

**Housing Finance Authority of Hillsborough County
(A Component Unit of Hillsborough County, Florida)**

**Independent Auditor's Reports, Financial Statements,
and Additional Information**

September 30, 2025



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Housing Finance Authority of Hillsborough County
(A Component Unit of Hillsborough 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 Hillsborough County
Tampa, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Housing Finance Authority of Hillsborough County (Authority), a component unit of Hillsborough 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 on pages 4-10 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.

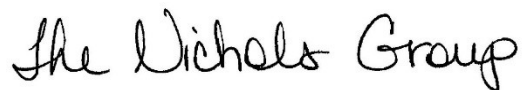
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 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 9, 2026

Housing Finance Authority of Hillsborough County Management's Discussion and Analysis

This section of the Housing Finance Authority of Hillsborough County (Authority), a component unit of Hillsborough County, Florida, financial statements present 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 alleviate the shortage of affordable residential housing for low-, moderate-, and middle-income families in Hillsborough County, Florida. To support this mission, the Authority finances single-family and multi-family housing initiatives primarily through the issuance of revenue bonds. In addition, the Authority administers housing assistance programs funded by Hillsborough County through the State Housing Initiatives Partnership (SHIP) program and generates operating revenue from bond issuance, application, and related program fees.

The Authority's net position increased by \$4,003k or 13.18% in fiscal year 2025.

During the same period, the Authority's revenues increased by \$815k or 18.34% from prior year. Expenses increased from \$1,001k to \$1,256k, an increase of \$255k or 25.47%. This increase in expenses is mostly due to an increase in the provision for loan losses of \$116k and increase in providing financial assistance to homeless families.

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. 85-33 enacted by the Board of County Commissioners of Hillsborough County, Florida on October 9, 1985, as amended. The Authority is a component unit of Hillsborough 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, Hillsborough 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 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 Hillsborough County Management's Discussion and Analysis

Required Basic Financial Statements

The 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). 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 rate of return, 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 whether the Authority has successfully recovered all of its costs through its services provided, as well as its profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The primary 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, investing, non-capital financing and financing activities and provides answers to such questions as where did cash come from, what was cash used for and what was the change in the cash balance during the reporting period.

Financial Analysis

Our 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 activities and is one way to measure financial health or financial position. These two statements report the net position (the difference between assets and liabilities) of the Authority and changes in them. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in interest rates, economic conditions, regulations and new or changed government legislation.

Housing Finance Authority of Hillsborough County Management's Discussion and Analysis

Net Position

To begin our analysis, 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 and notes) are not general obligations of the Authority.

Table A
Condensed Statement of Net Position
(In thousands of dollars)

	2025	2024 (Restated)	Dollar Change	Percentage Change
Current assets	\$ 13,949	\$ 13,759	\$ 190	1.38%
Noncurrent assets	20,552	16,784	3,768	22.45%
Total assets	34,501	30,543	3,958	12.96%
Deferred outflows of resources	49	1	48	
Current liabilities	67	108	(41)	-37.96%
Noncurrent liabilities	111	67	44	65.67%
Total liabilities	178	175	3	1.71%
Net position				
Restricted	669	479	190	39.67%
Unrestricted	33,703	29,890	3,813	12.76%
Total net position	<u>\$ 34,372</u>	<u>\$ 30,369</u>	<u>\$ 4,003</u>	<u>13.18%</u>

During fiscal year ended September 30, 2025, current assets increased by \$190k or 1.38%, consisting of \$480k increase in SHIP Funding due from Hillsborough County, offset by \$227k decrease in investments. The decrease in investments during the year was primarily due to the Authority's decision not to renew one of its certificates of deposit upon maturity. Instead, the proceeds from the matured certificate of deposit were reallocated to money market treasury funds. These funds are classified as cash equivalents under the Authority's accounting policies, resulting in a corresponding increase in cash and cash equivalents and a decrease in reported investments.

Noncurrent assets increased by \$3,768k or 22.45%, primarily consisting of (a) \$3,590k net funding in subordinate and down payment assistance loans, and (b) \$190k increase in restricted cash and cash equivalents. The increase in restricted cash and cash equivalents was primarily the result of additional funds being reinvested in the SHIP Program. These reinvested amounts specifically designated for SHIP Program activities, which require separate tracking and classification as restricted cash and cash equivalents in accordance with the Authority's accounting policies.

Total liabilities increased by \$3k or 1.71%.

During the year ended September 30, 2025, the Authority reclassified \$3,000,000 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. 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 Hillsborough County
Management's Discussion and Analysis**

Revenues, Expenses 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)**

	2025	2024 (Restated)	Dollar Change	Percentage Change
Operating revenues	\$ 5,060	\$ 3,642	\$ 1,418	38.93%
Nonoperating revenues	199	802	(603)	-75.19%
Total revenues	5,259	4,444	815	18.34%
Operating expenses	1,256	1,001	255	25.47%
Change in net position	4,003	3,443	560	16.26%
Beginning net assets	30,369	26,926	3,443	12.79%
Ending net position	<u>\$ 34,372</u>	<u>\$ 30,369</u>	<u>\$ 4,003</u>	<u>13.18%</u>

Operating revenues, consisting of bond issue and application fees, increased by \$1,418k or 38.93% primarily due to increase in SHIP funding from the County and the addition of mortgage rate buydown fees as a source of revenue.

Nonoperating revenues decreased by \$603k or 75.19%, due to a reduction in To Be Announced (TBA) program income attributable to lower volume of mortgage-back securities (MBS) forward contracts caused by less favorable market conditions.

Operating expenses increased by \$255k or 25.47%, primarily due to a \$116k increase in the allowance for loan losses and \$137k increase in funding programs to benefit the homeless population. 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.

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

Cash Flows

A summary of the Authority's Statement 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 Statement 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 Statement of Cash Flows
(in thousands of dollars)**

	<u>2025</u>	<u>2024</u>
Net cash used in operating activities	\$ (269)	\$ (194)
Net cash provided by investment activities	446	837
Net increase in cash and cash equivalents	177	643
Cash and cash equivalents at beginning of year	12,053	11,410
Cash and cash equivalents at end of year	<u>\$ 12,230</u>	<u>\$ 12,053</u>

During fiscal year 2025, net cash used in operating activities amounted to \$269k, primarily consisting of (a) \$3,992k net funding of loan principals, offset by (b) \$2,635 reimbursement from the County for down payment assistance loans and (c) \$1,907k collection of bond issuer and mortgage rate buydown fees.

During fiscal year 2025, net cash provided by investment activities includes interest earned on cash and cash equivalents and investments and proceeds from principal paydowns of MBS.

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, Hillsborough County, the State of Florida, or any political subdivision thereof obligated in any manner for repayment of the bonds.

Significant portions of the Authority's operating revenues are derived from fees and income generated by the bond programs issued by the Authority. Historically, these fees and income have exceeded the financial contributions made by the Authority to the bond programs.

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

At September 30, 2025, the Authority had the following outstanding multi-family bonds pursuant to its authorization:

Multi-Family Housing Revenue and Refunding Bonds	Amount Issued	Outstanding Balance
Series 2002 (Hunter's Run)	\$ 10,500,000	\$ 4,720,000
Series 2002 (Royal Palm Key)	8,780,000	5,695,000
Series 2003 (Morgan Creek)	12,700,000	8,100,000
Series 2004 (Grande Oaks)	8,130,000	4,545,000
Series 2005 (Claymore Crossings)	14,530,000	8,655,000
Series 2005 (Gardens at South Bay)	10,070,000	6,410,000
Series 2005 (Lake Kathy)	20,670,000	16,780,000
Series 2006 (Brandywine)	8,790,000	5,345,000
Series 2008 (Hunt Club)	8,000,000	4,115,000
Series 2010 (Cristina Woods)	7,250,000	4,950,000
Series 2010 (Sabal Ridge II)	7,500,000	5,130,000
Series 2011 (Kensington Gardens)	5,750,000	4,070,000
Series 2011 (The Ella)	2,900,000	2,440,000
Series 2012 (Trio at Encore)	4,800,000	4,205,000
Series 2014 (Tempo at Encore 14)	10,000,000	8,950,000
Series 2017 (Sweetwater Villas)	6,000,000	2,107,531
Series 2018 (The Renaissance at West River)	22,400,000	6,979,715
Series 2020 A&B (Mango Terrace)	7,000,000	6,984,740
Series 2021 (Sandhill Village & Windbay Terrace)	19,260,000	19,140,000
Series 2021 (Boulevard Tower 4 & Boulevard Villas)	35,750,000	23,374,440
Series 2021 (Uptown Sky)	9,250,000	3,619,543
Series 2021 (Belmont Heights)	42,500,000	17,427,277
Series 2023 (Casa Bel Mar)	17,800,000	15,750,000
Series 2023 (Belmont Heights Estates II)	31,700,000	31,678,010
Series 2023 (Marquee)	26,500,000	20,515,385
Series 2023 (Casa di Francesco)	20,500,000	17,829,013
Series 2023 (The Canopy at West River Towers 3 and 4)	42,000,000	37,028,849
Series 2024 (Zion Village)	20,000,000	20,000,000
Series 2024 (Country Oaks)	31,307,000	31,202,000
Series 2025 (The Loop)	16,000,000	16,000,000
Series 2025 (Tampa 47th Street)	43,000,000	23,360,000
Total	<u>\$ 531,337,000</u>	<u>\$ 387,106,503</u>

In some cases, the outstanding balances may include capital appreciation and compound interest bonds at their accreted values calculated as of the most recent bond interest payment date.

Housing Finance Authority of Hillsborough County Management's Discussion and Analysis

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 a general overview of the Authority's finances for all those with an interest in 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 Housing Finance Authority of Hillsborough County, Florida, c/o Mary Helen Farris, Esq., Hillsborough County Attorney's Office, 601 East Kennedy Blvd, 27th Floor, Tampa, Florida 33602.

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

ASSETS

Current assets:

Cash and cash equivalents	\$ 11,561,640
Investments	486,602
Authority fees receivable	256,497
Due from other governments	1,545,000
Loans receivable	13,194
Interest income receivable	40,388
Prepaid expenses	45,883
Total current assets	<u>13,949,204</u>

Noncurrent assets:

Restricted cash and cash equivalents	669,000
Investments	253,834
Loans receivable - net of allowance	<u>19,628,969</u>
Total noncurrent assets	<u>20,551,803</u>
Total assets	<u>34,501,007</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decreases in fair value of hedging derivatives	<u>48,581</u>
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LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable	63,232
Prepaid compliance monitoring fees - current	<u>3,576</u>
Total current liabilities	<u>66,808</u>

Noncurrent liabilities:

Prepaid compliance monitoring fees	62,314
Derivative instrument - hedging	<u>48,581</u>
Total noncurrent liabilities	<u>110,895</u>
Total liabilities	<u>177,703</u>

Net position:

Restricted for:	
State Housing Initiatives Partnership (SHIP) program	669,000
Unrestricted	<u>33,702,885</u>
Total net position	<u>\$ 34,371,885</u>

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Hillsborough County
(A Component Unit of Hillsborough County)
Statement Revenues, Expenses and Changes in Net Position
September 30, 2025

Operating revenues:	
Authority fees and other income	\$ 1,957,982
Bond issue application and commitment fees	87,200
Reimbursements for financial advisor expenses	60,154
Contribution from Hillsborough County	<u>2,955,000</u>
Total operating revenues	<u>5,060,336</u>
Operating expenses:	
Educational conferences and training	17,239
General and administrative	17,059
Legal and professional	244,869
Publication of notices and miscellaneous	12,500
Special district, bond application and bond allocation fees	175
Provision for loan losses	326,581
Special project and program services	<u>637,868</u>
Total operating expenses	<u>1,256,291</u>
Net operating income	<u>3,804,045</u>
Nonoperating revenue (expense):	
Investment interest income	565,742
TBA program income (loss)	(367,638)
Realized and unrealized gains on investments	<u>595</u>
Total nonoperating revenue	<u>198,699</u>
Change in net position	4,002,744
Beginning net position	<u>30,369,141</u>
Ending net position	<u><u>\$ 34,371,885</u></u>

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Hillsborough County
(A Component Unit of Hillsborough County)
Statement of Cash Flows
September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipt of authority fees	\$ 1,906,805
Collection of bond application and commitment fees	87,200
Reimbursement of financial advisor expenses	60,154
Payment of educational conferences and training expenses	(17,239)
Payment of general and administrative expenses	(26,877)
Payment of legal and professional expenses	(244,869)
Payment of publication expenses	(12,500)
Payment of special district, bond application and bond allocation fees	(175)
Payment of special project and program services expenses	(624,173)
Net funding of loan principals	(3,991,966)
Refund of good faith deposits to developers	(40,102)
Reimbursement from Hillsborough County for DPA loans	2,635,000
Net cash used in operating activities	(268,742)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from principal paydowns of MBS	26,052
Collection of TBA program income	(380,403)
Receipt of investment interest	800,489
Net cash provided by investing activities	446,138

Net Increase in cash and cash equivalents	177,396
Cash and cash equivalents, beginning of year	12,053,244
Cash and cash equivalents, end of year	\$ 12,230,640

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 3,804,045
Adjustments to reconcile operating income to net cash used in operating activities:	
Allowance for loan losses	336,581
Change in assets and liabilities:	
Authority fees receivable	(51,177)
Loans receivable	(3,926,966)
Due from other governments	(320,000)
Due from mortgage lenders	(80,000)
Prepaid expenses	13,695
Accounts payable and accrued expenses	(1,344)
Good faith deposits	(120,000)
Prepaid compliance monitoring fees	76,424
Net cash used in operating activities	\$ (268,742)

The accompanying notes are an integral part of these statements.

**Housing Finance Authority of Hillsborough County
(A Component Unit of Hillsborough County)
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 Hillsborough County, Florida, a component unit of Hillsborough 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 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. 85-33 (Ordinance) enacted by the Board of County Commissioners of Hillsborough County, Florida on October 9, 1985, as amended, (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 Hillsborough County is provided by the Board of County Commissioners (Board). The Board appoints the 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 funds controlled by the Authority. For financial reporting purposes, the Authority is considered a component unit of Hillsborough County, Florida due to the oversight responsibility exercised by the Board and because the public service provided by the Authority primarily for the benefit of Hillsborough 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, Hillsborough County, the State of Florida, or any local government therein. Neither the full-faith, credit, revenues nor the taxing power of the Authority, Hillsborough 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.

The Authority and other local housing finance authorities entered into interlocal agreements with the objective of alleviating the shortage of housing in their respective jurisdictions. The agreements provide for the Authority to 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.

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

1. Summary of Significant Accounting Policies (continued)

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

For the purposes of the statement of cash flows, the Authority considers all currency, demand deposits, deposits held by custodians, and money market funds with bank and other financial institutions to be cash and cash equivalents.

D. Investments

Investments in certificates of deposit are carried at amortized cost, which approximates fair value. Investments in mortgage-backed securities are carried at fair value.

E. Mortgage 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.

Multi-family acquisition, construction and rehabilitation loans are carried at original cost, including unamortized discount when applicable, less principal collections.

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

1. Summary of Significant Accounting Policies (continued)

E. Mortgage Loans Receivable (continued)

Servicing of loans is provided by various approved and qualified private lending institutions and servicing organizations on behalf of the Authority.

F. Allowance for Loan Losses

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

G. Developer Deposits

The Authority occasionally requires a deposit from developers who are seeking new bond financing or bond refunding for multi-family developments. In general, if the bonds are issued, the developer may choose whether the deposited money is to be used to pay a portion of the costs of bond issuance or returned to the developer. If the bonds are not issued, the deposited money belongs to the Authority.

H. Fee income

In connection with the administration of its bond programs, the Authority receives various fees from developers for each of the bond issues administered. These fees are based on either a percentage of bonds, mortgage loans or GNMA/FNMA certificates outstanding, or a certain dollar amount, as provided for in the bond issue documents, and recognized as income in the year for which they are assessed.

I. SHIP Program Grant from County

The Authority receives grant funding from Hillsborough County under the State Housing Initiatives Partnership (SHIP) Program to provide down payment assistance loans to eligible homebuyers. SHIP grant revenue is recognized as income when all eligibility requirements have been met, and qualifying expenditures have been incurred. For reimbursement-type grants, revenue is recognized in the period in which the related expenditures are billed to or reimbursed by the County, consistent with the Authority's policy and the terms of the SHIP agreement. Recaptured funds, including loan repayments and other program income, are required by the SHIP agreement to be reinvested in the program and are recognized as revenue when received and eligibility requirements are met. All SHIP funds and related program income are reported as restricted assets and restricted net position due to the external restrictions imposed by the grant agreement and applicable laws and regulations.

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

1. Summary of Significant Accounting Policies (continued)

J. 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 issue and application fees, mortgage rate buydown fees and SHIP grant funding from the County. Nonoperating revenues include revenue that is related to investing activity. Operating expenses consist of professional fees, provision for loan losses, financial support for homeless programs and other administrative expenses.

K. Derivative Instruments and Hedging Activities

The Authority enters into derivative financial instruments, including to-be-announced (TBA) mortgage-backed security contracts to manage its exposure to interest rate risk associated with its mortgage loan programs and related debt issuances. TBA contracts are forward agreements to purchase or sell agency mortgage-backed securities at a future date, with the specific securities to be delivered announced prior to settlement. These contracts are designated as hedging instruments in qualifying cash flow or fair value hedging relationships. TBA contracts are recognized at fair value on the statement of net position. Changes in the fair value of TBA contracts that are effective hedges are recorded in accordance with the Authority's hedge accounting policy, with the effective portion of gains or losses reported as deferred inflows or outflows of resources until the hedged transaction effects earnings. The ineffective portion, if any, is recognized immediately in current period earnings.

L. 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. 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.

M. 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.

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

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.

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 \$3,000,000 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 Hillsborough County
(A Component Unit of Hillsborough County)
Notes to Basic Financial Statements
September 30, 2025

5. Cash and Cash Equivalents

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

Bank demand deposits	\$ 214,615
Money market treasury	<u>12,016,025</u>
 Total cash and cash equivalents	 <u><u>\$ 12,230,640</u></u>

The Authority has classified as restricted certain cash and cash equivalents for qualified SHIP Program DPA loans.

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

At September 30, 2025, investments consisted of the following:

Certificates of deposit	\$ 486,602
Mortgage-backed securities	<u>253,834</u>
Subtotal	740,436
Less: current portion	<u>(486,602)</u>
Long-term portion	<u><u>\$ 253,834</u></u>

Florida Statutes authorize the Authority to invest in certain types of investments. It is the Authority's practice to comply with statutory requirements. It is the Authority's policy to invest in (a) the Local Government Surplus Trust Fund Investment Pool, 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 Poors, (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 qualified public depositories, as defined in Section 280.02, Florida Statutes, (d) certificates of deposit in state certified qualified public depositories, as define in Section 280.02, Florida Statutes, (e) direct obligations of the U.S. Treasury, and (f) Federal agencies and instrumentalities.

Certain of the Authority's investments are subject to certain risks as defined below:

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

6. Investments (continued)

Interest Rate Risk – Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. In accordance with the provisions of the state statutes governing allowable investments, the Authority manages its exposure by diversifying.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Section 150: Investments of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. This is mitigated by investing in the assets allowed under Florida Statute and by diversifying the portfolio so that potential losses on individual securities will be minimized.

Custodial Credit Risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments are held in the Authority's name by its custodian.

Concentrations of Credit Risk – Concentration of credit risk is the increased risk of loss associated with a lack of diversification, or the ownership of securities from one issuer. The Authority's investment policy allows investment concentrations in different types of investments to the extent practical to control the risk of loss resulting from over concentration of assets in specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.

Credit risk quality, identified with nationally recognized statistical rating organization ratings, and interest rate risk, as identified by weighted average maturities, are provided in the following table.

Investment	Credit Quality		Fair Value
	Rating	Maturity	
Certificates of deposit	Not Rated	less than 1 year	\$486,602
Mortgage-backed securities			
Ginnie Mae Pool	AAA	less than 1 year	85,806
Fannie Mae Pool	AA+	less than 1 year	168,028
Total investments			<u>\$740,436</u>

Fair Value – Investments are stated at fair value and are categorized 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 investments. Level 1 inputs are quoted market prices for identical assets in active markets. Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable inputs.

The categorization of financial instruments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The certificates of deposit are classified as Level 2 of the fair value hierarchy as they are valued at market value. 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.

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

7. Derivative Instruments – Hedging

At September 30, 2025, the Authority had outstanding To Be Announced (TBA) mortgage-backed security forward sales contracts (MBS Forward Contracts) with a total notional amount of \$29,600,000 and an aggregate fair value of \$(48,581). These contracts are used to hedge the interest rate risk associated with loan commitments made to originating mortgage lenders. The MBS Forward Contracts are considered derivative instruments due to their settlement terms, reference rates, and notional amounts based on the principal of the future mortgage-backed securities. No monetary payments or receipts are exchanged at the inception of the contracts; payment is made by the counterparty only upon receipt of the MBS.

The fair value of these MBS Forward Contracts is reported on the Statement of Net Position as a [liability/asset] with a corresponding amount shown as a Deferred [Outflow/Inflow] of Resources, in accordance with GASB requirements.

Credit risk is the risk that a counterparty will not fulfill its settlement obligations. At September 30, 2025, the Authority was not exposed to credit risk on its outstanding MBS Forward Contracts, as all counterparties were in compliance with their obligations. The Authority is exposed to interest rate risk on these contracts, as changes in market interest rates can affect the fair value of the TBA positions. All outstanding contracts are with a single counterparty, Brean Capital, LLC.

The fair value of the TBA contracts is determined using observable market prices for similar instruments (Level 2 of the fair value hierarchy). No significant changes in valuation technique occurred during the year.

The contracts outstanding at September 30, 2025, were entered into between July 21, 2025 and September 30, 2025 and are scheduled to be settled between October 20, 2025 and December 18, 2025.

8. Mortgage Loans Receivable

At September 30, 2025, mortgage loans receivable consisted of the following:

Single-family program loans	\$ 19,406,023
Multi-family program loans	2,221,215
Subtotal	<u>21,627,238</u>
Less: Current Portion	(13,194)
Less: Allowance for loan losses	<u>(1,985,075)</u>
Long-term portion, net	<u>\$ 19,628,969</u>

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

8. Mortgage Loans Receivable (continued)

Single-family program loans

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.

Multi-family program loans

On May 28, 2015, the Authority entered into a loan agreement with Volunteers of America of Florida, Inc. (VOA) to lend to VOA an amount up to \$1,000,000 to provide a portion of the construction and equipping of a 30-unit multifamily residential project to be known as Kaylee Bay Village. As evidence of the loan, VOA has executed and delivered to the Authority a Promissory Note, the principal sum of \$1,000,000 dated May 28, 2015 (Note), due and payable on June 1, 2035. Interest accrues on the principal at 1% per annum. As security for the payments and obligations required from VOA to the Authority under the Note, VOA has executed a Mortgage and Security Agreement and Assignment of Leases, Rents and Profits in favor of the Authority, dated May 28, 2015. At September 30, 2025, the outstanding principal balance due to the Authority from VOA for construction draws disbursed was \$999,990.

On January 31, 2019, the Authority entered into a loan agreement with Blue Broadway, LLC, (Broadway) to lend Broadway up to \$439,000 to provide a portion of the construction and equipping of a 144-unit multifamily residential project to be known as Preserve at Sabal Park. As evidence of the loan, Broadway has executed and delivered to the Authority a Promissory Note in the amount of \$439,000, maturing on January 31, 2034. The loan is interest-only for 2 years, followed by periodic principal payments plus 1% interest per annum. At September 30, 2025, the outstanding principal balance due to the Authority from Broadway for construction draws disbursed was \$381,225.

On October 21, 2021, the Authority entered into a loan agreement with Kelsey Cove, LTD. (Kelsey) to lend Kelsey up to \$115,000 to provide partial development costs of a 108-unit multifamily residential project. The amount was funded in March 2023. The loan is interest-free and matures in October 2041.

On December 28, 2022, the Authority entered into a loan agreement with Andrew Landing, LTD. (Andrew) to lend Andrew up to \$115,000 to provide partial development costs of a multifamily residential project. The amount was funded in September 2024. The loan is interest-free and matures in December 2042.

On May 15, 2024, the Authority entered into a loan agreement with Blue Bloom, LLC to lend Blue Bloom, LLC up to \$610,000 to provide a portion of the development costs of a multifamily residential project, Lake Bluetail. The amount was funded in July 2025. The loan shall be interest only for the first two years, followed by periodic principal payments plus 2% interest per annum commencing November 15, 2024 and continuing until May 15, 2056.

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

8. Mortgage Loans Receivable (continued)

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

Since the real properties, which collateralize certain of the Authority's mortgage loans receivable, are concentrated with one geographic location (Hillsborough 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 reviewed and to record mortgage liens on the real property during the period the loans are outstanding.

9. Committed and Restricted Net Position

The Authority's Board of Directors has committed \$3,000,000 of net position for future mortgage acquisitions and financing. This commitment reflects the Board's intent to use these resources exclusively for the acquisition and financing of affordable housing mortgages, and such commitment can only be modified or rescinded by subsequent form action of the Board.

The Authority reported \$669,000 in restricted net position related to the State Housing Initiatives Partnership (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.

10. State Housing Initiatives Partnership (SHIP) Program Funding

The Authority receives funding from Hillsborough County under the State Housing Initiatives Partnership (SHIP) Program to provide down payment assistance (DPA) loans to qualified homebuyers. SHIP funds are recognized as revenue when all eligibility requirements have been met and the funds are available for program use. In accordance with the SHIP agreement, all SHIP funds and any recaptured funds (including loan repayments, sales proceeds, foreclosure proceeds, and refinancing proceeds) must be reinvested in the SHIP Program for additional eligible housing activities and are not returned to the County. Accordingly, SHIP funds and related program income are reported as restricted assets and restricted net position in the financial statements, reflecting the external restrictions imposed by the grant agreement and applicable laws and regulations. The Authority complies with all SHIP program requirements as set forth in Florida Statutes, the Florida Administrative Code, and the County's Local Housing Assistance Plan. At September 30, 2025, \$1,545,000 in SHIP funding was due from the County.

11. Bond Programs and 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, construction, and rehabilitation of residential housing for low-, moderate-, and middle-income families. The bonds are secured by the assets, revenues, receipts and other resources of the bond programs and/or the properties financed. Neither the Authority, Hillsborough County, the State of Florida nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

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

11. Bond Programs and Conduit Debt Obligations (continued)

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2025, there were 31 series of multi-family revenue bonds outstanding with an aggregate principal amount payable of \$387,106,503.

12. 2012 MBS Origination Program (TBA/Continuous Funding Program)

The Authority administers the 2012 MBS Origination Program (also known as the TBA Program or Continuous Funding Program), which was established to provide affordable home financing to eligible borrowers in Hillsborough County and, pursuant to interlocal agreements, in other participating counties including Duval County (Jacksonville HFA), Brevard County, and Clay County.

The program is designed to assist homebuyers whose family annual income does not exceed certain limits and who may otherwise be unable to purchase a home. Under the interlocal agreements, the Authority is authorized to issue Single Family Mortgage Revenue Bonds and to operate the TBA Program within the participating counties. The Authority manages a revolving pool of funds to purchase mortgage-backed securities (MBS) supported by first mortgage loans originated in these counties. In coordination with the participating authorities, the Authority also secures mortgage credit certificate authority to enable eligible loans to receive federal tax credits in lieu of tax-exempt bond financing.

The Authority provides funds for down payment and closing cost assistance programs, which are linked to the TBA Program. These assistance programs are structured as non-amortizing second mortgage loans, with amounts determined by the Authority and/or the participating county. The Authority monitors and administers the funding and repayment of these second mortgage loans.

Profits and losses associated with the sale of mortgage-backed securities, including those backed by loans from participating counties, are shared between the Authority and the respective participating authorities in accordance with the terms of the interlocal agreements. During fiscal year 2025, the Authority recognized a net loss of \$367,638 in connection with the TBA Program. As part of the profit sharing arrangements, the Authority paid \$45,137 to Jacksonville HFA, \$83,858 to Brevard County HFA, and \$47,028 to the HFA of Clay County.

13. Risk Management

The Authority is exposed to various risks loss related to torts; theft of assets, errors and omissions; personal injuries; and natural disasters. As a dependent special district, the Authority is insured under Hillsborough County's insurance plan. The coverage is provided at no cost to the Authority. There was no claim settlement exceeding the insurance coverage during the current fiscal year. Furthermore, as of September 30, 2025, there were no outstanding claims.

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

14. Commitments and Contingencies

As of September 30, 2025, the Authority had outstanding commitments related to its mortgage-backed securities origination program in the form of open To Be Announced (TBA) trades totaling \$29,600,000. TBA trades are forward contracts for the purchase or sale of mortgage-backed securities, typically settled in the month following the trade date. These contracts represent off-balance sheet commitments and expose the Authority to market and counterparty risk until settlement. The notional amount of open TBA trades as of year-end is disclosed to provide information about the Authority's outstanding obligations under these forward contracts. No other material commitments or contingencies were identified as of September 30, 2025.

15. Subsequent Events

In December 2025, the Authority issued Riverside Apartments Multifamily Housing Revenue Bonds Series 2025 in the amount of \$19,200,000.

The Authority evaluated subsequent events through February 9, 2026. Except for the above, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

**Housing Finance Authority of Hillsborough County
(A Component Unit of Hillsborough County)
Schedule of Expenditures of State Financial Assistance
For the year ended September 30, 2025**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>CSFA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Contract Number</u>	<u>Total State Expenditures</u>	<u>Provided to Subrecipients</u>
Florida Housing Finance Corporation					
Passed through Hillsborough County, Florida					
State Housing Initiative Partnership Program	40.901	23-0847	2023	\$ 2,475,000	\$ -
Total Expenditures of State Financial Assistance				<u>\$ 2,475,000</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of State Financial Assistance.

**Housing Finance Authority of Hillsborough County
(A Component Unit of Hillsborough County)
Notes to Schedule of Expenditures of State Financial Assistance
For the year ended September 30, 2025**

1. Basis of Presentation

The accompanying Schedule of State Financial Assistance includes State Financial Assistance activity of the Housing Finance Authority of Hillsborough County, Florida (Authority) under programs of the state government for the year ended September 30, 2025, in accordance with the requirements of Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Authority it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.



**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 Hillsborough County
Tampa, 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 Hillsborough County (Authority), a component unit of Hillsborough 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 9, 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.

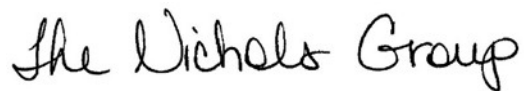
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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, PA
Certified Public Accountants
Fleming Island, FL

February 9, 2026



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR STATE PROJECT
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Board Members of the Housing Finance Authority of Hillsborough County, Florida
Tampa, Florida

Report on Compliance for Each Major State Project

We have audited the Housing Finance Authority of Hillsborough County, Florida (Authority), a component of Hillsborough County, Florida's compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on the Authority's major State project for the year ended September 30, 2025. The Authority's major State project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions applicable to its State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major State project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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*. Those standards and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major State project. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the State Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State project for the year ended September 30, 2025.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major State project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



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

February 9, 2026

**Housing Finance Authority of Hillsborough County
(A Component Unit of Hillsborough County, Florida)
Schedule of Findings and Questioned Costs – State Projects
For the year ended September 30, 2025**

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

State Projects

Internal control over major State projects:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major State projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General?	No
Identification of major State projects:	
State Housing Initiative Partnership Program (SHIP)	State CSFA No. 40.901
Dollar threshold used to distinguish between Type A and Type B State projects:	\$ 742,500

Findings – Financial Statements

There were no financial statement findings for the major state project to be reported under Chapter 10.557, *Rules of the Auditor General*.

Findings and Questioned Costs – Major State Projects

There were no financial statement findings or questioned costs the major state project to be reported under Chapter 10.557, *Rules of the Auditor General*.

Status of Prior Audit Findings

No Summary Schedule of Prior Audit Findings in required because there were no prior audit findings related to State projects. Section 10.557(3)(e)(5). And 10.656(3)(d)5., *Rules of the Auditor General*.



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

To the Board Members of the Housing Finance Authority of Hillsborough County
Tampa, Florida

We have examined the Housing Finance Authority of Hillsborough County (Authority), a component unit of Hillsborough 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, Hillsborough 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 9, 2026



Independent Auditor's Management Letter

To the Board Members of the Housing Finance Authority of Hillsborough County
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of the Housing Finance Authority of Hillsborough County (Authority), a component unit of Hillsborough County, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated February 9, 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 9, 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 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 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)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 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 to 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 \$200,325.
- 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:

	Original/ Final Budget	Actual	Favorable/ (Unfavorable) Variance
Operating revenues	\$ 5,365,038	\$ 5,060,336	\$ (304,702)
Nonoperating revenues	390,787	198,699	(192,088)
Total revenues	5,755,825	5,259,035	(496,790)
Operating Expenses	2,490,837	1,256,291	1,234,546
Change in net position	\$ 3,264,988	\$ 4,002,744	\$ 737,756

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 fraud, waste, or abuse, that has occurred or is likely to have occurred, that has 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, Hillsborough 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 9, 2026