

**Housing Finance Authority of Clay County  
(A Component Unit of Clay County, Florida)  
Independent Auditor's Reports, Basic Financial Statements,  
and Additional Information**

**September 30, 2025**



**THE NICHOLS GROUP, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Independent Auditor’s Reports, Basic Financial Statements,**  
**and Additional Information**  
**September 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Housing Finance Authority of Clay County, Florida  
Green Cove Springs, Florida

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities of the Housing Finance Authority of Clay County, Florida (Authority), a component unit of Clay County, Florida, 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 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 business-type activities of the Authority as of September 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *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 opinions. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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.

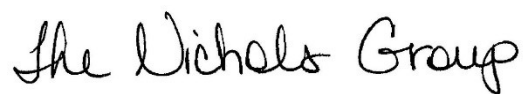
### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the

information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 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 the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

The Nichols Group

The Nichols Group, PA  
Certified Public Accountants  
Fleming Island, Florida

February 16, 2026

## **Housing Finance Authority of Clay County Management's Discussion and Analysis**

This section of the Housing Finance Authority of Clay County, Florida's (Authority), a component unit of Clay County, Florida (County), financial statements presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on September 30, 2025. Please read it in conjunction with the financial statements, which follow this section.

### **Financial Highlights**

The Authority's mission is to address the shortage of affordable housing for low, moderate, and middle-income families in Clay County, Florida. To advance this mission, it issues tax-exempt bonds to finance single-family and multi-family housing developments. The Authority also offers loans, grants, and other financial assistance to support the acquisition, construction, renovation, and operation of residential housing. Additionally, it receives funding from the County through the State Housing Initiatives Partnership (SHIP) Program.

At times, the Authority finds it desirable to forgive loans or make grants to accomplish its public purpose. Loan forgiveness and grants may substantially impact the Authority's expenses in a single fiscal year and cause significant variation from year to year.

The Authority's net position increased by \$387k or 4.12% in fiscal year 2025.

The Authority's revenues increased from \$755k to \$837k, an increase of \$82k or 10.86%. During the same period, expenses increased from \$371k to \$450k, an increase of \$79k or 21.29%. This increase in expenses is mostly due to an increase in the provision for loan losses.

### **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. 80-19 enacted by the Board of County Commissioners of Clay County, Florida on March 25, 1980, as amended. The Authority is a component unit of Clay County, Florida. The Authority has no component units.

In furtherance of its statutory authority, the Authority is empowered to issue revenue bonds to finance affordable housing initiatives, including single-family mortgage programs and qualifying multi-family developments. Bonds issued by the Authority are payable solely from the revenues and assets pledged under the related bond resolutions and do not constitute a debt, liability, or obligation of the Authority, Clay County, the State of Florida, or any political subdivision thereof.

### **Overview of the Financial Statements**

The financial statements consist of two parts: Management's Discussion and Analysis (MD&A) and the Basic Financial Statements. The Basic Financial Statements also include notes that explain in more detail some of the information in the Basic Financial Statements.

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. The Authority accounts for its financial activities through the use of an enterprise fund. See the notes to the Basic Financial Statements for a summary of the Authority's significant accounting policies.

## **Housing Finance Authority of Clay County Management's Discussion and Analysis**

### **Basic Financial Statements**

The Basic Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (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 credit worthiness 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 did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

### **Financial Analysis**

Our financial analysis of the financial statements of the Authority begins below. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position 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 are an indicator of the Authority's financial health. When evaluating changes in the Authority's financial health, other non-financial factors should also be considered. These include factors such as changes in economic conditions, new or changed government legislation and regulations, and the fulfillment of the Authority's public purpose.

**Housing Finance Authority of Clay County  
Management's Discussion and Analysis**

**Net Position**

A summary of the Authority's Statements of Net Position is presented in Table A. The Authority has no capital assets and its long-term debt obligations (i.e., revenue bonds) are not a general obligation of the Authority.

**Table A  
Condensed Statements of Net Position  
(In thousands of dollars)**

	<b>2025</b>	<b>2024 (Restated)</b>	<b>Dollar Change</b>	<b>Percentage Change</b>
Current assets	\$ 5,528	\$ 5,567	\$ (39)	-0.70%
Noncurrent assets	4,251	3,822	429	11.22%
Total assets	9,779	9,389	390	4.15%
Current liabilities	3	-	3	100.00%
<b>Net position</b>				
Restricted	505	875	(370)	-42.29%
Unrestricted	9,271	8,514	757	8.89%
Total net position	\$ 9,776	\$ 9,389	\$ 387	4.12%

During the fiscal year ended September 30, 2025, total assets increased by \$390k or 4.15%. The change consists of (a) \$1,086k net fundings for mortgage, construction, housing development, and down payment assistance (DPA) loans, and (b) \$35k increase in the amount of SHIP funding due from Clay County, net of (c) \$761k decrease in cash and cash equivalents from current year funding of construction loans.

Total net position increased by \$387k or 4.12%, represents net surplus recognized in the current year.

During the year ended September 30, 2025, the authority reclassified \$350,000 of net position previously reported as restricted to committed net position. The reclassification was made after management determined that the restriction was not externally imposed but rather represented a commitment of resources by formal action of the Board. As a result, the amounts presented for the current year are not directly comparable to the prior year. Prior year amounts have been restated for comparability.

**Housing Finance Authority of Clay County  
Management's Discussion and Analysis**

**Revenues, Expense and Changes in Net Position**

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

**Table B  
Condensed Statements of Revenues, Expenses and Changes in Net Position  
(In thousands of dollars)**

	<u>2025</u>	<u>2024 (Restated)</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating revenues	\$ 644	\$ 552	\$ 92	16.67%
Nonoperating revenues	193	203	(10)	-4.93%
Net revenues	837	755	82	10.86%
Operating Expenses	450	371	79	21.29%
Change in net position	387	384	3	0.78%
Beginning net position	9,389	9,005	384	4.26%
Ending net position	<u>\$ 9,776</u>	<u>\$ 9,389</u>	<u>\$ 387</u>	<u>4.12%</u>

Operating revenues increased by \$92k or 16.67%, primarily consisting of (a) \$145k increase in SHIP funding, net of (b) \$64k decrease Authority fees. The decrease in Authority fees is due to the fact that the Authority did not receive an administrative fee from the County for administering the SHIP program this year. SHIP Program administrative fees are subject to the availability of funds.

Operating expenses increased by \$79k or 21.29% due to a \$69k increase in the allowance for loan losses and \$12k increase in general operating and administrative expenses. The allowance for loan losses is determined based on management's evaluation of the loan portfolio, which considers historical collection experience and the specific identification of loans affected by foreclosure or other indicators of impairment. This approach resulted in higher overall allowance for loan losses in the current year.

During the current fiscal year, the Authority reviewed the classification of its TBA (To Be Announced) program income and determined that, in accordance with authoritative guidance, such income should be reported as nonoperating revenue rather than operating revenue. As a result, the comparative financial data presented in this Management's Discussion and Analysis have been restated to reflect this change.

**Housing Finance Authority of Clay County  
Management’s Discussion and Analysis**

**Cash Flows**

A summary of the Authority’s Statements of Cash Flows for the current fiscal year is presented in Table C. It presents the major sources and uses of cash and cash equivalents. For purposes of the Statements of Cash Flows, the Authority considers all currency and demand deposits with banks or other financial institutions to be cash and cash equivalents.

**Table C  
Condensed Statements of Cash Flows  
(In thousands of dollars)**

	<b>2025</b>	<b>2024 (Restated)</b>
Net cash used in operating activities	\$ (930)	\$ (47)
Net cash provided by investment activities	169	338
Net increase (decrease) in cash and cash equivalents	(761)	291
Cash and cash equivalents at beginning of year	3,775	3,484
Cash and cash equivalents at end of year	\$ 3,014	\$ 3,775

During fiscal year 2025, net cash used in operating activities amounts to \$930k, primarily consisting of \$1,167k net funding of loan principals, offset by \$455k reimbursement from the County for DPA loans.

During fiscal year 2025, net cash provided by investment activities includes interest earned on cash and cash equivalents and certificates of deposit.

**BOND PROGRAMS**

The Authority has issued bonds to finance single-family residential housing and qualified multi-family housing developments. The financial assistance was provided to stimulate the acquisition and construction of residential housing for low, moderate, and middle-income individuals and families. The Authority’s bonds are secured as described in each of the respective trust indentures. In no case is the Authority, Clay County, the State of Florida, or any political subdivision thereof obligated in any manner for repayment of the bonds.

Portions of the Authority’s operating revenues are derived from fees and incomes generated by the single-family and multi-family bond programs issued by the Authority. Historically, these fees and incomes have usually exceeded the financial contributions made by the Authority to the bond programs.

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

<b>Multi-Family Housing Revenue and Refunding Bond</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
Series 2022 (Nathan Ridge Apartments)	\$ 24,000,000	\$ 12,706,076

## **Economic Factors and Next Year's Budget**

The Authority's Board of Directors and management considered many factors when setting the fiscal year 2026 budget. These factors include the expected operating costs of the Authority, as well as projected issuance costs for single and multi-family projects, which in turn consider such factors as anticipated population growth of the participating county and the economy of the region as a whole.

## **Requests for Information**

This financial report is designed to provide our citizens and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Housing Finance Authority of Clay County, Florida's Executive Director, P.O. Box 1620, Orange Park, Florida 32067-1620.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Statement of Net Position**  
**September 30, 2025**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 2,509,497
Due from other governments	160,000
Interest receivable	43,611
Certificates of deposit	412,250
Loans receivable	<u>2,402,289</u>
Total current assets	<u>5,527,647</u>

Noncurrent assets:

Restricted cash and cash equivalents	504,500
Certificates of deposit	134,007
Loans receivable, net	<u>3,612,360</u>
Total noncurrent assets	<u>4,250,867</u>
Total assets	<u>9,778,514</u>

**LIABILITIES**

Current liabilities:

Unearned revenue	<u>3,000</u>
Total current liabilities	<u>3,000</u>
Total liabilities	<u>3,000</u>

**NET POSITION**

Restricted for:

Construction loan agreements	487,000
State Housing Initiatives Partnership (SHIP) program	17,500
Unrestricted	<u>9,271,014</u>
Total net position	<u>\$ 9,775,514</u>

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

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended September 30, 2025**

Operating revenues:	
Authority fees and other income	\$ 63,513
Reimbursements from SHIP program	455,000
Loan interest income	<u>125,764</u>
Total operating revenues	<u>644,277</u>
Operating expenses:	
Conferences and dues	16,996
General operating and administrative	136,276
Legal and accounting	133,150
Provision for loan losses	80,876
Special project and program services	<u>82,499</u>
Total operating expenses	<u>449,797</u>
Net operating income	<u>194,480</u>
Nonoperating revenues:	
Investment interest income	145,543
TBA program income	<u>47,028</u>
Net nonoperating revenues	<u>192,571</u>
Change in net position	387,051
Net position at beginning of year	<u>9,388,463</u>
Net position at end of year	<u><u>\$ 9,775,514</u></u>

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

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2025**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipt of authority fees and other income	\$ 31,513
Net funding of loans receivable	(1,167,310)
Reimbursements from County for DPA loans	455,000
Collection of loan interest income	119,121
Payment of conferences and dues	(16,996)
Payment of general and administrative expenses	(136,276)
Payment of legal and accounting expenses	(133,150)
Payment of special project and program services	<u>(82,499)</u>
Net cash used in operating activities	<u>(930,597)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Receipt of investment interest	122,291
Collection of TBA program income	<u>47,028</u>
Total cash provided by investing activities	<u>169,319</u>

Net decrease in cash and cash equivalents	(761,278)
Cash and cash equivalents, beginning of year	<u>3,775,275</u>
Cash and cash equivalents, end of year	<u>\$ 3,013,997</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net operating income	\$ 194,480
Adjustments to reconcile operating income to net cash used in operating activities:	
Provision for loan losses	80,876
Change in assets and liabilities:	
Loans receivable	(1,167,310)
Loan interest receivable	(6,643)
Due from other governments	(35,000)
Unearned revenue	<u>3,000</u>
Total adjustments	<u>(1,125,077)</u>
Net cash used in operating activities	<u>\$ (930,597)</u>

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

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Notes to Basic Financial Statements**  
**September 30, 2025**

**1. Summary of Significant Accounting Policies**

The accounting principles and policies of the Housing Finance Authority of Clay County, Florida, a component unit of Clay County, Florida (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.

**A. Reporting Entity**

The Housing Finance Authority of Clay County, Florida (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. 80-19 (the Ordinance) enacted by the Board of County Commissioners of Clay County, Florida on March 25, 1980, as amended, (the Act). 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 its revenue bonds. The Authority issues bonds for single-family programs that provide funds to eligible borrowers to finance the purchase of qualifying single-family residences. The Authority also issues bonds for the development of qualifying multi-family housing projects.

Financial oversight and accountability to the citizens of Clay County is provided by the Board of County Commissioners (Board). The Board appoints the Housing Finance Authority members, who serve four-year terms. Members may be reappointed. Prior to issuance by the Authority, the Board approves bond financings, when required by either the Ordinance or federal tax law. Pursuant to Florida Statutes, the Board may alter or change the structure, organization, programs, or activities of the Authority; terminate the Authority; remove members of the Authority; and review the budget of the Authority.

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the operating fund, which includes all of the funds controlled by the Authority. For financial reporting purposes, the Authority is considered a component unit of Clay County, Florida due to the oversight responsibility exercised by the Board and because the public service provided by the Authority is primarily for the benefit of Clay County residents. The Authority has no component units.

Bonds issued by the Authority are payable, both as to principal and interest, solely from the assets of the various programs that are pledged under the resolutions authorizing the particular issues. These issues do not constitute an obligation, either general or moral, of the Authority, Clay County, the State of Florida, or of any local government therein. Neither the full-faith, credit, revenues, nor the taxing power of the Authority, Clay County, the State of Florida, or any local government therein is pledged to the payment of the principal or interest on the obligations. The Authority has no taxing power.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Notes to Basic Financial Statements**  
**September 30, 2025**

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

**A. Reporting Entity (continued)**

The Authority and other local housing finance authorities and counties have entered into interlocal agreements with the objective of alleviating the shortage of housing in their respective jurisdictions. The agreements provide for the Authority to either (1) issue single family bonds to provide funds to make loans to qualified persons or families of low, moderate, or middle-income to finance the purchase of qualified owner-occupied single-family residences, (2) participate with other local housing finance authorities in their single-family bond programs, or (3) issue multi-family bonds to provide funds to make loans to qualified entities to finance the acquisition, construction, and/or rehabilitation of qualified multi-family housing projects.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting records of the Authority are organized on the basis of funds as prescribed by accounting principles generally accepted in the United States of America (GAAP) applicable to governments as established by the Governmental Accounting Standards Board (GASB). The operations of each fund are accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net position, revenues and expenses.

The Authority accounts for its activities through the use of enterprise funds. Enterprise funds are 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 (business-type activities). Because the Authority has only business-type activities, it is considered to be a special purpose government for financial reporting purposes. All active activities are considered to be operating in nature.

The accompanying financial statements present the financial position, changes in financial position, and cash flows of the General Fund, which reports all of the funds controlled by the Authority.

The financial statements are prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred.

**C. Cash and Cash Equivalents**

The Authority considers all currency, demand deposits, and money market funds with banks or other financial institutions to be cash and cash equivalents.

**D. Investments**

Investments in certificates of deposit are carried at cost plus accrued interest.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Notes to Basic Financial Statements**  
**September 30, 2025**

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

**E. Loans Receivable**

The Authority implemented a mortgage loan program to provide financing for qualifying individuals in connection with the purchase of personal residences. The loans are available to reduce the amount of down payment and funds needed for closing. These non-interest bearing loans are payable in full upon sale, transfer, or refinancing of the single-family residence. Each loan is secured by the property and recorded in the official land records of the County.

Acquisition, construction and rehabilitation loans are carried at cost, including unamortized discount when applicable, less principal collections.

**F. Allowance for Loan Losses**

Adjustments to the allowance for loan losses made by provisions charged to current operations. The determination of the allowance is based on an evaluation of the loan portfolio, 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.

**G. SHIP Down Payment Assistance Program**

The Authority administers the State Housing Initiatives Partnership (SHIP) Down Payment Assistance (DPA) Program pursuant to an agreement with Clay County. Under this program, the Authority acts as sponsor, originating and servicing DPA loans to eligible homebuyers in accordance with the County's Local Housing Assistance Plan (LHAP) and applicable state statutes and regulations. SHIP funds are provided to the Authority on a reimbursement basis for down payment assistance disbursed to qualified recipients. The Authority recognizes revenue from the SHIP program at the time it bills the County for reimbursement of eligible expenditures, in accordance with its revenue recognition policy. DPA loans are recorded as loans receivable at the time of disbursement and are serviced by the Authority. When loans are repaid, the funds are either reused for additional DPA loans or returned to the SHIP program, as required by the agreement.

The use of SHIP funds is restricted to eligible program costs as defined in the LHAP and the agreement, and may not be used for ineligible expenditures such as debt service, administrative overhead, or unallowable costs. The Authority maintains records and supporting documentation for all DPA loans and related activities in accordance with program requirements and is subject to audit by the County and State. The Authority complies with all applicable federal, state, and local laws and regulations governing the SHIP program, including financial accountability standards and reporting requirements. The Authority's policy is to use restricted SHIP funds for eligible program expenditures prior to utilizing unrestricted resources.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Notes to Basic Financial Statements**  
**September 30, 2025**

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

**H. 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 of bond program authority fees, administrative fees, reimbursements from SHIP Programs, and loan interest income. Nonoperating revenues include revenue that is related to investing activity. Operating expenses consist of professional fees, provision for loan losses, financial support for local programs and other administrative expenses.

**I. Net Position**

Net position is comprised of the accumulated net earnings (losses) from revenues less expenses.

Restricted net position classification is generally used to indicate a segregation of a portion of the net position equal to the value of assets the uses of which are restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws, regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The restricted net position includes recaptured SHIP funds that were not returned to the County but instead reinvested for future down payment assistance (DPA) loans and funds set aside for construction loans under legally enforceable loan agreements. Unrestricted net position relates to that portion of net position not restricted for the purposes described above.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**J. Use of Estimates**

The preparation of financial statements in conformity with GAAP 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.

**2. Adoption of New Accounting Pronouncement**

Effective for the fiscal year ended September 30, 2025, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 102, Certain Risk Disclosures. GASB 102 requires governments to disclose information about certain concentrations or constraints that make the government vulnerable to the risk of a substantial impact on its ability to provide services or meet its obligations as they come due. The required disclosures include a description of the concentration or constraint, the nature of events that could cause a substantial effect, and any actions taken to mitigate such risks.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Notes to Basic Financial Statements**  
**September 30, 2025**

**2. Adoption of New Accounting Pronouncement (continued)**

For the fiscal year ended September 30, 2025, management evaluated the Authority's exposure to risks related to concentrations and constraints as defined by GASB 102. Based on this evaluation, no concentrations or constraints were identified that met the criteria for disclosure under GASB 102 for the current reporting period.

The adoption of GASB Statement No. 102 did not have a material impact on the Authority's financial statements for the year ended September 30, 2025.

**3. Recently Issued but Not Yet Adopted Accounting Pronouncement**

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal year ended September 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal year ended September 30, 2026.

The Authority will implement these pronouncements as of their effective dates and is currently assessing the impact they will have on its financial statements and related disclosures.

**4. Restatement of Net Position**

During the year ended September 30, 2025, the Authority reclassified \$350,000 of net position previously reported as restricted to committed net position. This reclassification was made after management determined that the restriction was not externally imposed but rather represented a commitment of resources by formal action of the Board of Directors. This change in classification had no effect on total net position.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
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**5. Cash and Cash Equivalents**

At September 30, 2025, the Authority's cash and cash equivalents consisted of the following:

Business checking	\$ 208,048
Money market	1,129,604
Insured cash sweep	<u>1,676,345</u>
Total cash and cash equivalents	<u>\$ 3,013,997</u>

The Authority has classified as restricted certain cash and cash equivalents for qualified SHIP Program DPA loans and undrawn proceeds from signed construction loan agreements.

The Authority manages custodial credit risk by depositing money in demand deposit accounts with qualified public depositories. Along with federal depository insurance, the bank demand deposit account is 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 the Public Depositors Trust Fund, a multiple financial institutional pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred.

**6. Investments and Fair Value Measurements**

Florida Statutes authorize the Authority to invest in certain types of investments. It is the Authority's practice to comply with statutory requirements. Furthermore, the Authority's policy is to invest in (a) local government pooled fund administered by the Florida State Board of Administration or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.1, Florida Statutes; provided that such fund has been rated as a money market fund in the highest rating category by Standard and Poor, (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, (c) banking accounts in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes, (d) certificates of deposit in state-certified qualified public depositories, as defined in Section 280.02, Florida Statutes, (e) direct obligations of the U.S. Treasury (U.S. Treasury bills, notes, and bonds), (f) U.S. agencies securities (U.S. Agency discount notes, bonds, debentures, and certificates shall include those of the Federal Farm Credit System (FFCB), Federal Home Loan Banks (FHLB), Federal National Mortgage Association (Fannie Mae, FNMA), Student Loan Marketing Association (SLMA), Federal Home Loan Mortgage Corporation (Freddie Mac, FHLMC), Tennessee Valley Authority (TVA), Small Business Administration (SBA), and other U.S. Agency issuers), (g) interest bearing time deposits or savings accounts that are fully insured by the Federal Deposit Insurance Corporation, regardless of whether the bank or financial institution in which the deposit or investment is made is a qualified public depository as defined in Section 280.02, Florida Statutes, and (h) mortgage-backed securities, which the Authority may receive as a result of the refunding of one of their bond programs.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
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**September 30, 2025**

**6. Investments and fair value measurements (continued)**

The securities listed in (c), (d), (e), (f), (g), and (h) are to be invested to match investment maturities with known cash needs and anticipated cash-flow requirements. Investments made pursuant to the Authority's investment policy 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, dealer or financial institution through which financial instruments are bought and sold.

At September 30, 2025, the Authority's investments consisted of certificates of deposit totaling \$546,257, with maturity dates ranging from October 2025 to November 2026, and interest rates ranging from 3.85% to 4.50%.

Investments measured and reported at fair value are classified according to the following hierarchy:

**Level 1** – Unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access at the measurement date.

**Level 2** – Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

**Level 3** – Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

The categorization within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The mortgage-backed securities are classified as Level 2 of the fair value hierarchy as they are valued using prices quoted in active markets for similar securities. Certificates of deposit are based on purchase price plus accrued interest.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
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**7. Loans Receivable**

At September 30, 2025, the Authority owned loans receivable from the following:

Homeowners (Habitat Development Second Mortgage Program loans)	\$ 7,500
Homeowners (Clay HFA's Single Family Series 2007 A-1 and A-2 Second Mortgage Program loans)	5,705
Homeowners (Brevard HFA's Single Family Series 2009 A and B Second Mortgage Program loans)	30,000
Homeowners (Hillsborough HFA's Single Family Series 2012 MBS Origination Program Second Mortgage Program loans)	2,290,015
BASCA (first mortgage loans, interest rates at 4%, maturity dates range from October 2025 to February 2027)	636,999
Community Healthy Homes (first mortgage loans, interest rates 5%, maturity dates range from October 2026 to September 2028)	202,000
Challenge Enterprises (first mortgage loans, interest rate at 5%, mature in May 2028)	311,669
Mercy Support Services (first mortgage loans, interest rates range from 0% to 4%, maturity dates range from June 2025 to May 2028)	701,400
Operation Barnabas (first mortgage loan, interest rate at 3%, matures in March 2027)	252,540
Operation Lifeline (first mortgage loans, interest rates from 0% to 5%, maturity dates from December 2025 to August 2026)	855,952
Vestcor (first mortgage loans, interest rate at 3%, maturity dates range from September 2032 to February 2040)	420,000
Vineyard Transitional Housing (first mortgage loan, interest rate at 4%, matures in June 2026)	50,000
Wiggins (first mortgage loans, interest rate from 0% to 5%, maturity dates from February 2026 to September 2026)	669,000
Subtotal	6,432,780
Less: Current portion	(2,402,289)
Less: Allowance for loan losses	(418,131)
Total Long-term portion, net	<u>\$ 3,612,360</u>

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Notes to Basic Financial Statements**  
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**7. Loans Receivable (continued)**

The single-family programs originate noninterest bearing, 30-year term loans payable upon the maturity date of the first mortgage or until the first to occur of the following events: (a) borrower sells, transfers or disposes of the property or home either voluntarily or involuntarily; (b) borrower fails or ceases to occupy the home as a principal residence; (c) borrower or surviving spouse of borrower, dies; or (d) borrower refinances the first mortgage loan at which time the remaining principal balance is due. The loans are secured by a second mortgage lien on the related property.

Allowance for losses on loans receivable were established based on management's evaluation and collection history.

Since the real properties, which collateralize certain of the Authority's loans receivable, are concentrated with one geographic location (Clay County, Florida), there is a significant concentration of credit risk. In an effort to minimize this risk, it is the Authority's policy to have application review performed and to record mortgage liens on the real property during the period the loans are outstanding.

**8. Committed and Restricted Net Position**

The Authority's Board of Directors has designated \$350,000 of unrestricted net position as a working capital reserve. This amount approximates one year of operating expenses and is intended to provide liquidity for operations and to ensure the Authority's ability to meet its ongoing financial obligations. This designation is not a legal restriction and may be changed or removed at the discretion of the Board.

The Authority reported \$17,500 in restricted net position related to SHIP Program. These resources represent SHIP funds and program income (including loan repayments and other recaptured funds) that are externally restricted by grant agreement and applicable laws and regulations. The use of these funds is limited to providing down payment assistance loans and other eligible housing activities in accordance with the SHIP Program requirements.

At year-end, the Authority's restricted net position includes \$487,000 representing undrawn proceeds from signed construction loan agreements. These funds are legally restricted for use in the acquisition, construction, or improvement of specific capital projects, as stipulated in the respective loan agreements. The restricted amounts may only be used for eligible construction expenditures in accordance with the terms of the loan agreements, and are not available for general operating purposes until such time as the funds are drawn and expended for their intended purpose.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
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**September 30, 2025**

**9. State Housing Initiatives Partnership (SHIP) Program Funding**

The Authority administers the SHIP Down Payment Assistance (DPA) Program in accordance with an agreement with Clay County, providing financial incentives to assist low- and moderate-income households in obtaining affordable housing. Under the agreement, SHIP funds are provided to the Authority on a reimbursement basis for eligible DPA loans and related administrative costs, as defined in the County's Local Housing Assistance Plan (LHAP) and applicable regulations. For the fiscal year ended September 30, 2025, revenue recognized from the SHIP program totaled \$455,000 consisting of reimbursements for DPA loans. At September 30, 2025, SHIP funding receivable from the County totaled \$160,000.

**10. Conduit Debt Obligations**

The Authority has issued revenue bonds to provide financial assistance to individuals, families, and private-sector entities. The financial assistance was provided to encourage the investment of private capital and stimulate the acquisition and construction of residential housing for low, moderate, and middle-income individuals and families. The bonds are secured by the assets, revenues, receipts, and other resources of the bond programs and are payable solely from receipts received pursuant to the respective bond documents. Neither the Authority, Clay County, the State of Florida, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

As of September 30, 2025, the principal balance of the Authority's outstanding revenue bond was \$12,706,076.

**11. Hillsborough 2012 MBS Origination Program**

In September 2012, the Authority entered an interlocal agreement with the Housing Finance Authority of Hillsborough County, Florida ("Hillsborough HFA"). Pursuant to the interlocal agreement, the Hillsborough HFA is authorized to operate its 2012 MBS Origination Program (aka, the TBA Program or Continuous Funding Program) within Clay County, Florida.

The Authority's intent is to provide financing for homes to persons whose family annual income does not exceed certain limits and who might not be able to purchase a home otherwise. The Authority is prepared to fund a revolving pool of moneys to purchase mortgage certificates backed by first mortgage loans made to homebuyers in Clay County. With existing private activity bond allocation, the Authority is prepared to secure mortgage credit certificate authority and to take such steps and enter into such agreements necessary to enable loans made under the 2012 MBS Origination Program in Clay County to receive such credit in lieu of tax-exempt bond financing ("Mortgage Credit Certificate Program").

The Authority has provided moneys for a down payment and closing cost assistance program to be used by buyers of homes in Clay County, which is linked to the above mentioned 2012 MBS Origination Program. The down payment and closing cost assistance has been structured to provide non-amortizing second mortgage loans in amounts determined by the Authority. The Authority monitors the amounts paid for funding the second mortgage loans.

**Housing Finance Authority of Clay County**  
**(A Component Unit of Clay County, Florida)**  
**Notes to Basic Financial Statements**  
**September 30, 2025**

**11. Hillsborough 2012 MBS Origination Program (continued)**

The Authority and the Hillsborough HFA have agreed to share the profits and losses associated with the sale by the Hillsborough HFA of the mortgage-backed securities, which include Clay County loans. During Fiscal 2025, the income (i.e., MBS sales profits, net of any losses) recognized by the Authority in connection with the TBA Program was \$47,028. The income has been classified as "TBA program income" in the accompanying basic financial statements. Pursuant to the interlocal agreement, the Authority may terminate its participation in the Continuous Funding Program anytime (with possible temporary restrictions).

**12. Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of assets, errors and omissions, personal injury, and natural disasters. As a dependent special district, the Authority is insured under Clay County's insurance plan. The coverage is provided at no cost to the Authority. In the past three years, there have been no claims settled exceeding the insurance coverage. As of September 30, 2025, there were no outstanding claims.

**13. Related Party Transactions**

During the current fiscal year, the Authority paid \$125 to a licensed inspector who is a family member of a director. The payments were approved by the Board of Directors and funded by loan borrowers.

**14. Subsequent Events**

On January 21, 2026 the Authority entered into a loan agreement with Operation Lifeline, Inc., a Florida not-for-profit corporation. Under the terms of the agreement, the Authority provided a \$180,000 mortgage loan secured by real property located at 1786 Haring Street, Green Cove Springs, Florida. The note is non-interest bearing if paid on time, with the principal due in one year from the date of execution. The loan is secured by a mortgage and security agreement on the property.

This transaction represents a significant financial commitment and asset for the Authority. The financial effect of this subsequent event is the addition of a \$180,000 note receivable and related mortgage asset to the Authority's financial position. No adjustments have been made to the September 30, 2025, financial statements as a result of this transaction, as the event occurred after year-end.

The Authority evaluated subsequent events through February 16, 2026, the date the financial statements were available to be issued. No other material subsequent events requiring disclosure were identified through that date.



**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**

To the Board Members of the Housing Finance Authority of Clay County, Florida  
Green Cove Springs, 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 the business-type activities of the Housing Finance Authority of Clay County, Florida (Authority), a component unit of Clay County, Florida, 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 16, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 or significant deficiencies may exist that were not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

The Nichols Group

THE NICHOLS GROUP, P.A.  
Certified Public Accountants  
Fleming Island, FL

February 16, 2026



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

To the Board Members of the Housing Finance Authority of Clay County, Florida  
Green Cove Springs, Florida

We have examined the Housing Finance Authority of Clay County, Florida (Authority), a component unit of Clay County, Florida’s compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2025, as required by Section 10.556(10)(a), *Rules of the Auditor General*. 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 complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Authority’s compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

This report is intended solely for the information and use of the Florida Auditor General, Clay County, Board Members and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "The Nichols Group" in a cursive, flowing script.

THE NICHOLS GROUP, P.A.  
Certified Public Accountants  
Fleming Island, FL

February 16, 2026

## **Independent Auditor's Management Letter**

To the Board Members of the Housing Finance Authority of Clay County, Florida.

### **Report on the Financial Statements**

We have audited the financial statements of the Housing Finance Authority of Clay County, Florida (Authority), a component unit of Clay County, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated February 16, 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 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 16, 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 annual financial audit report. There were no findings in the preceding annual audit report.

### **Official Title and Legal Authority**

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

## **Financial Condition and Management**

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

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

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

## **Property Assessed Clean Energy (PACE) Programs**

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires that we provide a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the Authority's geographical boundaries during the fiscal year under audit. A PACE program did not operate within the Authority's geographical boundaries during the fiscal year ended September 30, 2025.

## **Specific Information**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, 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 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 2.
- c. All compensation earned by or awarded employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$234,750.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$0.

- 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 shown below:

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Operating revenues	\$ 253,443	\$ 644,277	\$ 390,834
Nonoperating revenues	135,000	192,571	57,571
Total revenues	<u>388,443</u>	<u>836,848</u>	448,405
Operating expenses	<u>384,530</u>	<u>449,797</u>	<u>(65,267)</u>
Change in net position	<u>\$ 3,913</u>	<u>\$ 387,051</u>	<u>\$ 383,138</u>

### **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 have 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, Clay County, Board Members and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*The Nichols Group*

The Nichols Group, PA  
 Certified Public Accountants  
 Fleming Island, FL

February 16, 2026