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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

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ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

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PENSACOLA, FLORIDA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Escambia County Housing Finance Authority
Pensacola, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Escambia County Housing Finance Authority (the "Authority"), as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Board of Directors
Escambia County Housing Finance Authority

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of September 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements and the schedules of guaranteed mortgage securities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Directors
Escambia County Housing Finance Authority

The schedules of guaranteed mortgage securities have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021, 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 the Authority's internal control over financial reporting and compliance.

Saltmarsh Cleaveland & Gund

Pensacola, Florida
March 24, 2021

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2020 AND 2019

As management of the Escambia County Housing Finance Authority (the "Authority"), we offer readers of the Authority's general purpose external financial statements this narrative overview and analysis of the Authority's financial activities for the fiscal year ended on September 30, 2020. The information contained in Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, events and conditions and should be considered in conjunction with the Authority's basic financial statements and notes to financial statements found immediately following the MD&A.

Financial Highlights

The Authority's mission is to alleviate the shortage of affordable residential housing facilities for low-, moderate-, and middle-income families in Escambia County, Florida. In pursuit of its mission, the Authority borrows money through the issuance of bonds, notes, or other obligations to finance single family residential housing, student dormitories, and multi-family housing developments. The Authority also utilizes its funds to purchase mortgage-backed securities to finance single family residential housing. In addition, the Authority provides loans and grants for the acquisition, construction, renovation, and operation of residential housing facilities.

At times, the Authority finds it advantageous to retire an existing bond issue (i.e., through redemption and/or defeasance). Retirements of single-family bond issues may generate sizeable cash residuals for the Authority. The residuals may substantially impact the Authority's revenues in a single fiscal year and cause significant variation from year to year.

Oftentimes, a cash contribution is needed from the Authority to issue single family bonds. Such contributions may range from tens of thousands to several hundred thousand dollars. At times, the Authority finds it desirable to forgive loans or make grants to accomplish its public purpose. The contributions to bond issuance, loan forgiveness, and grants may substantially impact the Authority's expenses in a single fiscal year and cause significant variation from year to year.

Key financial highlights for Fiscal 2020 are as follows:

- During Fiscal 2020, net position increased by $1,221,936, as compared with an increase of $479,355 in Fiscal 2019 (restated), an increase in the change of net position of $742,581 or 155% in Fiscal 2020.

- As compared with Fiscal 2019, in Fiscal 2020 the Authority's operating revenues increased from $1,035,196 to $1,660,333, an increase of $625,137 or 60.4%. The net increase was primarily attributable to a $312,087 increase in First Time Homebuyer Program income, net of expenses, and an increase of $271,709 in non-amortizing second mortgage repayments. Operating expenses decreased by $419,852 or 14.5%. The decrease was primarily attributable to a decrease in non-amortizing second mortgage loan funding of $339,487. Non-operating revenues (expenses), net decreased by $302,408 or 13%. The net decrease was primarily attributed to an increase of $798,303 in interest on bonds and a decrease in fair value of restricted and unrestricted investments of $215,850, offset by an increase of $915,257 of restricted interest income.

Financial Highlights (Continued)

- In conjunction with the origination of mortgage loans under the Authority's First Time Homebuyer Program (See Note 14), during Fiscal 2019/2020 the Authority funded $1,000,329 ($1,339,816 in FY2019) in deferred, non-amortizing second mortgages to provide down payment and related closing cost assistance to eligible homebuyers under the Authority's Master Down Payment Assistance Program (the "Assistance Program"). The income and expenses from the Authority's Assistance Program have been classified as "Non-amortizing second mortgage repayments" and "Non-amortizing second mortgage loan funding" in the accompanying basic financial statements (See Note 8).

- On December 20, 2019, the Authority issued its $6,500,000 Multifamily Housing Revenue Bonds (Springhill Apartments), Series 2019. The Springhill Bonds constitute a part of a financing package for an acquisition/rehabilitation of a multifamily rental housing facility located in Madison County, Florida. The Authority worked with the developer of the Springhill financing for over six years to accomplish the financing, which closed in a fully funded escrow structure invested in U.S. Treasury Securities, State and Local Government Series, earning the bonds an AA+ rating from S&P Global Ratings. The Authority received $93,150 in fees and expenses due in connection with the bond issue at closing.

- On June 10, 2019, the Authority received from the Vestcor Companies an unsolicited proposal for the purchase and development of property owned by the Authority located at 625 Olive Road, Pensacola, Florida. The purchase proposal was subject to obtaining tax credit financing from the Florida Housing Finance Corporation. On June 14, the Authority released its RFP 2019-001 to encourage the submission of proposals from other developers, and publicly advertised the RFP on June 14, 2019 and June 21, 2019. No additional proposals were received. On August 13, 2019, the Authority voted to accept Vestcor's proposal and directed staff to request Escambia County to approve the Vestcor development as a local government area of opportunity and advise the County that the Authority would fund the local government contribution in the form of a low interest loan. Vestcor proceeded to hold a public hearing and discuss the proposal with Escambia County staff. On October 17, 2019, the Board of County Commissioners of Escambia County voted to approve and authorize the County Administrator to sign the Local Government Verification of Contribution Loan Form in support of the Local Government Area of Opportunity for RFA 2019-113. Vestcor submitted a 9% housing tax credit application to Florida Housing Finance Corporation ("FHFC") in response to RFA 2019-113. Though the application met threshold requirements, it did not rank high enough in the highly competitive process to receive a recommendation for award of financing. On June 18, 2020, Escambia County agreed to sign a new local government verification of contribution loan form in support of the local government area of opportunity for RFA 2020-201. It is expected that the Authority will support the project by making a low interest loan in the amount of $460,000. Vestcor submitted a 9% housing tax credit application to FHFC in response to RFA 2020-201. The ranking received from FHFC is unlikely to produce funding during the current cycle.

Financial Highlights (Continued)

- On October 8, 2018, Orange Blossom Village, LLP, a conduit borrower, submitted a preapplication to the Authority seeking the issuance of not to exceed $7,500,000 in tax exempt bonds as partial financing for the acquisition and rehabilitation of an 80-unit rental development known as Orange Blossom Village located in Vero Beach in Indian River County, Florida. An Area of Operation Resolution was approved by the Indian River County Board of County Commissioners on September 6, 2018, granting necessary permission for the Authority to carry out the project in Indian River County. In February 2020, the Authority was advised that it is likely that Florida Housing Finance Corporation would approve the project for subsidy in early 2020. On April 14, 2020, following receipt of application from the borrower, the Authority adopted its Resolution 2020-02 declaring its intent to proceed with the issuance of tax-exempt bonds in connection with the financing of the project. Following public hearings held in Escambia and Indian River Counties, on August 20, 2020, the Board of County Commissioners of Escambia County granted, for purposes of the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), approval for the project, and on August 18, 2020, the Board of County Commissioners of Indian River County granted TEFRA approval for the project. It is expected that the bonds will be issued during the 2021 fiscal year. The approvals were granted in the amount of not to exceed $15,000,000.

- In 2014, the Authority appropriated funds for a Multi-Family Development Loan Initiative (the "Initiative"), which included both a Multi-Family Development Loan Program and a scattered site Urban Infill Revolving Loan Program. In the 2018/2019 Fiscal year, the Urban Infill revolving loan allocation was increased to $2,000,000 beginning October 1, 2018. The allocation supports both the Urban Infill Revolving Loan Program and the Small/Mini Home Program. This Program seeks to develop affordable homes that feature small footprints and sustainable design.

  Also, in conjunction with the Urban Infill and Small/Mini Home initiatives, on December 6, 2017, the Authority purchased three (3) urban infill lots located at 2210, 2200 Block (now 2210A) and 2300 North Tarragona Street, Pensacola. Since being purchased, the three parcels have been deeded for construction of infill homes, as follows: 2210 N. Tarragona to Mike Motes Builders, LLC; 2210A N. Tarragona to Charter Development Corp; and 2300 N. Tarragona to Graham Homes, LLC (for construction of the USF designed mini home through partnership with Pensacola State College Building Trades Program). The home at 2210 N. Tarragona was completed and sold to a first-time homebuyer on April 24, 2019; the home at 2210A North Tarragona was completed and sold to a first-time homebuyer on March 29, 2019. The mini home at 2300 North Tarragona is expected to be complete in early 2021. Because this home is a cooperative venture between the authority and Pensacola State College, the expected completion date was delayed due to the impact of the COVID-19 virus on scheduling student workers from the College.

Financial Highlights (Continued)

Following approval of the Board on September 12, 2017, the Pensacola City Council approved an Interlocal Agreement with the Authority on October 12, 2017 establishing a partnership whereby the City will make suitable surplus properties available to the Authority for development of affordable homes through the Urban Infill Program. Under this agreement, the City of Pensacola donated a lot to the Authority valued at $15,750 in January 2018. The value of the donated lot was included in Multi-family Development initiative expenses, net of income. Construction of the first Urban Infill home pursuant to the City of Pensacola Interlocal Agreement began in May 2018 and was completed and sold November 14, 2018. The Pensacola City Council approved the donation of an additional lot to the Authority at its meeting December 12, 2019. During the 2019/2020 fiscal year, the Authority has proceeded to accept the donation of the lot and has solicited and received bids for completion of a home on the donated lot. As of September 30, 2020, the home was approximately 75% complete and under contract for purchase by an eligible buyer. Finally, at its meeting on September 10, 2020, the Pensacola City Council approved disposition of an additional lot valued at $8,650 through direct negotiation with the Authority. It is anticipated that this lot will be donated to the Authority for its Urban Infill Program in fiscal year 2021 following completion of the City's property disposition process. A portion of the total Urban Infill revolving loan allocation supports this partnership initiative with the City of Pensacola. A portion of the total Urban Infill revolving loan allocation supports this partnership initiative with the City of Pensacola.

The Urban Infill Program continues to be very popular and successful. As of September 30, 2020 over $6,000,000 (66) loans of low-cost capital has been provided to qualified small builders. Since the inception of the program, forty-six (46) infill homes have been completed and sold. As of September 30, 2020, another two (2) homes had been completed with sale pending, seven (7) homes were under way, and eleven (11) building lots had been purchased for future builds. As of September 30, 2020, completed homes have sold for an average sales price of $160,289.

As of September 30, 2020, the Authority's Urban Infill Program had twelve (12) active participating builders, including two non-profit agencies. During fiscal year 2020 and 2019, the income recognized attributable to the Multi- Family Initiative was $31,787 and $33,079, respectively. During fiscal year 2020 and 2019, the expenses (excluding any allocation of a portion of the Authority personnel services expense and general counsel fees) incurred attributable to the Initiative were $2,698 and $10,203, respectively. The income and expenses have been classified as "Multi-Family Development Initiative Income, net of expenses" in the accompanying basic financial statements.

Financial Highlights (Continued)

- Beginning with fiscal year 2017, Authority staff worked with current and/or former Participating Counties to secure Resolutions granting continued area of operation authority thereby allowing the Authority to provide its array of Programs within each approving county. As of September 30, 2020, the following 20 counties (in addition to Escambia County) had approved Area of Operations Resolutions for the Authority's First Time Homebuyer Program to be offered on both a TBA and a bond financed basis: Alachua, Bay, Bradford, Franklin, Gadsden, Gulf, Hernando, Indian River, Jackson, Jefferson, Leon, Madison, Marion, Martin, Okaloosa, Santa Rosa, St. Lucie, Taylor, Wakulla, and Walton.

- On August 8, 2017, the Authority Board adopted its Resolution No. 2017-08 authorizing a Mortgage Credit Certificate ("MCC") Program ("MCC Program") for the Authority and approving the exchange of $100,000,000 of single-family private activity bond allocation for $25,000,000 of mortgage credit certificate authority.

  The MCC entitles qualifying first-time homebuyers to an annual federal income tax credit in an amount up to fifty percent (50%) of the interest paid on their home loan during the applicable year (not to exceed $2,000 per year). The tax credit is available each year that the borrower continues to live in the home financed under the MCC Program.

  Each Borrower applying for an MCC pays a $500 fee, $150 of which is payable to the Authority. Participating lenders pay the Authority a one-time application fee of $500 to be able to participate in the MCC Program. From inception of the program through December 31, 2019 the Authority received $9,000 in MCC Participation Fee revenue, and the Authority issued $878,708 principal amount of MCCs for eleven (11) borrowers. The MCC Program ended in accordance with its own terms as of December 31, 2019.

- On August 1, 2017, the Authority Board approved initiation of a Freddie Mac Conventional Mortgage Program for the benefit of eligible homebuyers in counties served by the Authority, sometimes referred to herein as the First Time Homebuyer Single Family Mortgage Loan Program ("Conventional Program Option"). The Freddie Mac product was popular with lower income households that could take advantage of the Freddie Mac Affordable Income Subsidy ("AIS") which provided a grant of up to $1,500 to eligible buyers with incomes below 80% of the area median and up to $2,500 to eligible buyers with incomes below 50% of area median. Unfortunately, Freddie Mac updated its online underwriting program, which significantly reduced the number of homeowners who qualified for loans, and then made further changes to its lending criteria in early 2020. The new changes make loans for homeowners with incomes over 80% of the area median income economically disadvantageous and together with fees imposed by Freddie Mac following the COVID-19 pandemic, resulted in the Authority's suspension of the Freddie Mac program in March 2020.

Financial Highlights (Continued)

- On November 14, 2017, the Authority Board approved issuance of not to exceed $225,000,000 in Housing Revenue Bonds for the purpose of financing single family mortgages, multifamily housing development and/or conversion to Mortgage Credit Certificates. The bonds may serve housing needs within the counties served by the Authority. The bonds were subsequently approved by Resolution of the Escambia County Board of County Commissioners for purposes of the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") on December 14, 2017 and reapproved on February 13, 2019. The Authority's $15,000,000 Single Family Mortgage Revenue Bonds, Series 2019A (the "Series 2019A Bonds") were issued April 30, 2019, at an approximate yield of 3.18%. The Series 2019A Bonds were sold at a premium that made $589,200 available to finance down payment assistance loans.

- On November 26, 2019, the Authority issued its $14,000,000 Single Family Mortgage Revenue Bonds (Multi-County Program), 2019 Series B (Non-AMT) (the "Series 2019B Bonds") and its $6,481,473 Single Family Mortgage Revenue Bonds (Multi-County Program), 2019 Series C (Federally Taxable Pass-Through) (the "Series 2019C Bonds"). Both series of Bonds were well-received in the marketplace, with the Series 2019B Bonds selling for an overall net interest cost of 3.082% and the Series 2019C Bonds selling for an overall net interest cost of 3.019%. The Authority's contributions for negative arbitrage, which will be returned to the Authority if not needed, were $315,400 with respect to the Series 2019B Bonds and $114,463 for the Series 2019C Bonds. Costs of issue paid by the Authority were $235,536 for the Series 2019B Bonds and $104,463 for the Series 2019C Bonds. The Authority will receive $360,000 from Series 2019B Bond proceeds for purchase of down payment assistance loans made in connection with first mortgages funded from Series 2019B Bonds proceeds.

  Both Series of Bonds were rated Aaa by Moody's Investors Service, Inc.

- The Authority's TBA Program was more successful than expected during fiscal year 2019/2020, resulting in less reliance on Authority reserves than was reflected in the fiscal year budget when initially adopted in the fall of 2019.

The Authority

The Authority was created as a public body corporate and politic in accordance with the Florida Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes, as amended, and Ordinance No. 80-12 enacted by the Board of County Commissioners of Escambia County, Florida on May 29, 1980 as amended by Ordinance No. 2003-8 enacted on March 20, 2003 (the "Act"). The Authority has no component units.

The Authority (Continued)

The Authority is authorized, in furtherance of the public purposes described in the Act, to alleviate the shortage of affordable residential housing facilities and to provide capital for investment in such facilities for low-, moderate-, and middle-income families by issuing revenue bonds.

These revenue bonds are issued either by the Authority directly to fund its single-family mortgage loan programs, including its popular multi-county First Time Homebuyer Program ("Single-family Mortgage Loan Revenue Bonds") or are issued on a conduit basis to fund loans to third party borrowers who are owners or developers of multi-family rental housing facilities ("Multi-family Mortgage Loan Revenue Bonds").

The Authority operates a multi-county First Time Homebuyer Mortgage Loan program which provides funds to eligible borrowers to finance the purchase of qualifying single-family residences throughout the Authority's twenty-one county Area of Operation. Historically, the First Time Homebuyer Program was funded through the issuance of Single-Family Mortgage Loan Revenue Bonds by the Authority; however, for the period 2012 through 2018, the First Time Homebuyer Program was funded on a "to be announced" or TBA basis. The Authority financed its governmental program option (FHA, RD and FA) loans through the issuance of Single-Family Mortgage Loan Revenue Bonds from November 2018 through February 2020, and then returned to the TBA method during March 2020. (See Note 14).

The Authority's Multi-Family Mortgage Loan Revenue Bonds are not included in the Authority's financial statements because the developer or owner that is the borrower of the conduit bond funds, and not the Authority, is obligated to pay principal and interest on the bonds. The Authority's Single-family Mortgage Loan Revenue Bonds are included in the Authority's financial statements because the Authority is obligated to pay principal and interest on the bonds, but only from the designated trust funds pledged to secure the bonds. All bonds issued by the Authority are limited or special obligations of the Authority payable solely from the trust funds pledged for their payment and do not and shall never constitute indebtedness, liability, general or moral obligation, or a pledge of the faith or loan of credit of the Authority or of the County. (See Note 1 and Note 10).

Overview of the Financial Statements

The financial statements consist of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Overview of the Financial Statements (Continued)

The Authority accounts for its financial activities through the use of an enterprise fund. (See Note 1 to the basic financial statements for a summary of the Authority's significant accounting policies.) The Authority's basic financial statements have been prepared using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred; however, the Authority recognizes Authority contributions to its revenue bond issues as expenses when the contribution is made and recognizes unused contributions and residuals from the issues as revenue when received.

Basic Financial Statements

The basic financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. One of the most important questions users of an entity's financial statements ask, "Is an entity as a whole better off or worse off as a result of the current year's activities?" These statements offer short-term and long-term financial information about its activities in a way that will help users of the financial statements answer this question.

The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets and deferred outflows of resources) and the obligations to Authority creditors (liabilities and deferred inflows of resources). The assets and liabilities are presented in a classified format which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing various financial ratios, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine the Authority's profitability and creditworthiness and whether the Authority has successfully recovered all of its expenses through fees and other income.

The final basic financial statement is the Statement of Cash Flows. The purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash balance during the reporting period.

Together the Statement of Net Position (the balance sheet) and the Statement of Revenues, Expenses, and Changes in Net Position (the income statement) report information about the Authority's revenues and expenses and the resulting change in net position. Over time, increases or decreases in the Authority's net position is an indicator of whether the Authority's financial health is improving or deteriorating. When evaluating changes in the Authority's financial health, other non-financial factors should also be considered. These include factors such as changes in interest rates, economic conditions, new or changed government legislation and regulations, and the fulfillment of the Authority's public purpose.

Net Position

A summary of the Authority's Statements of Net Position is presented in Table A.

TABLE A
Condensed Statements of Net Position

	2020	Restated 2019	Dollar Change	Total Percent Change
Current assets	$ 21,904,368	$ 14,901,099	$ 7,003,269	47.0%
Noncurrent assets	43,089,205	31,347,287	11,741,918	37.5%
Total assets	64,993,573	46,248,386	18,745,187	40.5%
Total deferred outflows of resources	242,395	212,516	29,879	14.1%
Total assets and deferred outflows of resources	$ 65,235,968	$ 46,460,902	$ 18,775,066	40.4%
Current liabilities	$ 2,603,129	$ 2,606,856	$ (3,727)	-0.1%
Noncurrent liabilities	42,587,563	25,006,314	17,581,249	70.3%
Total liabilities	45,190,692	27,613,170	17,577,522	63.7%
Total deferred inflows of resources	18,532	42,924	(24,392)	-56.8%
Net investment in capital assets	568,000	574,933	(6,933)	-1.2%
Restricted	9,998,515	3,578,685	6,419,830	179.4%
Unrestricted	9,460,229	14,651,190	(5,190,961)	-35.4%
Total net position	20,026,744	18,804,808	1,221,936	6.5%
Total liabilities, deferred inflows, and net position	$ 65,235,968	$ 46,460,902	$ 18,775,066	40.4%

During the fiscal year ended September 30, 2020, current assets increased $7,003,269. The net increase was primarily attributable to a $8,912,007 increase in unrestricted and restricted cash and cash equivalents offset by a net decrease of $1,380,932 in unrestricted and restricted investments, a decrease of $223,161 in first mortgages receivables, and a decrease of $296,835 in amortizing second mortgages receivable.

During the same period, noncurrent assets increased $11,741,918. The increase was primarily attributable to a net increase in restricted and unrestricted investments of $11,542,132, which includes restricted mortgage-backed certificates (see Note 4).

Net Position (Continued)

During the fiscal year ended September 30, 2020, current liabilities decreased by $3,727 or 0.1%. Noncurrent liabilities increased by $17,581,249 primarily due to an increase in bonds payable of $17,440,473.

As shown in Table A, net investment in capital assets declined by $6,933, restricted net assets increased by $6,419,830 and unrestricted net assets decreased by $5,190,961 for a total increase in net position of $1,221,936, as restated.

Revenues, Expenses, and Changes in Net Position

A summary of the Authority's Statements of Revenues, Expenses, and Changes in Net Position is presented in Table B.

TABLE B
Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2020	Restated 2019	Dollar Change	Total Percent Change
Operating revenues	$ 1,660,333	$ 1,035,196	$ 625,137	60.4%
Operating expenses	2,465,781	2,885,633	(419,852)	-14.5%
Operating loss	(805,448)	(1,850,437)	1,044,989	56.5%
Non-operating revenues (expenses)	2,027,384	2,329,792	(302,408)	-13.0%
Change in net position	1,221,936	479,355	742,581	154.9%
Beginning net position	18,804,808	18,325,453	479,355	2.6%
Total net position	$ 20,026,744	$ 18,804,808	$ 1,221,936	6.5%

Revenues, Expenses, and Changes in Net Position (Continued)

The Statement of Revenues, Expenses, and Changes in Net Position provides information as to the nature and source of the changes in net position. During Fiscal 2020, net position increased by $1,221,936. The Fiscal 2020 increase in net position was primarily attributable (1) to a $1,044,989 change in net operating result and (2) change in net non-operating revenues (expenses) totaling $302,408.

During Fiscal 2020, the $625,137 net increase in operating revenues was predominantly attributable to a $312,087 increase in First Time Homebuyer Program income, net of expenses, and an increase of $271,709 in non-amortizing second mortgage repayments. Operating expenses decreased by $419,852 or 14.5%. The decrease was primarily attributable to a decrease in non-amortizing second mortgage loan funding of $339,487. Non-operating revenues (expenses), net decreased by $302,408 or 13%. The net decrease was primarily attributed to an increase of $798,303 in interest on bonds and a decrease in fair value of restricted investments of $215,850, offset by an increase of $915,257 of restricted interest income.

Cash Flows

A summary of the Authority's Statements of Cash Flows is presented in Table C. It presents the major sources and uses of cash and cash equivalents for the past two years. For purposes of the Statements of Cash Flows, the Authority considers all currency, demand deposits, money market funds, and other highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents.

TABLE C
Condensed Statements of Cash Flows

	2020	2019	Dollar Change	Total Percent Change
Net cash used in operating activities	$ (558,729)	$ (1,862,887)	$ 1,304,158	70.0%
Net cash provided by noncapital financing activities	16,233,659	12,304,194	3,929,465	31.9%
Net cash used in investing activities	(6,762,923)	(14,497,534)	7,734,611	53.4%
Net increase (decrease) in cash and cash equivalents	8,912,007	(4,056,227)	12,968,234	319.7%
Cash and cash equivalents at the beginning of the year	6,713,025	10,769,252	(4,056,227)	-37.7%
Cash and cash equivalents at the end of the year	$ 15,625,032	$ 6,713,025	$ 8,912,007	132.8%

Cash Flows (Continued)

Cash and cash equivalents increased $8,912,007 during the year ended September 30, 2020. The increase in cash and cash equivalents was the result of $558,729 being used in operating activities, $16,233,659 provided by noncapital financing activities, and $6,762,923 being used in investing activities.

Capital Assets

A summary of the Authority's investment in capital assets is presented in Table D.

TABLE D
Capital Assets

	2020	2019	Dollar Change	Total Percent Change
Land and improvements	$ 560,000	$ 560,000	$ -	0.0%
Furniture and fixtures	38,094	38,094	-	0.0%
Total capital assets	598,094	598,094	-	0.0%
Less: Land valuation allowance and accumulated depreciation	(30,094)	(23,161)	(6,933)	-29.9%
Net capital assets	$ 568,000	$ 574,933	$ (6,933)	-1.2%

As of September 30, 2020, the Authority's investment in capital assets totaled $568,000 (i.e., net of accumulated depreciation). As compared with Fiscal 2019, the investment in capital assets decreased in Fiscal 2020 by $6,933 or 1.2%).

Long-Term Debt

From time to time, the Authority has issued bonds and bond anticipation notes to finance single family residential housing and qualified multi-family housing developments. The financial assistance was provided to stimulate the acquisition and construction of residential housing for low, moderate, and middle-income individuals and families. The Authority's bonds are secured by specific revenues and securities as described in each of the respective trust indentures and official statements. In no case is the Authority, Escambia County, the State of Florida, or any political subdivision thereof obligated in any manner for repayment of the bonds. (See Note 1 and Note 10).

Portions of the Authority's operating revenues are derived from fees and incomes generated by the single family and multi-family bond programs issued and administered by the Authority. Historically, these fees and incomes have usually exceeded the financial contributions made by the Authority to the bond programs. The fees/incomes and contributions may substantially impact the Authority's revenues and expenses in a single fiscal year and cause significant variation from year to year (See the preceding Financial Highlights section).

As of September 30, 2020, the Authority had issued and outstanding the following bonds pursuant to its authorization:

	Issue Amount	Outstanding Amount
Direct Borrowings -		
Single Family Mortgage Revenue		
and Refunding Bonds:		
Series 2019A Bonds	$ 15,000,000	$ 14,670,000
Series 2019B Bonds	14,000,000	14,000,000
Series 2019C Bonds	6,481,473	5,744,191
Series 2016A Bonds	16,861,686	7,260,532
Series 2014B Bonds	4,335,000	2,069,685
Subtotal		43,744,408
Other Debt -		
Multi-Family Housing Revenue		
and Refunding Bonds:		
Springhill Apartments, Series 2019A	6,500,000	6,500,000
Taylor Pointe Apartments, Series 2019A	11,320,000	11,320,000
Delphin Downs Apartments, Series 2018	15,000,000	7,950,000
Johnson Lakes Project, Series 2006	9,000,000	3,943,017
Series 1985	20,000,000	217,158
Subtotal		29,930,175
Total		$ 73,674,583

Long-Term Debt (Continued)

Audited financial statements of a majority of the Authority's single family bond programs are available at the Municipal Securities Rulemaking Board's Electronic Municipal Marketplace Access ("EMMA") website.

During the past five years, the Authority has complied with the requirements of the continuing disclosure agreements (the "CDA") entered into with respect to its Series 2014B, 2016A, 2019A, 2019B, and 2019C Bonds, except that for the fiscal year September 30, 2016, the Authority did not include the weighted average maturity of the Guaranteed Mortgage Security relating only to the Series 2014B Bonds in its filing with the MSRB. This occurrence neither constituted a Notice Event under the CDA nor had any financial impact upon the Authority.

As of September 30, 2020, the Authority was unaware of and had received no notice of default from the trustees for any of its single family, dormitory, and multi-family bond programs other than the financial difficulties and default occurring on December 1, 2016, with respect to the Authority's Single Family Mortgage Revenue Bonds, Series 1985 (the "1985 Bonds"), as set forth below.

Single Family Mortgage Revenue Bonds, Series 1985

On December 18, 1985, the Authority issued its $20,000,000 Single Family Mortgage Revenue Bonds (the "1985 Bonds"). The 1985 Bonds were secured by a defined Trust Estate and a policy of bond insurance (the "Policy") issued by Financial Guaranty Insurance Company ("FGIC") at the time of issuance. The Policy was to provide insurance for payment when due of principal and interest (including accreted value) on the 1985 Bonds in the event other assets of the trust estate were insufficient.

$15,000,000 of the principal amount of the 1985 Bonds were refunded in 1985, and payments were made from the 1985 Bonds Trust Estate as required to pay principal and interest on the remaining unrefunded portion of the 1985 Bonds through December 1, 2006. However, a small portion of the final maturity of the 1985 Bonds, which was structured as a capital appreciation bond maturing December 1, 2016 in the amount of $410,000 (the "1985 CAB"), remained outstanding. Because the value of the 1985 CAB accreted at a higher interest rate than was supported by the remaining mortgage loans securing the 1985 Bonds and because there were mortgage related expenses paid from mortgage revenues, it was expected that there would be a shortfall of money available to pay debt service at maturity. It was further expected that the only source of funds to pay the shortfall would be the Policy.

Single Family Mortgage Revenue Bonds, Series 1985 (Continued)

On March 25, 2009, Moody's Investor Services ("Moody's") withdrew its rating for FGIC, and thereafter FGIC began working with its regulators to develop a plan for restructuring and rehabilitation. In a notice to Holders of Bonds Insured by FGIC dated September 23, 2013, the Bank of New York Mellon Trust Company, serving as successor Trustee to Barnett Banks Trust Company, N.A. (the "Trustee"), advised all owners of the Bonds insured by FGIC (including the 1985 CAB) of the effective date of the FGIC Plan of Rehabilitation. The Rehabilitation Petition, the Rehabilitation Order, and the Rehabilitation Plan Papers can be found at http://www.fgicrehabilitation.com.

On December 1, 2016, the 1985 CAB matured, and the Trustee made demand on FGIC for the final maturity amount in accordance with the 1985 Bonds Indenture, the Policy and the Rehabilitation Plan. Because the amounts available were less than the amounts due to the owners of the 1985 CAB (the "1985 Bondowners"), the Trustee provided a Notice of Event of Default dated December 13, 2016, to the 1985 Bondowners (the "Notice"). The Notice advised that the Trustee was communicating with FGIC and FGIC's claims paying agent to coordinate the final reconciliation of claims for the 1985 Bonds, the process for presentation and cancellation of physical certificates, the initial distribution of claims amounts to 1985 Bondowners and the distribution of future amounts under the Rehabilitation Plan through the 40 year Run Off Period. As of September 30, 2020, FGIC's claims paying agent has paid $192,849, leaving a balance outstanding of $217,185. Additional amounts are expected to be paid in the future.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Authority's Executive Director, 700 South Palafox Street, Suite 310, Pensacola, Florida 32502.

BASIC FINANCIAL STATEMENTS

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ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2020 AND 2019

ASSETS AND DEFERRED OUTFLOWS

	2020	Restated 2019
Current Assets:		
Cash and cash equivalents	$ 4,615,550	$ 4,127,413
Cash and cash equivalents - restricted	11,009,482	2,585,612
Accrued interest and other receivables	89,861	152,997
Issuer fees receivable	21,093	3,975
Interest income receivable	139,075	100,867
Investments	267,147	4,700,599
Investments - restricted	5,202,915	2,150,395
Bank participation agreements	12,000	12,000
First mortgages receivable	515,121	738,282
Amortizing second mortgages receivable	32,124	328,959
Total current assets	21,904,368	14,901,099
Noncurrent Assets:		
Investments	4,213,415	5,101,381
Investments - restricted	37,974,528	25,544,430
Bank participation agreements	114,543	126,543
Amortizing second mortgages receivable, net of allowance for loan losses	218,719	-
Depreciable capital assets, net of accumulated depreciation	8,000	14,933
Non-depreciable capital assets, net of land valuation allowance	560,000	560,000
Total noncurrent assets	43,089,205	31,347,287
Total assets	64,993,573	46,248,386
Deferred Outflows of Resources:		
Pensions	242,395	212,516
Total Assets and Deferred Outflows	$ 65,235,968	$ 46,460,902

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	2020	Restated 2019
Current Liabilities:		
Accounts payable and accrued expenses	$ 218,524	$ 411,045
Net pension liability	2,445	3,938
Bonds payable	1,849,055	1,923,378
Bond interest payable	533,105	268,495
Total current liabilities	2,603,129	2,606,856
Noncurrent Liabilities:		
Net pension liability	692,210	551,434
Bonds payable	41,895,353	24,454,880
Total noncurrent liabilities	42,587,563	25,006,314
Total liabilities	45,190,692	27,613,170
Deferred Inflows of Resources:		
Pensions	18,532	42,924
Net Position:		
Net investment in capital assets	568,000	574,933
Restricted	9,998,515	3,578,685
Unrestricted	9,460,229	14,651,190
Total net position	20,026,744	18,804,808
Total Liabilities, Deferred Inflows and Net Position	$ 65,235,968	$ 46,460,902

The accompanying notes are an integral
part of these financial statements.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	Restated 2019
Operating Revenues:		
Fees and other income	$ 161,129	$ 123,200
FTH Program income, net of expenses	598,087	286,000
Non-amortizing second mortgage repayments	848,653	576,944
Multi-Family Development Initiative income, net of expenses	29,089	22,876
Reduction to loan losses	23,375	26,176
Total operating revenues	1,660,333	1,035,196
Operating Expenses:		
Salaries and related benefits	910,476	908,176
Legal, accounting, advisory, and consulting fees	63,880	65,039
General operating and administrative	50,218	63,342
Office rent	56,168	54,532
Travel, lodging, and meal costs	1,319	25,303
Depreciation	6,933	6,266
Memberships, dues, and subscriptions	19,667	20,873
Educational conference fees and training costs	17,313	27,680
Bond issuance and monitoring costs	339,478	374,606
Non-amortizing second mortgage loan funding	1,000,329	1,339,816
Total operating expenses	2,465,781	2,885,633
Operating Loss	(805,448)	(1,850,437)
Nonoperating Revenues (Expenses):		
Interest income	274,500	434,402
Interest income - restricted	1,764,512	849,255
Other expense	(43,617)	(7)
Net increase (decrease) in fair value of investments	(282,111)	422,342
Net increase in fair value of investments - restricted	1,723,201	1,234,598
Interest on bonds	(1,409,101)	(610,798)
Total nonoperating revenues (expenses), net	2,027,384	2,329,792
Change in Net Position	1,221,936	479,355
Net Position - Beginning of Year	18,804,808	18,325,453
Net Position - End of Year	$ 20,026,744	$ 18,804,808

The accompanying notes are an integral
part of these financial statements.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Cash received from mortgagors and others	$ 1,123,244	$ 827,938
Cash received for FTH Program income, net of expenses	598,087	286,000
Cash payments to employees for services	(829,840)	(832,026)
Cash payments to suppliers for goods and services	(333,574)	(163,784)
Cash payments to mortgagors and others	(1,116,646)	(1,981,015)
Net cash used in operating activities	(558,729)	(1,862,887)
Cash Flows From Noncapital Financing Activities:		
Proceeds from bank participation agreements	12,000	12,000
Proceeds from issuance of bonds	20,481,473	15,000,000
Payment of bond principal	(3,115,323)	(2,332,314)
Payment of bond interest	(1,144,491)	(375,492)
Net cash provided by noncapital financing activities	16,233,659	12,304,194
Cash Flows From Investing Activities:		
Proceeds from sales and maturities of investments	4,156,790	319,585
Purchases of investments	(20,685,893)	(19,418,941)
Collection of interest income	2,000,804	1,235,220
Cash received for FTH Program MBS principal	14,392,588	13,131,053
Cash payments for FTH Program MBS principal	(14,392,588)	(13,131,053)
Collection of MBS principal	7,765,376	3,366,602
Net cash used in investing activities	(6,762,923)	(14,497,534)
Net Increase (Decrease) in Cash and Cash Equivalents	8,912,007	(4,056,227)
Cash and Cash Equivalents, Beginning of Year	6,713,025	10,769,252
Cash and Cash Equivalents, End of Year	$ 15,625,032	$ 6,713,025
Displayed As:		
Cash and cash equivalents	$ 4,615,550	$ 4,127,413
Cash and cash equivalents - restricted	11,009,482	2,585,612
	$ 15,625,032	$ 6,713,025

The accompanying notes are an integral part of these financial statements.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019
(Continued)

	2020	2019
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	$ (805,448)	$ (1,850,437)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	6,933	6,266
Reduction to loan losses	(23,375)	(26,176)
Changes in:		
Accrued interest and other receivables	63,136	(101,332)
Issuer fees receivable	(17,118)	(2,229)
First mortgages receivable	223,161	(266,593)
Amortizing second mortgages receivable	101,491	107,147
Deferred outflows of resources	(29,879)	(5,686)
Accounts payable and accrued expenses	(192,521)	195,422
Net pension liability	139,283	89,578
Deferred inflows of resources	(24,392)	(8,847)
Net cash used in operating activities	$ (558,729)	$ (1,862,887)

The accompanying notes are an integral
part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles and policies of Escambia County Housing Finance Authority, ("the Authority") conform to accounting principles generally accepted in the United States of America ("GAAP"), as applicable to governmental entities. The following is a summary of the significant accounting principles and policies used in the preparation of the accompanying financial statements.

The Reporting Entity:

The Authority was created as a public body corporate and politic in accordance with the Florida Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes (the "Act"), as amended, and Ordinance No. 80-12 enacted by the Board of County Commissioners (the "Board") of Escambia County, Florida on May 29, 1980, as amended by Ordinance No. 2003-8 enacted on March 20, 2003 (collectively the "Ordinance"). The Authority is authorized, in furtherance of the public purposes described in the Act and the Ordinance, to alleviate the shortage of affordable residential housing facilities and to provide capital for investment in such facilities for low-, moderate-, and middle-income families by issuing its revenue bonds. The Authority issues bonds for single family programs and enters into mortgage-backed security forward sales contracts that provide funds to eligible borrowers to finance the purchase of qualifying single-family residences. The Authority also issues bonds for the acquisition and construction qualifying multi-family housing projects. Prior to issuance by the Authority, the Board approves bond financings, when required by the Ordinance, federal tax law, or regulations governing the issuance of tax-exempt bonds.

The financial statements also include the funds and accounts of the Authority's Single Family Mortgage Revenue Bonds (Multi-County Program) Series 2019A (Non-AMT) ("Series 2019A Bonds"), Single Family Mortgage Revenue Bonds (Multi-County Program) Series 2019B (Non-AMT) ("Series 2019B Bonds), Single Family Mortgage Revenue Bonds (Multi-County Program) Series 2019C (Federally Taxable Pass-Through) ("Series 2019C Bonds"), Single Family Mortgage Revenue Bonds (Multi-County Program) Series 2016A (Federally Taxable Pass-Through) ("Series 2016A Bonds"), and Series 2014B (Non-AMT) ("Series 2014B Bonds")(collectively, the "Bonds"). All interfund transactions and balances have been eliminated in the financial statements.

The Authority issued its Series 2019A Bonds on April 30, 2019 in the principal amount of $15,000,000, its Series 2019B Bonds on November 26, 2019 in the principal amount of $14,000,000, its Series 2019C Bonds on November 26, 2019 in the principal amount of $6,481,473, its Series 2016A Bonds on April 26, 2016 in the principal amount of $16,861,686, and its Series 2014B Bonds on August 29, 2014 in the principal amount of $4,335,000. The Bonds were issued to provide funds to purchase mortgage securities backed by mortgage loans made to finance the acquisition of single-family residential facilities intended for use as principal residences of persons and families of low, moderate, and middle income. For the Series 2016A Bonds and Series 2014B Bonds, the mortgaged properties are located in the counties of Alachua, Bradford, Escambia, Gadsden, Indian River, Leon, Marion, Martin, Okaloosa, Santa Rosa, St. Lucie, Wakulla, and Walton. For the Series 2019A Bonds, Series 2019B, and Series 2019C Bonds, the mortgaged properties are located in the previously mentioned counties plus Bay, Franklin, Gulf, Hernando, Jackson, and Jefferson (collectively, the "Counties").

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Reporting Entity (Continued):

The mortgage-backed securities, funded with proceeds of the Bonds, are pledged as security for the payment of the principal and interest on the Bonds.

Financial oversight and accountability to the citizens of Escambia County is provided by the Board. Pursuant to the Act and the Ordinance, the Board appoints, and may remove, the Housing Finance Authority members. The Authority members serve four-year terms and may be reappointed. If an Authority's member's term expires, they continue to hold office until their replacement is appointed by the Board. The Authority has no oversight responsibilities for any other government agencies.

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the operating fund and the Bonds, which makes up all of the funds controlled by the Authority. These financial statements are not intended to present the financial position of Escambia County. The Authority has no component units.

The Bonds, together with interest thereon, are not general or moral obligations of the Authority and do not constitute an obligation, either general or special, of the State of Florida (the "State") or any of the Local Authorities (as defined in the next paragraph) other than the Authority, or any political subdivision thereof, but are special limited obligations of the Authority payable solely from the revenues and securities identified and pledged pursuant to the Master Trust Indenture dated August 1, 2014 as well as the 2019A, 2019B, 2019C, 2016A, and 2014B Series Supplements (the "Trust Indentures"). The Bonds are in no event payable from the general revenues of the Authority or the Local Authorities or the Counties and do not constitute a debt, liability, general or moral obligation or a pledge of the faith or loan of credit of any of the Local Authorities, the Counties, the State or any political subdivision of the State within the meaning of any constitutional or statutory provisions; neither the Local Authorities, the Counties, the State nor any political subdivision thereof nor any of the participating mortgage lending institutions shall be liable thereon; nor in any event will such Bonds be payable out of any funds or properties other than those of the Authority, and then only to the extent provided in the Trust Indentures. Neither the faith and credit nor the revenues or taxing power of the Local Authorities, the Counties, the State or any political subdivision thereof is pledged to the payment of the principal of the Bonds or the interest thereon or other costs incident thereto. The Bonds are not a debt of the United States of America or any agency thereof, or Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA"), or Federal Home Loan Mortgage Corporation ("FHLMC") and are not guaranteed by the full faith and credit of the United States of America. The Authority has no taxing power. The Bonds are not insured.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Reporting Entity (Continued):

The Board has duly created the Authority and has determined that it was in the best interest of the County to authorize the Authority to issue the Bonds. The Authority issues multi-family revenue bonds to provide funds to qualified entities to finance the acquisition, construction, and/or rehabilitation of qualified multi-family housing projects in Escambia County and other counties requesting such assistance. In addition, the Authority operates a program to provide short-term financing to assist builders in providing for the construction of new homes for low-, middle- and moderate-income persons and families in Escambia County.

The Authority has been authorized by a number of other local housing finance authorities and counties within the State of Florida to operate its programs within their respective jurisdictions (the “Participating Counties”) with the objective of alleviating the shortage of housing in such counties (the “Area of Operation Authorizations”). The Area of Operation Authorizations permit the Authority to operate its Mortgage Credit Certificate Program and its First Time Homebuyer Single Family Mortgage Loan Program (the “First Time Homebuyer Program” or “FTH Program”), both on a to be announced (“TBA”) financed basis and a bond-financed basis in their respective jurisdictions.

The trustee for the Bonds is U.S. Bank National Association (“Trustee”).

Basis of Presentation:

The Authority accounts for its operating fund activities and the Bonds through the use of enterprise funds. An enterprise fund is used to account for activities similar to those found in the private sector, where the determination of a change in financial position is necessary or useful for sound financial administration. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accompanying financial statements have been prepared using the accrual basis of accounting. The Authority recognizes and records revenues when earned and expenses when incurred. However, the Authority recognizes Authority contributions to revenue bond programs as expenses when the contribution is made and recognizes receipts of unused contributions from the program as revenue when received. In addition, because of the long-term deferred repayment of non-amortizing second mortgage loans, the Authority recognizes the funding of such loans as a current operating expense and repayments are recognized as revenue when received.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Authority considers all currency, demand deposits, money market funds, and other highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments:

The Authority's Investment Policy is designed to ensure the prudent management of the Authority's funds and the availability of operating and capital funds when required while earning a competitive return on the funds within the policy framework. The primary objectives of investment activity in order of priority are safety of principal, liquidity, and investment yield.

Interest Rate Risk: As a means of managing its exposure to losses arising from changing interest rates, the Authority's investment policy includes maximum percentage of holdings for each type of investment and requires diversification, to the extent practical. The Authority also minimizes interest rate risk by investing operating funds primarily in money-market funds.

Credit Risk: For the purpose of generating income, the Authority's policy permits investment of operating funds in the following types of accounts. The maximum percentage of holdings is shown parenthetically following each type of account. Investments in certain securities are to be made in a manner to match investment maturities and/or withdrawal terms to known cash needs and anticipated cash flow requirements.

- Direct obligations of the U.S. Treasury (100%)
- Government agency notes and bonds (100%)
- Treasury strips (10%)
- United States Government Agency - Mortgage-backed securities (100%)
- Federal instrumentalities (U.S. Government sponsored) (100%)
- Interest bearing time deposits or savings accounts (non-negotiable certificates of deposit from state or national financial institutions provided the deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, unless exempted therefrom as provided in the Statute. Additionally, the bank shall not be listed with any recognized credit watch information service unless 100% insured by the Federal Deposit Insurance Corporation ("FDIC") (100%)
- Money market accounts (Bank/FDIC insured) (100%)
- Commercial paper (Rated "P-1"/"A-1" or better by at least one Nationally Recognized Statistical Rating Organization ("NRSRO")) (25%)
- Corporate notes/bonds (Rated single "Aa"/"AA" or better by at least one NRSRO) (20%)
- Banker's acceptances (Rated "P-1"/"A-1" or better by at least one NRSRO) (25%)
- Taxable or tax-exempt (general obligation ("GO" or revenue) bonds (Rated "Aa"/"AA" (MIG-2 or SP-2 for short-term) or better by at least one NRSRO) (25%)
- Money market mutual funds (SEC registered and rated "AAAm" by S&P or the equivalent by another rating agency. Due diligence requirement must be met (i.e., thorough/regular reviews) and share value must equal to $1.00) (25%)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued):

- Intergovernmental investment pools - Local Government Funds Surplus Funds Trust Fund (Florida PRIME) or any governmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in Chapter 163.01, Florida Statutes (Rated "AAAm" by S&P or the equivalent by another rating agency). Due diligence requirement must be met (i.e., thorough/regular reviews) (25%)
- Other investments or securities, which may be specifically approved from time to time by action of the Authority at a public meeting. Following approval of additional types of securities, an addendum to the Authority's Investment Policy is to be prepared and attached to the Authority's Investment Policy describing the securities.

The Authority may also enter into transactions made for its organizational purposes. These transactions include investments in mortgage loans receivable, mortgage-backed securities ("MBS"), MBS forward sales contracts, or other qualifying housing development loans made pursuant to Chapter 159, Part IV, Florida Statutes.

Concentration of Credit Risk: Pursuant to the Authority's Investment Policy, investments are to be diversified to the extent practical to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, or dealer/financial institution, through which the financial instruments are bought and sold. The Authority's Investment Policy also places limits on the amount invested in any one of the types of investment accounts authorized. The maximum percentage of holdings is shown parenthetically above, following each type of investment account.

Valuation: Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value or net asset value ("NAV"). Market value is used as an estimate of fair value, for those securities for which market quotations are readily available. The NAV is used as a practical expedient to estimate fair market value for the local government investment pools, which are not categorized within the fair value hierarchy.

Arbitrage Rebate Liability:

Arbitrage is the ability to obtain tax-exempt bond proceeds and invest the funds in higher yielding taxable securities, resulting in a profit. In accordance with the United States tax code and regulations, the arbitrage earnings (i.e., profit) must be rebated to the Internal Revenue Service. The arbitrage which must be rebated is essentially the difference between the amount actually earned on certain investments and the amount which would have been earned had those funds been invested at a yield equal to the originally calculated yield on the bonds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Arbitrage Rebate Liability (Continued):

The Authority has entered into agreements with Integrity Public Finance Consulting LLC to perform ongoing rebate liability analysis with respect to the Series 2019A, Series 2019B, and Series 2014B Bonds.

Loans Receivable:

Loans receivable are carried at original cost, less principal collections. Loans receivable which are deemed by management to be uncollectable are written off in the period in which the determination is made.

Since the real properties that collateralize the Authority's first and amortizing second mortgages receivable are concentrated within one geographic location (the Participating Counties are all located in the State of Florida), there is a significant concentration of credit risk. In an effort to minimize this risk, it is the Authority's policy to consider certain existing conditions in the geographic location and to record liens on the real properties at the time the mortgage loans are originated.

Allowance for Loan Losses:

Additions to the allowance for loan losses are made by provisions charged to current operations. The determination of the need for an allowance and the amount of the allowance, if needed, is based on an evaluation of the Authority's loan portfolio(s), current economic conditions, and other factors relevant to a determination of the collectability of the loans and reflects an amount that, in management's judgment, is adequate to provide for potential losses.

Capital Assets:

Capital assets are stated at historical cost. The Authority capitalizes items with an estimated life exceeding one year and original cost greater than $2,000. Donated capital assets are reported at estimated fair market value at the time received.

Depreciation is provided by using the straight-line method over the estimated useful lives of the assets ranging from three to ten years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources:

The Statements of Net Position report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that will not be recognized as an outflow of resources (expense/expenditure) until future periods. The Authority has one item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with Government Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

The Statements of Net Position also report a separate section for *deferred inflows of resources*. This separate financial statement element represents the acquisition of net position that will not be recognized as an inflow of resources (revenue) until future periods. The Authority has one item that qualifies for reporting as deferred inflows of resources, the *deferred inflows related to pensions*. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB 68. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Pensions and Net Pension Liability:

Net pension liability represents the Authority's proportionate share of the net pension liability of the cost-sharing pension plans in which it participates. The proportionate amount represents a share of the present value of projected benefit payments to be provided through the cost-sharing plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the cost-sharing pension plan's fiduciary net position. The Authority's regular employees participate in both the Florida Retirement System ("FRS") pension plans and the Health Insurance Subsidy Program ("HIS") defined benefit plan administered by the Florida Division of Retirement (collectively, "FRS/HIS"). The Authority's board members serve on a voluntary, non-compensated basis, and do not participate in the FRS/HIS.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Expenses:

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of fees earned from the issuance and administration of single family and multi-family revenue bond programs and the portion of the Authority's First Time Homebuyer Program that is financed on a to be announced basis. Operating revenues also include bond program residuals. Non-operating revenue consists of revenue related to investing activity. Operating expenses include expenses and cash contributions incurred in connection with the structuring and issuance of bond issues and other housing initiatives to promote safe, decent, and affordable housing in the Authority's area of operation. The mortgage-backed security purchase premium and settlement fee were recognized as expenses when paid, rather than as an increase in carrying value.

Advertising Costs:

Costs for producing and communicating advertising in connection with the Authority's First Time Homebuyer Program are expensed when incurred. During the years ended September 30, 2020 and 2019, such advertising expense totaled $6,445 and $11,574, respectively, and was netted against FTH Program income.

Developer Deposits:

Pursuant to the Authority's Multi-Family Tax Exempt Mortgage Revenue Bond Program Policy and Procedures, fees collected by the Authority prior to closing are minimal and are generally refundable until the proposed project is approved by State subsidies. At the point the fees become nonrefundable, the deposited monies are utilized to pay fees and expenses incurred to structure and close the bond financing. Unused monies are recognized as income following either the termination of an inducement agreement or the closing of the bond financing.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position:

The Authority reports equity as net position in three components: net investment in capital assets, restricted, and unrestricted. The following explains each:

The *net investment in capital assets* classification is used to indicate a segregation of a portion of net position equal to the value of capital assets, including restricted capital assets, reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets.

The *restricted net position* classification is used to indicate a segregation of a portion of net position equal to the value of assets with limits on their use that are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

The *unrestricted net position* classification relates to that portion of net position not restricted for the purposes described above.

Designations are used to indicate a segregation of a portion of unrestricted net position at the discretion and by official action of the Authority, which are to be used for specific purposes and not for general operations. These amounts are included in unrestricted net position for financial reporting purposes. When uses for a specific purpose may be funded with either restricted or unrestricted net position, the Authority's policy is to first use restricted net position.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Standard:

The Authority adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which requires additional essential information related to debt be disclosed in the notes to the financial statements. This statement also requires existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The required disclosures have been added to Note 10.

NOTE 2 - CASH AND CASH EQUIVALENTS

At September 30, 2020 and 2019, cash and cash equivalents consisted of the following:

	2020	2019
Bank demand deposit accounts	$ 1,456,144	$ 496,421
Bank money market accounts	12,579,710	4,645,975
Florida Cooperative Liquid Securities System ("FLCLASS")	1,589,178	1,570,629
Total	$ 15,625,032	$ 6,713,025

The Authority manages custodial credit risk by depositing moneys in demand deposit accounts, money market accounts, and highly liquid investments held only by qualified public depositories or within trust custodial accounts, all of which its board members have approved for use. Investments classified as cash equivalents include amounts placed with FLCLASS, a local government investment pool. Authorized investments, as provided by the Authority's investment policy, are summarized in Note 1.

Along with federal depository insurance, the bank demand deposit account and bank money market accounts are secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates a trust fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred.

At September 30, 2020 and 2019, restricted cash and cash equivalents totaled $11,009,482 and $2,585,612, respectively. At September 30, 2020 and 2019, $5,000,000 and $617,856, respectively, was restricted for the purchase and temporary holding (pending sale) of mortgage-backed securities in connection with the Authority's First Time Homebuyer Program. At September 30, 2020 and 2019, $6,009,482 and $1,967,756, respectively, were restricted for repayment of the Bonds.

NOTE 3 - INVESTMENTS

At September 30, 2020 and 2019, operating fund investments consisted of the following:

	2020	2019
Mortgage-backed securities	$ 2,887,944	$ 8,232,700
Florida Fixed Income Trust Enhanced Cash Pool ("FL-FIT")	1,592,618	1,569,280
Total	$ 4,480,562	$ 9,801,980

NOTE 3 - INVESTMENTS (Continued)

Mortgage-Backed Securities:

In connection with the retirement of certain single family mortgage revenue bond programs, the Authority has received residuals consisting in part of mortgage-backed securities. In addition, the Authority acquires and sells mortgage-backed securities, in connection with its First Time Homebuyer Program.

The mortgage-backed securities are fully modified securities, guaranteed as to timely payment of monthly principal and interest by the Government National Mortgage Association backed by pools of qualifying FHA-insured, VA-guaranteed, or RD-guaranteed mortgage loans or single pool mortgage-backed securities guaranteed as to timely payment of monthly principal and interest by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation backed by pools of qualifying conventional mortgage loans insured by private mortgage insurance in certain circumstances. The mortgage-backed securities are valued at fair value. At September 30, 2020 and 2019, the mortgage-backed securities bear interest at the rates of 4.00% through 7.00%. The mortgage-backed securities mature during the period from March 2023 through May 2049 and March 2023 through September 2049 for the years ended September 30, 2020 and 2019, respectively. The weighted average maturity was 17.15 years and 25.16 years at September 30, 2020 and 2019, respectively. The mortgage-backed securities are rated Aaa by Moody's Investor Services at September 30, 2020 and 2019.

Local Government Investment Pools:

FLCLASS and FL-FIT are independent local government investment pools and are authorized investments consistent with Section 218.415(16)(a), Florida Statutes, and the Authority's investment policy. At September 30, 2020, information regarding the interest rate and credit risks were as follows:

	Weighted Average Maturity	Credit Rating	Credit Rating Agency
FLCLASS	51 days	AAAm	Standard & Poor's
FL-FIT	206 days	AAAf/S1	Fitch

Weighted average maturity ("WAM") measures the sensitivity of the portfolio to interest rate changes.

The Authority's local government investment pools qualify as external investment pools under the guidance in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.* The Statement allows qualifying external investment pools to elect to measure all investment at amortized cost if the pool meets certain criteria and subsequently allows pool participants to record an investment in the pool at amortized cost.

NOTE 4 - RESTRICTED INVESTMENTS

Restricted investments consist of amounts held in relation to the Bonds. The Trustee may be directed by the Authority with an officer's certificate to invest any amounts on deposit in the Bonds' trust accounts in permitted investments (as defined in the following paragraph) so as to enable the Trustee to withdraw funds to make all payments required to be made when due with respect to the Bonds pursuant to the terms thereof and in accordance with the Trust Indentures. Absent such officer's certificate from the Authority, the Trustee should hold all such funds uninvested. The Authority issued officer's certificates directing the Trustee to invest amounts on deposit in the Bonds' trust accounts in U.S. Bank money market deposit accounts as of September 30, 2020 and 2019.

Pursuant to the Trust Indentures, permitted investments include the following investment obligations, provided such obligations at the time of investment are legal obligations with respect to such investment under the laws of the State of Florida:

a) government obligations or mutual funds fully secured by government obligations;

b) bonds, debentures, notes, or other evidences of indebtedness issued or guaranteed by any of the following federal agencies: FHLMC (senior debentures only), GNMA, FNMA, or Federal Home Loan Banks;

c) shares of money market mutual funds that invest only in the obligations described in (a) and (b) above, including money market mutual funds of the Trustee bank meeting such criteria;

d) master repurchase agreements with entities whose short-term unsecured debt is rated P-1 by Moody's Investors Service and which agreements are secured by government obligations which have a fair market value of 102% of the cash paid for such investment;

e) certificates of deposit, savings accounts, deposit accounts or depository receipts having original maturities of not more than 365 days of federally or state chartered banks or trust companies (including the Trustee or affiliates thereof), savings and loan associations and mutual savings banks with capital surplus and undivided profits of not less than $100,000,000, provided the unsecured obligations of any such institution are rated in one of the top two rating categories by Moody's Investors Service;

f) direct obligations of banks, insurance companies and other financial institutions with ratings sufficient to maintain the ratings on the Bonds outstanding; and

g) any other investment authorized by the Act.

However, permitted investments should be limited to those investments whose rating is sufficient to maintain the then existing rating of the Bonds.

NOTE 4 - RESTRICTED INVESTMENTS (Continued)

The mortgage certificates are fully modified mortgage-backed securities, guaranteed as to timely payment of monthly principal and interest by the GNMA and backed by pools of qualifying FHA-insured, VA-guaranteed, or USDA/RD-guaranteed mortgage loans or by single pool mortgage-backed pass-through securities, issued by FNMA or FHLMC, who also guarantee timely payment of monthly principal and interest. FNMA and FHLMC securities are backed by pools of qualifying conventional mortgage loans.

The GNMA mortgage certificates securing the Series 2019A Bonds and purchased from proceeds of the Series 2019A Bonds bear interest at pass-through rates from 3.50% to 5.00%, with a weighted average pass-through rate of 4.53%. They were outstanding in the principal amount of $12,361,262 and $13,893,604 at September 30, 2020 and 2019, respectively. At September 30, 2020 and 2019, the weighted average remaining maturity was 342 months or 28.5 years and 354 months or 29.5 years, respectively. An amount equal to 100% of the aggregate unpaid principal balance of the underlying mortgage loans comprising pools backing the GNMA securities was paid from proceeds of the Series 2019A Bonds and premium on purchase not in excess of 1% was paid from other moneys available to the Authority. The Series 2019A Bonds are also secured by the 2019A Contributed MBS, which were outstanding in the amount of $693,855 and $933,943 at September 30, 2020 and 2019, respectively. The 2019A Contributed MBS bear interest at pass-through rates from 5.35% to 6.05%, with a weighted average pass though rate of 5.95%. At September 30, 2020 and 2019, the weighted average remaining maturity was 72 months or 6 years and 83 months or 6.92 years, respectively. The 2019A Contributed MBS were previously owned by the Authority and were contributed as security for the Series 2019A Bonds in order to assure a high-quality rating for the Series 2019A Bonds and to establish a true master indenture program. The mortgage-backed certificates for the Series 2019A Bonds mature during the period from June 2027 through November 2049.

The GNMA mortgage certificates securing the Series 2019B Bonds and purchased from proceeds of the Series 2019B Bonds bear interest at pass-through rates from 3.25% to 4.13%, with a weighted average pass-through rate of 3.46%. They were outstanding in the principal amount of $11,864,022 at September 30, 2020. Their weighted average remaining term is 352 months or 29.3 years. An amount equal to 100% of the aggregate unpaid principal balance of the underlying mortgage loans comprising pools backing the GNMA securities was paid from proceeds of the Series 2019B Bonds and premium on purchase not in excess of 1% was paid from other moneys available to the Authority. The Series 2019B Bonds are secured on a parity with the Series 2019A Bonds. The mortgage-backed certificates for the Series 2019B Bonds mature during the period from August 2049 through April 2050.

The GNMA mortgage certificates securing the Series 2019C Bonds and purchased from proceeds of the Series 2019C Bonds bear interest at pass-through rates from 4.00% to 4.50%, with a weighted average pass-through rate of 4.11%. They were outstanding in the principal amount of $5,636,987 at September 30, 2020. Their weighted average remaining term is 345 months or 28.8 years. An amount equal to 100% of the aggregate unpaid principal balance of the underlying mortgage loans comprising pools backing the GNMA securities was paid from proceeds of the Series 2019C Bonds and premium on purchase not in excess of 1% was paid from other moneys available to the Authority. The mortgage-backed certificates for the Series 2019C Bonds mature during the period from July 2049 through October 2049.

NOTE 4 - RESTRICTED INVESTMENTS (Continued)

The mortgage certificates for the Series 2016A Bonds bear interest at the pass-through rates of 4.69% and 4.89%. They were outstanding in the principal amount of $7,147,086 and $8,831,574 on September 30, 2020 and 2019, respectively. At September 30, 2020 and 2019, the weighted average remaining maturity for the 2016A MBS was 190 months or 15.8 years and 203 months or 16.9 years, respectively. The mortgage-backed certificates for the Series 2016A Bonds were purchased at an amount equal to 100.00% of the aggregate unpaid principal balance of the underlying mortgage loans comprising the pools backing GNMA certificates, 100.00% of the aggregate unpaid principal balance of the underlying mortgage loans comprising the pools backing FNMA securities, and 100.00% of the aggregate unpaid principal balance of the underlying mortgage loans comprising pools backing FHLMC securities. On April 26, 2016 (date of inception), Bond funds were used to purchase mortgage-backed certificates with par values (i.e., face amounts) totaling $16,861,686 at the price of $16,861,686. The mortgage-backed certificates for the Series 2016A Bonds mature during the period from July 2037 through October 2038.

The mortgage-backed certificate for the Series 2014B Bonds bears interest at the pass-through rate of 4.00%. They were outstanding in the principal amount of $1,949,394 and $2,292,587 on September 30, 2020 and 2019, respectively. At September 30, 2020 and 2019, the weighted average remaining maturity for the Series 2014B Bonds was 279 months or 23.3 years and 292 months or 24.3 years, respectively. The mortgage-backed certificate for the Series 2014B Bonds was purchased at an amount equal to 101.22% of the aggregate unpaid principal balance of the underlying mortgage loans comprising the pool backing the GNMA certificate. On August 29, 2014 (date of inception), Bond funds were used to purchase the mortgage-backed certificate with a par value (i.e., face amount) totaling $4,330,894 at the premium price of $4,383,731. The mortgage-backed certificate for the Series 2014B Bonds is recorded at fair market value and matures in August 2044.

The mortgage certificates are backed by mortgage loans made to qualified persons or families of low, moderate, or middle income to finance the purchase of single-family residences in the Counties and certain other counties designated by the Authority for participation in the program. The mortgage loans have a fixed interest rate ranging from 4.00% to 5.38% (Series 2019A Bonds), 5.85% to 7.55% (Series 2019A Bonds - Contributed MBS), 3.75% to 4.63% (Series 2019B Bonds), 4.61% to 5.00% (Series 2019C Bonds), 5.19% or 5.39% (Series 2016A Bonds), and 4.25% (Series 2014B Bonds), have level monthly payments and a term that does not exceed thirty years, and are assumable, but only if certain conditions are met.

The U.S. Bank money market deposit accounts are bank deposit accounts and direct obligations of U.S. Bank National Association. The money market deposit accounts are not rated, pay a variable market rate of interest, and are not evidenced by securities that exist in physical or book entry form. Authority management believes the carrying value (i.e., cost) approximates fair value. At September 30, 2020 and 2019, U.S. Bank National Association's long-term bank deposit rating and short-term bank deposit rating were Aal and P-1, respectively.

NOTE 4 - RESTRICTED INVESTMENTS (Continued)

At September 30, 2020 and 2019, restricted investments consisted of the following:

	2020	2019
Mortgage-backed certificates - Series 2019A Bonds	$ 14,252,479	$ 15,903,867
Mortgage-backed certificates - Series 2019B Bonds	12,734,012	-
Mortgage-backed certificates - Series 2019C Bonds	6,213,257	-
Mortgage-backed certificates - Series 2016A Bonds	7,816,284	9,366,501
Mortgage-backed certificates - Series 2014B Bonds	2,161,411	2,424,457
	43,177,443	27,694,825
Less current portion	5,202,915	2,150,395
Total	$ 37,974,528	$ 25,544,430

At September 30, 2020 and 2019, the mortgage-backed certificates at par value were as follows:

	2020	2019
Mortgage-backed certificates at fair value	$ 43,177,443	$ 27,694,825
Less: Net unrealized gain	(3,524,837)	(1,743,117)
Mortgage-backed certificates at par value	$ 39,652,606	$ 25,951,708

NOTE 5 - BANK PARTICIPATION AGREEMENTS

The Authority has purchased non-interest-bearing participation agreements from various commercial banks to provide funds for Habitat for Humanity. These agreements are collateralized by mortgages held by Habitat for Humanity and security deposits with the bank.

The Authority participates in these agreements so that Habitat for Humanity will have cash available to continue to build and finance affordable housing for low-income families in the community. Because these mortgages are not acquired primarily for the purpose of obtaining income or profit, they are not treated as investments. At September 30, 2020 and 2019, the principal balance outstanding totaled $126,543 and $138,543, respectively.

NOTE 6 - MULTI-FAMILY DEVELOPMENT INITIATIVE

The Authority's Multi-Family Development Initiative is a bi-dimensional effort, which includes the Multi-Family Development Loan Program (the "Multi-Family Development Program") and the Urban Infill Revolving Loan Program (the "Urban Infill Program") (collectively, the "Initiative").

A. Multi-Family Development Program

On December 9, 2014, the Authority appropriated funds for the Multi-Family Development Program in an effort to help alleviate the shortage of affordable multi-family housing in Escambia County. In connection therewith, the Board approved and appropriated $1,000,000 to finance the acquisition and development of properties suitable for multi-family affordable housing. During the years ended September 30, 2020 and 2019, the expenses (primarily legal, appraisal, architectural, financial advisory, title search, and planning, but excluding any allocation of a portion of the Authority personnel services expense and general counsel fees), incurred in connection with the Multi-Family Development Program were $664 and $2,489, respectively. During the years ended September 30, 2020 and 2019, there was no income related to this program.

B. Urban Infill Program

On December 9, 2014, the Authority also appropriated funds for the Urban Infill Program in an effort to help alleviate the shortage of affordable single family detached and attached (e.g., townhomes and duplexes) housing within Escambia County ("Infill Housing").

Twenty-one and seventeen homes were at various stages of completion at September 30, 2020 and 2019, respectively. Since the inception of the program, 46 homes have been completed and sold as of September 30, 2020. The outstanding principal balance of each mortgage loan is limited to a maximum amount of $100,000 (initially $75,000) and is payable in full from the proceeds of the sale of the home and lot. Mortgage loans made to participating builders for the construction of Infill Housing do not bear interest and may be prepaid in whole or in part at any time without penalty. Pursuant to the Urban Infill Loan Agreement, as amended, executed by each participating builder, the construction of each infill home must be fully completed and ready for occupancy within 120 days of the date of the respective building permit, unless extended by the Authority for good cause shown.

The sale of each infill home must occur within 60 days of receiving a certificate of occupancy (the "Sixty Day Deadline"). In the event a home is not sold to an eligible homebuyer by the Sixty-Day Deadline, participating builders are required to repay the total amount of interim construction financing advanced by the Authority within 10 days.

NOTE 6 - MULTI-FAMILY DEVELOPMENT INITIATIVE (Continued)

B. Urban Infill Program (Continued)

The Authority earns an administrative fee equal to either 2.5% of the sales price of infill homes constructed on Authority owned parcels or 1.5% of the sales price of infill homes constructed on builder owned parcels. Administrative fees along with the repayments of mortgage loans are processed and paid directly to the Authority by the closing agent from the sale proceeds of each home. Administrative fee income for the years ended September 30, 2020 and 2019 totaled $31,787 and $33,079, respectively. Correspondingly, during the years ended September 30, 2020 and 2019, the expenses (primarily legal and maintenance, but excluding any allocation of a portion of the Authority personnel services expense and general counsel fees), incurred in connection with the Urban Infill Program were $2,034 and $7,714, respectively. The Authority considers the mortgage loans made to participating builders to be fully collectible. Therefore, no allowance for loan losses is considered necessary.

The moneys appropriated for the two components of the Initiative may be used, under the respective programs, to either acquire parcels of land suitable for multi-family housing or to fund interest-free first mortgage loans for small builders as an incentive to construct the Infill Housing previously described. At September 30, 2020 and 2019, first mortgage loans receivable extended in connection with the Initiative were as follows:

	2020	2019
Urban Infill Program	$ 1,499,319	$ 1,183,020
Less: Unfunded amounts	(984,198)	(444,738)
Total	$ 515,121	$ 738,282

Moneys appropriated for the Urban Infill Program may also be utilized to fund the acquisition of properties which can be banked for subsequent transfer to participating builders (via Warranty Deed) for the future construction of Infill Housing (the “Banked Parcels”). During the year ended September 30, 2018, the Authority deeded its remaining Banked Parcel to a participating builder. As of September 30, 2020, the Authority had not purchased any additional banked properties.

NOTE 7 - AMORTIZING SECOND MORTGAGES RECEIVABLE

At September 30, 2020 and 2019, amortizing second mortgages receivable were as follows:

	2020	2019
Non-interest bearing second mortgages	$ 358,922	$ 460,373
Less: Allowance for loan losses	(108,079)	(131,414)
	250,843	328,959
Less: Current portion	(32,124)	(328,959)
Noncurrent portion	$ 218,719	$ -

As of September 30, 2020 and 2019, the Authority had appropriated and made available $6,903,040 to fund second mortgage loans in connection with its 2004A, 2006A, 2007A, 2007B, and GSE-R Single Family Mortgage Revenue Bond programs. As of September 30, 2020 and 2019, the Authority had used $6,047,155 of these moneys to make ten and twenty year amortizing second mortgage loans to provide borrowers with down payment and closing cost assistance.

As of September 30, 2020, the amount of moneys made available and used and the outstanding balances of the amortizing second mortgage loans were as follows:

Single Family Program (Maximum Loan Amount)	Moneys Made Available	Moneys Used	Loans Outstanding
Series 2004A ($10,000)	$ 1,175,000	$ 1,101,777	$ -
Series 2006A ($10,000)	1,603,040	1,491,700	11,982
Series 2007A ($7,000)	1,125,000	921,365	7,818
Series 2007B ($7,000)	1,000,000	958,815	13,354
Series GSE-R ($8,000)	2,000,000	1,573,498	325,768
September 30, 2020	$ 6,903,040	$ 6,047,155	$ 358,922

NOTE 7 - AMORTIZING SECOND MORTGAGES RECEIVABLE (Continued)

As of September 30, 2019, the amount of moneys made available and used and the outstanding balances of the amortizing second mortgage loans were as follows:

Single Family Program (Maximum Loan Amount)	Moneys Made Available	Moneys Used	Loans Outstanding
Series 2004A ($10,000)	$ 1,175,000	$ 1,101,777	$ -
Series 2006A ($10,000)	1,603,040	1,491,700	12,023
Series 2007A ($7,000)	1,125,000	921,324	7,777
Series 2007B ($7,000)	1,000,000	958,815	13,354
Series GSE-R ($8,000)	2,000,000	1,580,049	427,219
September 30, 2019	$ 6,903,040	$ 6,053,665	$ 460,373

Since the real properties, that collateralize the Authority's amortizing second mortgages receivable, are concentrated within one geographic location (participating Florida counties), there is a significant concentration of credit risk. In an effort to minimize this risk, it is the Authority's policy to consider certain existing conditions in the geographic location and to record liens on the real properties, at the time amortizing second mortgage loans are originated.

NOTE 8 - NON-AMORTIZING SECOND MORTGAGES RECEIVABLE

From time to time, the Authority has implemented non-amortizing second mortgage loan programs (the "Assistance Programs"). At September 30, 2020 and 2019, the Authority had outstanding non-amortizing second mortgage loans made in connection with its Single Family Mortgage Revenue Bond Program, Series 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2004, 2014B, 2019A, 2019B and 2019C, in addition to loans originated under the TBA model for the FTH Program. Loan amounts under the non-amortizing second mortgage programs were periodically established by the Authority based on market conditions at the time the respective programs were structured and have ranged from $1,700 to $10,000 over the years. This is referred to as the Classic Product. During March 2020, additional loan amounts were established for first time homebuyer loans through the TBA model as a percentage of the first mortgage amount, which included 3%, 4% and 5% loans (the "Percentage Based Product"). Loans for the Percentage Based Product sometimes exceeded $10,000, but on the average were somewhat less than the Classic Product.

NOTE 8 - NON-AMORTIZING SECOND MORTGAGES RECEIVABLE (Continued)

The majority of the non-amortizing second mortgage loans (i.e., both those made in connection with the Authority's Single Family Mortgage Revenue Bond Programs and the FTH Program through the TBA model) are non-interest bearing, have a stated term of 30 years, with principal due at the time the mortgagor no longer resides in the property or mortgagors' first mortgage loan is either repaid in full, is refinanced, or is in default. However, the Percentage Based Product loans are forgivable, but are required to be repaid if the home is sold or the affiliated first mortgage is paid or refinanced before the expiration of the forgiveness term. As of September 30, 2020, $332,977 of the non-amortizing second mortgages not assigned to bond issues are forgivable after five years and $46,758 of these second mortgages are forgivable after ten years.

During fiscal year ended September 30, 2020 and 2019, the Authority funded $1,480,788 and $1,789,187, respectively, in non-amortizing second mortgages under the Assistance Program. Of the $1,480,788 funded during fiscal year ended September 30, 2020, $480,459 was made available from bond premium funded from the Series 2019A Bonds and Series 2019B Bonds. Of the $1,789,187 funded during fiscal year ended September 30, 2019, $449,371 was made available from bond premium funded from the Series 2019A Bonds. Mortgages funded from bond premium were assigned to the applicable series of bonds and repayment proceeds will be used to pay debt service on those Bonds.

Excluding loans assigned to the Series 2019A and 2019B Bonds, as of September 30, 2020 and **2019**, non-amortizing second mortgage loans (net of write-offs) outstanding totaled $9,522,360 and $9,386,719, respectively.

To mitigate credit risk associated with the non-amortizing loans, the Authority records liens on the real properties at the time non-amortizing second mortgage loans are originated. Because of the long-term deferred repayment of such loans, the Authority accounts for the funding of the loans as a current operating expense and repayments are recognized as revenue when received.

For the years ended September 30, 2020 and 2019, the amount of non-amortizing second mortgage loan receipts recorded as operating revenue totaled $848,653 and $576,944, respectively.

For the years ended September 30, 2020 and 2019, the amount of non-amortizing second mortgage loan funding recorded as operating expense totaled $1,000,329 and $1,339,816, respectively.

NOTE 9 - CAPITAL ASSETS

The following tables provide a summary of changes in capital assets for the years ended September 30, 2020 and 2019:

	Beginning Balance	Additions	Disposals	Ending Balance
Office equipment	$ 38,094	$ -	$ -	$ 38,094
Land and improvements	560,000	-	-	560,000
Less accumulated depreciation	(23,161)	(6,933)	-	(30,094)
September 30, 2020	$ 574,933	$ (6,933)	$ -	$ 568,000

	Beginning Balance	Additions	Disposals	Ending Balance
Office equipment	$ 38,094	$ -	$ -	$ 38,094
Land and improvements	560,000	-	-	560,000
Less accumulated depreciation	(16,895)	(6,266)	-	(23,161)
September 30, 2019	$ 581,199	$ (6,266)	$ -	$ 574,933

NOTE 10 - BONDS PAYABLE

From time to time, the Authority has issued revenue bonds and other obligations to provide financial assistance to individuals, families, and private-sector entities. The financial assistance was provided to encourage the investment of private capital and stimulate the acquisition and construction of residential housing for low-, moderate-, and middle-income individuals and families. The bonds and other obligations are secured by the assets, revenues, receipts, and other resources of the bond programs and/or the properties financed.

Neither the Authority, Escambia County, the State of Florida, nor any political subdivision thereof is obligated in any manner for repayment of the bonds and other obligations.

NOTE 10 - BONDS PAYABLE (Continued)

As of September 30, 2020, the Authority had issued and outstanding the following bonds pursuant to its authorization:

	Issue Amount	Outstanding Amount
Direct Borrowings -		
Single Family Mortgage Revenue		
and Refunding Bonds:		
Series 2019A Bonds	$ 15,000,000	$ 14,670,000
Series 2019B Bonds	14,000,000	14,000,000
Series 2019C Bonds	6,481,473	5,744,191
Series 2016A Bonds	16,861,686	7,260,532
Series 2014B Bonds	4,335,000	2,069,685
Subtotal		43,744,408
Other Debt -		
Multi-Family Housing Revenue		
and Refunding Bonds:		
Springhill Apartments, Series 2019A	6,500,000	6,500,000
Taylor Pointe Apartments, Series 2019A	11,320,000	11,320,000
Delphin Downs Apartments, Series 2018	15,000,000	7,950,000
Johnson Lakes Project, Series 2006	9,000,000	3,943,017
Series 1985	20,000,000	217,158
Subtotal		29,930,175
Total		$ 73,674,583

The Authority's Multi-Family Mortgage Loan Revenue Bonds are not included in the Authority's financial statements because the developer or owner that is the borrower of the conduit bond funds, and not the Authority, is obligated to pay principal and interest on the bonds. The Authority's Single-family Mortgage Loan Revenue Bonds are included in the Authority's financial statements because the Authority is obligated to pay principal and interest on the bonds, but only from the designated trust funds pledged to secure the bonds.

As of September 30, 2020, the Authority was unaware of and had received no notice of default from the trustees for any of its single family, dormitory, and multi-family bond programs, except for the Single-Family Mortgage Revenue Bonds, Series 1985 ("Series 1985 Bonds"). Due to the structure of the capital appreciation bond, $410,000 remained outstanding at December 1, 2016, the maturity date. The Series 1985 Bonds were secured by bond insurance issued by Financial Guaranty Insurance Company ("FGIC"), and FGIC was expected to pay the remaining balance.

NOTE 10 - BONDS PAYABLE (Continued)

However, in March 2009, Moody's Investor's Services withdrew its rating for FGIC, and FGIC worked with regulators to create a plan for restructuring and rehabilitation. Holders of bonds insured by FGIC were notified of the rehabilitation plan. Under FGIC's rehabilitation plan, FGIC's claims paying agents agreed to distribute payments through a 40-year run off period to the bond holders. As of September 30, 2020, the outstanding balance was $217,158 due to bond holders.

The following is a summary of changes in bonds payable:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020	Due Within One Year
Series 2019A Bonds	$ 15,000,000	$ -	$ (330,000)	$ 14,670,000	$ 195,000
Series 2019B Bonds	-	14,000,000	-	14,000,000	-
Series 2019C Bonds	-	6,481,473	(737,282)	5,744,191	-
Series 2016A Bonds	9,080,944	-	(1,820,412)	7,260,532	1,452,586
Series 2014B Bonds	2,297,314	-	(227,629)	2,069,685	201,469
	$ 26,378,258	$ 20,481,473	$ (3,115,323)	$ 43,744,408	$ 1,849,055

Bonds payable consisted of the following at September 30:

	2020	2019
Series 2019A Bonds -		
$15,000,000 serial and term bonds bearing interest ranging from 1.75% to 4.75% payable April 1 and October 1 of each year, maturing on April 1, 2050	$ 14,670,000	$ 15,000,000
Series 2019B Bonds -		
$14,000,000 serial and term bonds bearing interest ranging from 1.50% to 3.50% payable April 1 and October 1 of each year, maturing on April 1, 2051	$ 14,000,000	$ -
Series 2019C Bonds -		
$6,481,473 term bonds bearing interest at 3.00% payable monthly, maturing December 1, 2049	$ 5,744,191	$ -

NOTE 10 - BONDS PAYABLE (Continued)

	2020	2019
Series 2016A Bonds -		
$16,681,686 term bonds bearing interest at 2.85% payable monthly, maturing on November 1, 2038	$ 7,260,532	$ 9,080,944
Series 2014B Bonds -		
$4,335,000 term bonds bearing interest at 3.125% payable monthly, maturing on August 1, 2044	2,069,685	2,297,314
	43,744,408	26,378,258
Less current portion	1,849,055	1,923,378
Total	$ 41,895,353	$ 24,454,880

Series 2019A Bonds debt service requirements on bonds payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	$ 195,000	$ 1,561	$ 196,561
2022	385,000	553,815	938,815
2023	400,000	542,538	942,538
2024	415,000	530,526	945,526
2025	430,000	517,630	947,630
2026-2030	1,795,000	2,396,420	4,191,420
2031-2035	1,890,000	2,085,980	3,975,980
2036-2040	2,370,000	1,675,069	4,045,069
2041-2045	3,015,000	1,142,474	4,157,474
2046-2050	3,775,000	446,625	4,221,625
Total	$ 14,670,000	$ 9,892,638	$ 24,562,638

NOTE 10 - BONDS PAYABLE (Continued)

Series 2019B Bonds debt service requirements on bonds payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	$ -	$ 579,488	$ 579,488
2022	285,000	428,686	713,686
2023	290,000	422,620	712,620
2024	300,000	416,128	716,128
2025	310,000	409,258	719,258
2026-2030	1,675,000	1,927,296	3,602,296
2031-2035	1,985,000	1,675,762	3,660,762
2036-2040	2,375,000	1,342,552	3,717,552
2041-2045	2,860,000	922,995	3,782,995
2046-2050	3,090,000	389,856	3,479,856
2051	830,000	22,699	852,699
Total	$ 14,000,000	$ 8,537,340	$ 22,537,340

Series 2019C Bonds debt service requirements on bonds payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	$ -	$ 172,326	$ 172,326
2022	-	172,326	172,326
2023	-	172,326	172,326
2024	-	172,326	172,326
2025	-	172,326	172,326
2026-2030	-	861,629	861,629
2031-2035	-	861,629	861,629
2036-2040	-	861,629	861,629
2041-2045	-	861,629	861,629
2046-2050	5,744,191	861,629	6,605,820
Total	$ 5,744,191	$ 5,169,772	$ 10,913,963

NOTE 10 - BONDS PAYABLE (Continued)

Series 2016A Bonds debt service requirements on bonds payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	$ 1,452,586	$ 206,925	$ 1,659,511
2022	-	206,925	206,925
2023	-	206,925	206,925
2024	-	206,925	206,925
2025	-	206,925	206,925
2026 - 2030	-	1,034,626	1,034,626
2031 - 2035	-	1,034,626	1,034,626
2036 - 2039	5,807,946	827,701	6,635,647
Total	$ 7,260,532	$ 3,931,578	$ 11,192,110

Series 2014B Bonds debt service requirements on bonds payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	$ 201,469	$ 64,678	$ 266,147
2022	-	64,678	64,678
2023	-	64,678	64,678
2024	-	64,678	64,678
2025	-	64,678	64,678
2026-2030	-	323,388	323,388
2031-2035	-	323,388	323,388
2036-2040	-	323,388	323,388
2041-2044	1,868,216	312,609	2,180,825
Total	$ 2,069,685	$ 1,606,163	$ 3,675,848

The principal amounts for the year ending September 30, 2020 are based on both known and estimated amounts and assuming no principal prepayments on the mortgage loans (i.e., which underlie the mortgage-backed certificates) in the calculation of the estimated amounts. While portions of the Bonds are expected to be mandatorily redeemed subsequent to the year ending September 30, 2020, no such amounts have been estimated and included in the above schedules.

At September 30, 2020, all of the Bonds were rated Aaa by Moody's Investors Service.

NOTE 10 - BONDS PAYABLE (Continued)

Optional Redemptions:

Series 2019A Bonds are subject to redemption from any source of available funds, at the option of the Authority, in whole or in part on the first business day of any month, on or after October 1, 2028 at the redemption prices equal to the principal amount being so redeemed, together with accrued interest to the date of redemption. If in part, such Series 2019A Bonds will be selected for redemption in the order described in the Supplemental Trust Indenture pertaining to the Series 2019A Bonds.

Series 2019B Bonds are subject to redemption from any source of available funds, at the option of the Authority, in whole or in part on the first business day of any month, on or after April 1, 2029 at the redemption prices equal to the principal amount being so redeemed, together with accrued interest to the date of redemption. If in part, such Series 2019B Bonds will be selected for redemption in the order described in the Supplemental Trust Indenture pertaining to the Series 2019B Bonds.

Series 2019C Bonds are subject to redemption from any source of available funds, at the option of the Authority, in whole or in part on the first business day of any month, on or after April 1, 2029 at the redemption prices equal to the principal amount being so redeemed, together with accrued interest to the date of redemption. If in part, such Series 2019C Bonds will be selected for redemption in the order described in the Supplemental Trust Indenture pertaining to the Series 2019C Bonds. An optional redemption effected when the Series 2019C Bonds are held in the Depository Trust Company ("DTC") book-entry only system is expected to be made as a "pro-rata pass-through distribution of principal" by DTC.

Series 2016A Bonds are subject to redemption from any source of available funds, at the option of the Authority, in whole but not in part on any date on or after October 1, 2025 at the redemption prices equal to the principal amount being so redeemed, together with accrued interest to the date of redemption. An optional redemption effected when the Series 2016A Bonds are held in the DTC book-entry only system is expected to be made as a "pro-rata pass-through distribution of principal" by DTC.

The Series 2014B Bonds are subject to optional redemption from any source of available funds, at the option of the Authority, in whole or in part on any date on or after June 1, 2024, at the redemption prices equal to the principal amount being so redeemed, together with accrued interest to the date of redemption. If in part, such Series 2014B Bonds will be selected for redemption in the order described in the Supplemental Trust Indenture pertaining to the Series 2014B Bonds. An optional redemption effected when the Series 2014B Bonds are held in the DTC book-entry only system is expected to be made as a "pro-rata pass-through distribution of principal" by DTC.

NOTE 10 - BONDS PAYABLE (Continued)

Optional Redemptions (Continued):

The Bonds may, at the direction of the Authority, be redeemed in whole or in some circumstances in part on any date on or after October 1, 2028 (Series 2019A Bonds), April 1, 2029 (Series 2019B Bonds), April 1, 2029 (Series 2019C Bonds), October 1, 2025 (Series 2016A Bonds), or June 1, 2024 (Series 2014B Bonds), at the redemption prices equal to the principal amount being so redeemed, together with accrued interest to the date of redemption, if proceeds of the sale of all or a portion of the Bonds' mortgage-backed certificates, together with other available moneys on deposit with the Trustee will be sufficient, as determined by or on behalf of the Authority and confirmed with the Trustee, to redeem the applicable Bonds to be so redeemed in accordance with the Trust Indentures and to pay redemption premiums, if any, expenses of such redemption, and any unpaid trustee fees, rebate analyst fees, and expenses and rebate requirement.

The Supplemental Trust Indentures for each Series of the Bonds stipulate that certain financial analyses are required for optional redemptions of less than all of the outstanding Bonds.

Mandatory Redemptions:

The Series 2019A Bonds are subject to mandatory redemption and mandatory sinking fund redemption prior to their stated maturities as a whole or in part at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, without premium, on any interest payment date, and at any time at the written direction of the Authority, on or after October 1, 2019, from prepayments of principal for the mortgage loans underlying the mortgage certificates or from certain surpluses. The Series 2019A Bonds so redeemed must be called in the order specified in the Trust Indenture relating to the Series 2019A Bonds.

Series 2019A Bonds mandatory redemptions totaling $330,000 were paid during the year ended September 30, 2020. No mandatory redemptions were made during year ended September 30, 2019. These mandatory redemptions were redeemed from moneys representing regularly scheduled repayments of the mortgage certificates and prepayments of principal for the mortgage loans underlying the mortgage certificates.

The Series 2019B Bonds are subject to mandatory redemption and mandatory sinking fund redemption prior to their stated maturities as a whole or in part at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, without premium, on any interest payment date, and at any time at the written direction of the Authority, on or after April 1, 2020, from prepayments of principal for the mortgage loans underlying the mortgage certificates or from certain surpluses. The Series 2019B Bonds so redeemed must be called in the order specified in the Supplemental Trust Indenture relating to the Series 2019B Bonds.

NOTE 10 - BONDS PAYABLE (Continued)

Mandatory Redemptions (Continued):

A portion of the Series 2019B Bonds are also subject to special mandatory redemption on December 1, 2022, in the event that certain moneys on deposit in the 2019B Acquisition Account have not been expended for the purchase of 2019B Guaranteed Mortgage Securities and 2019B DPA Loans at the redemption price specified in the Supplemental Trust Indenture. The Series 2019B Bonds are subject to mandatory sinking fund redemption in the amounts specified in the Supplemental Trust Indenture relating to the Series 2019B Bonds.

No mandatory redemptions of the Series 2019B Bonds were paid during the year ended September 30, 2020.

The Series 2019C Bonds are subject to mandatory redemption prior to their stated maturity in whole or in part by the Trustee at a redemption price equal to 100% of the principal amount thereof; plus accrued interest thereon to the date of redemption, without premium, on the first day of each month, commencing December 1, 2019, to the extent there are regularly scheduled repayments of the mortgage certificates and prepayments of principal for the mortgage loans underlying the mortgage certificates, received in the immediately preceding calendar month. A mandatory redemption effected when the bonds are held in the DTC book-entry only system is expected to be made as a "pro-rata pass-through distribution of principal" by DTC. The Series 2019C Bonds are not subject to mandatory sinking fund redemptions.

Series 2019C Bonds mandatory redemptions totaling $737,282 were paid during the year ended September 30, 2020. These mandatory redemptions were redeemed from moneys representing regularly scheduled repayments of the mortgage certificates and prepayments of principal for the mortgage loans underlying the mortgage certificates.

The Series 2016A Bonds are subject to mandatory redemption prior to their stated maturity in whole or in part by the Trustee at a redemption price equal to 100% of the principal amount thereof; plus accrued interest thereon to the date of redemption, without premium, on the first day of each month, commencing June 1, 2016, to the extent there are regularly scheduled repayments of the mortgage certificates and prepayments of principal for the mortgage loans underlying the mortgage certificates, received in the immediately preceding calendar month. A mandatory redemption effected when the bonds are held in the DTC book-entry only system is expected to be made as a "pro-rata pass-through distribution of principal" by DTC. The Series 2016A Bonds shall be mandatorily redeemed in minimum denominations of one dollar. The Series 2016A Bonds are not subject to mandatory sinking fund redemption.

Series 2016A Bonds mandatory redemptions totaling $1,820,412 and $1,894,402 were paid during the years ended September 30, 2020 and 2019, respectively. These mandatory redemptions of the term bonds due November 1, 2038 were redeemed from moneys representing regularly scheduled repayments of the mortgage certificates and prepayments of principal for the mortgage loans underlying the mortgage certificates.

NOTE 10 - BONDS PAYABLE (Continued)

Mandatory Redemptions (Continued):

The Series 2014B Bonds are subject to mandatory redemption prior to their stated maturity in whole or in part by the Trustee at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, without premium, on the first day of each month, commencing October 1, 2014, to the extent there are regularly scheduled repayments of the GNMA certificate and prepayments of principal for the mortgage loans underlying the GNMA certificate, received in the immediately preceding calendar month. The bonds are to be mandatorily redeemed in minimum denominations of one dollar. The Series 2014B Bonds are not subject to mandatory sinking fund redemption.

Series 2014B Bonds mandatory redemptions totaling $227,629 and $437,912 were paid during the years ended September 30, 2020 and 2019, respectively. Those mandatory redemptions of the term bonds due August 1, 2044 were redeemed from moneys representing regularly scheduled repayments of the GNMA certificate and prepayments of principal for the mortgage loans underlying the GNMA certificate.

NOTE 11 - PENSION OBLIGATIONS

Florida Retirement System:

As provided by Chapters 121 and 112, Florida Statutes, the Florida Retirement System ("FRS") provides two cost-sharing multiple-employer defined benefit plans administered by the Florida Department of Management Services Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan") for participating public employees.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Division of Retirement, 2639 N. Monroe Street, Building C, Tallahassee, Florida 32399 or calling 1-850-488-6491; by e-mail at rep@dms.myflorida.com; or at the Florida Department of Management Services Division of Retirement website: (http://www.dms.myflorida.com/workforce_operations/retirement/publications).

Pension Plan:

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan. The Pension Plan was amended in 1998 to add the Deferred Retirement Option Program ("DROP") and amended in 2000 to provide a defined contribution plan alternative for FRS members.

NOTE 11 - PENSION OBLIGATIONS (Continued)

Pension Plan (Continued):

Benefits Provided - Authority employees are covered by the Pension Plan unless they have elected to participate in the FRS Investment Plan in lieu of the Pension Plan. Employees who retire with 30 years of credited service or at age 62 with 6 years of credited service are entitled to a benefit, payable monthly for life, equal to 1.6 percent of their average final compensation for each year of credited service. Average final compensation is the employee's average salary for the five highest years of salary earned during covered employment. Benefits fully vest on reaching 6 years of credited service for employees hired through June 30, 2011 and on reaching 8 years of credited service for employees hired after that date. Vested employees may retire before age 62 or 30 years of credited service and receive reduced retirement benefits. The Pension Plan also provides death and disability benefits.

The DROP permits employees eligible for normal retirement under the Pension Plan to defer receipt of monthly benefit payment while continuing employment with an FRS participating employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

Contributions - The Authority is required by State statute to make contributions to the Pension Plan equal to a certain percent of covered employees' salaries. Authority employees are members of the regular class. The employer and employee contribution rates at September 30, 2020 were 10% and 3%, respectively.

The Authority's contributions to the Pension Plan totaled $38,075, $33,734, and $28,173 for the years ended September 30, 2020, 2019, and 2018, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020 and 2019, the Authority reported net pension liability of $473,108 and $349,442, respectively, for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 and 2019, respectively. The Authority's proportionate share of net pension liability was based on the Authority's fiscal year contributions relative to the fiscal year contributions of all participating members. On June 30, 2020 and 2019, the Authority's proportionate share was 0.001091582% and 0.001014681%, respectively.

For the years ended September 30, 2020 and 2019, the Authority recognized pension expense of $107,857 and $92,739, respectively, related to the Pension Plan.

NOTE 11 - PENSION OBLIGATIONS (Continued)

Pension Plan (Continued):

In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the years ended September 30, 2020 and 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2020:		
Differences between expected and actual experience	$ 18,107	$ -
Change of assumptions	85,648	-
Net difference between projected and actual earnings on Pension Plan investments	28,169	-
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	36,024	1,536
Authority Pension Plan contributions subsequent to the measurement date	10,908	-
Total	$ 178,856	$ 1,536

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2019:		
Differences between expected and actual experience	$ 20,726	$ 217
Change of assumptions	89,752	-
Net difference between projected and actual earnings on Pension Plan investments	-	19,333
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	26,837	3,442
Authority Pension Plan contributions subsequent to the measurement date	8,142	-
Total	$ 145,457	$ 22,992

NOTE 11 - PENSION OBLIGATIONS (Continued)

Pension Plan (Continued):

The deferred outflows of resources related to the Pension Plan totaling $10,908 resulting from Authority contributions to the Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30		
2021	$	34,827
2022		50,701
2023		45,185
2024		29,008
2025		4,092
Thereafter		2,599
Total	$	166,412

Actuarial Assumptions - The total pension liability in the July 1, 2020 and 2019 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation

The investment rate of return used in the July 1, 2020 and 2019 valuations was 6.80% and 6.90%, respectively.

Mortality rates were based on the PUB-2010 base table projected generationally with scale MP-2018 details.

The actuarial assumptions used in the July 1, 2020 and 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based in 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.

NOTE 11 - PENSION OBLIGATIONS (Continued)

Pension Plan (Continued):

The target allocation and best estimates of arithmetic and geometric real rates of return for each major class are summarized in the following table:

	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.20%	2.20%	1.20%
Fixed income	19.00%	3.00%	2.90%	3.50%
Global equity	54.20%	8.00%	6.70%	17.10%
Real estate	10.30%	6.40%	5.80%	11.70%
Private equity	11.10%	10.80%	8.10%	25.70%
Strategic investments	4.40%	5.50%	5.30%	6.90%
	100.00%			
Assumed inflation - Mean			2.40%	1.70%

Note: (1) As outlined in the Pension Plan's investment policy.

Discount Rate - The discount rate used to measure the total pension liability was 6.80% and 6.90% for the July 1, 2020 and 2019 valuations, respectively. The Pension 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 Pension Liability to Changes in the Discount Rate - The following table presents the Authority's proportionate share of net pension liability calculated using the discount rate of 6.80% as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.80%) or 1% higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Authority's proportionate share of the net pension liability	$ 755,474	$ 473,108	$ 237,275

NOTE 11 - PENSION OBLIGATIONS (Continued)

Pension Plan (Continued):

Pension Plan Fiduciary Net Position - Detailed information about the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2020 and 2019, the Authority reported payables of $3,758 and $2,867, respectively, for the outstanding amount of contributions to the Pension Plan required for the years ended September 30, 2020 and 2019.

HIS Plan:

Plan Description - The 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 the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided - For the years ended September 30, 2020 and 2019, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum payment of $30 and a maximum payment of $150 per month pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which includes 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. At September 30, 2020 and 2019, the contribution rate was 1.66%. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which 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 cancelled.

The Authority's contributions to the HIS Plan totaled $10,330, $10,282, and $9,371 for the years ended September 30, 2020, 2019, and 2018, respectively.

NOTE 11 - PENSION OBLIGATIONS (Continued)

HIS Plan (Continued):

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2020 and 2019, the Authority reported a net pension liability of $221,547 and $205,930, respectively, for its proportionate share of the HIS Plan's net pension liability. Actuarial valuations for the HIS Plan are conducted biennially. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The Authority's proportionate share of net pension liability was based on the Authority's fiscal year contributions relative to the fiscal year contributions of all participating members. On June 30, 2020 and 2019, the Authority's proportionate share was 0.001814495% and 0.001840464%, respectively.

For the years ended September 30, 2020 and 2019, the Authority recognized pension expense of $26,531 and $24,480, respectively, related to the HIS Plan. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the years ended September 30, 2020 and 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2020:		
Differences between expected and actual experience	$ 9,063	$ 171
Change of assumptions	23,823	12,882
Net difference between projected and actual earnings on HIS Plan investments	177	-
Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions	28,072	3,943
Authority contributions subsequent to the measurement date	2,404	-
Total	$ 63,539	$ 16,996

NOTE 11 - PENSION OBLIGATIONS (Continued)

HIS Plan (Continued):

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2019:		
Differences between expected and actual experience	$ 2,501	$ 252
Change of assumptions	23,845	16,831
Net difference between projected and actual earnings on HIS Plan investments	133	-
Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions	38,052	2,849
Authority contributions subsequent to the measurement date	2,528	-
Total	$ 67,059	$ 19,932

The deferred outflows of resources related to pensions totaling $2,404 resulting from Authority contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	
2021	$ 11,967
2022	10,537
2023	8,586
2024	8,107
2025	3,793
Thereafter	1,149
Total	$ 44,139

Actuarial Assumptions - The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation

NOTE 11 - PENSION OBLIGATIONS (Continued)

HIS Plan (Continued):

The municipal bond rate used for the June 30, 2020 and 2019 measurement dates was 2.21% and 3.50%, respectively.

Mortality rates were based on the PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability on June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. 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 HIS 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 table presents the Authority's proportionate share of net pension liability calculated using the discount rate of 2.21% as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1%-point lower (1.21%) or 1%-point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Authority's proportionate share of the net pension liability	$ 256,098	$ 221,547	$ 193,267

Pension Plan Fiduciary Net Position - Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2020 and 2019, the Authority reported payables of $826 and $843, respectively, for the outstanding amount of contributions to the HIS Plan required for the years ended September 30, 2020 and 2019.

NOTE 11 - PENSION OBLIGATIONS (Continued)

Florida Retirement System Investment Plan:

The Authority contributes to the FRS Investment Plan ("Investment Plan"), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA and 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 Pension Plan. Authority employees participating in DROP are not eligible to participate in the Investment Plan. Authority board members who all serve on a voluntary, non-compensated basis are not eligible to enroll in the FRS.

Service retirement benefits are based upon the value of the member's account upon retirement. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded utilizing the uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes, which uses the same total employer and employee contribution rates that are based on salary and membership class as the FRS Pension Plan. Authority employees are members of the Regular Class. A portion of the contributions are directed to individual member accounts, and individual members allocate those contributions and account balances among various approved investment choices. Allocations to the investment members' accounts during the years ended September 30, 2020 and 2019 were as follows:

	Percent of Gross Salary	
Class	Employee	Employer
Florida Retirement System, Regular	3.00	3.30

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. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, were funded through an employer contribution of a percentage of payroll and by forfeited benefits of Investment Plan members. The employer contribution rate for administration, as a percentage of payroll, was 0.06% during the years ended September 30, 2020 and 2019.

NOTE 11 - PENSION OBLIGATIONS (Continued)

Florida Retirement System Investment Plan (Continued):

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; 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 FRS Investment Plan contributions and pension expense totaled $6,143, $7,095, and $7,332, for the years ended September 30, 2020, 2019, and 2018, respectively. Employee contributions totaled $5,585 and $6,450, for the years ended September 30, 2020 and 2019, respectively.

Payables to Pension Plan:

Included in the amounts reported as "Salaries and related benefits" and "Accounts payable and accrued expenses" is $6,466 and $5,822 payable to the Florida Retirement System as of September 30, 2020 and 2019, respectively. The amounts are for legally required contributions (based on September 2020 and 2019 payroll) not remitted to the plan until October 2020 and 2019, respectively.

NOTE 12 - DEFERRED COMPENSATION PLANS

The Authority participates in two deferred compensation plans ("DCP" or collectively "DCPs") available under Internal Revenue Code Section 457(b). Each DCP's assets are held in trust for the exclusive benefit of the DCP participants and their beneficiaries. DCP participation is voluntary and DCP participants select their individual level of contribution (not to exceed maximum contribution limits established by the Internal Revenue Service) and investments. The Authority has agreed to serve as coordinator under the DCPs but makes no contributions to the DCPs.

NOTE 13 - NET POSITION

Restricted Net Position:

Restricted net position consisted of the following on September 30:

	2020	Restated 2019
FTH Program	$ 5,000,000	$ 617,856
Series 2019A Bonds	2,293,734	2,221,191
Series 2019B Bonds	1,113,229	-
Series 2019C Bonds	638,969	-
Series 2016A Bonds	707,666	580,127
Series 2014B Bonds	244,917	159,511
	$ 9,998,515	$ 3,578,685

Certain funds are restricted as to their use, pursuant to official action of the Authority and/or the various financing documents governing the First Time Homebuyer Program. These amounts were restricted and available to provide funds for the purchase and temporary holding (pending sale to the Authority's counterparty) of mortgage-backed securities. The restricted assets are classified as cash and cash equivalents.

The restricted net position related to the Bonds is comprised of the accumulated net earnings from operating revenues and expenses. The Bonds' Trust Indentures provide for the payment of issuer fees to the Authority for administration fees and reimbursement of costs associated with the administration of the bond programs. Otherwise, pursuant to the provisions of the Trust Indentures, the assets and net position are retained to satisfy bond debt service obligations and pay program expenses.

Designated Unrestricted Net Position:

The Authority has adopted, at its discretion, certain designations of unrestricted net position. These designations are not binding and may be changed by the Authority at any time.

At September 30, 2020 and 2019, designated unrestricted net position related to the Multi-Family Development Initiative Program totaled $2,200,000. As of September 30, 2020, these amounts were designated and available to provide funds for the acquisition and development of properties suitable for multi-family affordable housing, to provide low-cost capital to incentivize qualified small builders to develop and construct scattered site infill housing, to provide capital to incentivize qualified builders and non-profits to develop and construct mini homes, and to provide capital to fund construction of homes on lots owned and/or provided to the Authority by the City of Pensacola (the "City") and/or Escambia County in partnership with the City and/or County, for low, moderate, and middle income persons.

NOTE 13 - NET POSITION (Continued)

Designated Unrestricted Net Position (Continued):

See below for a summary of the Multi-Family Designated funds:

	2020	2019
Multi-Family development expenses	$ 500,000	$ 500,000
Urban Infill participating builders revolving loans	2,000,000	2,000,000
Mini Homes expenses	200,000	200,000
Total	$ 2,700,000	$ 2,700,000

At September 30, 2020 and 2019, designated unrestricted net position related to the First Time Homebuyer Program totaled $1,500,000 and $652,500, respectively. These amounts were designated and available to provide funding for down payment and closing cost assistance.

NOTE 14 - FIRST TIME HOMEBUYER SINGLE FAMILY MORTGAGE LOAN PROGRAM

Since the Authority was created, the Authority has offered a First Time Homebuyer Single Family Mortgage Loan Program in Escambia County and in other counties that have joined with Escambia County by interlocal agreements or other official action of their governing Boards. Participating lenders work with the Authority to originate single family mortgages for qualifying first time homebuyers throughout the Authority's area of operation. The Authority establishes parameters for qualifying income, qualifying sales price, and acceptable mortgage terms and provides down payment and closing cost assistance to eligible homebuyers.

During the year ended September 30, 2013, the Authority transitioned its First Time Homebuyer Program from a traditional program financed by tax-exempt bonds to a program primarily financed through the sale of GNMA mortgage-backed securities on a TBA basis. The TBA method of finance involves the pooling of qualified mortgages into MBS, which are then sold into the public financial markets. GNMA MBS evidence the guarantee by GNMA of monthly principal and interest on qualifying mortgage loans insured or guaranteed by FHA, VA, or RD. The First Time Homebuyer Program was branded as the "Big Splash Single Family (Multi-County) Program."

NOTE 14 - FIRST TIME HOMEBUYER SINGLE FAMILY MORTGAGE LOAN PROGRAM (Continued)

In 2013, the Authority entered into a servicing agreement with U.S. Bank National Association (the "Master Servicer"), whereby the Master Servicer agreed to purchase and pool the Authority's mortgage loans into mortgage-backed securities for the subsequent purchase and resale (i.e., resale to occur when feasible) by the Authority. The Servicing Agreement was amended and updated effective March 22, 2019.

To facilitate the holding and resale of the MBS, the Authority entered into (1) a Custodial and Trust Services Agreement with U.S. Bank National Association (the "Custodian") and (2) a Master Securities Forward Transaction Agreement with its trading partner, Brean Capital, LLC ("Brean").

During the year ended September 30, 2017, the Authority added a conventional option permitting acquisition and sale of Freddie Mac MBS. Freddie Mac MBS evidence the guarantee by Freddie Mac of monthly principal and interest on qualifying mortgage loans insured or guaranteed by Freddie Mac. During fiscal year 2017, the Authority's First Time Homebuyer Program began to be offered in two distinct formats: the Single Family Governmental Program Option ("Government Program Option") and the Freddie Mac Housing Finance Agency Advantage Conventional Program Option ("Conventional Program Option"). All program loans continued to be available for eligible first-time homebuyers with competitive interest rates and down payment assistance ("DPA"), which could be in the form of loans or grants in such amounts and upon such terms established by the Authority from time to time.

In November 2018, after many years of operating and financing the First Time Homebuyer Program only on a TBA basis, the Authority determined that it could best address the needs of its constituents by using bonds to finance its Governmental Program Option. At that point, the Governmental Program Option was changed to a bond-financed program. The Conventional Program Option continued to be financed on a traditional TBA basis until June 18, 2019, at which time the traditional TBA program was updated to a Best Efforts TBA Structure. Once all proceeds of the Series 2019B and 2019C Bond were originated, the Governmental Program Option was also moved to the Best Efforts TBA Structure.

Conventional Program Option:

During the year ended September 30, 2019, the Conventional Program Option was financed through a TBA method and had the following activity:

	2019
Mortgage loan originations	$ 15,139,850
MBS (par value) purchased	$ 13,131,053
MBS (par value) sold and/or principal remittances collected	$ 13,131,053
Income recognized in connection with the FTH Program	$ 927,574
Expenses incurred in connection with the FTH Program	$ 557,119
Pair off transactions to settle MBS forward contracts	$ 5,512,000

NOTE 14 - FIRST TIME HOMEBUYER SINGLE FAMILY MORTGAGE LOAN PROGRAM (Continued)

Conventional Program Option (Continued):

There were no MBS Forward Contracts outstanding or entered into during fiscal year ended September 30, 2020, and there were no MBS Forward Contracts outstanding at September 30, 2019.

Governmental Program Option:

The Governmental Program Option continued to be financed on a TBA basis until November 2018, at which time the Authority began pooling and warehousing GNMA MBS for bond issues. As discussed in Note 1, the Authority issued Series 2019A Bonds on April 30, 2019. Of the $15,627,988 bond-eligible ("BE") mortgage loan originations for the year ended September 30, 2019, approximately $6 million had already been originated and pooled into GNMA MBS at the time of the Series 2019A Bond issuance. All proceeds of the Series 2019A Bonds available to originate loans had been expended as of September 30, 2019. Bond premium from the sale of the Series 2019A Bonds in the amount of $589,200 was made available to fund DPA loans related to bond-financed first mortgages.

As discussed in Note 1, Series 2019B Bonds and Series 2019C Bonds were issued during fiscal year ended September 30, 2020. At September 30, 2020, the Series 2019B Bonds were fully originated, except for certain funds held back to fund 0% interest participations with respect to the Series 2019B Bonds. Bond premium from the sale of the Series 2019B Bonds in the amount of $360,000 was made available to fund DPA loans related to bond-financed first mortgages. The Series 2019C Bonds were fully originated at issuance.

During the years ended September 30, 2020 and 2019, the Governmental Program Option had the following activity:

	2020	2019
Mortgage loan originations	$ 2,125,112	$ 15,627,988
BE MBS (par value) purchased	$ 2,121,544	$ 10,903,118
BE MBS (par value) sold and/or principal remittances collected	$ 2,121,544	$ 10,903,118
BE income recognized in connection with the FTH Program	$ 31,897	$ 92,050
BE expenses incurred in connection with the FTH Program	$ 34,944	$ 176,505

Beginning in March 2020, the Government Program Option switched from financing loans through the issuance of revenue bonds to the TBA method, which is the Best Efforts TBA Structure.

NOTE 14 - FIRST TIME HOMEBUYER SINGLE FAMILY MORTGAGE LOAN PROGRAM (Continued)

The Best Efforts TBA Structure:

In June 2019, following a competitive selection process, the Authority entered a Master Trade Confirmation agreement with Hilltop Securities, Inc. ("HTS") pursuant to which HTS was engaged as Administrator to provide a range of services with respect to the Authority's FTH Program, including: agreeing to purchase MBS backed by eligible single family mortgage loans ("Mortgage Loan(s)") at pre-determined prices; managing and hedging the Authority's Mortgage Loan pipeline; monitoring the Mortgage Loan pipeline and fallout providing training and information to Authority staff on the means to manage, hedge and monitor the Authority's Mortgage Loan pipeline; and sell and arrange delivery of MBS to investors. Initially, HTS only operated the Conventional Program Option; however, commencing in March 2020, HTS began operating both the Conventional Program Option and the Governmental Program Option on the Best Efforts TBA Structure.

The agreement with HTS provides that HTS will operate the FTH Program on a Best Efforts basis, assuming the risk of:

- Potential borrowers not closing on Mortgage Loans,
- Mortgage Loans not being acquired by or on behalf of the Authority,
- Mortgage Loans acquired by or on behalf of the Authority that are determined after purchase to be ineligible for a Freddie Mac guarantee, or are otherwise ineligible for pooling into a TBA Deliverable Security, and
- Fluctuations in market interest rates.

Although the HTS agreement involves pooling loans into MBS and selling MBS into the market, the Authority is not required to enter into MBS Forward Contracts or to otherwise be responsible for interest rate risk.

During the year ended September 30, 2020, the Best Efforts TBA Structure had the following activity:

	2020
Mortgage loan originations	$ 21,508,151
TBA MBS (par value) purchased	$ 12,271,044
TBA MBS (par value) sold and/or principal remittances collected	$ 12,271,044
TBA income recognized in connection with the FTH Program	$ 987,888
TBA expenses incurred in connection with the FTH Program	$ 346,990

NOTE 14 - FIRST TIME HOMEBUYER SINGLE FAMILY MORTGAGE LOAN PROGRAM (Continued)

First Time Homebuyer Program:

Participating lenders for the Authority's First Time Homebuyer Program originated mortgage loans bearing interest (the interest rate is periodically adjusted to reflect market changes) at rates ranging from 2.75% to 4.875% during the year ended September 30, 2020 and 4.00% to 5.625% during the year ended September 30, 2019, combined with 0% non-amortizing second mortgages at amounts periodically established by the Authority to qualified homebuyers in the Authority's 21 participating counties, the Assistance Program. The Authority's Assistance Program is governed by a separate Resolution which approved a Master Down Payment Assistance Program to provide funding of down payment and related assistance to borrowers utilizing the Authority's mortgage loan programs. Because of the long-term deferred repayment of such second mortgage loans, the Authority accounts for the funding as a current operating expense and repayments are recognized as revenue when received.

Since inception of the Big Splash Single Family (Multi-County) Program through September 30, 2020, mortgage loan originations totaled $211,474,340. This includes both mortgage loans financed with bonds and through the TBA method. Since inception through September 30, 2020, the Authority had provided a total of $12,115,231 of closing costs and down payment assistance loans or grants to first-time homebuyers and $9,725,075 of down payment assistance second mortgage loans were outstanding.

NOTE 15 - FAIR VALUE MEASUREMENTS

The Authority categorizes its fair value measurements within the fair value hierarchy established generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority's mortgage-backed securities are classified in Level 2 and are valued using quoted prices for identical securities in markets that are not active.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

The Authority leases office space under an operating lease through January 2022. Rent expense for the years ended September 30, 2020 and 2019 was $56,168 and $54,532, respectively. The estimated rent expense for the year ending September 30, 2021 is $56,718. The estimated rent expense for the year ending September 30, 2022 is $18,906.

NOTE 17 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered through the purchase of commercial insurance with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

NOTE 18 - RELATED PARTY TRANSACTIONS

An Authority board member is employed by Hancock Bank. During the years ended September 30, 2020 and 2019, the Authority utilized banking accounts with Hancock Bank. As a Hancock Bank employee, the Authority member exercises no control over these accounts.

NOTE 19 - IMPACT OF CORONAVIRUS 2019

In March 2020, the World Health Organization declared the outbreak of Coronavirus Disease 2019 ("COVID-19") to be a global pandemic. The effect of COVID-19 has been minimal on the operations of the Authority. However, management is continually monitoring the potential impacts of COVID-19 pandemic and its effects on the financial statements. The extent which COVID-19 pandemic impacts the Authority going forward will depend on numerous evolving factors, which the Authority cannot reliably predict.

NOTE 20 - RESTATEMENT

An adjustment was made to the financial statements as of and for the year ended September 30, 2019 to correct for the understatement of bond interest payable as of September 30, 2019. The effect of the restatement was to increase bond interest payable and bond interest expense by $240,945 as of and for the year ended September 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2020	2019	2018	2017	2016	2015	2014
Escambia County Housing Finance Authority's proportion of net pension liability	0.001091582%	0.001014681%	0.000950714%	0.000922412%	0.000781111%	0.000820960%	0.086249000%
Escambia County Housing Finance Authority's proportionate share of net pension liability	$ 473,108	$ 349,442	$ 286,360	$ 272,844	$ 197,232	$ 106,038	$ 52,625
Escambia County Housing Finance Authority's covered-employee payroll	$ 436,111	$ 404,400	$ 342,339	$ 338,508	$ 272,608	$ 269,876	$ 282,393
Escambia County Housing Finance Authority's proportionate share of net pension liability as a percentage of its covered-employee payroll	108.48%	86.41%	83.65%	80.60%	72.35%	39.29%	18.64%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of June 30. Covered-employee payroll includes defined benefit plan activities, investment plan members, and members in DROP because total employee contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. GASB 68 requires information for 10 years. However, until a full 10-year trend is accumulated, information is provided for only those years available.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2020	2019	2018	2017	2016	2015	2014
Escambia County Housing Finance Authority's proportion of net pension liability	0.001814495%	0.001840464%	0.001695319%	0.001670050%	0.001459322%	0.001246330%	0.001349721%
Escambia County Housing Finance Authority's proportionate share of net pension liability	$ 221,547	$ 205,930	$ 179,434	$ 178,569	$ 170,078	$ 127,106	$ 126,202
Escambia County Housing Finance Authority's covered-employee payroll	$ 622,270	$ 619,400	$ 564,514	$ 551,160	$ 469,233	$ 400,710	$ 369,519
Escambia County Housing Finance Authority's proportionate share of net pension liability as a percentage of its covered-employee payroll	35.60%	33.25%	31.79%	32.40%	36.25%	31.72%	34.15%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of June 30. Covered-employee payroll includes defined benefit plan activities, investment plan members, and members in DROP. GASB 68 requires information for 10 years. However, until a full 10-year trend is accumulated, information is provided for only those years available.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 38,075	$ 33,734	$ 28,173	$ 25,500	$ 19,886	$ 20,115	$ 18,532
Contributions in relation to the contractually required contribution	(38,075)	(33,734)	(28,173)	(25,500)	(19,886)	(20,115)	(18,532)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Escambia County Housing Finance Authority's covered-employee payroll	$ 436,111	$ 404,400	$ 342,339	$ 338,508	$ 272,608	$ 269,876	$ 282,393
Contribution as a percentage of covered-employee payroll	8.73%	8.34%	8.23%	7.53%	7.29%	7.45%	6.56%

* The amounts presented for each fiscal year were determined as of June 30. Covered-employee payroll includes defined benefit plan activities, investment plan members, and members in DROP because total employee contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. GASB 68 requires information for 10 years. However, until a full 10-year trend is accumulated, information is provided for only those years available.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS*
(UNAUDITED)

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 10,330	$ 10,282	$ 9,371	$ 9,149	$ 7,789	$ 5,449	$ 4,481
Contributions in relation to the contractually required contribution	(10,330)	(10,282)	(9,371)	(9,149)	(7,789)	(5,449)	(4,481)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Escambia County Housing Finance Authority's covered-employee payroll	$ 622,270	$ 619,400	$ 564,514	$ 551,160	$ 469,233	$ 400,710	$ 369,519
Contribution as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.21%

* The amounts presented for each fiscal year were determined as of June 30. Covered-employee payroll includes defined benefit plan activities, investment plan members, and members in DROP. GASB 68 requires information for 10 years. However, until a full 10-year trend is accumulated, information is provided for only those years available.

OTHER INFORMATION

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ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
(with comparative totals for September 30, 2019)

ASSETS AND DEFERRED OUTFLOWS

	Operating	Series 2019A Bond Program	Series 2019B Bond Program	Series 2019C Bond Program	Series 2016A Bond Program	Series 2014B Bond Program	Interfund Eliminations	2020 Combined Total	2019 Combined Total
Current Assets:									
Cash and cash equivalents	$ 4,615,550	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,615,550	$ 4,127,413
Cash and cash equivalents - restricted	5,000,000	2,953,274	2,585,941	164,975	152,166	153,126	-	11,009,482	2,585,612
Accrued interest and other receivables	89,861	-	-	-	-	-	-	89,861	152,997
Issuer fees receivable	51,662	-	-	-	-	-	(30,569)	21,093	3,975
Interest income receivable	-	50,159	34,244	19,289	28,464	6,919	-	139,075	100,867
Investments	267,147	-	-	-	-	-	-	267,147	4,700,599
Investments - restricted	-	1,658,411	1,370,778	802,614	979,290	391,822	-	5,202,915	2,150,395
Bank participation agreements	12,000	-	-	-	-	-	-	12,000	12,000
First mortgages receivable	515,121	-	-	-	-	-	-	515,121	738,282
Amortizing second mortgages receivable	32,124	-	-	-	-	-	-	32,124	328,959
Total current assets	10,583,465	4,661,844	3,990,963	986,878	1,159,920	551,867	(30,569)	21,904,368	14,901,099
Noncurrent Assets:									
Investments	4,213,415	-	-	-	-	-	-	4,213,415	5,101,381
Investments - restricted	-	12,594,068	11,363,234	5,410,643	6,836,994	1,769,589	-	37,974,528	25,544,430
Bank participation agreements	114,543	-	-	-	-	-	-	114,543	126,543
Amortizing second mortgages receivable, net of allowance for loan losses	218,719	-	-	-	-	-	-	218,719	-
Depreciable capital assets, net of accumulated depreciation	8,000	-	-	-	-	-	-	8,000	14,933
Non-depreciable capital assets, net of land valuation allowance	560,000	-	-	-	-	-	-	560,000	560,000
Total noncurrent assets	5,114,677	12,594,068	11,363,234	5,410,643	6,836,994	1,769,589	-	43,089,205	31,347,287
Total assets	15,698,142	17,255,912	15,354,197	6,397,521	7,996,914	2,321,456	(30,569)	64,993,573	46,248,386
Deferred Outflows of Resources:									
Pensions	242,395	-	-	-	-	-	-	242,395	212,516
Total Assets and Deferred Outflows	$ 15,940,537	$ 17,255,912	$ 15,354,197	$ 6,397,521	$ 7,996,914	$ 2,321,456	$ (30,569)	$ 65,235,968	$ 46,460,902

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	Operating	Series 2019A Bond Program	Series 2019B Bond Program	Series 2019C Bond Program	Series 2016A Bond Program	Series 2014B Bond Program	Interfund Eliminations	2020 Combined Total	Restated 2019 Combined Total
Current Liabilities:									
Accounts payable and accrued expenses	$ 199,121	$ 11,143	$ 25,901	$ -	$ 11,479	$ 1,449	$ (30,569)	$ 218,524	$ 411,045
Net pension liability	2,445	-	-	-	-	-	-	2,445	3,938
Bonds payable	-	195,000	-	-	1,452,586	201,469	-	1,849,055	1,923,378
Bond interest payable	-	281,035	215,067	14,361	17,237	5,405	-	533,105	268,495
Total current liabilities	201,566	487,178	240,968	14,361	1,481,302	208,323	(30,569)	2,603,129	2,606,856
Noncurrent Liabilities:									
Net pension liability	692,210	-	-	-	-	-	-	692,210	551,434
Bonds payable	-	14,475,000	14,000,000	5,744,191	5,807,946	1,868,216	-	41,895,353	24,454,880
Total noncurrent liabilities	692,210	14,475,000	14,000,000	5,744,191	5,807,946	1,868,216	-	42,587,563	25,006,314
Total liabilities	893,776	14,962,178	14,240,968	5,758,552	7,289,248	2,076,539	(30,569)	45,190,692	27,613,170
Deferred Inflows of Resources:									
Pensions	18,532	-	-	-	-	-	-	18,532	42,924
Net Position:									
Net investment in capital assets	568,000	-	-	-	-	-	-	568,000	574,933
Restricted	5,000,000	2,293,734	1,113,229	638,969	707,666	244,917	-	9,998,515	3,578,685
Unrestricted	9,460,229	-	-	-	-	-	-	9,460,229	14,651,190
Total net position	15,028,229	2,293,734	1,113,229	638,969	707,666	244,917	-	20,026,744	18,804,808
Total Liabilities, Deferred Inflows and Net Position	$ 15,940,537	$ 17,255,912	$ 15,354,197	$ 6,397,521	$ 7,996,914	$ 2,321,456	$ (30,569)	$ 65,235,968	$ 46,460,902

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2020
(with comparative totals for the year ended September 30, 2019)

	Operating	Series 2019A Bond Program	Series 2019B Bond Program	Series 2019C Bond Program	Series 2016A Bond Program	Series 2014B Bond Program
Operating Revenues:						
Fees and other income	$ 380,642	$ -	$ -	$ -	$ -	$ -
FTH Program income, net of expenses	598,087	-	-	-	-	-
Non-amortizing second mortgage repayments	848,653	-	-	-	-	-
Multi-Family Development Initiative expenses, net of income	29,089	-	-	-	-	-
Reduction to loan losses	23,375	-	-	-	-	-
Total operating revenues	1,879,846	-	-	-	-	-
Operating Expenses:						
Salaries and related benefits	910,476	-	-	-	-	-
Legal, accounting, advisory, and consulting fees	63,880	-	-	-	-	-
General operating and administrative	50,218	-	-	-	-	-
Office rent	56,168	-	-	-	-	-
Travel, lodging, and meal costs	1,319	-	-	-	-	-
Depreciation	6,933	-	-	-	-	-
Memberships, dues, and subscriptions	19,667	-	-	-	-	-
Educational conference fees and training costs	17,313	-	-	-	-	-
Bond issuance and monitoring costs	676,542	-	222,768	100,568	-	-
Non-amortizing second mortgage loan funding	1,000,329	-	-	-	-	-
Issuer fees	-	35,578	12,037	-	153,401	18,497
Total operating expenses	2,802,845	35,578	234,805	100,568	153,401	18,497
Operating Loss	(922,999)	(35,578)	(234,805)	(100,568)	(153,401)	(18,497)
Nonoperating Revenues (Expenses):						
Bond issuance income	-	-	554,832	105,568	-	-
Interest income	274,500	-	-	-	-	-
Interest income - restricted	-	697,445	369,603	231,210	378,955	87,299
Other income (expense)	114,860	(139,780)	(2,844)	(15,803)	(50)	-
Net increase (decrease) in fair value of investments	(282,111)	-	-	-	-	-
Net increase in fair value of investments - restricted	-	121,028	811,486	576,269	134,271	80,147
Interest on bonds	-	(570,572)	(385,043)	(157,707)	(232,236)	(63,543)
Total nonoperating revenues (expenses), net	107,249	108,121	1,348,034	739,537	280,940	103,903
Change in Net Position	(815,750)	72,543	1,113,229	638,969	127,539	85,406
Net Position - Beginning of Year	15,843,979	2,221,191	-	-	580,127	159,511
Net Position - End of Year	$ 15,028,229	$ 2,293,734	$ 1,113,229	$ 638,969	$ 707,666	$ 244,917

Interfund Eliminations	2020 Combined Total	Restated 2019 Combined Total
$ (219,513)	$ 161,129	$ 123,200
-	598,087	286,000
-	848,653	576,944
-	29,089	22,876
-	23,375	26,176
(219,513)	1,660,333	1,035,196
-	910,476	908,176
-	63,880	65,039
-	50,218	63,342
-	56,168	54,532
-	1,319	25,303
-	6,933	6,266
-	19,667	20,873
-	17,313	27,680
(660,400)	339,478	374,606
-	1,000,329	1,339,816
(219,513)	-	-
(879,913)	2,465,781	2,885,633
660,400	(805,448)	(1,850,437)
(660,400)	-	-
-	274,500	434,402
-	1,764,512	849,255
-	(43,617)	(7)
-	(282,111)	422,342
-	1,723,201	1,234,598
-	(1,409,101)	(610,798)
(660,400)	2,027,384	2,329,792
-	1,221,936	479,355
-	18,804,808	18,325,453
$ -	$ 20,026,744	$ 18,804,808

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS
(MULTI-COUNTY PROGRAM) SERIES 2019A (NON-AMT)
SCHEDULE OF GUARANTEED MORTGAGE SECURITIES ASSOCIATED WITH THE SERIES 2019A BONDS GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) CONTRIBUTED MORTGAGE-BACKED SECURITIES
SEPTEMBER 30, 2020

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2020
GNMA II #443894	6.05%	6.58%	$ 8,665,880	$ 188,224
GNMA II #443963	6.05%	6.68%	2,218,253	54,765
GNMA II #443970	6.05%	7.55%	1,846,584	35,437
GNMA II #448837	6.05%	6.55%	1,953,170	8,983
GNMA II #448842	5.80%	6.30%	1,070,120	11,981
GNMA II #454076	5.80%	6.77%	2,281,216	9,899
GNMA II #454085	6.05%	6.55%	1,129,399	16,969
GNMA II #454396	6.05%	6.55%	1,240,500	30,723
GNMA II #454409	6.05%	6.98%	1,718,116	40,252
GNMA II #454418	5.80%	6.30%	1,664,366	44,087
GNMA II #454554	5.80%	6.77%	1,399,129	29,491
GNMA II #454591	5.80%	6.54%	1,313,620	30,069
GNMA II #549019	5.35%	5.85%	817,311	38,704
Weighted Average GNMA	5.94%	6.61%	$ 27,317,664	$ 539,584
Weighted Average Remaining Term (Months)		73		

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS
(MULTI-COUNTY PROGRAM) SERIES 2019A (NON-AMT)
SCHEDULE OF GUARANTEED MORTGAGE SECURITIES ASSOCIATED WITH THE SERIES 2019A BONDS FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) CONTRIBUTED MORTGAGE-BACKED SECURITIES
SEPTEMBER 30, 2020

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2020
FNMA #432059	5.80%	6.770%	$ 590,622	$ 21,115
FNMA #395801	6.05%	6.550%	1,672,467	54,334
FNMA #439859	6.05%	6.550%	644,097	29,585
FNMA #445565	5.80%	6.402%	588,243	18,661
FNMA #432062	6.05%	6.550%	469,584	30,576
Weighted Average FNMA	5.99%	6.56%	$ 3,965,013	$ 154,271

Weighted Average Remaining Term (Months)	71

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS
(MULTI-COUNTY PROGRAM) SERIES 2019A (NON-AMT)
SCHEDULE OF GUARANTEED MORTGAGE SECURITIES ASSOCIATED WITH THE SERIES 2019A BONDS GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA)
SEPTEMBER 30, 2020

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2020
GNMA II #6466	5.00%	5.375%	$ 834,355	$ 651,623
GNMA II #6700	5.00%	5.375%	1,354,030	1,323,744
GNMA II #6755	5.00%	5.375%	1,363,922	1,124,519
GNMA II #6915	4.50%	5.125%	1,016,321	859,398
GNMA II #1745	5.00%	5.375%	748,277	732,752
GNMA II #1754	4.50%	5.125%	1,220,078	743,610
GNMA II #1862	4.50%	5.125%	1,592,862	1,298,622
GNMA II #1885	4.50%	5.125%	1,399,595	1,119,441
GNMA II #2136	4.50%	5.125%	1,457,464	1,205,969
GNMA II #2135	4.50%	5.000%	1,709,639	1,251,502
GNMA II #2303	4.00%	4.625%	1,278,802	1,131,279
GNMA II #7746	3.50%	4.000%	1,040,291	918,803
Weighted Average GNMA	4.53%	5.06%	$ 15,015,636	$ 12,361,262

Weighted Average Remaining Term (Months)	342

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS
(MULTI-COUNTY PROGRAM) SERIES 2019B (NON-AMT)
SCHEDULE OF GUARANTEED MORTGAGE SECURITIES ASSOCIATED WITH THE SERIES 2019B BONDS GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA)
SEPTEMBER 30, 2020

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2020
GNMA II #7747	3.50%	4.00%	$ 1,044,309	$ 1,030,306
GNMA II #7788	3.50%	4.00%	1,459,347	1,441,653
GNMA II #7912	3.50%	4.00%	1,346,683	1,163,103
GNMA II #7996	3.50%	4.00%	2,911,388	2,493,003
GNMA II #8101	3.50%	4.00%	2,155,146	1,508,770
GNMA II #7745	4.13%	4.63%	109,301	107,731
GNMA II #3794	3.50%	4.00%	198,458	197,292
GNMA II #3651	3.50%	4.00%	763,990	758,412
GNMA II #3743	3.50%	4.00%	242,820	241,043
GNMA II #3793	3.25%	3.75%	380,298	375,397
GNMA II #3652	3.25%	3.75%	397,667	394,504
GNMA II #3744	3.25%	3.75%	1,245,514	1,234,005
GNMA II #7746	3.50%	4.00%	1,040,291	918,803
Weighted Average GNMA	3.46%	3.96%	$ 13,295,212	$ 11,864,022

Weighted Average Remaining Term (Months)		352

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS (MULTI-COUNTY PROGRAM)
SERIES 2019C (FEDERALLY TAXABLE PASS-THROUGH)
SCHEDULE OF GUARANTEED MORTGAGE SECURITIES ASSOCIATED WITH THE SERIES 2019C BONDS GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA)
SEPTEMBER 30, 2020

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2020
GNMA II #2473	4.50%	5.00%	$ 1,219,633	$ 1,198,804
GNMA II #2474	4.00%	4.61%	3,146,502	2,735,095
GNMA II #7266	4.00%	4.63%	1,747,619	1,478,978
GNMA II #7529	4.00%	4.63%	373,924	224,110
Weighted Average GNMA	4.11%	4.70%	$ 6,487,678	$ 5,636,987

Weighted Average Remaining Term (Months)	345

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS (MULTI-COUNTY PROGRAM)
SERIES 2016A (FEDERALLY TAXABLE PASS-THROUGH)
SCHEDULE OF GUARANTEED MORTGAGE SECURITIES ASSOCIATED WITH THE SERIES 2016A BONDS FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC)
SEPTEMBER 30, 2020

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2020
FHLMC# T30131	4.69%	5.19%	$ 1,653,881	$ 713,831
FHLMC# T30183	4.69%	5.19%	786,760	283,862
FHLMC# T30207	4.69%	5.19%	373,697	232,435
FHLMC# T30272	4.69%	5.19%	431,577	264,851
FHLMC# T30477	4.69%	5.19%	211,889	179,897
FHLMC# U32044	4.69%	5.19%	79,282	69,247
FHLMC# U30446	4.89%	5.39%	203,269	154,355
FHLMC# T30216	4.89%	5.39%	256,743	123,180
FHLMC# T30282	4.89%	5.39%	961,140	530,009
FHLMC# U30738	4.89%	5.39%	196,853	166,094
FHLMC# T30474	4.89%	5.39%	823,724	229,763
FHLMC# U32102	4.89%	5.39%	67,737	58,965
Weighted Average FHLMC	4.77%	5.27%	$ 6,046,552	$ 3,006,489
Weighted Average Remaining Term (Months)		191		

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS (MULTI-COUNTY PROGRAM)
SERIES 2016A (FEDERALLY TAXABLE PASS-THROUGH)
SCHEDULE OF GUARANTEED MORTGAGE SECURITIES ASSOCIATED WITH THE SERIES 2016A BONDS GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA)
SEPTEMBER 30, 2020

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2020
GNMA# 606281	4.69%	5.19%	$ 1,944,732	$ 571,001
GNMA# 612253	4.69%	5.19%	956,998	482,739
GNMA# 672320	4.69%	5.19%	297,322	189,027
GNMA# 599532	4.69%	5.19%	511,079	360,117
GNMA# 672490	4.69%	5.19%	95,883	82,582
GNMA# 672501	4.69%	5.19%	371,505	210,838
GNMA# 672562	4.69%	5.19%	391,070	211,348
GNMA# 672994	4.69%	5.19%	487,153	82,925
GNMA# 612148	4.89%	5.39%	813,393	264,678
GNMA# 672491	4.89%	5.39%	319,407	138,888
GNMA# 618672	4.89%	5.39%	944,814	536,798
GNMA# 599531	4.89%	5.39%	1,675,181	608,100
GNMA# 672554	4.89%	5.39%	312,381	52,305
GNMA# 672808	4.89%	5.39%	80,965	70,283
GNMA# 672997	4.89%	5.39%	244,476	89,029
Weighted Average GNMA	4.78%	5.28%	$ 9,446,359	$ 3,950,658

Weighted Average Remaining Term (Months)	189

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS (MULTI-COUNTY PROGRAM)
SERIES 2016A (FEDERALLY TAXABLE PASS-THROUGH)
SCHEDULE OF GUARANTEED MORTGAGE SECURITIES ASSOCIATED WITH THE SERIES 2016A BONDS FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA)
SEPTEMBER 30, 2020

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2020
FNMA# AA5595	4.69%	5.19%	$ 34,872	$ 28,137
FNMA# 967954	4.89%	5.39%	385,075	161,802
Weighted Average FNMA	4.86%	5.36%	$ 419,947	$ 189,939
Weighted Average Remaining Term (Months)		202		

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
SINGLE FAMILY MORTGAGE REVENUE BONDS
(MULTI-COUNTY PROGRAM) SERIES 2014B (NON-AMT)
GUARANTEED MORTGAGE SECURITIES ASSOCIATED WITH THE
SERIES 2014B BONDS GOVERNMENT NATIONAL MORTGAGE SECURITIES (GNMA)
SEPTEMBER 30, 2020

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Weighted Average Remaining Term (Months)	Principal Amount at Par Value as of September 30, 2020
GNMA	4.00%	4.25%	$ 4,330,894	279	$ 1,949,394

OTHER REPORTS

INDEPENDENT AUDITOR'S REPORT 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*

Board of Directors
Escambia County Housing Finance Authority
Pensacola, Florida

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 Escambia County Housing Finance Authority (the "Authority"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 24, 2021.

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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Board of Directors
Escambia County Housing Finance Authority

We did identify the below deficiency in internal control that we consider to be a significant deficiency.

Finding 2021-01: Audit Adjustments

During the audit, we noted that the financial statements were materially misstated due to (1) improper accounting for the 2019A, 2019B, and 2019C bond issues and (2) fiscal year 2020 changes that had not been recorded related to the Authority's participation in the Florida Retirement System Pension Plan ("FRS Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Audit adjustments were needed in order for the financial statements to be presented in accordance with U.S. generally accepted accounting principles.

- Before adjustments were made to correct the accounting for the 2019A, 2019B and 2019C bond issues:
  - assets were understated by approximately $60,000,
  - liabilities were understated by approximately $535,000,
  - net position was overstated by approximately $241,000, and
  - change in net position was understated by approximately $235,000.

- Before adjustments were made to update the accounting for the FRS Plan and HIS Plan:
  - liabilities were understated by approximately $139,000,
  - deferred inflows of resources were understated by approximately $24,000,
  - deferred outflows of resources were overstated by approximately $30,000, and
  - change in net position was understated by approximately $85,000.

We recommend that management review all bond accounts on a monthly basis and update the activity in these accounts in order for the financial statements to be presented in accordance with U.S. generally accepted accounting principles. We further recommend that management review and utilize calculations provided annually by the State for the FRS Plan and HIS Plan and post entries needed to properly present the Authority's proportionate share of the net pension liability.

Management's Response:

Due primarily to transition in staff and remote working conditions caused by COVID-19, the Executive Director was unaware that monthly reviews of the bond accounts were not being finalized on a current basis until late in the fiscal year and was further unaware that the Authority was required to do more than simply present information furnished by the State with respect to the FRS and HIS Plans. The accounts that were required to be created, reviewed and finalized in connection with the 2019A, 2019B and 2019C Bonds were unusually challenging due to the creative structures involved in the bond issues, and accounting was complicated by the fact that the Trustee confused the flow of funds for the revenue accounts for the 2019B and 2019C Bonds on a continuing basis during the fiscal year. By the time this was discovered, it was difficult to address the issues. Management has undertaken several steps to address these problems, including institution of a new monthly task list and an enhanced audit plan to ensure that all accounting issues are addressed on a current basis going forward. Weekly audit meetings are planned for the remainder of the fiscal year. Additionally, the Authority has retained a cash flow provider consultant (who is charged in part with reviewing the Trustee's work) and management has taken steps to retain a workflow consultant to ensure that in the immediate and future fiscal years, the Authority will have current accounts that will not require inefficient after-the-fact adjustments and corrections.

Board of Directors
Escambia County Housing Finance Authority

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 Authority'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.

Saltmarsh Cleaveland & Gund

Pensacola, Florida
March 24, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Board of Directors
Escambia County Housing Finance Authority
Pensacola, Florida

We have examined the Escambia County Housing Finance Authority's (the "Authority's") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. 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 Authority's compliance is in accordance based on the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Authority's compliance, whether due to fraud or error. We believe that evidence we obtained is sufficient and appropriate to provide a reasonable basis of our opinion.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

This report is intended solely for the information and use of the Authority and the Auditor General, State of Florida, and is not intended and should not be used by anyone other than these specified parties.

Saltmarsh Cleaveland & Gund

Pensacola, Florida
March 24, 2021

MANAGEMENT LETTER

Board of Directors
Escambia County Housing Finance Authority
Pensacola, Florida

Report on the Financial Statements

We have audited the financial statements of Escambia County Housing Finance Authority (the "Authority") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated March 24, 2021.

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 our 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, which are dated March 24, 2021 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. No such matters were reported in the preceding financial report.

Board of Directors
Escambia County Housing Finance Authority

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 the management letter, unless disclosed in the notes to the financial statements. This information is included in the notes to the financial statements. There are no component units.

Financial Condition and Management

Section 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 Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Saltmarsh Cleaveland & Gund

Pensacola, Florida
March 24, 2021