
Management's Discussion and Analysis (continued)

- Total operating expenses increased by $58,662, largely driven by increases in operating and maintenance costs.
- Although net position increased by $4,000,814, the fall in lease revenues, increase in operating and maintenance costs, capital expenditures and NFIL expenditures caused cash and cash equivalents to fall by $415,912 during the FY.

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 2051 E. Paul Dirac Drive, Tallahassee, Florida.

Submitted by,

Michael Kramer	David Ramsay
Interim Executive Director	Treasurer

Leon County Research and Development Authority

Statement of Net Position

September 30, 2022

Assets and deferred outflows of resources	
Current assets:	
Cash and cash equivalents	$ 3,588,372
Designated cash and cash equivalents	470,563
Accounts receivable	3,450,500
Accrued interest receivable	1,500
Lease receivable	549,037
Prepaid expenses and other current assets	253
Notes receivable, related party	83,945
Total current assets	8,144,170
Noncurrent assets:	
Other assets	24,221
Lease receivable, net of current portion	2,013,710
Construction in progress	5,283,297
Capital assets, net of accumulated depreciation	3,112,591
Total assets	18,577,989
Deferred outflows of resources:	
Pension	105,415
Total deferred outflows of resources	105,415
Total assets and deferred outflows of resources	$ 18,683,404
Liabilities and deferred inflows of resources and net position	
Current liabilities:	
Accounts payable and accrued expenses	$ 1,499,390
Unearned revenue	2,635,823
Total current liabilities	4,135,213
Noncurrent liabilities:	
Unearned revenue, net of current portion	9,430
Net pension liability	253,235
Total noncurrent liabilities	262,665
Total liabilities	4,397,878
Deferred inflows of resources:	
Leases	2,653,041
Pension	38,489
Total deferred inflows of resources	2,691,530
Net position:	
Net investment in capital assets	3,112,591
Restricted	141,742
Unrestricted	8,339,663
Total net position	11,593,996
Total liabilities, deferred inflows of resources and net position	$ 18,683,404

See accompanying notes.

Leon County Research and Development Authority

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2022

Operating revenues	
Leases	$ 640,512
Interest, leases	38,112
Common area management fees	64,460
Grant and other income	4,679,077
Total operating revenues	5,422,161
Operating expenses	
Salaries and employee benefits	426,414
Depreciation and amortization expense	274,025
Other expenses	661,737
Total operating expenses	1,362,176
Operating income	4,059,985
Nonoperating revenues	
Interest income	26,705
Total nonoperating revenues	26,705
Change in net position	4,086,690
Net position at beginning of year	7,593,182
Prior period adjustment, Note 10	(85,876)
Net position at beginning of year, as adjusted	$ 7,507,306
Net position at end of year	$ 11,593,996

See accompanying notes.

Leon County Research and Development Authority

Statement of Cash Flows

Year ended September 30, 2022

Operating activities	
Cash received from tenants	$ 755,335
Other cash receipts	3,273,014
Cash payments to suppliers for goods and services	(658,962)
Cash payments to employees	(407,669)
Other cash disbursements	-
Net cash provided by operating activities	2,961,718
Investing activities	
Interest and dividends on investments	26,705
Net cash provided by investing activities	26,705
Capital and related financing activities	
Purchase and construction of capital assets	(3,404,335)
Net cash used in capital and related financing activities	(3,404,335)
Net decrease in cash and cash equivalents	(415,912)
Cash and cash equivalents at beginning of year	4,474,847
Cash and cash equivalents at end of year	$ 4,058,935
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 4,059,985
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	274,025
Changes in operating assets and liabilities:	
Accounts receivable	(3,084,619)
Accrued interest receivable	539
Lease receivable	581,387
Prepaid expenses and other current assets	11,198
Notes receivable, related party	(74,385)
Other noncurrent receivable	-
Accounts payable and accrued expenses	(8,423)
Unearned revenue	1,758,286
Net pension liability	18,745
Lease liability	(575,020)
Net cash provided by operating activities	$ 2,961,718
Cash and cash equivalents consist of:	
Cash and cash equivalents	$ 3,588,372
Designated cash and cash equivalents	470,563
Total	$ 4,058,935
Supplemental disclosures of cash flow information	
Transfer of capital assets due to restructuring	$ -

See accompanying notes.

Leon County Research and Development Authority

Notes to Financial Statements

Year ended September 30, 2022

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 access to 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, as well as program fees and grant revenue. Operating revenues are recognized as revenue in the period earned. Interest revenue is recognized on the lease receivable and lease revenue from the deferred inflow of resources over the term of the lease.

Leon County Research and Development Authority

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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

Cash and Cash Equivalents

Cash consists of demand deposits held at qualified public depositories, cash held with the State Treasury Special Purpose Investment Account (SPIA) investment pools, and cash held with the State Board of Administration (SBA) in the Florida PRIME investment pool (SBA PRIME). For reporting cash flows, the Authority considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the Authority considers amounts invested in the State Treasury SPIA and SBA PRIME to be cash equivalents.

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.

At September 30, 2022, the Authority reported as cash equivalents at fair value $1,394,877 in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, *Florida Statutes*. The authorized investment types are set forth in Section 17.57, *Florida Statutes*. The SPIA carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.82 years and fair value factor of 1.1494 at September 30, 2022. Participants contribute to the Treasury Pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The Authority relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. The State Treasury may, at its sole option, require the Authority to maintain a minimum balance equal to 60% of the previous three months average balance. Withdrawals below the minimum balance will require six months' notice. Disclosures for the State Treasury SPIA investment pool are included in the notes to financial statements of the State of Florida's Comprehensive Annual Financial Report.

Leon County Research and Development Authority

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

At September 30, 2022, the Authority reported as cash equivalents at amortized cost $653,819 in the SBA PRIME investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the SBA are not registered with the Securities and Exchange Commission, however SBA PRIME operates in conformity with the Securities and Exchange Commission's Rule 2a-7. Oversight of the pooled investments with the SBA is provided by a group of individuals that function as a Board of Trustees.

The Trustees appoint a nine-member Investment Advisory Council and a six member Florida PRIME Advisory Council. Both Councils are responsible for review of the Florida PRIME Investment Policy and any proposed changes prior to its presentation to the Trustees and will undertake other duties set forth in Applicable Florida Law. The authorized investment types are set forth in Section 215.44-2.15.47, Florida Statutes. The SBA PRIME carried a credit rating of AAAm by Standard & Poor's and had a weighted average maturity of 21 days at September 30, 2022. All investments are stated at amortized cost, which in most cases approximates the market value of the securities. The objective of the Florida PRIME is to maintain a stable $1.00 net asset value; however, the $1.00 net asset value is not guaranteed or insured by the State of Florida. Participants may experience restrictions on withdrawals from 48 hours to 15 days. The withdrawal restrictions may not exceed 15 days. The SBA provides a separate audit of the SBA PRIME financial statements on their website www.sbafla.com/prime.

Accounts Receivable

Accounts receivable consists of amounts due from tenants for leases, common area fees, maintenance fees, management fees, and amounts due from other governmental sources related to grants and commitments for construction projects.

The Authority provides an allowance for doubtful accounts based upon the anticipated collectability of each specific account. The company recorded no allowances for the year September 30, 2022.

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:

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

Leon County Research and Development Authority

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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.

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 Retiree 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. 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 various building studies are capitalized as finite-lived intangible assets and amortized over the life of the asset using the straight line method.

Subsequent Events

The Authority has evaluated subsequent events through March 16, 2023, the date the financial statements were available to be issued. During the period from September 30, 2022 to March 16, 2023, the Authority did not have any material recognizable subsequent events, other than those described in Note 4.

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.

Leon County Research and Development Authority

Notes to Financial Statements

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 acres of developed and undeveloped Park land to Florida State University and Florida A&M University.

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 $53,543 for the fiscal year ended September 30, 2022.

Leon County Research and Development Authority

Notes to Financial Statements

3. Retirement Plan (continued)

FRS Pension Plan

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a 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.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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 four 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 five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight 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.

Leon County Research and Development Authority

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 three 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 three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Leon County Research and Development Authority

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 2021-2022 fiscal year are as follows:

	Percent of Gross Salary	
Class	**Employee**	**Employer (1)**
FRS, Regular	3.00	10.82
FRS, Senior Management Services	3.00	29.01
Elected County, City, and Special District Officers	3.00	51.42
FRS, Special Risk	3.00	25.89
Deferred Retirement Option Program – Applicable to Members from All of the Above Classes	N/A	18.34
FRS Reemployed Retiree	(2)	(2)

Notes: (1) These Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 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 $20,931 for the fiscal year ended September 30, 2022, excluding HIS plan contributions.

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

At September 30, 2022, the Authority reported a liability of $163,763 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Authority's proportionate share of the net pension liability was based on the Authority's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At September 30, 2022, the Authority's proportionate share was 0.000440128 percent, which was a decrease of 13.10% percent from its proportionate share measured as of September 30, 2021.

Leon County Research and Development Authority

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, 2022, the Authority recognized pension expense of $36,405. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,778	$ –
Change of assumptions	20,168	–
Net difference between projected and actual earnings on FRS pension plan investments	10,813	–
Changes in proportion and differences between Authority FRS contributions and proportionate share of contributions	38,800	(14,957)
Authority FRS contributions subsequent to the measurement date	4,397	–
Total	$ 81,956	$ (14,957)

The deferred outflows of resources related to pensions totaling $4,397 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2023	$ 18,970
2024	11,604
2025	2,749
2026	29,467
2027	(189)
Thereafter	–
Total	$ 62,601

Leon County Research and Development Authority

Notes to Financial Statements

3. Retirement Plan (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018. As of June 30, 2022, the investment rate of return changed from 6.80% to 6.70%. The maximum amortization period was decreased to 20 years for all current and future amortization bases.

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:

Asset Class	Target Allocation [1]	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash equivalents	1.0%	2.2%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	100%			
Assumed Inflation – Mean			2.4%	1.2%

[1] As outlined in the Plan's investment policy.

Leon County Research and Development Authority

Notes to Financial Statements

3. Retirement Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.70 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 6.70 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 one percentage point lower (5.70 percent) or one percentage point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
Authority's proportionate share of the net pension liability - FRS	$283,217	$163,763	$ 63,885

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.

Leon County Research and Development Authority

Notes to Financial Statements

3. Retirement Plan (continued)

Benefits Provided

For the fiscal year ended September 30, 2022, 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, 2022, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, *Florida Statues*. The Authority contributed 100 percent of its statutorily required contributions for the current and preceding three 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 $5,198 for the fiscal year ended September 30, 2022.

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

At September 30, 2022, the Authority reported a net pension liability of $89,473 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The Authority's proportionate share of the net pension liability was based on the Authority's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At September 30, 2022, the Authority's proportionate share was 0.000844753 percent, which was a decrease of 9.2 percent from its proportionate share measured as of September 30, 2021.

Leon County Research and Development Authority

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, 2022, the Authority recognized pension expense of $8,471. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,716	$ (394)
Change of assumptions	5,129	(13,841)
Net difference between projected and actual earnings on HIS pension plan investments	130	–
Changes in proportion and differences between Authority HIS contributions and proportionate share of HIS contributions	14,089	(9,297)
Authority contributions subsequent to the measurement date	1,394	–
Total	$ 23,458	$ (23,532)

The deferred outflows of resources totaling $1,394 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2023	$ 2,329
2024	2,191
2025	936
2026	(1,996)
2027	(3,451)
Thereafter	(1,478)
Total	$ (1,469)

Leon County Research and Development Authority

Notes to Financial Statements

3. Retirement Plan (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, including inflation
Municipal bond rate	3.54 percent

Mortality rates were based on the PUB-2010 base table.

The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan. As of June 30, 2019, the municipal rate used to determine total pension liability increased from 2.16% to 3.54%.

Discount Rate

The discount rate used to measure the total pension liability was 3.54 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 3.54 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 one percentage point lower (2.54 percent) or one percentage point higher (4.54 percent) than the current rate:

Leon County Research and Development Authority

Notes to Financial Statements

3. Retirement Plan (continued)

<u>Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (continued)</u>

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Authority's proportionate share of the net pension liability – HIS	$102,364	$89,473	$78,805

<u>Pension Plan Fiduciary Net Position</u>

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.

<u>FRS Investment Plan</u>

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 0.06 percent of payroll and by forfeited benefits of plan members.

Leon County Research and Development Authority

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 one 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 five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2022, 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 $8,667 for the fiscal year ended September 30, 2022.

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. Authority contributions to the plan for the year ended September 30, 2022 was $18,176.

Leon County Research and Development Authority

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, 2022, $939,865 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 $780,258 as of September 30, 2022. Such costs are for various projects including Park amenities, a business incubator program, PUD/DRI, landscaping and park beautification, and other miscellaneous expenses.

On May 26, 2015, Danfoss and the Authority entered into a ground lease for Lots 1D, 2D and 3D through January 28, 2074 for $1.00 per year. Effective September 27, 2017, the ground lease was amended to add Lot 1E to the lease. Danfoss has since completed required construction on Lots 1E and 1D. Concurrently, Danfoss and the Authority entered into a Right of First Refusal Agreement granting Danfoss a right of first refusal to purchase approximately six acres of land adjacent to Lot 1E for a period of three years, with an option to extend the agreement for two additional one-year terms upon the payment of $10,000 before the expiration of the preceding term. The Right of First Refusal Agreement was terminated on December 18, 2020.

On December 18, 2020, Danfoss and the Authority amended the ground lease to add Lot 4E for no additional rent through January 28, 2074. Concurrently, Danfoss and the Authority entered into another ground lease for approximately 12 acres of land owned by the Authority (Outparcel) and adjacent to Lot 4E for no additional rent through January 28, 2074. The new ground lease requires the construction of a 65,000 to 90,000 square feet building within 60 months.

In connection with these new leases, on December 24, 2020, the Authority entered into a Memorandum of Understanding (MOU) with the Tallahassee-Leon County Office of Economic Vitality (OEV) where OEV committed to pay the Authority $805,000 following Danfoss' completion of milestones related to its construction commitments contained in the December 18, 2020 Lot 4E lease amendment and Outparcel ground lease. The Authority agreed to use the funds for activities related to maximization and readiness of its land and buildings and targeted recruitment of businesses to Innovation Park. On December 24, 2020, the Authority met its performance obligation by conveying the leaseholds interests to Danfoss. Effective October 2021, the initial milestone was met when Danfoss broke ground on the project. At this time, the Authority recognized revenue in the form of the initial payment from OEV for this milestone of $268,500. This revenue, net of the Authority's expenses under the MOU, totaling $126,758 for the year ended September 30, 2022, is recorded as restricted net position of $141,742 as of September 30, 2022.

4. Commitments and Contingencies (continued)

North Florida Innovation Labs Facility (NFIL) – On September 17, 2020, the Authority was awarded a grant for approximately $10 million from the U.S. Department of Commerce, Economic Development Administration (the EDA), and has designated $470,563 in cash and cash equivalents for matching funds at September 30, 2022. Effective March 2022, the EDA increased the grant award to approximately $12.4 million. The Authority has also received commitments for matching funds from other parties totaling $5.2 million. The funds will be used to build a 40,000 square feet business incubator on Authority land in Innovation Park. Design work on the project began in April 2021 with construction beginning in May 2022 and completion required within the following 30 months. At September 30, 2022, $5,283,297 had been expended on the project and is included in construction in progress in the accompanying statements of net position. Grant income related to this project for the year ended September 30, 2022 totaled $4,285,035 and is included in grant and other income on the accompanying statements of revenues, expenses, and changes in net position. The Authority recorded an amount due from the EDA of $3,315,936 at September 30, 2022, which is included in accounts receivable on the accompanying statements of net position.

On March 30, 2022, the Authority entered into a line of credit loan agreement with the Florida State University Research Foundation to provide the Authority funds to assist in the construction of the NFIL. The line of credit consists of two notes for $3,000,000 and $1,000,000 at annual fixed interest rates of 2.98% and 4.5%, respectively. The line of credit can be drawn on at the earlier of 15 months post construction based on certificate of occupancy or 90 months from loan execution. The first year of payment will be interest only with the remainder of the loan amortized over 12 years.

5. Operating Leases

Phipps Building

The agreement with the Florida Department of Transportation (FDOT) for the Phipps Building is for 14,661 square feet and required monthly payments of $10,719 beginning June 1, 2007, through September 30, 2022, with an option to renew for an additional five-year term at monthly lease payments of $2,444. On February 5, 2021, the Authority and FDOT amended the lease to terminate the renewal option and extend the lease through September 30, 2037. Effective October 1, 2022, monthly lease payments are $8,739 for the duration of the lease.

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 was for 6,126 square feet and required monthly payments of $4,671 beginning July 1, 2007, through June 30, 2022, with an option to renew for an additional five-year term. The agreement was first amended, effective May 31, 2016, to reduce the leased space to 1,926 square feet, to require monthly payments of $2,664 through June 30, 2022 and to eliminate the renewal option.

5. Operating Leases (continued)

Collins Building (continued)

The lease was amended again, effective July 1, 2021, to require monthly payments of $3,351 through June 30, 2027.

On August 1, 2019, the Authority entered into an agreement with Reclaim Pharmaceutical Waste Management, LLC d/b/a Quarry Bio (Quarry Bio) for 1,070 square feet in the Collins Building. The agreement required monthly lease payments of $1,516 through the lease expiration date of July 31, 2022. The agreement was renewed effective August 1, 2022 and requires monthly lease payments of $1,650 through maturity on July 31, 2023.

During the year ended September 30, 2022, the Authority recognized other short-term lease revenues from space in the Collins Building in the amount of $3,420.

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 $22,362, annually adjusted for inflation, through February 17, 2020. Effective February 17, 2020, the lease was automatically extended through February 17, 2025 with monthly lease payments of $24,278 which began March 31, 2020.

Morgan Building

On March 23, 2020, the Authority entered into a lease agreement with the Florida State University Board of Trustees for the use of 4,003 square feet in the Morgan Building with monthly lease payments of $4,982 beginning May 1, 2020 through April 30, 2021. Effective May 1, 2021 through the expiration date of April 30, 2025, the payments increased to $5,132.

On February 12, 2021, the Authority entered into a lease agreement with CareerSource Capital Region for the use of 4,971 square feet in the Morgan Building with monthly lease payments of $6,628 beginning March 31, 2021 through February 29, 2024. Effective April 1, 2021 through the expiration date, the leased spaced was increased to 5,221 square feet and payments increased to $6,961.

During the year ended September 30, 2022, the Authority recognized other short-term lease revenues from space in the Morgan Building in the amount of $40,061.

Knight Building

During the year ended September 30, 2022, the Authority also recognized other short-term lease revenues from space in the Knight Building in the amount of $9,743.

5. Operating Leases (continued)

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 direct expenses and adjusted annual administrative overhead costs divided by the developable acres. For the year ended September 30, 2022, the Authority recognized common area revenue in the amount of $64,460.

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

	September 30,						
	2023	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Johnson	$ 290,018	$ 289,865	$ 120,625	$ –	$ –	$ –	$ 701,508
Phipps	104,864	104,864	104,864	104,864	104,864	1,048,639	1,572,959
Collins	57,957	40,208	40,208	40,208	30,156		208,737
Morgan	146,361	96,385	35,921	–	–	–	278,667
Knight	9,169	–	–	–	–	–	9,169
	$ 608,369	$ 531,322	$ 301,618	$ 145,072	$ 135,020	$ 1,048,639	$ 2,771,040

6. Capital Assets

Following is a summary of the changes in capital assets for the year ending September 30, 2022:

Descriptions	**Balance at September 30, 2021**	**Additions**	**Deletions**	**Balance at September 30, 2022**
Buildings	$ 9,077,395	$ –	$ –	$ 9,077,395
Equipment and furnishings	158,753	1,550	–	160,303
Improvements	34,560	–	–	34,560
Park and development costs	939,865	–	–	939,865
Total capital assets subject to depreciation	10,210,573	1,550	–	10,212,123
Accumulated depreciation	(7,468,856)	(266,597	–	(7,735,453)
Total capital assets subject to depreciation, net	2,741,717	(266,597)	–	2,476,670
Construction in progress	442,063	4,841,234	–	5,283,297
Land	635,921	–	–	635,921
Total capital assets, net	$ 3,819,701	$ 219,436	$ –	$ 8,395,888

Depreciation expense was $266,597 for the year ended September 30, 2022.

7. Designated Net Position and Cash and Cash Equivalents

The Board of Governors has designated unrestricted net position for the year ended September 30, 2022, for future capital projects in the amount of $470,563. In addition, the Board of Governors has designated cash and cash equivalents in the amount equal to the above designation.

Leon County Research and Development Authority

Notes to Financial Statements

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.

9. Related Parties

On February 21, 2019, the Authority incorporated Innovation Park TLH, Inc. (IPTLH) dba North Florida Innovation Labs, a Florida non-profit corporation. IPTLH received exempt status from the Internal Revenue Service effective October 1, 2021, with retrospective adoption effective September 30, 2019. On April 4, 2019, the Authority entered into a revolving loan agreement with IPTLH for an amount not to exceed $10,000 at an annual interest rate of 10%. The note receivable balance is reported on the statements of net position. The balance at September 30, 2022 was $9,621.

During the year ended September 30, 2022, IPTLH recognized grant revenues related to the American Rescue Plan Act (ARPA). As the Authority expended the majority of the qualified costs reimbursed to IPTLH, an ARPA receivable (from IPTLH) and ARPA grant revenues of $74,323 were recorded as of and for the year ending September 30, 2022.

10. Prior Period Adjustment

During the year ended September 30, 2022, as a result of evaluation of recently issued GASB implementation guidance on Statement No. 87, *Leases*, the Authority determined that certain balances related to the implementation had not been recorded in accordance with the updated guidance, and, accordingly, restated prior period balances with an adjustment to opening net position as of October 1, 2021 to correct these balances. The Authority had previously recognized lease related balances and transactions during implementation based on lease commencement date as opposed to the implementation date of September 30, 2019. As a result of this correction, the Authority restated lease receivable by $10,123 and deferred inflows of resources – leases by ($95,999) as of October 1, 2021, with an adjustment to opening net position of ($85,876).

Other Required Supplementary Information

Leon County Research and Development Authority

Required Supplementary Information

Year ended September 30, 2022

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

	Year Ending September 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.000440%	0.000507%	0.000370%	0.000349%	0.000275%	0.000216%	0.000159%	0.000233%	0.000178%
Proportionate share of the net pension liability	$ 163,763	$ 38,279	$ 160,349	$ 120,351	$ 82,749	$ 63,936	$ 40,209	$ 30,111	$ 10,830
Covered-employee payroll	313,130	320,440	322,816	318,288	275,517	199,722	179,219	168,450	113,542
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.30%	11.95%	49.67%	37.81%	30.03%	32.01%	22.44%	17.88%	9.54%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	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

Required Supplementary Information

Year ended September 30, 2022

Schedule of Contributions -
Florida Retirement System
Last 10 Fiscal Years
(Unaudited)

	Year Ending September 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 18,781	$ 19,305	$ 12,292	$ 10,836	$ 7,829	$ 5,627	$ 3,883	$ 5,684	$ 3,888
Contributions in relation to the contractually required contribution	$ (18,781)	(19,305)	(12,292)	(10,836)	(7,829)	(5,627)	(3,883)	(5,684)	(3,888)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 313,130	$ 320,440	$ 322,816	$ 318,288	$ 275,517	$ 179,219	$ 168,450	$ 113,542	$ 113,542
Contributions as a percentage of covered-employee payroll	6.00%	6.02%	3.81%	3.40%	2.84%	3.14%	2.31%	5.01%	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

Required Supplementary Information

Year ended September 30, 2022

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

	Year Ending September 30,								
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of the net pension liability	0.00084%	0.00093%	0.00093%	0.00094%	0.00076%	0.00063%	0.00055%	0.00055%	0.00056%
Proportionate share of the net pension liability	$ 89,473	$ 114,172	$ 113,153	$ 105,545	$ 80,450	$ 67,122	$ 64,459	$ 55,965	$ 52,330
Covered-employee payroll	313,130	320,440	322,816	318,288	275,517	199,722	179,219	168,450	113,542
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	28.57%	35.63%	35.05%	33.16%	29.20%	33.61%	35.97%	33.22%	46.09%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	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

Required Supplementary Information

Year ended September 30, 2022

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

	Year Ending September 30,								
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 5,111	$ 5,471	$ 5,340	$ 5,238	$ 4,122	$ 3,322	$ 2,835	$ 2,098	$ 2,098
Contributions in relation to the contractually required contribution	(5,111)	(5,471)	(5,340)	(5,238)	(4,122)	(3,322)	(2,835)	(2,098)	(2,098)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 313,130	$ 320,440	$ 322,816	$ 318,288	$ 275,517	$ 199,722	$ 179,219	$ 168,450	$ 113,542
Contributions as a percentage of covered-employee payroll	1.63%	1.71%	1.65%	1.65%	1.50%	1.66%	1.58%	1.25%	1.85%

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.

Other Reports

Thomas Howell Ferguson P.A.
Certified Public Accountants

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*

The Board of Governors
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, 2022, 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 March 16, 2023.

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.

Thomas Howell Ferguson P.A.
Certified Public Accountants

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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 16, 2023

Thomas Howell Ferguson P.A.
Certified Public Accountants

Report of Independent Auditors on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Governors
Leon County Research and Development Authority

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Leon County Research and Development Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority 's major federal program for the year ended September 30, 2022. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of its major federal program for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority 's compliance with the compliance requirements referred to above.

Thomas Howell Ferguson P.A.
Certified Public Accountants

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority 's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority 's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority 's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Authority 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority 's internal control over compliance. Accordingly, no such opinion is expressed.

Thomas Howell Ferguson P.A.
Certified Public Accountants

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 16, 2023

Leon County Research and Development Authority

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Grantor/Pass through Grantor/Project Title	CFDA Number	Grant Contract Number	Total Expenditures
Federal Awards			
U.S. Department of Commerce			
Supplemental Funding to Construct a High-Tech Business Incubator	11.307	04-79-07447.01	$ 3,315,936
Passed through Florida A&M University			
FAMU Research, Entrepreneurship and Commercialization Hub	11.303	C-5071	39,805
Total Expenditures of Federal Awards			$ 3,355,741

Note 1 - This Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant activity of Leon County Research and Development Authority (the Authority) for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S *Code of Federal Regultions (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements. Because this schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position, or cash flows of the Authority.

Note 2 - Amounts included on this Schedule include only the expenditure of Federal Awards received directly from an awarding agency. The amounts on the accompanying statement of revenues, expenses, and changes in net position include additional expenditures associated with other resources committed by the Authority for the purpose of fulfilling the grant programs.

Note 3 - Grant monies received and disbursed by the Authority are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Authority does not believe that such disallowance, if any, would have a material effect on the financial position of the Authority. As of September 30, 2022, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

Note 4 - The Authority has not elected to use the 10 percent de minimus indirect cost rate allowed under Uniform Guidance.

See report of independent auditors.

Leon County Research and Development Authority

Schedule of Findings and Questioned Costs
Relating to Federal Awards

Year ended September 30, 2022

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major projects?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)	No

Identification of major projects:

CSDA Number	Name of federal program
11.307	Supplemental Funding to Construct a High-Tech Business Incubator

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low risk auditee?	No

(continued)

Leon County Research and Development Authority

Schedule of Findings and Questioned Costs
Relating to Federal Awards (continued)

Section II -- Financial Statement Findings

We noted no matters involving internal control over financial reporting and its operation that we considered to be significant deficiencies and/or material weaknesses required to be reported in accordance with *Government Auditing Standards.*

Section III -- Federal Awards Findings and Questioned Costs

We noted no matters involving noncompliance that are required to be reported in accordance with 2 CFR.

Section IV -- Other Matters

No matters were reported.

See report of independent auditors.

Thomas Howell Ferguson P.A.
Certified Public Accountants

Report of Independent Accountants on Compliance with Section 218.415, *Florida Statutes*, Local Government Investment Policies

The Board of Governors
Leon County Research and Development Authority

We have examined the Leon County Research and Development Authority's (the Authority) compliance with local government investment policies provided in Chapter 218.415, *Florida Statutes*, during the year ended September 30, 2022. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the investment policies are in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the investment policies. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the investment policies, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

This report is intended solely for the information and use of the Leon County Research and Development Authority and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 16, 2023

Thomas Howell Ferguson P.A.
Certified Public Accountants

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, 2022 and have issued our report thereon dated March 16, 2023.

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 Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 16, 2023, should be considered in conjunction with this management letter.

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 financial audit report. There were no corrective actions made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)(4), *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Such information has been disclosed in Note 1 to the financial statements.

Thomas Howell Ferguson P.A.
Certified Public Accountants

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Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate 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 to identify 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.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Authority. 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 review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

Additional Special District Information

Sections 218.39(3)(c), 218.32(1)(e)2-3, and 10.554(1)(i)6, *Rules of the Auditor General*, require that we communicate information of the Authority. We do not provide any assurance over the information below:

- The total number of district employees compensated in the last pay period of the fiscal are four,
- there were no independent contractors compensated in the last month of the fiscal year,
- compensation paid to employees was $426,414,
- compensation paid or accrued to independent contractors was $8,400,
- the following is a construction project with a cost of at least $65,000 approved by the district and began after October 1st of the reporting year: North Florida Innovation Lab – total expenditures for the fiscal year were $3,315,936, and
- see below for a budget variance report based on the budget adopted under Section 189.016(4), *Florida Statutes*, and the amended budget under Section 189.016(6), *Florida Statutes*:

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	Actual	Budget	Variance
INCOME			
INCOME - OPERATING			
Leases	$ 640,512	$ 694,947	$ (54,435)
Interest, leases	38,112	-	38,112
Common area maintenance	64,460	64,488	(28)
Grant and other income	4,679,077	503,862	4,175,215
TOTAL OPERATING INCOME	5,422,161	1,263,297	4,158,864
EXPENSES			
OPERATING EXPENSES			
Salaries and employee benefits	426,414	450,956	(24,542)
Depreciation and amortization expense	274,025	275,954	(1,929)
Other expenses	661,737	897,095	(235,358)
TOTAL OPERATING EXPENSES	1,362,176	1,624,005	(261,829)
OPERATING INCOME	4,059,985	(360,708)	4,420,693
NONOPERATING REVENUES	26,705	30,409	(3,704)
CHANGE IN NET POSITION	$ 4,086,690	$ (330,299)	$ 4,416,989
RECONCILE TO NET BUDGET			
Less: NFIL grant income	(4,285,035)	-	(4,285,035)
NET BUDGET	$ (198,345)	$ (330,299)	$ 131,954

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Certified Public Accountants

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Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

*****

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Board of Governors, the Leon County Board of County Commissioners, and applicable management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 16, 2023

Thomas Howell Ferguson P.A.
Certified Public Accountants

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, 2022. 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.

Auditing standards generally accepted in the United States of America (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 and related compliance reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit and Compliance	Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated November 15, 2022. 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.
Overview of the Planned Scope and Timing of the Financial Statement Audit	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, identified significant risks, our approach to internal control relevant to the audit, and the timing of the audit.
Accounting Policies and Practices	**Adoption of, or Change in, Accounting Policies** 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.

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Certified Public Accountants

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Area	Comments
Accounting Policies and Practices (continued)	**Significant Accounting Policies** We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Significant Unusual Transactions** We did not identify any significant unusual transactions.
Management's Judgments and Accounting Estimates	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. Significant accounting estimates reflected in the Authority's September 30, 2022 financial statements include: • Pension liabilities • Discount rate (applicable Federal Rate) used in the application of GASB 87 to determine the net present value of future lease payments • Amortization of capitalized fees • Useful lives used to calculate depreciation of capital assets The Audit Committee may wish to monitor throughout the year the process used to determine and record these accounting estimates.
Audit Adjustments	Audit adjustments proposed by us and recorded by Authority are shown on the attached **Exhibit A**.
Uncorrected Misstatements	There were no uncorrected misstatements that management determined to be immaterial.

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Certified Public Accountants

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Area	Comments
Other Information Included in Annual Reports	Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the Authority's schedules of proportionate share of net pension liability and schedule of contributions for both the Florida Retirement System and the Health Insurance Subsidy Program. We did not identify material inconsistencies with the audited financial statements.
Observations About the Audit Process	**Disagreements With Management** 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. **Consultations With Other Accountants** We are not aware of any consultations management had with other accountants about accounting or auditing matters. **Significant Issues Discussed With Management** No significant issues arising from the audit were discussed or were the subject of correspondence with management.

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Certified Public Accountants

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Area	Comments
Observations About the Audit Process (continued)	**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. **Difficult or Contentious Matters That Required Consultation** We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.
Shared Responsibilities for Independence	Independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and *Government Accountability Office* (GAO) independence rules. For Thomas Howell Ferguson (THF) to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and THF each play an important role. **Our Responsibilities** • AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. THF is to ensure that the AICPA and GAO's General Requirements for performing non-attest/nonaudit services are adhered to and included in all letters of engagement. • Maintain a system of quality control over compliance with independence rules and firm policies.

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Certified Public Accountants

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Area	Comments
Shared Responsibilities for Independence (continued)	**The Authority's Responsibilities** • Timely inform THF, before the effective date of transactions or other business changes, of the following: – New affiliates, directors, officers, or person in financial reporting and compliance oversight roles. – Changes in the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units. • Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations. • Understand and conclude on the permissibility, prior to the Authority and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with THF. • Not entering into arrangements of nonaudit services resulting in THF being involved in making management decisions on behalf of the Authority. • Not entering into relationships resulting in THF, THF covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Authority.

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Certified Public Accountants

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Area	Comments
Internal Control and Compliance Matters	We have separately communicated any significant deficiencies and material weaknesses in internal control and compliance findings over financial reporting identified during our audit of the financial statements and major awards, as required by *Government Auditing Standards* and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance). 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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 16, 2023

Leon County Research and Development Authority
Year End: September 30, 2022
Journal Entries: Adjusting
Date: 10/1/2021 To 9/30/2022

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE#1	9/30/2022	Lease Receivable	1230-0000	7000. 1		5,027.00			
AJE#1	9/30/2022	Deferred Inflow of Resources - Leases	2280-0000	7000. 1			67,856.00		
AJE#1	9/30/2022	Unrestricted	2750-0000	7000. 1		85,876.00			
AJE#1	9/30/2022	Rent	3110-0000	7000. 1			28,510.00		
AJE#1	9/30/2022	Interest - Leases	3225-0000	7000. 1		5,463.00			
		to correct opening balances and 9/30/22 balance for long term leases - GASB 87 implementation							Factual
AJE#2	9/30/2022	Unearned Revenue - OEV MOU Current	2308-2000	6400. 1		141,742.00			
AJE#2	9/30/2022	Unrestricted	2750-0000	6400. 1		141,742.00			
AJE#2	9/30/2022	Restricted net position	2777-0000	6400. 1			141,742.00		
AJE#2	9/30/2022	Other Income	3310-0000	6400. 1			141,742.00		
		to correct balances for the OEV MOU							Factual
PBC#1	9/30/2022	Deferred Outlows of Resources - Pension	1960-0000	6392			19,722.00		
PBC#1	9/30/2022	Net Pension Liability	2320-0000	6392			100,785.00		
PBC#1	9/30/2022	Deferred Inflow of Resources - Pension	2420-0000	6392		101,762.00			
PBC#1	9/30/2022	Employee Benefits-Authority	4406-0000	6392		18,745.00			
		GASB 68 Entries							Factual
						500,357.00	**500,357.00**		

Net Income (Loss) **4,086,690.00**

LEON COUNTY R&D AUTHORITY

March 16, 2023

Thomas Howell Ferguson P.A.
2615 Centennial Boulevard, Suite 200
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the basic financial statements of Leon County Research and Development Authority (the Authority) as of and for the year ended September 30, 2022 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated November 15, 2022, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.

4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. The methods, assumptions and data used to determine pension liabilities, discount rate in the application of GASB 87, amortization of capitalized fees, and useful lives of capital assets result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate. Significant judgments made in making the estimate have taken into account all relevant information of

which we are aware. We have also appropriately considered alternative assumptions or outcomes. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.

6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the Authority include:

    a. Those with the primary government having accountability for the Authority.

    b. Those with component units for which the Authority is accountable.

    c. Those with other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

    d. Those with jointly governed organizations in which the Authority participates.

    e. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.

7. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.

8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

10. Management has followed applicable laws and regulations in adopting, approving and amending budgets.

11. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements.

12. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.

13. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

14. The Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.

15. With respect to drafting the financial statements and maintaining depreciation schedules for capital assets services performed in the course of the audit:

    a. We have made all management decisions and performed all management functions;

    b. We assigned an appropriate individual to oversee the services;

    c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;

    d. We have accepted responsibility for the results of the services; and

    e. We have accepted responsibility for all significant judgments and decisions that were made.

16. The selection and application of accounting policies are appropriate.

17. The following have been properly recorded and/or disclosed in the financial statements:

    a. Guarantees, whether written or oral, under which the Authority is contingently liable.
    b. Agreements to repurchase assets previously sold.
    c. Security agreements in effect under the Uniform Commercial Code.
    d. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
    e. All other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
    f. All liabilities that are subordinated to any other actual or possible liabilities of the Authority.
    g. All leases and material amounts of rental obligations under long-term leases.
    h. Authorized but unissued bonds and/or notes.
    i. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
    j. Debt issue provisions.
    k. Risk financing activities.
    l. The fair value of investments.
    m. Derivative financial instruments.
    n. Deposits and investment securities categories of risk.
    o. Arbitrage rebate liabilities.

p. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

q. Impairment of capital assets.

r. Net positions and fund balance classifications.

s. All material concentrations known to management that are required to be disclosed. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.

18. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.

19. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

20. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the governing board and committees or summaries of actions of recent meetings for which minutes have not yet been prepared.

21. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.

22. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.

23. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

24. We have no knowledge of allegations of fraud or suspected fraud affecting the Authority's basic financial statements involving:

a. Management.
b. Employees who have significant roles in internal control.
c. Others where the fraud could have a material effect on the financial statements.

25. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.

26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

27. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

28. We have disclosed to you the identity of all of the Authority's related parties and all the related-party relationships and transactions of which we are aware.

29. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize and report financial data.

30. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

31. We agree with the findings of the specialists in evaluating the pension liability for the Florida Retirement System and Health Insurance Subsidy Program and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

32. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:

   a. The Authority has no significant amounts of idle property and equipment or property or equipment.

   b. The Authority has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.

   c. Provision has been made to reduce applicable assets that have permanently declined in value to their realizable values.

   d. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.

33. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:

    a. To reduce receivables to their estimated net collectable amounts.
    b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
    c. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
    d. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through September 30, 2022.
    e. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
    f. For any material loss to be sustained as a result of purchase commitments.
    g. For environmental clean-up obligations.
    h. For closure and post-closure care costs associated with operation of the Authority's municipal solid waste landfill.

34. There are no:

    a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
    b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
    c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.

35. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

36. With respect to supplementary information presented in relation to the basic financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP, regulatory or contractual requirements, management's criteria, or other requirements.

c. The methods of measurement or presentation have not changed from those used in the prior period.

d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information:

37. With respect to Management's Discussion and Analysis and the pension liability and contribution schedules presented as required by Governmental Accounting Standards Board to supplement the basic financial statements:

    a. We acknowledge our responsibility for the presentation of such required supplementary information.

    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

    d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information:

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

38. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

39. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.

40. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

41. Is responsible for 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.

42. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.

43. Has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.

44. Has a process to track the status of audit findings and recommendations.

45. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.

46. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.

47. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

48. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance, we confirm:

49. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.

50. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.

51. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.

52. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

53. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

54. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

55. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

56. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.

57. Management believes that the auditee has complied with the direct and material compliance requirements.

58. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

59. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

60. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

61. Management is responsible for taking corrective action on audit findings of the compliance audit that meets the requirements of the Uniform Guidance.

62. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

63. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.

64. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

65. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

66. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

67. Management has charged costs to federal awards in accordance with applicable cost principles.

68. The reporting package does not contain protected personally identifiable information.

69. Management has accurately completed the appropriate sections of the data collection form.

70. Management has disclosed all contracts or other agreements with service organizations.

Leon County Research and Development Authority

Ayne Markos

Ayne Markos
Director of Finance and Administration

Kristy L Wicker

NAI Talcor
Kristy Wicker, CPA
Director of Property Management accounting

Leon County Research and Development Authority

Policy No. 11-5

Title:	Investment Policy
Date Adopted:	October 4, 2011
Revised:	August 7, 2013; December 4, 2014; September 3, 2015; February 2, 2017
Effective Date:	February 2, 2017

Introduction

The purpose of Policy No. 11-5, "Investment Policy," is to set forth the framework within which The Leon County Research and Development Authority ("the Authority") will manage investment assets belonging to the Authority.

The Authority's Board of Governors ("the Board") is responsible for setting guidelines for the investment of the Authority's portfolio through the adoption of this Investment Policy. The Board has established the Investment Advisory Committee ("the Committee") to provide oversight of this Investment Policy. The Committee's purpose, authority, composition, qualifications for members, meetings, and responsibilities are further defined by the Committee Charter approved by the Board.

I. Scope

This policy shall apply to all funds held by the Authority in excess of those required to meet current expenses and shall be in compliance with Section 218.415, Florida Statutes.

II. Objectives

The objectives of the Authority Investment Policy, in order of priority, are to provide safety of capital (preservation of the real value), liquidity of funds, and competitive net returns. For funds held with the expectation of expenditure within 6 months, the principal investment objective shall be preservation of the real value (i.e. inflation-adjusted value) of capital. For funds held with the expectation of expenditure beyond 6 months, capital may be invested subject to moderate levels of interest rate risk, credit risk and liquidity risk, and minimal levels of other forms of risk, provided that the Authority has reasonably determined that the expected return premium associated with these risks is sufficiently high to warrant the investment. The optimization of investment returns shall be secondary to the requirements for safety and liquidity.

III. Performance Measurement

The State Board of Administration's Local Government Surplus Funds Trust Fund (Prime Fund) will be used as a benchmark for funds invested with the expectation of expenditure within 6 months. For funds invested with the expectation of expenditure beyond 6 months, the benchmark shall be e an index comprised of US Treasuries or Government securities as set by the Committee. The externally managed intergovernmental pools each specify a benchmark appropriate for the pool.

IV. Prudence and Ethical Standards

The primary standard for investment of the Authority's assets shall be the Prudent Person Rule, which states that "Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

Officers, employees, investment managers and advisor vendors of the Authority who are involved in the investment process shall refrain from personal business activity that could conflict with State Statutes, resolutions, proper management of the investment portfolio or which could impair their ability to make impartial investment decisions. Investment officials and employees, including members of the Committee, shall disclose any material financial interests in any investment firms, or financial institutions that conduct business with the Authority and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Authority.

V. Authority

Responsibility for the investment program is vested with the Committee. The Executive Director shall assist the Committee by maintaining an Investment Procedures and Internal Controls Manual based on this Policy. The Authority may retain one or more professional organizations, as investment manager(s), to manage the portfolio under the guidance of these policies and the Authority's Committee, and may also retain the services of investment advisor(s). The Executive Director shall perform the duties and responsibilities of the investment manager in the event an investment manager is not retained by the Authority. No person may engage in an investment transaction except as stated in the Internal Controls Section of this Policy.

The investment manager(s) shall have substantial discretion in the management of the investments within the defined objective range. The investment manager(s) is expected to optimize the Authority's expectations. The investment manager(s) and investment advisor(s) serve at the will of the Authority's Board of Governors, subject to the specific terms of contracts between the parties. Yield or growth targets, if any, established by the Authority shall be implemented by, and used in the performance evaluation of, the manager(s).

The investment manager(s) and investment advisor(s) will provide the Committee with reports in sufficient detail as may be requested by the Committee in order for them to review the performance of the portfolio. The Committee will establish portfolio benchmarks in order to judge the performance of the internally managed portfolio with respect to the market and other portfolios of similar size and limitations. The Committee will provide the Board a report at the close of the fiscal year recapping the performance of the portfolio and any outside managers, and at such other times as the Board may request.

VI. Investment Manager(s)

The duties and responsibilities of the investment manager(s) are to:

- Exercise discretion in the management of the assets under its control in accordance with the Investment Policy objectives and guidelines and also expressed in separate written agreements.

- Comply with all applicable state and federal laws, rules, regulations and fiduciary prudence, and due diligence requirements.
- Promptly inform the Committee in writing regarding all significant and/or material matters and changes pertaining to the investment of assets or the ownership, management or financial stability of the investment management firm.
- Recommend to the Committee changes, additions or deletions to the Investment Policy as deemed advisable.
- Promptly vote all proxies and related actions in a manner consistent with the long-term interests and objectives of the Authority, including the responsibility to vote proxies related to the investment manager's proprietary investment funds held, unless voting responsibility has been reserved in writing to the Committee or its designee. The manager(s) has the right hereunder to solicit proxy voting recommendations from an independent qualified party, on matters that might involve potential conflicts of interest in the performance of the manager's duties hereunder.
- Acknowledge in writing the receipt of this Policy and acceptance of its terms.

VII. Investment Advisor(s)

The Committee, with the Board's consent, is authorized to hire an investment advisor on an as needed basis and the duties and responsibilities of the investment advisor(s) shall consist of the following, but are not limited to: participation in the selection, monitoring the performance of, and generally supervising any investment manager(s). The investment advisor shall also provide reports to the Committee, Executive Director, and Board of Governors.

VIII. Authorized Investments

Investments should be made subject to the cash flow needs of the Authority; and such cash flows are subject to revisions as market conditions and the Authority's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, authorized staff-- with the approval of the Committee, the Authority's Executive Committee, or Board Chair -- may direct the sale of the investment at the then-prevailing market price and place the proceeds into the proper account at the Authority's custodian.

The following are the guidelines for authorized investments and the limits on security types, issuers, and maturities that will be established by the Committee. The Committee shall have the option to further restrict investment percentages from time to time based on market conditions. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this policy are prohibited.

The Authority shall invest in the following authorized instruments at the prevailing market prices or rates, subject to the limitations of Section 218.415 (16), Florida Statutes:

A. The following intergovernmental investment pools authorized by Section 163.01 Florida Statutes:
    1. Local Government Surplus Trust Fund (Florida Prime)
    2. Treasury Special Purpose Investment Account (SPIA)
    3. Florida Local Government Investment Trust (FLGIT)
    4. Florida Municipal Investment Trust (FMIvT)
B. Savings accounts in state-certified qualified public depositories as defined by Section 280.02, Florida Statutes.
C. Certificates of deposit in state-certified qualified public depositories as defined by Section 280.02, Florida Statues.
D. Constant Net Asset Value Money Market Mutual Funds, which include U.S Government securities, repurchase Agreements, Commercial Paper and Bankers' Acceptances. Investments may be made in SEC qualified constant net asset value fixed income money market mutual funds rated AAAm or AAAg comprised of only those investment instruments as authorized in this section policy, provided that such funds do not allow derivatives.
E. Repurchase Agreements comprised of only those investments as authorized in this policy and based on the requirements set forth in the Master Repurchase Agreement.
    1. All firms with whom the Authority enters into repurchase agreements will have in place and executed a Master Repurchase Agreement.
    2. All repurchase agreements with a term longer than one business day will have the collateral held by a third party custodian. The collateral held pursuant to a repurchase

agreement shall have a maturity of less than five years and must have a mark-to-market value of 102 percent during the term of the repurchase agreement.

F. Bankers' Acceptances which are inventory based and issued by a bank, which has at the time of purchase, an unsecured, uninsured and un-guaranteed obligation rating of at least "Prime-1" and "A" by Moody's and "A-1" and "A" by Standard & Poor's.

G. Commercial Paper of any United States company, which is rated at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper).

H. United States Government Securities including, but not limited to: Treasury and Cash Management Bills, State and Local Government Series (SLGS), Notes, Bonds Treasury Strips, and Treasury Inflation Protected Securities (TIPS).

I. United States Federal Agencies - Investments may be made in bonds, debentures or notes issued or guaranteed by United States Government agencies, provided such obligations are backed by the full faith and credit of the United States Government.

J. Federal Instrumentalities - Investments may be made in bonds, debentures or notes issued or guaranteed by the United States Government sponsored agencies (Federal Instrumentalities), which are non-full faith and credit agencies.

K. Corporate Debt Securities - Investments may be made in notes, medium term notes, discount notes and variable-rate securities issued by any corporation, provided that such instrument is rated A or better by at least two Nationally Recognized Statistical Rating Organizations (NRSRO) at time of purchase. All corporate transactions must be payable in U.S. dollars.

L. Municipal Bonds - Investments may be made in notes or bonds issued by governmental entities or territorial boundaries of the United States, provided that such instrument is rated A or better by at least one NRSRO.

IX. <u>Maturity and Liquidity Requirements</u>

The investment portfolio is structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To that end, investments will be made to match investment maturities with known cash flow needs and anticipated cash-flow requirements. Investment of current operating funds shall have maturities of no longer than twenty-four (24) months.

Investments of non-operating funds (core funds) shall have a term appropriate to the need for the funds. The purchase of investments for core funds with maturities longer than three (3) years requires Committee approval before purchase.

X. Risk and Diversification

Assets shall be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. Diversification strategies within the established guidelines shall be reviewed and revised periodically, as deemed necessary by the Committee. The structure of the portfolio is designed to minimize credit risk.

The majority of the securities held will be those of the highest available credit quality ratings. These would include government pools, U. S Government (AAA) securities, and commercial paper, of only the highest applicable rating. Should an investment rating be downgraded to below investment grade, the status of the funds in question will be reviewed by the Committee to determine the costs associated with risk and the benefits that may still be yielded.

For purposes of this Policy, the top nationally-recognized statistical rating organizations (NRSROs) for all credit-sensitive securities are Moody's Investor Services, Standard and Poor's, and Fitch Investor Services.

XI. Authorized Investment Institutions and Dealers

The investment manager(s) shall only purchase securities from financial institutions, which are qualified as public depositories by the Treasurer of the State of Florida or from institutions designated as "Primary Securities Dealers" by the Federal Reserve Bank of New York.

XII. Internal Controls

Included in any periodic financial review by an independent auditor will be an examination of the written system of internal controls and operational procedures established by the Executive Director and approved by the Board. The internal controls shall be designed to prevent losses of funds which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees of the Authority.

Such controls shall include, but not be limited to, the following:

A. The function of authorizing or performing investment transactions will be separated from the function of recording the transaction.
B. Confirmation. All telephone or other electronically initiated transactions will be supported by written communications and approved by a person other than the person initiating the transaction. Repetitive wires do not require a secondary approval; however, all non-repetitive wires shall have secondary approval.
C. All securities purchased or sold will be transferred only under the "deliver versus payment" (DVP) method to insure that funds or securities are not released until all criteria relating to the specific transaction are met.
D. The Executive Director will accept, on behalf of and in the name of the Authority, bank trust receipts or confirmations as evidence of actual delivery of the obligations or securities in return for investment of funds.
E. Trust receipts or confirmations shall fully describe the various obligations or securities held. The receipt or confirmation shall state that the investment is held in the name of the Authority.
F. The actual obligations or securities, whether in book-entry or physical form, on which trust receipts or confirmations are issued, may be held by a third-party custodial bank and/or institution or a designated correspondent bank which has a correspondent relationship to the Authority's third-party custodian.

XIII. Reporting

The investment manager(s) and investment advisor(s) are responsible for preparing periodic reports for submission to the Committee and Board. These reports shall include securities in the portfolio by class or type, book value, income earned, and market value as of the report date as well as comparisons of their performance with agreed upon benchmarks. Such reports shall be available to the public.

XIV. Sale of Securities

When invested funds are needed in whole or in part for the purposes originally intended, the investment manager(s) may sell such investments at the then-prevailing market price and place the proceeds into the proper account or fund of the Authority.

XV. Preemption

Any provision of any special act, municipal charter, or other law which prohibits or restricts the Authority from complying with Section 218.415, Florida Statutes, or any rules under Section 218.415, Florida Statutes, is void to the extent of the conflict.

XVI. Audits

Certified public accountants conducting audits of the Authority pursuant to Section 11.45, Florida Statutes, shall report as part of the audit, whether or not the Authority has complied with Section 218.415, Florida Statutes.

XVII. Adoption of Investment Policy

This Investment Policy was adopted by the Leon County Research and Development Authority's Board of Governors on October 4, 2011, and revised August 7, 2013, December 4, 2014, October 1, 2015, and February 2, 2017

Approved: Anne Longman   3/29/17

Anne Longman, Chair   Date

Board of Governors

Investment Manager's Certification

I have read, understand and agree to abide by the requirements of this policy.

Accepted: ______________________________ ______________

Signature **Date**

____

Print Name

____

Name of Investment Firm

Leon County Research and Development Authority

Policy No. 16-01

Title:	Lease Policy
Date Adopted:	12/01/2016
Effective Date:	12/01/2016

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1. PURPOSE

The purpose of Policy No. 16-01, "Lease Policy" is to delegate the authority of the Leon County Research and Development Authority (hereinafter referred to as the "Authority") Board of Governors (hereinafter referred to as the "Board") to approve and execute certain leases or subleases for space in buildings owned by the Authority including any amendments, modifications, and renewals thereof (collectively "Leases") to the Executive Director of the Authority.

2. POLICY

a. The Executive Director is authorized to approve and execute all Leases subject to the following conditions:

i. The Lease is for space not exceeding 5,000 square feet.

ii. The Lease term does not exceed five years including renewal options, and the renewal options are by mutual agreement of the landlord and tenant.

iii. The Lease rate is competitive and within a range of current market rates for similar space. No less than annually, the Executive Director shall present to the Executive Committee of the Board for its review and approval an analysis of a range of current market rates.

iv. The value of Lease incentives, if any, including, but not limited to, discounts and free rent, does not exceed 10% of total revenue derived from the Lease, and the Executive Director determines the incentives are a necessary inducement to acquire a desirable tenant considering all of the facts and circumstances of each Lease. This policy in no way requires the Authority to offer incentives to any prospective tenant.

v. Tenant improvements 1) are recovered through additional lease payments and do not exceed $10,000; 2) are not recovered through additional lease payments and do not exceed the lesser of $5,000 or 10% of the lease payments, including incentives in section 2(a)(iv) herein; or 3) are included in the annual budget approved by the Board.

vi. The form of the Lease is consistent with the standard Authority Lease approved by the Board. Minor modifications to the standard Lease terms required by the tenant shall be approved by the Authority's General Counsel. Substantive modifications to the standard Lease terms, as determined by General Counsel, shall be approved by Board.

b. The following shall be approved by the Board, and executed by the Chair of the Board:

i. All Leases which do not meet the conditions of, or as otherwise specified in, section 2(a) herein.

ii. All Leases in which the Executive Director has a conflict of interest. Conflicts of interest include, but are not limited to, Leases in which the Executive Director is a relative of the tenant, or in which the Executive Director or any relative has a beneficial interest or potential for gain of any kind in the tenant or any affiliate of the tenant.

iii. All leases or subleases for land owned or leased by the Authority.

c. All Leases executed by the Executive Director shall be reported to the Executive Committee of the Board.