

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025 AND 2024



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Escambia County Housing Finance Authority
Pensacola, Florida

Opinions

We have audited the accompanying financial statements of Escambia County Housing Finance Authority (the "Authority"), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2025 and 2024, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedules of guaranteed mortgage securities and does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2026, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.



Pensacola, Florida
February 23, 2026

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

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, 2025. 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 year 2025 are as follows:

- The Multi-Family Development Initiative resulted in one conduit debt financing for affordable rental housing during fiscal year 2025. With the issuance of this debt, the Authority received \$187,500 in upfront issuer’s fees. In addition, the Authority’s investment earnings were significantly higher than budgeted. As a result, the Authority did not have to use the budgeted reserves as contemplated when the budget was initially adopted in the fall of 2024. Instead, the Authority was able to apply additional funds to its reserves.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

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, 2024 and 2023, the Authority had approved Area of Operations Resolutions with: Alachua, Bay, Bradford, Escambia, Franklin, Gadsden, Gulf, Hernando, Indian River, Jackson, Jefferson, Leon, Madison, Marion, Martin, Okaloosa, Santa Rosa, St. Lucie, Taylor, Wakulla, and Walton Counties. These Resolutions authorized the Authority to offer its First Time Homebuyer Programs on both a TBA and a bond financed basis in each participating county.
- In conjunction with the origination of mortgage loans under the Authority’s First Time Homebuyer Program (See Note 16), during fiscal year 2025, the Authority funded \$699,705 (\$188,250 in fiscal year 2024) 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 February 8, 2022, the Authority approved Resolution No. 2022-01 which revised the Assistance Program parameters and authorized the appropriate officers of the Authority to take all actions necessary in connection with implementing and operating the Assistance Program. The February 2022 recommendation from staff and approved by the Authority increased the maximum down payment assistance payment to the greater of \$10,000 or 6% of the first mortgage loan. The Authority increased the down payment assistance amount to \$10,000 but has not utilized the 6% option as of fiscal year end.
- The Authority authorized the issuance of not to exceed \$225,000,000 Single Family Mortgage Revenue Bonds and approved a Plan of Finance on October 14, 2025. The Tax Equity and Fiscal Responsibility Act (“TEFRA”) hearing was held on November 6, 2025. The Escambia County Board of County Commissioners (the “Commissioners”) approved Resolution No. R2025-137 on December 11, 2025. Because the Authority authorized the issuance of the Bonds and the Commissioners approved the Bonds prior to the end of calendar year 2025, the Authority was able to apply for and receive private activity bond allocation for calendar year 2026 in the amount of \$124,104,199.
- On November 14, 2023, the Authority adopted Resolution No. 2023-25 indicating the intent to issue not exceeding \$21,000,000 Multi-Family Housing Revenue Bonds and authorized a Memorandum of Agreement with Edgewater Manor L.P. to finance the acquisition and rehabilitation of Edgewater Manor Apartments located in Escambia County, Florida. In fiscal year 2025, the Authority was advised by the developer that they did not pursue the purchase of the property for Edgewater Manor Apartments, and the development will not move forward.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Financial Highlights (Continued)

- On October 8, 2024, the Authority adopted Resolution No. 2024-09 indicating the intent to issue not exceeding \$24,000,000 Multi-Family Housing Revenue Bonds and authorized a Memorandum of Agreement with Avery Place Apartments, LLC to finance the construction and equipping of Avery Place Apartments located on the Baptist Hospital Legacy Campus in Escambia County, Florida. On November 18, 2025, the Authority adopted Authorizing Resolution No. 2025-10 authorizing the issuance of not to exceed \$24,000,000 Multi-Family Housing Revenue Note for the acquisition, construction and equipping of Avery Place Apartments. The financing successfully closed on December 15, 2025, in the amount of \$22,000,000.
- On October 8, 2024, the Authority adopted Resolution No. 2024-10 indicating the intent to issue not exceeding \$22,000,000 Multi-Family Housing Revenue Bonds and authorized a Memorandum of Agreement with Kupfrian Manor, LLC to finance the construction and equipping of Kupfrian Manor Apartments located on the Baptist Hospital Legacy Campus in Escambia County, Florida. On November 18, 2025, the Authority adopted Authorizing Resolution No. 2025-11 authorizing the issuance of not to exceed \$22,000,000 Multi-Family Housing Revenue Note for the acquisition, construction and equipping of Kupfrian Manor. The financing successfully closed on December 16, 2025, in the amount of \$16,500,000.
- The Authority adopted Resolution No. 2023-09 indicating the intent to issue not exceeding \$8,000,000 Multi-Family Housing Revenue Bonds and authorized a Memorandum of Agreement with Cross Creek Gardens at Quincy, LLC on June 13, 2023, for the financing of a new affordable rental project to be known as Cross Creek Gardens at Quincy (“Cross Creek”) located in Gadsden County, Florida. On November 21, 2023, the Board of County Commissioners of Gadsden County approved Resolution No. 2023-040 approving the issuance of the Bonds. On October 8, 2024, the Authority adopted Authorizing Resolution No. 2024-11 authorizing the issuance of not to exceed \$8,000,000 Multi-Family Mortgage Revenue Bonds to finance Cross Creek. The financing successfully closed on November 15, 2024 in the amount of \$8,000,000.
- On November 12, 2024, the Authority adopted Resolution No. 2024-13 indicating the intent to issue not exceeding \$33,000,000 Multi-Family Housing Revenue Bonds and authorized a Memorandum of Agreement with Stoddert Place Apartments, LLC to finance the acquisition and rehabilitation of Stoddert Place Apartments located in Escambia County, Florida. Subsequent to year end, Stoddert Place Apartments was renamed to The Landing at Tiger Lily, and the Commissioners approved Resolution No. R2025-140 approving the plan of finance for the issuance of not to exceed \$39,000,000 Multi-Family Revenue Bonds for Stoddert Place Apartments, LLC. The financing is expected to close in 2026.
- On June 10, 2025, the Authority adopted Resolution No. 2025-02 indicating the intent to issue not exceeding \$24,000,000 Multi-Family Housing Revenue Bonds and authorized a Memorandum of Agreement with Emerald Meridian, LLC to finance the acquisition and rehabilitation of a multi-family rental project for elderly persons presently called Johnson Lakes Apartments, which is located in Escambia County, Florida. The financing is expected to close in 2026.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Financial Highlights (Continued)

- On September 10, 2024, the Authority adopted Resolution No. 2024-05 approving an amended Multi-Family Tax Exempt Mortgage Revenue Bond Program Policy and Procedures which decreased preliminary application fees charged by the Authority in connection with the Multi-Family Revenue Bond Program.
- On August 8, 2023, the Authority Board adopted Resolution No. 2023-16 authorizing a Mortgage Credit Certificate (“MCC”) Program (“MCC Program”) for the Authority and approving the exchange of \$35,000,000 of single family private bond allocation for \$8,750,000 in MCC authority. The MCC entitles qualifying first time homebuyers to an annual federal income tax credit in an amount up to 20% of the interest paid on their mortgage during the applicable year. The tax credit is available each year the borrower continues to live in the home financed under the MCC Program. The MCC Program launched on December 15, 2023. Each Lender applying for an MCC pays a \$500 fee to be able to participate in the MCC Program. During the year ended September 30, 2024, the Authority had seventeen (17) Lenders participating in the MCC Program with an additional eight (8) Lenders participating during the year ended September 30, 2025. The Authority received \$4,000 and \$8,500 in MCC participation fee revenue during the years ended September 30, 2025 and 2024, respectively. The Authority also receives an issuer’s fee in the amount of \$350 (if the borrower uses one of the Authority’s first mortgages with the MCC) or 1% of the purchase price (if the borrower does not use one of the Authority’s first mortgages) for each MCC issued. During the years ended September 30, 2025 and 2024, the Authority issued MCCs totaling \$2,023,114 and \$876,398 in principal amounts, benefiting ten (10) and four (4) first-time homebuyers, respectively.
- On January 11, 2022, the Authority’s Board adopted Resolution No. 2022-02 authorizing the purchase of not-to-exceed \$4,000,000 mortgage-backed securities backed by bond-qualified mortgage loans originated under the Authority’s Big Splash Single Family (Multi-County) Loan Program (“Bond Qualified MBS”). A portion of those Bond Qualified MBS were purchased in 2022, and the remainder were purchased during fiscal year 2025. On April 8, 2025, the Authority’s Board adopted Resolution No. 2025-01 amending and supplementing Resolution No. 2022-02 to authorize the purchase of an additional \$2,000,000 of Bond Qualified MBS. Pursuant to this authority, a total of \$5,954,554 MBS has been purchased as of September 30, 2025.
- On September 12, 2023, the Authority’s Board adopted Resolution No. 2023-22 authorizing the Authority to release restrictions on \$5,000,000 of the Authority’s money market funds since the Authority no longer uses its funds to temporarily purchase mortgage-backed securities (“MBS”) to be sold in the TBA market. Resolution No. 2023-22 also authorized the Authority to purchase up to \$3,000,000 of its own MBS to hold as long-term investments. As of September 30, 2024, the Authority purchased \$2,946,143 of MBS to hold as long-term investments.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Financial Highlights (Continued)

- In 2014, the Authority appropriated funds for a Multi-Family Development Loan Initiative which included both a Multi-Family Development Loan Program and a scattered site Urban Infill Revolving Loan Program. The allocation supports both the Urban Infill Revolving Loan Program and the Small/Mini Home Program in Escambia County, Florida. This Program seeks to develop affordable homes that feature small footprints and sustainable design. The revolving loan allocation for the Urban Infill Program was increased to a maximum of \$3,000,000 during fiscal year 2021 and remains at \$3,000,000 as of fiscal year end. The Urban Infill Program continues to be popular and successful.
- The Authority’s Urban Infill Revolving Loan Program and Small/Mini Home initiatives remain exclusive to Escambia County, Florida. These revolving fund loans are repayable upon the sale of the Urban Infill home at an affordable housing price. As of September 30, 2025, approximately \$10,400,000 (97 loans) of low-cost capital was provided to qualified, small local builders, which excludes loans that were cancelled by either the Authority or the builder. Since the inception of the program, seventy-eight (78) infill homes have been completed and sold. There was an increase of nearly \$14,200,000 in taxable property values for the 78 homes sold in Escambia County, Florida. As of September 30, 2025, fourteen (14) homes were under construction, six (6) homes were completed and available for sale, and twelve (12) lots were pending construction. As of September 30, 2025, completed homes were sold for an average sales price of \$242,433.
- In accordance with the Authority’s Interlocal Agreement with the City of Pensacola, on January 12, 2021, the Authority acknowledged receipt of a lot located at the 100 block of East Jordan Street from the City and authorized staff to work with one of the Authority’s Participating Builders for this parcel as a demonstration project for a prefabricated/package system intended to reduce cost of construction. During fiscal year 2022, the project was cancelled, and the property was deeded back to the Authority. On November 14, 2023, a new builder was approved by the Board to be an Urban Infill Participating Builder, and the Authority approved the builder for the Jordan Street project. As of fiscal year end, the construction of the home was complete, and the Authority listed it for sale.
- The Authority offered to purchase the real property at 707 East Scott Street from Escambia County on January 15, 2021, and the Commissioners accepted the offer on May 20, 2021. Through a bid process in March 2023, the Authority selected one of its Urban Infill Participating Builders for the 707 East Scott Street project. The home was completed in February 2024 and was subsequently sold in November 2024.
- As of September 30, 2025, the Authority's Urban Infill Program had nine (9) active participating builders, including one (1) non-profit agency. During fiscal years 2025 and 2024, the income recognized attributable to the Urban Infill Program was \$58,619 and \$10,000, respectively. During fiscal years 2025 and 2024, the expenses (excluding any allocation of a portion of the Authority personnel services expense and general counsel fees) incurred attributable to the Initiative were \$2,253 and \$7,517, respectively. The income and expenses have been classified as “Multi-Family Development Initiative Income, net of expenses” in the accompanying basic financial statements.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Financial Highlights (Continued)

- In 2003, the Authority purchased certain real property located at 625 Olive Road, Pensacola, Florida (the “Property”). From 2004 to 2007, the Authority allowed FEMA to utilize the property as a mobile home park after Hurricane Ivan in September of 2004. Subsequent opportunities included requests for negotiation and proposals for purchase. On or about mid-October 2022, Florida Power and Light Company (“FPL”), approached the Commissioners, and requested to use the Property as a staging yard in the Scenic Hills area of Pensacola (the “FPL Project”).

The Authority entered into a Temporary License Agreement (“TLA”) with FPL on June 13, 2023. That agreement was amended on October 3, 2023 to substitute Mastec North America, Inc. as the licensee, and subsequently extended through December 31, 2024. Per the TLA, the Authority received a license fee. For the years ended September 30, 2025 and 2024, the Authority recognized \$14,935 and \$102,805, respectively, as other revenue in the accompanying basic financial statements.

As of fiscal year end, the Property was under contract for purchase and sale to Leah Gardens, LTD (the “Company”), an affiliated entity of the Vestcor Companies, Inc., for development of an affordable multi-family rental housing development to be known as Leah Gardens. The contract was contingent upon receipt by the Company of competitive 9% tax credit allocation from the Florida Housing Finance Corporation (“FHFC”). The Company ultimately did not secure the 9% tax credit allocation from FHFC. On December 2, 2025, the contract with the Company was terminated, and the Authority refunded their deposit of \$52,500.

- In May 2025, Moody’s Ratings downgraded various U.S. public finance credits directly linked to its downgrade of the U.S. sovereign rating, including the Authority’s Series 2014B and Series 2016A Single Family Mortgage Revenue Bonds. The Authority’s Series 2019C Single Family Mortgage Revenue Bonds were downgraded in August 2025. All three issues were downgraded from Aaa to Aa1, which is still considered a high-quality investment grade bond.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

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 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 VA) loans through the issuance of Single Family Mortgage Loan Revenue Bonds from November 2018 through February 2020, and then returned to primarily using the TBA method. (See Note 16).

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.

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.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Basic Financial Statements

The basic financial statements of the Authority report information using accounting methods similar to those used by private sector companies. The most important question 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.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Net Position

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

**TABLE A
Condensed Statements of Net Position**

	2025	2024	Dollar Change	Total Percent Change
Current assets	\$ 13,240,729	\$ 15,704,416	\$ (2,463,687)	-15.7%
Noncurrent assets	25,029,847	24,555,414	474,433	1.9%
Total assets	38,270,576	40,259,830	(1,989,254)	-4.9%
Total deferred outflows of resources	104,278	116,980	(12,702)	-10.9%
Total assets and deferred outflows of resources	<u>\$ 38,374,854</u>	<u>\$ 40,376,810</u>	<u>\$ (2,001,956)</u>	-5.0%
Current liabilities	\$ 1,169,425	\$ 1,360,124	\$ (190,699)	-14.0%
Noncurrent liabilities	17,066,268	19,024,687	(1,958,419)	-10.3%
Total liabilities	18,235,693	20,384,811	(2,149,118)	-10.5%
Total deferred inflows of resources	188,308	178,695	9,613	5.4%
Net investment in capital assets	552,196	758,261	(206,065)	-27.2%
Restricted	1,068,751	1,271,387	(202,636)	100.0%
Unrestricted	18,329,906	17,783,656	546,250	3.1%
Total net position	<u>19,950,853</u>	<u>19,813,304</u>	<u>137,549</u>	0.7%
Total liabilities, deferred inflows, and net position	<u>\$ 38,374,854</u>	<u>\$ 40,376,810</u>	<u>\$ (2,001,956)</u>	-5.0%

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Net Position (Continued)

During fiscal year ended September 30, 2025, current assets decreased by \$2,463,687 or 15.7%. The decrease was primarily attributed to the decrease in cash and cash equivalents as the Authority used its cash and cash equivalents to pay approximately \$2.6 million in bond principal and interest payments related to the Series 2019A, 2019B, 2019C, 2016A, and 2014B Bonds.

During fiscal year ended September 30, 2025, noncurrent assets increased by \$474,433 or 1.9%. The increase was primarily attributed to the Authority's investments. During fiscal year 2025, the Authority purchased approximately \$3.7M in MBS and only purchased \$2.9M in fiscal year 2024.

During fiscal year ended September 30, 2025, current liabilities decreased by \$190,699 or 14.0%, which is primarily attributed to a \$153,031 decrease in bonds payable. The decrease was based on the Authority's estimated amounts for bond principal payments and prepayments.

During fiscal year ended September 30, 2025, noncurrent liabilities decreased by \$1,958,419 or 10.3%, which is primarily attributed to a \$1,819,519 decrease in bonds payable. The decrease was due to bond principal payments and prepayments.

During fiscal year ended September 30, 2025, net position increased by \$137,549, as compared with an increase of \$3,202,831 in fiscal year 2024, a decrease in the change of net position of \$2,883,282 or 95%. The overall decrease is mainly attributed to an approximate \$2 million decrease in the fair value of the Authority's investments and restricted investments due to interest rates and market volatility.

As shown in Table A, net investment in capital assets decreased by \$206,065 or 27.2%. The decrease is primarily attributed to the Authority selling its asset held for sale, 707 East Scott Street, during fiscal year 2025.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

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**

	2025	2024	Dollar Change	Total Percent Change
Operating revenues	\$ 1,120,473	\$ 1,549,181	\$ (428,708)	-27.7%
Operating expenses	1,756,317	1,356,398	399,919	29.5%
Operating income (loss)	(635,844)	192,783	(828,627)	429.8%
Non-operating revenues	773,393	2,828,048	(2,054,655)	-72.7%
Change in net position	137,549	3,020,831	(2,883,282)	-95.4%
Beginning net position	19,813,304	16,792,473	3,020,831	18.0%
Total net position	<u>\$ 19,950,853</u>	<u>\$ 19,813,304</u>	<u>\$ 137,549</u>	0.7%

During fiscal year ended September 30, 2025, operating revenues decreased \$428,708 or 27.7%. The decrease was primarily attributed to a \$632,832 decrease in fees and other income. The Authority's fees and other income will fluctuate from year to year depending on the number of bond closings and application fees received during the fiscal year. During fiscal year 2025, the Authority received \$519,800 less in bond closing fees and \$100,500 less in application fees. It was within the Authority's expectation for its application fees to decrease as its Multi-Family Tax Exempt Revenue Bond Program Policy and Procedures were amended in September 2024, which decreased preliminary application fees from 1% of the bond issue amount to a flat \$3,000 fee.

During fiscal year ended September 30, 2025, operating expenses increased by \$399,919 or 29.5%. The increase was primarily attributed to a net of the following: (1) The Authority funding \$511,455 more non-amortizing second mortgages than in the prior fiscal year, and (2) salaries and related benefits decreasing \$80,140. With the increase in non-amortizing second mortgages, the Authority was able to assist seventy (70) first time homebuyers and/or veterans achieve homeownership. The decrease in salaries and related benefits is due to a combination of one less position, cost of living and merit increases for eligible employees, and the change in the pension expense adjustment, which is determined by the schedules of employer allocations of the Florida Retirement System Pension Plan.

During fiscal year ended September 30, 2025, non-operating revenues decreased by \$2,054,655 or 72.7%. The decrease was primarily attributed to a decrease in the change in fair value of restricted and unrestricted investments of approximately \$2 million due to interest rates and market volatility.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Capital Assets

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

**TABLE C
Capital Assets**

	2025	2024	Dollar Change	Total Percent Change
Office equipment	\$ 26,925	\$ 26,925	\$ -	0.0%
Land and improvements	560,000	770,024	(210,024)	-27.3%
Right-to-use asset	358,012	358,012	-	0.0%
Total capital assets	<u>944,937</u>	<u>1,154,961</u>	<u>(210,024)</u>	-18.2%
Less: accumulated depreciation and amortization				
Office equipment	(24,192)	(23,254)	(938)	-4.0%
Right-to-use asset	<u>(282,640)</u>	<u>(226,112)</u>	<u>(56,528)</u>	-25.0%
	<u>(306,832)</u>	<u>(249,366)</u>	<u>(57,466)</u>	
Net capital assets	<u>\$ 638,105</u>	<u>\$ 905,595</u>	<u>\$ (267,490)</u>	-29.5%

As of September 30, 2025, the Authority's investment in capital assets totaled \$638,105 net of accumulated depreciation and amortization. As compared with fiscal year 2024, the investment in capital assets decreased by \$267,490 or 29.5%. During the fiscal year, the Authority sold its asset held for sale, 707 East Scott Street, which was classified as land and land improvements. This contributed to the \$210,024 decrease during fiscal year 2025.

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. This 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).

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Long-Term Debt (Continued)

As of September 30, 2025, the Authority had issued and outstanding the following bonds pursuant to its authorization:

	<u>Issue Amount</u>	<u>Outstanding Amount</u>
<i>Direct Borrowings -</i>		
Single Family Mortgage Revenue Bonds:		
Series 2019A Bonds	\$ 15,000,000	\$ 4,350,000
Series 2019B Bonds	14,000,000	6,775,000
Series 2019C Bonds	6,481,473	2,880,054
Series 2016A Bonds	16,861,686	2,453,647
Series 2014B Bonds	<u>4,335,000</u>	<u>831,979</u>
Subtotal	<u>56,678,159</u>	<u>17,290,680</u>
 <i>Conduit Debt -</i>		
Multi-Family Housing Revenue Bonds:		
Orange Blossom Village Apartments, Series 2021	8,700,000	4,203,226
Taylor Pointe Apartments, Series 2019A	11,320,000	10,727,385
Taylor Pointe Apartments, Series 2019B-1	2,548,572	2,548,572
Taylor Pointe Apartments, Series 2019B-2	1,911,428	1,911,428
Delphin Downs Apartments, Series 2018	7,950,000	3,228,334
Johnson Lakes Project, Series 2006	9,000,000	3,648,642
Kinneret Apartments, Series 2022A	47,927,000	47,927,000
Flint Gardens, Series 2022	14,050,000	10,271,697
College Trace Apartments, Series 2022	16,440,000	16,364,825
Sunrise Apartments, Series 2023	24,600,000	24,093,859
The Moorings Apartments, Series 2023	26,000,000	25,465,054
Hidden Cove Apartments, Series 2023A	4,100,000	4,100,000
Hollowbrook Apartments, Series 2024	29,300,000	29,300,000
Cross Creek Gardens at Quincy, Series 2024*	<u>8,000,000</u>	<u>1,201,416</u>
Subtotal	<u>211,847,000</u>	<u>184,991,438</u>
 <i>Other Debt -</i>		
Single Family Mortgage Revenue Bonds, Series 1985	<u>20,000,000</u>	<u>122,707</u>
 Total	 <u>\$ 288,525,159</u>	 <u>\$ 202,404,825</u>

*The amount outstanding represents the amount drawn down on the construction loan. Once the construction period is over, the draw downs will be converted to a permanent loan.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Long-Term Debt (Continued)

Audited financial statements and operating data for 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.

As of September 30, 2025, 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.

In 1985, \$15,000,000 of the principal amount of the 1985 Bonds was refunded 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.

On March 25, 2009, Moody's Investors 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>.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2025 AND 2024**

Single Family Mortgage Revenue Bonds, Series 1985 (Continued)

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 Bond owners"), the Trustee provided a Notice of Event of Default dated December 13, 2016, to the 1985 Bond owners (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 Bond owners and the distribution of future amounts under the Rehabilitation Plan through the 40-year Run Off Period. As of September 30, 2025, FGIC's claims paying agent has paid \$287,293, leaving a balance outstanding of \$122,707. Additional amounts are expected to be paid in the future.

Budgetary Highlights

The Authority's overall actual expenses were higher than the original budgeted amounts primarily due to the following: (1) Costs related to the Best Efforts TBA Structure (see Note 16) were greater than anticipated. The costs associated with the Best Efforts TBA Structure fluctuate from year to year. Interest rates, economic growth or recession, and inventory all affect the program. Although the Authority's costs exceeded the amount originally budgeted, the expenses are offset with income generating a profit for the Best Efforts TBA Structure at September 30, 2025. (2) Down Payment Assistance costs were greater than anticipated. Similar to the Best Efforts TBA Structure, the amount of down payment assistance provided to first-time or veteran homebuyers is affected by interest rates, economic growth or recession, and inventory. The original budget reflects the Authority's best estimate. Expenses exceeding the budget indicate the Authority is advancing its mission more effectively than anticipated.

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

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024

ASSETS AND DEFERRED OUTFLOWS

	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 8,019,832	\$ 10,378,453
Cash and cash equivalents - restricted	888,005	641,116
Accrued interest and other receivables	147,606	114,479
Issuer fees receivable	68,883	74,468
Interest income receivable - restricted	63,153	69,724
Investments	924,847	610,511
Investments - restricted	1,706,442	2,104,563
Bank participation agreements	12,000	12,000
First mortgages receivable	1,394,257	1,681,544
Amortizing second mortgages receivable	15,704	17,558
Total current assets	13,240,729	15,704,416
 Noncurrent Assets:		
Investments	8,357,551	5,541,852
Investments - restricted	15,925,074	17,966,578
Bank participation agreements	53,543	65,543
Amortizing second mortgages receivable, net of allowance for loan losses	55,574	75,846
Depreciable capital assets, net of accumulated depreciation	2,733	3,671
Leased right-to-use asset, net of accumulated amortization	75,372	131,900
Non-depreciable capital assets, net of land valuation allowance	560,000	770,024
Total noncurrent assets	25,029,847	24,555,414
Total assets	38,270,576	40,259,830
 Deferred Outflows of Resources:		
Pensions	104,278	116,980
 Total Assets and Deferred Outflows	\$ 38,374,854	\$ 40,376,810

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024
(Continued)

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	2025	2024
Current Liabilities:		
Accounts payable and accrued expenses	\$ 218,796	\$ 237,197
Lease liability - operating	63,919	60,584
Bonds payable	680,573	833,604
Bond interest payable	206,137	228,739
Total current liabilities	1,169,425	1,360,124
 Noncurrent Liabilities:		
Net pension liability	434,171	508,311
Lease liability - operating	21,990	86,750
Bonds payable	16,610,107	18,429,626
Total noncurrent liabilities	17,066,268	19,024,687
Total liabilities	18,235,693	20,384,811
 Deferred Inflows of Resources:		
Pensions	188,308	178,695
 Net Position:		
Net investment in capital assets	552,196	758,261
Restricted	1,068,751	1,271,387
Unrestricted	18,329,906	17,783,656
Total net position	19,950,853	19,813,304
 Total Liabilities, Deferred Inflows and Net Position	\$ 38,374,854	\$ 40,376,810

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, 2025 AND 2024

	2025	2024
Operating Revenues:		
Fees and other income	\$ 535,162	\$ 1,167,985
FTH Program income (loss), net of expenses	42,656	(54,412)
Non-amortizing second mortgage repayments	483,604	427,184
Multi-Family Development Initiative income, net of expenses	56,366	2,375
Reduction to loan losses	2,685	6,049
Total operating revenues	1,120,473	1,549,181
Operating Expenses:		
Salaries and related benefits	618,393	698,533
Legal, accounting, advisory, and consulting fees	236,068	245,612
General operating and administrative	61,652	72,269
Travel, lodging, and meal costs	25,756	34,229
Depreciation and amortization	57,466	57,465
Memberships, dues, and subscriptions	22,762	20,387
Educational conference fees and training costs	28,725	29,715
Bond issuance and monitoring costs	5,790	9,938
Non-amortizing second mortgage loan funding	699,705	188,250
Total operating expenses	1,756,317	1,356,398
Operating Income (Loss)	(635,844)	192,783
Nonoperating Revenues (Expenses):		
Interest income	796,054	842,100
Interest income - restricted	838,366	891,831
Other revenue	59,657	96,152
Net increase in fair value of investments	13,324	236,708
Net increase (decrease) in fair value of investments - restricted	(327,978)	1,418,714
Interest on bonds	(606,030)	(657,457)
Total nonoperating revenues, net	773,393	2,828,048
Change in Net Position	137,549	3,020,831
Net Position - Beginning of Year	19,813,304	16,792,473
Net Position - End of Year	\$ 19,950,853	\$ 19,813,304

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

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities:		
Cash received from mortgagors and others	\$ 1,072,401	\$ 1,634,923
Cash received for FTH Program income, net of expenses	42,656	(54,412)
Cash payments to employees for services	(661,235)	(716,808)
Cash payments to suppliers for goods and services	(445,543)	(336,947)
Cash payments to mortgagors and others	(418,208)	(1,159,175)
Net cash used in operating activities	(409,929)	(632,419)
Cash Flows From Noncapital Financing Activities:		
Proceeds from bank participation agreements	12,000	12,000
Payment of bond principal	(1,972,550)	(2,051,678)
Payment of bond interest	(629,640)	(678,082)
Net cash used in noncapital financing activities	(2,590,190)	(2,717,760)
Cash Flows From Capital and Related Financing Activities:		
Proceeds from sale of asset held for sale	253,220	-
Acquisition of capital assets	-	(47,575)
Payments under lease agreements	(61,425)	(58,806)
Net cash provided by (used in) capital and related financing activities	191,795	(106,381)
Cash Flows From Investing Activities:		
Proceeds from sales and maturities of investments	-	1,930,920
Purchases of investments	(3,730,212)	(2,946,143)
Collection of interest income	1,660,393	1,757,868
Collection of MBS principal	2,766,411	2,061,366
Net cash provided by investing activities	696,592	2,804,011
Net Decrease in Cash and Cash Equivalents	(2,111,732)	(652,549)
Cash and Cash Equivalents, Beginning of Year	11,019,569	11,672,118
Cash and Cash Equivalents, End of Year	\$ 8,907,837	\$ 11,019,569
Displayed As:		
Cash and cash equivalents	\$ 8,019,832	\$ 10,378,453
Cash and cash equivalents - restricted	888,005	641,116
	\$ 8,907,837	\$ 11,019,569

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024
(Continued)

	2025	2024
Reconciliation of Operating Income (Loss) to Net		
Cash Used in Operating Activities:		
Operating income (loss)	\$ (635,844)	\$ 192,783
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation and amortization	57,466	57,465
Gain on disposal of equipment	(43,196)	(35,006)
Reduction to loan losses	(2,685)	(6,049)
Changes in:		
Accrued interest and other receivables	(33,127)	20,744
Issuer fees receivable	5,585	(9,665)
First mortgages receivable	287,287	(960,987)
Amortizing second mortgages receivable	24,811	26,300
Deferred outflows of resources	12,702	21,130
Accounts payable and accrued expenses	(18,401)	104,142
Net pension liability	(74,140)	(140,697)
Deferred inflows of resources	9,613	97,421
Net cash used in operating activities	\$ (409,929)	\$ (632,419)

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

NOTES TO FINANCIAL STATEMENTS

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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 of 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”).

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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 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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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-, moderate- and middle-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 Trust Company, 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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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%)

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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 amortizing and non-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 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. The right-to-use lease asset ("lease asset") is initially measured as the initial amount of the lease liability.

Office equipment and the lease asset are depreciated/amortized using the straight-line method over the estimated useful life of the assets ranging from three to seven years.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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.

Compensated Absences Payable:

The Authority recognizes a liability for compensated absences for paid time off ("PTO") for services rendered by employees and extended leave bank ("ELB") time that is initially granted per the terms of an employment offer. A total of 500 hours PTO leave is the maximum that can be carried over for an employee's leave account from one calendar year to the next. The PTO leave account will be adjusted on the employee's anniversary date of employment and all accumulated PTO leave in excess of 500 hours will be transferred to the ELB account. Compensated absences accumulate. Such balances are allowed to be carried over to subsequent years and are more likely than not to be used as time off or paid out according to the Authority's Paid Time Off ("PTO") Leave Incentive Plan. The Authority accrues for PTO based on length of service.

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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions and Net Pension Liability (Continued):

The Authority's regular employees participate in both the Florida Retirement System ("FRS") pension and investment 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.

Leases:

The Authority recognizes a lease liability and a lease asset in the Statements of Net Position. The Authority recognizes lease liabilities with an initial, individual value of \$2,000 or more. At the commencement of the lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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 TBA basis. Operating revenues also include bond program residuals. Non-operating revenue consists of revenue related to investing activity, a temporary license fee, and a gain on disposal of an asset. 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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Developer Application Fees:

Pursuant to the Authority's Multi-Family Tax Exempt Mortgage Revenue Bond Program Policy and Procedures, application fees collected by the Authority are non-refundable but will be credited toward the Authority's bond financing fee if the bond issue closes. Application fees are utilized to pay fees and expenses incurred to structure and close the bond financing. Application fees are recognized as Fees and Other Income in the accompanying financial statements.

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, 2025 and 2024, such advertising expense totaled \$13,365 and \$13,651, respectively, and was netted against FTH Program income.

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/amortization 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.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Pronouncement:

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by recognizing liabilities for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Since the Authority has consistently measured its compensated absences payable using the methodology noted in GASB Statement No. 101, the standard had no impact on the Authority's financial statements for the year ended September 30, 2025.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to an entity's vulnerability due to certain concentrations or constraints. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024. As the Authority has consistently disclosed its concentration related to loans receivable in Note 1, the standard had no impact on the Authority's financial statements for the year ended September 30, 2025. No further concentration or constraint disclosures were required.

NOTE 2 - CASH AND CASH EQUIVALENTS

At September 30, 2025 and 2024, cash and cash equivalents consisted of the following:

	2025	2024
Bank demand deposit accounts	\$ 255,151	\$ 114,587
Bank money market accounts	4,940,543	7,357,485
Florida Cash Pool ("FL-FIT Cash Pool")	1,855,442	1,772,306
Florida Cooperative Liquid Securities System ("FLCLASS")	1,856,701	1,775,191
Total	\$ 8,907,837	\$ 11,019,569

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

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 and FL-FIT Cash Pool, local government investment pools. Authorized investments, as provided by the Authority’s investment policy, are summarized in Note 1.

Along with federal depository insurance, the bank demand deposit accounts 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, 2025 and 2024, restricted cash and cash equivalents totaled \$888,005 and \$641,116, respectively.

Local Government Investment Pools:

FLCLASS and FL-FIT Cash Pool 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, 2025, information regarding the interest rate and credit risks were as follows:

	Weighted Average Maturity	Credit Rating	Credit Rating Agency
FLCLASS	42 days	AAAm	S&P Global
FL-FIT Cash Pool	85 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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3 - INVESTMENTS

At September 30, 2025 and 2024, operating fund investments consisted of mortgage-backed securities totaling \$9,282,398 and \$6,152,363, respectively.

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. During the year ended September 30, 2024, the Authority purchased \$2,946,143 of its own MBS to hold as long-term investments. During the year ended September 30, 2025, the Authority purchased an additional \$3,730,214 of its own MBS to hold for a future single-family bond issue. See Note 15 for additional information. At September 30, 2025 and 2024, the mortgage-backed securities bear interest at the rates of 1.50% through 7.00%. The mortgage-backed securities mature during the period from June 2031 through July 2055 and June 2031 through September 2054 for the years ended September 30, 2025 and 2024, respectively. The weighted average maturity was 27.40 years and 26.57 years at September 30, 2025 and 2024, respectively. The mortgage-backed securities are rated Aa1 and Aaa by Moody's Investor Services at September 30, 2025 and 2024, respectively.

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 at the time of issuance of the Series 2019A and Series 2019B Bonds; however, the Trustee was directed to invest these amounts in First American Treasury Obligations Fund Class Y Shares as of November 2019.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 4 - RESTRICTED INVESTMENTS (Continued)

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 existing rating of the Bonds.

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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 4 - RESTRICTED INVESTMENTS (Continued)

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 \$5,728,869 and \$5,998,970 at September 30, 2025 and 2024, respectively. At September 30, 2025 and 2024, the weighted average remaining maturity was 278 months or 23.2 years and 291 months or 24.3 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 \$44,954 and \$128,236 at September 30, 2025 and 2024, respectively. The 2019A Contributed MBS bear interest at pass-through rates from 5.35% to 6.05%, with weighted average pass through rates of 5.86% and 5.89% at September 30, 2025 and 2024, respectively. At September 30, 2025 and 2024, the weighted average remaining maturity was 20 months or 1.7 years and 33 months or 2.8 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 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 1.5% to 4.13%, with a weighted average pass-through rate of 3.04%. They were outstanding in the principal amount of \$6,759,487 and \$7,601,836 at September 30, 2025 and 2024, respectively. Their weighted average remaining term was 293 months or 24.4 years and 306 months or 25.5 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 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 August 2051.

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 weighted average pass-through rates of 4.04% and 4.06% at September 30, 2025 and 2024, respectively. They were outstanding in the principal amount of \$2,759,747 and \$3,261,108 at September 30, 2025 and 2024, respectively. Their weighted average remaining term was 280 months or 23.3 years and 292 months or 24.3 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 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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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 \$2,428,942 and \$2,716,563 on September 30, 2025 and 2024, respectively. At September 30, 2025 and 2024, the weighted average remaining maturity for the 2016A MBS was 129 months or 10.8 years and 140 months or 11.7 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 April 2038.

The mortgage-backed certificate for the Series 2014B Bonds bears interest at the pass-through rate of 4.00%. The certificate was outstanding in the principal amount of \$828,415 and \$955,351 on September 30, 2025 and 2024, respectively. At September 30, 2025 and 2024, the weighted average remaining maturity for the Series 2014B Bonds was 209 months or 17.4 years and 221 months or 18.4 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 matures in July 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), 2.00% 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, 2025 and 2024, U.S. Bank National Association's long-term bank deposit rating and short-term bank deposit rating were Aa3/P-1.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 4 - RESTRICTED INVESTMENTS (Continued)

At September 30, 2025 and 2024, restricted investments consisted of the following:

	2025	2024
Mortgage-backed certificates - Series 2019A Bonds	\$ 5,666,301	\$ 6,100,921
Mortgage-backed certificates - Series 2019B Bonds	6,052,114	7,041,030
Mortgage-backed certificates - Series 2019C Bonds	2,667,109	3,236,532
Mortgage-backed certificates - Series 2016A Bonds	2,444,898	2,741,071
Mortgage-backed certificates - Series 2014B Bonds	801,094	951,587
	17,631,516	20,071,141
Less current portion	(1,706,442)	(2,104,563)
Total	\$ 15,925,074	\$ 17,966,578

At September 30, 2025 and 2024, the mortgage-backed certificates at par value were as follows:

	2025	2024
Mortgage-backed certificates at fair value	\$ 17,631,516	\$ 20,071,141
Net unrealized loss	918,898	590,924
Mortgage-backed certificates at par value	\$ 18,550,414	\$ 20,662,065

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, 2025 and 2024, the principal balance outstanding totaled \$65,543 and \$77,543, respectively.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 6 - MULTI-FAMILY DEVELOPMENT INITIATIVE

The Authority's Multi-Family Development Initiative 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. Since then, appropriated funds are approved with the annual adoption of the budget. During the year ended September 30, 2025, there were no expenses related to the Multi-Family Development Program. During the year ended September 30, 2024, the expenses incurred in connection with this program were \$108. During the years ended September 30, 2025 and 2024, 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"). Since then, appropriated funds are approved with the annual adoption of the budget.

Fourteen (14) and twelve (12) homes were at various stages of completion at September 30, 2025 and 2024, respectively. Six (6) and nine (9) homes were completed and available for sale at September 30, 2025 and 2024, respectively. Since the inception of the program, eighty-four (84) homes have been completed and sold as of September 30, 2025. The outstanding principal balance of each mortgage loan is limited to a maximum amount of \$150,000 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 and executed by each participating builder, the construction of each infill home must be fully completed and ready for occupancy within 150 days of the date of the Notice of Commencement, 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, unless extended in writing by the Authority. In the event a home is not sold to an eligible homebuyer within the authorized period, participating builders are required to repay the total amount of interim construction financing advanced by the Authority within 10 days.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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. If the property is sold to a homeowner not eligible for the Urban Infill Program, the builder is responsible for paying an administrative fee up to 5% of the sales price of the infill home. 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, 2025 and 2024 totaled \$58,619 and \$10,000, respectively. Correspondingly, during the years ended September 30, 2025 and 2024, 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 \$2,253 and \$7,517, 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 local builders as an incentive to construct the Infill Housing previously described. At September 30, 2025 and 2024, first mortgage loans receivable extended in connection with the Initiative were as follows:

	2025	2024
Urban Infill Program	\$ 2,147,036	\$ 2,559,631
Less: Unfunded amounts	(752,779)	(878,087)
Total	\$ 1,394,257	\$ 1,681,544

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”). As of September 30, 2025 and 2024, the Authority had no banked properties.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 7 - AMORTIZING SECOND MORTGAGES RECEIVABLE

At September 30, 2025 and 2024, amortizing second mortgages receivable were as follows:

	2025	2024
Non-interest bearing second mortgages	\$ 101,568	\$ 135,315
Less: Allowance for loan losses	(30,290)	(41,911)
	71,278	93,404
Less: Current portion	(15,704)	(17,558)
Noncurrent portion	\$ 55,574	\$ 75,846

As of September 30, 2025 and 2024, 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, 2025 and 2024, the Authority had used \$6,053,665 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, 2025, 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	8,028
Series 2007A (\$7,000)	1,125,000	921,283	361
Series 2007B (\$7,000)	1,000,000	958,856	609
Series GSE-R (\$8,000)	2,000,000	1,580,049	92,570
September 30, 2025	\$ 6,903,040	\$ 6,053,665	\$ 101,568

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 7 - AMORTIZING SECOND MORTGAGES RECEIVABLE (Continued)

As of September 30, 2024, 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	921,283	1,378
Series 2007B (\$7,000)	1,000,000	958,856	610
Series GSE-R (\$8,000)	<u>2,000,000</u>	<u>1,580,049</u>	<u>121,304</u>
September 30, 2024	<u>\$ 6,903,040</u>	<u>\$ 6,053,665</u>	<u>\$ 135,315</u>

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, 2025 and 2024, 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 average were somewhat less than the Classic Product.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

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 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. Since February 2020, the Authority has funded \$332,977 of non-amortizing second mortgages not assigned to bond issues that are forgivable after five years, and \$1,278,004 of second mortgages that are forgivable after ten years.

Excluding loans assigned to the Series 2019A and 2019B Bonds, as of September 30, 2025 and 2024, non-amortizing second mortgage loans (net of write-offs) outstanding totaled \$8,855,645 and \$8,683,615, 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, 2025 and 2024, the amount of non-amortizing second mortgage loan repayments recorded as operating revenue totaled \$483,604 and \$427,184, respectively.

For the years ended September 30, 2025 and 2024, the amount of non-amortizing second mortgage loan funding recorded as operating expense totaled \$699,705 and \$188,250, respectively.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 9 - CAPITAL ASSETS

The following tables provide a summary of changes in capital assets for the years ended September 30, 2025 and 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets				
Office equipment	\$ 26,925	\$ -	\$ -	\$ 26,925
Land and improvements	770,024	-	(210,024)	560,000
Right-to-use asset	358,012	-	-	358,012
Total capital assets	<u>1,154,961</u>	<u>-</u>	<u>(210,024)</u>	<u>944,937</u>
Accumulated depreciation and amortization				
Office equipment	(23,254)	(938)	-	(24,192)
Right-to-use asset	(226,112)	(56,528)	-	(282,640)
Total accumulated depreciation and amortization	<u>(249,366)</u>	<u>(57,466)</u>	<u>-</u>	<u>(306,832)</u>
September 30, 2025	<u>\$ 905,595</u>	<u>\$ (57,466)</u>	<u>\$ (210,024)</u>	<u>\$ 638,105</u>

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets				
Office equipment	\$ 33,220	\$ -	\$ (6,295)	\$ 26,925
Land and improvements	687,443	210,024	(127,443)	770,024
Right-to-use asset	358,012	-	-	358,012
Total capital assets	<u>1,078,675</u>	<u>210,024</u>	<u>(133,738)</u>	<u>1,154,961</u>
Accumulated depreciation and amortization				
Office equipment	(28,612)	(937)	6,295	(23,254)
Right-to-use asset	(169,584)	(56,528)	-	(226,112)
Total accumulated depreciation and amortization	<u>(198,196)</u>	<u>(57,465)</u>	<u>6,295</u>	<u>(249,366)</u>
September 30, 2024	<u>\$ 880,479</u>	<u>\$ 152,559</u>	<u>\$ (127,443)</u>	<u>\$ 905,595</u>

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. This 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. 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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10 - BONDS PAYABLE (Continued)

As of September 30, 2025, the Authority had issued and outstanding the following bonds pursuant to its authorization:

	<u>Issue Amount</u>	<u>Outstanding Amount</u>
<i>Direct Borrowings -</i>		
Single Family Mortgage Revenue Bonds:		
Series 2019A Bonds	\$ 15,000,000	\$ 4,350,000
Series 2019B Bonds	14,000,000	6,775,000
Series 2019C Bonds	6,481,473	2,880,054
Series 2016A Bonds	16,861,686	2,453,647
Series 2014B Bonds	<u>4,335,000</u>	<u>831,979</u>
Subtotal	<u>56,678,159</u>	<u>17,290,680</u>
<i>Conduit Debt -</i>		
Multi-Family Housing Revenue Bonds:		
Orange Blossom Village Apartments, Series 2021	8,700,000	4,203,226
Taylor Pointe Apartments, Series 2019A	11,320,000	10,727,385
Taylor Pointe Apartments, Series 2019B-1	2,548,572	2,548,572
Taylor Pointe Apartments, Series 2019B-2	1,911,428	1,911,428
Delphin Downs Apartments, Series 2018	7,950,000	3,228,334
Johnson Lakes Project, Series 2006	9,000,000	3,648,642
Kinneret Apartments, Series 2022A	47,927,000	47,927,000
Flint Gardens, Series 2022	14,050,000	10,271,697
College Trace Apartments, Series 2022	16,440,000	16,364,825
Sunrise Apartments, Series 2023	24,600,000	24,093,859
The Moorings Apartments, Series 2023	26,000,000	25,465,054
Hidden Cove Apartments, Series 2023A	4,100,000	4,100,000
Hollowbrook Apartments, Series 2024	29,300,000	29,300,000
Cross Creek Gardens at Quincy, Series 2024*	<u>8,000,000</u>	<u>1,201,416</u>
Subtotal	<u>211,847,000</u>	<u>184,991,438</u>
<i>Other Debt -</i>		
Single Family Mortgage Revenue Bonds, Series 1985	<u>20,000,000</u>	<u>122,707</u>
Total	<u>\$ 288,525,159</u>	<u>\$ 202,404,825</u>

*The amount outstanding represents the amount drawn down on the construction loan. Once the construction period is over, the draw downs will be converted to a permanent loan.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10 - BONDS PAYABLE (Continued)

The Authority’s Multi-Family Mortgage Loan Revenue Bonds are not included in the Authority’s financial statements because the developer or owner is the borrower of the conduit bond funds, not the Authority, and 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, 2025, 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.

However, in March 2009, Moody’s Investor’s Services withdrew its rating for FGIC, who 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, 2025 and 2024, the outstanding balance due to bond holders was \$122,707 and \$138,646, respectively.

The following is a summary of changes in bonds payable:

	Balance October 1, 2024	Increases	Decreases	Balance September 30, 2025	Due Within One Year
Series 2019A Bonds	\$ 4,780,000	\$ -	\$ (430,000)	\$ 4,350,000	\$ 145,000
Series 2019B Bonds	7,520,000	-	(745,000)	6,775,000	175,000
Series 2019C Bonds	3,267,515	-	(387,461)	2,880,054	-
Series 2016A Bonds	2,736,612	-	(282,965)	2,453,647	253,260
Series 2014B Bonds	959,103	-	(127,124)	831,979	107,313
	<u>\$ 19,263,230</u>	<u>\$ -</u>	<u>\$ (1,972,550)</u>	<u>\$ 17,290,680</u>	<u>\$ 680,573</u>

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10 - BONDS PAYABLE (Continued)

Bonds payable consisted of the following at September 30:

	2025	2024
<i>Series 2019A Bonds -</i> \$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	\$ 4,350,000	\$ 4,780,000
<i>Series 2019B Bonds -</i> \$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	6,775,000	7,520,000
<i>Series 2019C Bonds -</i> \$6,481,473 term bonds bearing interest at 3.00% payable monthly, maturing December 1, 2049	2,880,054	3,267,515
<i>Series 2016A Bonds -</i> \$16,861,686 term bonds bearing interest at 2.85% payable monthly, maturing on November 1, 2038	2,453,647	2,736,612
<i>Series 2014B Bonds -</i> \$4,335,000 term bonds bearing interest at 3.125% payable monthly, maturing on August 1, 2044	831,979	959,103
	17,290,680	19,263,230
Less current portion	(680,573)	(833,604)
Total	\$ 16,610,107	\$ 18,429,626

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10 - BONDS PAYABLE (Continued)

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

Year Ending September 30,	Principal	Interest	Total
2026	\$ 145,000	\$ 504,106	\$ 649,106
2027	130,000	489,633	619,633
2028	125,000	478,130	603,130
2029	130,000	467,823	597,823
2030	130,000	456,729	586,729
2031-2035	635,000	2,085,980	2,720,980
2036-2040	805,000	1,675,069	2,480,069
2041-2045	1,055,000	1,142,474	2,197,474
2046-2050	<u>1,195,000</u>	<u>446,625</u>	<u>1,641,625</u>
Total	<u>\$ 4,350,000</u>	<u>\$ 7,746,569</u>	<u>\$ 12,096,569</u>

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

Year Ending September 30,	Principal	Interest	Total
2026	\$ 175,000	\$ 401,915	\$ 576,915
2027	180,000	394,173	574,173
2028	180,000	385,973	565,973
2029	180,000	377,230	557,230
2030	190,000	368,005	558,005
2031-2035	1,025,000	1,675,762	2,700,762
2036-2040	1,260,000	1,342,552	2,602,552
2041-2045	1,505,000	922,995	2,427,995
2046-2050	1,825,000	403,769	2,228,769
2051	<u>255,000</u>	<u>8,786</u>	<u>263,786</u>
Total	<u>\$ 6,775,000</u>	<u>\$ 6,281,160</u>	<u>\$ 13,056,160</u>

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10 - BONDS PAYABLE (Continued)

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

Year Ending September 30,	Principal	Interest	Total
2026	\$ -	\$ 86,402	\$ 86,402
2027	-	86,402	86,402
2028	-	86,402	86,402
2029	-	86,402	86,402
2030	-	86,402	86,402
2031-2035	-	432,008	432,008
2036-2040	-	432,008	432,008
2041-2045	-	432,008	432,008
2046-2050	<u>2,880,054</u>	<u>360,007</u>	<u>3,240,061</u>
Total	<u>\$ 2,880,054</u>	<u>\$ 2,088,041</u>	<u>\$ 4,968,095</u>

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

Year Ending September 30,	Principal	Interest	Total
2026	\$ 253,260	\$ 69,929	\$ 323,189
2027	-	69,929	69,929
2028	-	69,929	69,929
2029	-	69,929	69,929
2030	-	69,929	69,929
2031-2035	-	349,645	349,645
2036-2039	<u>2,200,387</u>	<u>215,614</u>	<u>2,416,001</u>
Total	<u>\$ 2,453,647</u>	<u>\$ 914,904</u>	<u>\$ 3,368,551</u>

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10 - BONDS PAYABLE (Continued)

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

Year Ending September 30,	Principal	Interest	Total
2026	\$ 107,313	\$ 25,999	\$ 133,312
2027	-	25,999	25,999
2028	-	25,999	25,999
2029	-	25,999	25,999
2030	-	25,999	25,999
2031-2035	-	129,997	129,997
2036-2040	-	129,997	129,997
2041-2044	724,666	99,664	824,330
Total	<u>\$ 831,979</u>	<u>\$ 489,653</u>	<u>\$ 1,321,632</u>

The principal amounts for the year ending September 30, 2025 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, 2025, no such amounts have been estimated and included in the above schedules.

At September 30, 2025, the 2019A and 2019B Bonds were rated Aaa by Moody’s Investors Service. At September 30, 2025, the 2019C, 2016A, and 2014B Bonds were rated Aa1 by Moody’s Investors Service. The downgrade of the 2019C, 2016A, and 2014B Bond ratings resulted from Moody’s Investors Service’s downgrade of U.S. Public Finance obligations that were directly linked to the U.S. Sovereign ratings. At September 30, 2024, all of the Bonds were rated Aaa by Moody’s Investors Service.

Optional Redemptions:

The Series 2019A, Series 2019B, Series 2019C, Series 2016A, and Series 2014B 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 a redemption price equal to the principal amount plus accrued interest to the date of redemption. The order of redemption is described in the respective Supplemental Trust Indentures. 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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 10 - BONDS PAYABLE (Continued)

Mandatory Redemptions:

The Series 2019A and Series 2019B Bonds were structured with both serial bond maturities and/or term bond sinking fund amortization installments (“installments”) due on each semi-annual payment date. Installments are applied to the mandatory redemption of the Series 2019A and Series 2019B Bonds at the redemption price of the principal amount plus accrued interest to the date of redemption. In addition, the Series 2019A and Series 2019B Bonds are subject to mandatory redemption from prepayments on the mortgage-backed securities the bonds and certain surplus revenues.

The Series 2019C, Series 2016A and 2014B Bonds were structured as “pass through” obligations and principal repayments, including prepayments, on the mortgage-backed securities securing the bonds are applied to the mandatory redemption of bonds on each interest payment date at the redemption price of the principal amount plus accrued interest to the date of redemption.

NOTE 11 - LEASE LIABILITY

The Authority entered into a five-year lease agreement for the use of office space. As of September 30, 2025 and 2024, the balance of the lease liability was \$85,909 and \$147,334, respectively. The Authority is required to make monthly principal and interest payments of \$5,373. According to the lease agreement, monthly principal and interest payments increase by 3% every February of the lease term. However, the monthly principal and interest payments increased by 2% rather than 3% beginning in February 2024. In February 2025, the lessor again increased the monthly principal and interest payments by 2%. Beginning in February 2026, the monthly principal and interest payments will return to increasing by 3% each February for the remainder of the lease term. In accordance with GASB Statement No. 87, *Leases*, a lease liability is not required to be remeasured solely for a change in the rate used to determine variable payments; therefore, the lease liability was not remeasured. The lease has an interest rate of 3.25%.

The future principal and interest lease payment liabilities for the year ended September 30, 2025, is as follows:

Year Ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ 63,919	\$ 1,852	\$ 65,771
2027	<u>21,990</u>	<u>149</u>	<u>22,139</u>
Total	<u>\$ 85,909</u>	<u>\$ 2,001</u>	<u>\$ 87,910</u>

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 11 - LEASE LIABILITY (Continued)

The following table shows changes to the lease liability for the years ended September 30, 2025 and 2024:

	Beginning Balance	Additions	Payment	Ending Balance	Amounts Due Within One Year
Year ended September 30, 2025	\$ 147,334	\$ -	\$ (61,425)	\$ 85,909	\$ 63,919
Year ended September 30, 2024	\$ 206,140	\$ -	\$ (58,806)	\$ 147,334	\$ 60,584

Lease expense for the right-to-use asset for the year ended September 30, 2025 and 2024, was as follows:

	2025	2024
Amortization expense by class of underlying asset:		
Office space	\$ 56,528	\$ 56,528
Interest on lease liability	3,875	5,841
Total	\$ 60,403	\$ 62,369

NOTE 12 - 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 Retirement System issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida, 32315-9000 or calling 1-850-788-4408; or at the Florida Department of Management Services Division of Retirement website:
http://www.dms.myflorida.com/workforce_operations/retirement/publications).

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - PENSION OBLIGATIONS (Continued)

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.

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. If hired before July 1, 2011, vested employees may retire before age 62 or 30 years of credited service and receive reduced retirement benefits or 65 or 33 years of credited service, if hired after that date. 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 96 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 percentage of covered employees’ salaries. Authority employees are members of the regular class. The employer and employee contribution rates at September 30, 2025, were 14.03% and 3%, respectively.

The Authority’s contributions to the Pension Plan totaled \$56,896 and \$51,381 for the years ended September 30, 2025 and 2024, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025 and 2024, the Authority reported net pension liability of \$289,027 and \$335,745, respectively, for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2025 and 2024, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025 and 2024, 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, 2025 and 2024, the Authority’s proportionate share was 0.000931289% and 0.000867902%, respectively.

For the years ended September 30, 2025 and 2024, the Authority recognized pension expense of \$25,314 and \$43,729, respectively, related to the Pension Plan.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - 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, 2025 and 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2025:		
Differences between expected and actual experience	\$ 30,871	\$ -
Change of assumptions	33,564	-
Net difference between projected and actual earnings on Pension Plan investments	-	48,256
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	20,047	51,368
Authority Pension Plan contributions subsequent to the measurement date	14,765	-
Total	\$ 99,247	\$ 99,624
	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2024:		
Differences between expected and actual experience	\$ 33,919	\$ -
Change of assumptions	46,017	-
Net difference between projected and actual earnings on Pension Plan investments	-	22,315
Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions	13,643	69,980
Authority Pension Plan contributions subsequent to the measurement date	13,463	-
Total	\$ 107,042	\$ 92,295

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - PENSION OBLIGATIONS (Continued)

Pension Plan (Continued):

The deferred outflows of resources related to the Pension Plan totaling \$14,765 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, 2026. 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	
<u>September 30</u>	
2026	\$ 62,829
2027	(44,361)
2028	(23,362)
2029	(14,306)
2030	<u>4,058</u>
Total	<u>\$ (15,142)</u>

Actuarial Assumptions - The total pension liability as of June 30, 2025 and 2024 was determined based on the July 1, 2025 and 2024 actuarial valuations using the following actuarial assumptions:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%

* Average rate, including inflation

The investment rate of return assumption used in the June 30, 2025 and 2024 measurements was 6.70%.

Mortality rates were based on the PUB-2010 base table projected generationally with scale MP-2021.

The actuarial assumptions used in the June 30, 2025 and 2024 measurements were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - 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%	3.20%	3.20%	1.10%
Fixed income	29.00%	5.50%	5.40%	4.00%
Global equity	45.00%	8.50%	6.90%	18.30%
Real estate	12.00%	8.40%	7.10%	16.80%
Private equity	11.00%	12.40%	8.80%	28.40%
Strategic investments	2.00%	6.50%	6.10%	8.70%
	<u>100.00%</u>			
Assumed inflation - Mean			2.40%	1.50%

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

Discount Rate - The discount rate used to measure the total pension liability was 6.70% for the June 30, 2025 and 2024 measurements. 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 6.70% 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 (5.70%) or 1% higher (7.70%) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
Authority's proportionate share of the net pension liability	\$ 567,211	\$ 289,027	\$ 55,802

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - 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 Annual Comprehensive Financial Report.

Payables to the Pension Plan - At September 30, 2025 and 2024, the Authority reported payables of \$5,193 and \$4,601, respectively, for the outstanding amount of contributions to the Pension Plan required for the years ended September 30, 2025 and 2024.

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, 2025 and 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum payment of \$45 and a maximum payment of \$225 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, 2025 and 2024, the contribution rate was 2.00%. 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 \$9,943 and \$10,134 for the years ended September 30, 2025 and 2024, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2025 and 2024, the Authority reported a net pension liability of \$145,144 and \$172,566, respectively, for its proportionate share of the HIS Plan's net pension liability.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - PENSION OBLIGATIONS (Continued)

HIS Plan (Continued):

Actuarial valuations for the HIS Plan are conducted biennially. The net pension liability was measured as of June 30, 2025 and 2024, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. 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, 2025 and 2024, the Authority's proportionate share was 0.001132392% and 0.001150365%, respectively.

For the years ended September 30, 2025 and 2024, the Authority recognized pension expense of \$(10,287) and \$(4,740), 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, 2025 and 2024:

	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2025:		
Differences between expected and actual experience	\$ 866	\$ 230
Change of assumptions	1,285	35,107
Net difference between projected and actual earnings on HIS Plan investments	-	121
Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions	413	53,226
Authority contributions subsequent to the measurement date	2,467	-
Total	\$ 5,031	\$ 88,684
	Deferred Outflows of Resources	Deferred Inflows of Resources
September 30, 2024:		
Differences between expected and actual experience	\$ 1,666	\$ 331
Change of assumptions	3,054	20,430
Net difference between projected and actual earnings on HIS Plan investments	-	62
Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions	2,576	65,577
Authority contributions subsequent to the measurement date	2,642	-
Total	\$ 9,938	\$ 86,400

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - PENSION OBLIGATIONS (Continued)

HIS Plan (Continued):

The deferred outflows of resources related to pensions totaling \$2,467 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, 2025.

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		
<u>September 30</u>		
2026	\$	(9,787)
2027		(43,156)
2028		(16,389)
2029		(10,278)
2030		(6,458)
Thereafter		<u>(52)</u>
Total	\$	<u>(86,120)</u>

Actuarial Assumptions - The total pension liability used for the June 30, 2025 and 2024 measurements was based on the July 1, 2024 actuarial valuation and the following actuarial assumptions:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Inflation	2.40%	2.40%
Salary increases	3.50%	3.50%

* Average rate, including inflation

The municipal bond rate used for the June 30, 2025 and 2024 measurement dates was 5.20% and 3.93%, respectively.

Mortality rates were based on the PUB-2010 with Projection Scale MP-2021.

The actuarial assumptions used in the June 30, 2025 and 2024 measurements were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - PENSION OBLIGATIONS (Continued)

HIS Plan (Continued):

Discount Rate - The discount rate used to measure the total pension liability on June 30, 2025 and 2024 was 5.20% and 3.93%, 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 5.20% 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 (4.20%) or 1%-point higher (6.20%) than the current rate:

	1% Decrease (4.2%)	Current Discount Rate (5.2%)	1% Increase (6.2%)
Authority's proportionate share of the net pension liability	\$ 163,673	\$ 145,144	\$ 129,604

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 Annual Comprehensive Financial Report.

Payables to the Pension Plan - At September 30, 2025 and 2024, the Authority reported payables of \$868 and \$900, respectively, for the outstanding amount of contributions to the HIS Plan required for the years ended September 30, 2025 and 2024.

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 Annual Comprehensive 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 serve on a voluntary, non-compensated basis and are not eligible to enroll in the FRS.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - PENSION OBLIGATIONS (Continued)

Florida Retirement System Investment Plan (Continued):

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, 2025 and 2024 were as follows:

Class	Percent of Gross Salary	
	Employee	Employer
Florida Retirement System, Regular	3.00	8.30

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, 2025 and 2024.

After terminating employment 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 chose 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 \$1,120 and \$7,020, for the years ended September 30, 2025 and 2024, respectively. Employee contributions totaled \$405 and \$2,537 for the years ended September 30, 2025 and 2024, respectively.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 12 - PENSION OBLIGATIONS (Continued)

Payables to Pension Plan:

Included in the amounts reported as “Salaries and related benefits” and “Accounts payable and accrued expenses” is \$7,389 and \$7,486 payable to the Florida Retirement System as of September 30, 2025 and 2024, respectively. The amounts are for legally required contributions (based on September 2025 and 2024 payroll) not remitted to the plan until October 2025 and 2024, respectively.

NOTE 13 - COMPENSATED ABSENCES

Compensated absences are included in accounts payable and accrued expenses on the Authority’s statement of financial position. The following is a summary of changes in compensated absences for the years ended September 30, 2025 and 2024.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Year ended September 30, 2025	\$ 91,641	\$ 9,658	\$ -	\$ 101,299	\$ 2,184
Year ended September 30, 2024	\$ 90,200	\$ 1,441	\$ -	\$ 91,641	\$ 2,080

NOTE 14 - DEFERRED COMPENSATION PLAN

The Authority participates in one deferred compensation plan (“DCP” or collectively “DCPs”) available under Internal Revenue Code Section 457(b). The 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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 15 - NET POSITION

Restricted Net Position:

Restricted net position consisted of the following on September 30:

	2025	2024
Series 2019A Bonds	\$ 1,522,540	\$ 1,526,789
Series 2019B Bonds	(406,435)	(311,352)
Series 2019C Bonds	(78,702)	(9,056)
Series 2016A Bonds	35,813	45,514
Series 2014B Bonds	(4,465)	19,492
	\$ 1,068,751	\$ 1,271,387

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, investments and interest receivable.

The restricted net position related to the Bonds is comprised of the accumulated net earnings/loss 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, 2025 and 2024, designated unrestricted net position related to the Multi-Family Development Initiative Program totaled \$3,202,300. As of September 30, 2025 and 2024, 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 local 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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 15 - NET POSITION (Continued)

Designated Unrestricted Net Position (Continued):

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

	2025	2024
Multi-Family development expenses	\$ 2,300	\$ 2,300
Urban Infill participating builders revolving loans	3,000,000	3,000,000
Mini Homes expenses	200,000	200,000
 Total	 \$ 3,202,300	 \$ 3,202,300

At September 30, 2025 and 2024, designated unrestricted net position related to the First Time Homebuyer Program totaled \$415,300 and \$177,000, respectively. These amounts were designated and available to provide funding for down payment and closing cost assistance.

NOTE 16 - 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.”

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.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 16 - FIRST TIME HOMEBUYER SINGLE FAMILY MORTGAGE LOAN PROGRAM (Continued)

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 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 Bonds were originated, the Governmental Program Option was also moved to the Best Efforts TBA Structure.

In February 2022, the Authority was authorized to purchase up to \$4 million of MBS backed by bond-qualified mortgage loans. In April 2025, the Authority was authorized to purchase an additional \$2 million of MBS backed by bond-qualified mortgage loans. These MBS will enhance the efficiencies of the Big Splash Single Family (Multi-County) Program. As of September 30, 2025, the Authority purchased \$5,954,554 of MBS. With the approximately \$6 million, twenty-eight mortgages were secured and \$275,000 in down payment and closing cost assistance was provided.

In September 2023, the Authority's Board approved Resolution No. 2023-22 authorizing the Authority to purchase up to \$3,000,000 of its own MBS to hold as long-term investments. In November 2023, the Board approved Resolution No. 2023-26 ratifying and amending Resolution No. 2023-22 to allow the Authority to purchase MBS backed by the United States Government. The MBS purchased with the \$3,000,000 will enhance the efficiencies of the Big Splash Single Family (Multi-County) Program. As of September 30, 2024, the Authority purchased \$2,946,144 of MBS to hold as long-term investments. With the \$2.9 million, fifteen mortgages were secured and \$148,250 in down payment and closing cost assistance was provided. No additional MBS will be purchased under the authorization of Resolution No. 2023-22 and 2023-26.

**ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

NOTE 16 - 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 selling and arranging delivery of MBS to investors. HTS operates 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 years ended September 30, 2025 and 2024, the Best Efforts TBA Structure had the following activity:

	2025	2024
TBA MBS (par value) purchased	\$ 7,475,012	\$ 1,394,482
TBA MBS (par value) sold and/or principal remittances collected	\$ 7,475,012	\$ 1,394,482
TBA income recognized in connection with the FTH Program	\$ 326,369	\$ 58,880
TBA expenses incurred in connection with the FTH Program	\$ 252,370	\$ 68,370

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 16 - 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 5.99% to 7.13% during the year ended September 30, 2025 and 5.99% to 7.00% during the year ended September 30, 2024, 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 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, 2025, mortgage loan originations totaled \$282,710,462. This includes both mortgage loans financed with bonds and through the TBA method. Since inception through September 30, 2025, the Authority had provided a total of \$15,468,396 of closing costs and down payment assistance loans to first-time homebuyers and \$9,263,719 of down payment assistance second mortgage loans were outstanding.

Mortgage Credit Certificate Program:

On August 8, 2023, the Authority Board adopted Resolution No. 2023-16 authorizing a Mortgage Credit Certificate ("MCC") Program ("MCC Program") for the Authority and approving the exchange of \$35,000,000 of single family private activity bond allocation for \$8,750,000 in MCC authority. The MCC entitles qualifying first time homebuyers to an annual federal income tax credit in an amount up to 20% of the interest paid on their mortgage during the applicable year. The tax credit is available each year the borrower continues to live in the home financed with a loan including the MCC. The MCC Program launched on December 15, 2023.

Participating lenders pay the Authority a one-time application fee of \$500 to be able to participate in the MCC Program. The Authority also receives either \$350 (if the borrower uses one of the Authority's first mortgages with the MCC) or 1% of the purchase price (if the borrower does not use one of the Authority's first mortgages) for each MCC issued. For the years ended September 30, 2025 and 2024, the amount of MCC application and issuer's fees recorded as operating revenue totaled \$18,963 and \$15,379, respectively.

During the year ended September 30, 2025, the Authority did not incur any expenses associated with the MCC program. During the year ended September 30, 2024, the Authority paid \$20,000 in legal services associated with the MCC Program.

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 17 - FAIR VALUE MEASUREMENTS

The Authority categorizes its fair value measurements within the fair value hierarchy established by 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 18 - 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. There were no claims during fiscal years ended September 30, 2025 and 2024. There were no significant reductions in coverage compared to the prior year.

NOTE 19 - RELATED PARTY TRANSACTIONS

An Authority board member is employed by Hancock Whitney Bank. During the years ended September 30, 2025 and 2024, the Authority utilized banking accounts with Hancock Bank. As a Hancock Bank employee, the Authority member exercises no control over these accounts.

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)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Escambia County Housing Finance Authority's proportion of net pension liability	0.000931289%	0.000867902%	0.001049668%	0.001138165%	0.001197240%	0.001091582%	0.001014681%	0.000950714%	0.000922412%	0.000781111%
Escambia County Housing Finance Authority's proportionate share of net pension liability	\$ 289,027	\$ 335,745	\$ 418,259	\$ 423,489	\$ 90,438	\$ 473,108	\$ 349,442	\$ 286,360	\$ 272,844	\$ 197,232
Escambia County Housing Finance Authority's covered-employee payroll	\$ 483,679	\$ 422,116	\$ 425,653	\$ 453,815	\$ 440,879	\$ 436,111	\$ 404,400	\$ 342,339	\$ 338,508	\$ 272,608
Escambia County Housing Finance Authority's proportionate share of net pension liability as a percentage of its covered-employee payroll	59.76%	79.54%	98.26%	93.32%	20.51%	108.48%	86.41%	83.65%	80.60%	72.35%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

* 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.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Escambia County Housing Finance Authority's proportion of net pension liability	0.001132392%	0.001150365%	0.001452955%	0.001604278%	0.001705958%	0.001814495%	0.001840464%	0.001695319%	0.001670050%	0.001459322%
Escambia County Housing Finance Authority's proportionate share of net pension liability	\$ 145,144	\$ 172,566	\$ 230,749	\$ 169,919	\$ 209,261	\$ 221,547	\$ 205,930	\$ 179,434	\$ 178,569	\$ 170,078
Escambia County Housing Finance Authority's covered-employee payroll	\$ 497,174	\$ 506,692	\$ 538,181	\$ 596,767	\$ 599,491	\$ 622,270	\$ 619,400	\$ 564,514	\$ 551,160	\$ 469,233
Escambia County Housing Finance Authority's proportionate share of net pension liability as a percentage of its covered-employee payroll	29.19%	34.06%	42.88%	28.47%	34.91%	35.60%	33.25%	31.79%	32.40%	36.25%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

* 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.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 56,896	\$ 51,381	\$ 48,864	\$ 50,126	\$ 45,554	\$ 38,075	\$ 33,734	\$ 28,173	\$ 25,500	\$ 19,886
Contributions in relation to the contractually required contribution	<u>(56,896)</u>	<u>(51,381)</u>	<u>(48,864)</u>	<u>(50,126)</u>	<u>(45,554)</u>	<u>(38,075)</u>	<u>(33,734)</u>	<u>(28,173)</u>	<u>(25,500)</u>	<u>(19,886)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Escambia County Housing Finance Authority's covered-employee payroll	\$ 483,679	\$ 422,116	\$ 425,653	\$ 453,815	\$ 440,879	\$ 436,111	\$ 404,400	\$ 342,339	\$ 338,508	\$ 272,608
Contribution as a percentage of covered-employee payroll	11.76%	12.17%	11.48%	11.05%	10.33%	8.73%	8.34%	8.23%	7.53%	7.29%

* 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.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 9,943	\$ 10,134	\$ 9,325	\$ 9,906	\$ 9,952	\$ 10,330	\$ 10,282	\$ 9,371	\$ 9,149	\$ 7,789
Contributions in relation to the contractually required contribution	<u>(9,943)</u>	<u>(10,134)</u>	<u>(9,325)</u>	<u>(9,906)</u>	<u>(9,952)</u>	<u>(10,330)</u>	<u>(10,282)</u>	<u>(9,371)</u>	<u>(9,149)</u>	<u>(7,789)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Escambia County Housing Finance Authority's covered-employee payroll	\$ 497,174	\$ 506,692	\$ 538,181	\$ 596,767	\$ 599,491	\$ 622,270	\$ 619,400	\$ 564,514	\$ 551,160	\$ 469,233
Contribution as a percentage of covered-employee payroll	2.00%	2.00%	1.73%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

* 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.

OTHER INFORMATION

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ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2025
(with comparative totals for September 30, 2024)

ASSETS AND DEFERRED OUTFLOWS

	Series 2019A Operating	Series 2019B Bond Program	Series 2019C Bond Program	Series 2016A Bond Program	Series 2014B Bond Program	Series 2014B Bond Program	Interfund Eliminations	2025 Combined Total	2024 Combined Total
Current Assets:									
Cash and cash equivalents	\$ 8,019,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,019,832	\$ 10,378,453
Cash and cash equivalents - restricted	-	273,828	407,927	135,083	44,659	26,508	-	888,005	641,116
Accrued interest and other receivables	147,606	-	-	-	-	-	-	147,606	114,479
Issuer fees receivable	83,607	-	-	-	-	-	(14,724)	68,883	74,468
Interest income receivable - restricted	-	22,722	18,348	9,446	9,797	2,840	-	63,153	69,724
Investments	924,847	-	-	-	-	-	-	924,847	610,511
Investments - restricted	-	131,909	656,547	339,899	455,476	122,611	-	1,706,442	2,104,563
Bank participation agreements	12,000	-	-	-	-	-	-	12,000	12,000
First mortgages receivable	1,394,257	-	-	-	-	-	-	1,394,257	1,681,544
Amortizing second mortgages receivable	15,704	-	-	-	-	-	-	15,704	17,558
Total current assets	<u>10,597,853</u>	<u>428,459</u>	<u>1,082,822</u>	<u>484,428</u>	<u>509,932</u>	<u>151,959</u>	<u>(14,724)</u>	<u>13,240,729</u>	<u>15,704,416</u>
Noncurrent Assets:									
Investments	8,357,551	-	-	-	-	-	-	8,357,551	5,541,852
Investments - restricted	-	5,534,392	5,395,567	2,327,210	1,989,422	678,483	-	15,925,074	17,966,578
Bank participation agreements	53,543	-	-	-	-	-	-	53,543	65,543
Amortizing second mortgages receivable, net of allowance for loan losses	55,574	-	-	-	-	-	-	55,574	75,846
Depreciable capital assets, net of accumulated depreciation	2,733	-	-	-	-	-	-	2,733	3,671
Leased right-to-use asset, net of accumulated amortization	75,372	-	-	-	-	-	-	75,372	131,900
Non-depreciable capital assets, net of land valuation allowance	560,000	-	-	-	-	-	-	560,000	770,024
Total noncurrent assets	<u>9,104,773</u>	<u>5,534,392</u>	<u>5,395,567</u>	<u>2,327,210</u>	<u>1,989,422</u>	<u>678,483</u>	<u>-</u>	<u>25,029,847</u>	<u>24,555,414</u>
Total assets	<u>19,702,626</u>	<u>5,962,851</u>	<u>6,478,389</u>	<u>2,811,638</u>	<u>2,499,354</u>	<u>830,442</u>	<u>(14,724)</u>	<u>38,270,576</u>	<u>40,259,830</u>
Deferred Outflows of Resources:									
Pensions	104,278	-	-	-	-	-	-	104,278	116,980
Total Assets and Deferred Outflows	<u>\$ 19,806,904</u>	<u>\$ 5,962,851</u>	<u>\$ 6,478,389</u>	<u>\$ 2,811,638</u>	<u>\$ 2,499,354</u>	<u>\$ 830,442</u>	<u>\$ (14,724)</u>	<u>\$ 38,374,854</u>	<u>\$ 40,376,810</u>

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	2025 Combined Total	2024 Combined Total
Current Liabilities:									
Accounts payable and accrued expenses \$	216,414	\$ 4,652	\$ 4,539	\$ 3,086	\$ 4,067	\$ 762	\$ (14,724)	\$ 218,796	\$ 237,197
Lease liability - operating	63,919	-	-	-	-	-	-	63,919	60,584
Bonds payable	-	145,000	175,000	-	253,260	107,313	-	680,573	833,604
Bond interest payable	-	85,659	105,285	7,200	5,827	2,166	-	206,137	228,739
Total current liabilities	<u>280,333</u>	<u>235,311</u>	<u>284,824</u>	<u>10,286</u>	<u>263,154</u>	<u>110,241</u>	<u>(14,724)</u>	<u>1,169,425</u>	<u>1,360,124</u>
Noncurrent Liabilities:									
Net pension liability	434,171	-	-	-	-	-	-	434,171	508,311
Lease liability - operating	21,990	-	-	-	-	-	-	21,990	86,750
Bonds payable	-	4,205,000	6,600,000	2,880,054	2,200,387	724,666	-	16,610,107	18,429,626
Total noncurrent liabilities	<u>456,161</u>	<u>4,205,000</u>	<u>6,600,000</u>	<u>2,880,054</u>	<u>2,200,387</u>	<u>724,666</u>	<u>-</u>	<u>17,066,268</u>	<u>19,024,687</u>
Total liabilities	<u>736,494</u>	<u>4,440,311</u>	<u>6,884,824</u>	<u>2,890,340</u>	<u>2,463,541</u>	<u>834,907</u>	<u>(14,724)</u>	<u>18,235,693</u>	<u>20,384,811</u>
Deferred Inflows of Resources:									
Pensions	<u>188,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,308</u>	<u>178,695</u>
Net Position:									
Net investment in capital assets	552,196	-	-	-	-	-	-	552,196	758,261
Restricted	-	1,522,540	(406,435)	(78,702)	35,813	(4,465)	-	1,068,751	1,271,387
Unrestricted	<u>18,329,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,329,906</u>	<u>17,783,656</u>
Total net position	<u>18,882,102</u>	<u>1,522,540</u>	<u>(406,435)</u>	<u>(78,702)</u>	<u>35,813</u>	<u>(4,465)</u>	<u>-</u>	<u>19,950,853</u>	<u>19,813,304</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 19,806,904</u>	<u>\$ 5,962,851</u>	<u>\$ 6,478,389</u>	<u>\$ 2,811,638</u>	<u>\$ 2,499,354</u>	<u>\$ 830,442</u>	<u>\$ (14,724)</u>	<u>\$ 38,374,854</u>	<u>\$ 40,376,810</u>

ESCAMBIA COUNTY HOUSING FINANCE AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2025
(with comparative totals for the year ended September 30, 2024)

	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	\$ 642,156	\$ -	\$ -	\$ -	\$ -	\$ -
FTH Program income (loss), net of expenses	42,656	-	-	-	-	-
Non-amortizing second mortgage repayments	483,604	-	-	-	-	-
Multi-Family Development Initiative expenses, net of expenses	56,366	-	-	-	-	-
Reduction to loan losses	2,685	-	-	-	-	-
Total operating revenues	<u>1,227,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses:						
Salaries and related benefits	618,393	-	-	-	-	-
Legal, accounting, advisory, and consulting fees	236,068	-	-	-	-	-
General operating and administrative	61,652	-	-	-	-	-
Travel, lodging, and meal costs	25,756	-	-	-	-	-
Depreciation and amortization	57,466	-	-	-	-	-
Memberships, dues, and subscriptions	22,762	-	-	-	-	-
Educational conference fees and training costs	28,725	-	-	-	-	-
Bond issuance and monitoring costs	5,790	-	-	-	-	-
Non-amortizing second mortgage loan funding Issuer fees	699,705 -	- 8,016	- 6,984	- 32,194	- 50,979	- 8,821
Total operating expenses	<u>1,756,317</u>	<u>8,016</u>	<u>6,984</u>	<u>32,194</u>	<u>50,979</u>	<u>8,821</u>
Operating Income (Loss)	<u>(528,850)</u>	<u>(8,016)</u>	<u>(6,984)</u>	<u>(32,194)</u>	<u>(50,979)</u>	<u>(8,821)</u>
Nonoperating Revenues (Expenses):						
Interest income	796,054	-	-	-	-	-
Interest income - restricted	-	286,500	283,972	124,617	124,884	37,795
Other revenue (expense)	59,657	(19,402)	1,007	-	-	1
Net increase in fair value of investments	13,324	-	-	-	-	-
Net increase (decrease) in fair value of investments - restricted	-	(81,239)	(146,565)	(68,062)	(8,555)	(23,557)
Interest on bonds	-	(182,092)	(226,513)	(94,007)	(75,051)	(29,375)
Total nonoperating revenues, net	<u>869,035</u>	<u>3,767</u>	<u>(88,099)</u>	<u>(37,452)</u>	<u>41,278</u>	<u>(15,136)</u>
Change in Net Position	340,185	(4,249)	(95,083)	(69,646)	(9,701)	(23,957)
Net Position - Beginning of Year	<u>18,541,917</u>	<u>1,526,789</u>	<u>(311,352)</u>	<u>(9,056)</u>	<u>45,514</u>	<u>19,492</u>
Net Position - End of Year	<u>\$ 18,882,102</u>	<u>\$ 1,522,540</u>	<u>\$ (406,435)</u>	<u>\$ (78,702)</u>	<u>\$ 35,813</u>	<u>\$ (4,465)</u>

Interfund Eliminations	2025 Combined Total	2024 Combined Total
\$ (106,994)	\$ 535,162	\$ 1,167,985
-	42,656	(54,412)
-	483,604	427,184
-	56,366	2,375
-	2,685	6,049
<u>(106,994)</u>	<u>1,120,473</u>	<u>1,549,181</u>
-	618,393	698,533
-	236,068	245,612
-	61,652	72,269
-	25,756	34,229
-	57,466	57,465
-	22,762	20,387
-	28,725	29,715
-	5,790	9,938
-	699,705	188,250
<u>(106,994)</u>	<u>-</u>	<u>-</u>
<u>(106,994)</u>	<u>1,756,317</u>	<u>1,356,398</u>
-	(635,844)	192,783
-	796,054	842,100
(19,402)	838,366	891,831
18,394	59,657	96,152
-	13,324	236,708
-	(327,978)	1,418,714
<u>1,008</u>	<u>(606,030)</u>	<u>(657,457)</u>
<u>-</u>	<u>773,393</u>	<u>2,828,048</u>
-	137,549	3,020,831
-	19,813,304	16,792,473
<u>\$ -</u>	<u>\$ 19,950,853</u>	<u>\$ 19,813,304</u>

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, 2025
(UNAUDITED)

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2025
GNMA II #443894	6.05%	6.58%	\$ 8,665,880	\$ 2,071
GNMA II #443970	6.05%	7.55%	1,846,584	7,640
GNMA II #454085	6.05%	6.55%	1,129,399	5,182
GNMA II #454396	6.05%	6.55%	1,240,500	10,327
GNMA II #454418	5.80%	6.30%	1,664,366	11,704
GNMA II #549019	5.35%	5.85%	817,311	8,030
Weighted Average GNMA	<u>5.86%</u>	<u>6.53%</u>	<u>\$ 15,364,040</u>	<u>\$ 44,954</u>
Weighted Average Remaining Term (Months)		<u>20</u>		

**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, 2025
(UNAUDITED)**

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2025
GNMA II #6466	5.00%	5.375%	\$ 834,355	\$ 349,882
GNMA II #6700	5.00%	5.375%	1,354,030	579,348
GNMA II #6755	5.00%	5.375%	1,363,922	482,052
GNMA II #6915	4.50%	5.125%	1,016,321	101,165
GNMA II #1745	5.00%	5.375%	748,277	555,253
GNMA II #1754	4.50%	5.125%	1,220,078	308,524
GNMA II #1862	4.50%	5.125%	1,592,862	404,401
GNMA II #1885	4.50%	5.125%	1,399,595	467,075
GNMA II #2136	4.50%	5.125%	1,457,464	867,219
GNMA II #2135	4.50%	5.000%	1,709,639	592,161
GNMA II #2303	4.00%	4.625%	1,278,802	475,509
GNMA II #7746	3.50%	4.000%	1,040,291	546,280
Weighted Average GNMA	<u>4.53%</u>	<u>5.05%</u>	<u>\$ 15,015,636</u>	<u>\$ 5,728,869</u>
Weighted Average Remaining Term (Months)		<u>278</u>		

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, 2025
(UNAUDITED)

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2025
GNMA II #7747	3.50%	4.00%	\$ 1,044,309	\$ 426,714
GNMA II #7788	3.50%	4.00%	1,459,347	541,115
GNMA II #7912	3.50%	4.00%	1,346,683	778,196
GNMA II #7996	3.50%	4.00%	2,911,388	676,100
GNMA II #8101	3.50%	4.00%	2,155,146	740,634
GNMA II #7745	4.13%	4.63%	109,301	96,678
GNMA II #3651	3.50%	4.00%	763,990	388,483
GNMA II #3743	3.50%	4.00%	242,820	103,145
GNMA II #3652	3.25%	3.75%	397,667	191,261
GNMA II #3744	3.25%	3.75%	1,245,514	827,037
GNMA II #7746	3.50%	4.00%	1,040,291	546,280
GNMA II #3967	1.50%	2.00%	674,882	464,531
GNMA II #3741	1.50%	2.00%	1,094,486	979,313
Weighted Average GNMA	<u>3.04%</u>	<u>3.54%</u>	<u>\$ 14,485,824</u>	<u>\$ 6,759,487</u>
Weighted Average Remaining Term (Months)		<u>293</u>		

**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, 2025
(UNAUDITED)**

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2025
GNMA II #2473	4.50%	5.00%	\$ 1,219,633	\$ 237,017
GNMA II #2474	4.00%	4.61%	3,146,502	1,728,293
GNMA II #7266	4.00%	4.63%	1,747,619	674,373
GNMA II #7529	4.00%	4.63%	373,924	120,064
Weighted Average GNMA	<u>4.04%</u>	<u>4.65%</u>	<u>\$ 6,487,678</u>	<u>\$ 2,759,747</u>
Weighted Average Remaining Term (Months)		<u>280</u>		

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, 2025
(UNAUDITED)

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2025
FHLMC# T30131	4.69%	5.19%	\$ 1,653,881	\$ 318,245
FHLMC# T30183	4.69%	5.19%	786,760	152,809
FHLMC# T30207	4.69%	5.19%	373,697	85,104
FHLMC# T30477	4.69%	5.19%	211,889	109,926
FHLMC# U32044	4.69%	5.19%	79,282	54,743
FHLMC# U30446	4.89%	5.39%	203,269	118,706
FHLMC# T30216	4.89%	5.39%	256,743	39,157
FHLMC# T30282	4.89%	5.39%	961,140	199,083
FHLMC# U30738	4.89%	5.39%	196,853	124,787
FHLMC# T30474	4.89%	5.39%	823,724	122,904
FHLMC# U32102	4.89%	5.39%	67,737	45,262
Weighted Average FHLMC	<u>4.78%</u>	<u>5.28%</u>	<u>\$ 5,614,975</u>	<u>\$ 1,370,726</u>
Weighted Average Remaining Term (Months)		<u>132</u>		

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, 2025
(UNAUDITED)

Program Type	Pass-Through Rate	Mortgage Loan Rate	Original Principal Amount	Principal Amount at Par Value as of September 30, 2025
GNMA# 606281	4.69%	5.19%	\$ 1,944,732	\$ 151,954
GNMA# 612253	4.69%	5.19%	956,998	65,136
GNMA# 599532	4.69%	5.19%	511,079	14,985
GNMA# 672501	4.69%	5.19%	371,505	147,431
GNMA# 612148	4.89%	5.39%	813,393	30,963
GNMA# 672491	4.89%	5.39%	319,407	108,896
GNMA# 618672	4.89%	5.39%	944,814	128,986
GNMA# 599531	4.89%	5.39%	1,675,181	308,503
GNMA# 672554	4.89%	5.39%	312,381	38,311
Weighted Average GNMA	<u>4.81%</u>	<u>5.31%</u>	<u>\$ 7,849,490</u>	<u>\$ 995,165</u>
Weighted Average Remaining Term (Months)		<u>123</u>		

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, 2025
(UNAUDITED)

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, 2025
FNMA	4.89%	5.39%	\$ 385,075	142	\$ 63,051

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, 2025
(UNAUDITED)

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, 2025
GNMA	4.00%	4.25%	\$ 4,330,894	209	\$ 828,415

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, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated February 23, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on 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.



Pensacola, Florida
February 23, 2026



**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, 2025. 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, 2025.

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.

A handwritten signature in black ink that reads 'Saltmarsh'.

Pensacola, Florida
February 23, 2026



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, 2025, and have issued our report thereon dated February 23, 2026.

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 February 23, 2026, 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.

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.

Specific Information - Dependent Special District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Authority reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as five (5).
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as three (3).
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$618,393.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$149,924.
- e. There were no construction projects with a total cost of at least \$65,000 approved by the district that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as a favorable variance of \$373,749.

Board of Directors
Escambia County Housing Finance Authority

Property Assessed Clean Energy (PACE) Programs

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires us to report whether the Authority operated a Property Assessed Clean Energy (PACE) program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes. For the year ended September 30, 2025, the Authority did not operate a PACE program within its geographical boundaries.

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.



Pensacola, Florida
February 23, 2026