

Jacksonville Housing Finance Authority
(A Component Unit of City of Jacksonville, Florida)

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

September 30, 2025



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis (MD&A).....	4
Basic Financial Statements:	
Statement of Net Position.....	11
Statement of Revenues, Expenses and Changes in Net Position.....	12
Statement of Cash Flows	13
Notes to Basic Financial Statements.....	14
 ADDITIONAL INFORMATION	
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 <i>Government Auditing Standards</i>	23
Independent Accountant’s Report on Compliance with Section 218.415, Florida Statutes.....	25
Independent Auditor’s Management Letter	26



INDEPENDENT AUDITOR'S REPORT

To the Board Members of Jacksonville Housing Finance Authority
Jacksonville, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Jacksonville Housing Finance Authority (Authority), a component unit of City of Jacksonville, 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.

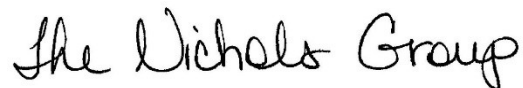
Required Supplementary Information

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 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

January 19, 2026

Jacksonville Housing Finance Authority Management's Discussion and Analysis

This section of the Jacksonville Housing Finance Authority (Authority), a component unit of City of Jacksonville, Florida, 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 alleviate the shortage of affordable residential housing facilities for low, moderate, and middle income families in City of Jacksonville, Florida. In pursuit of its mission, the Authority borrows money through the issuance of bonds to finance single family residential housing and multi-family housing developments. The Authority also receives bond program issuer and application fees from developers.

The Authority's net position increased by \$3,129k or 9.94% in fiscal year 2025.

During the same period, the Authority's revenues increased by \$1,463k or 84.18% from prior year. Expenses decreased from \$706k to \$72k, a decrease of \$634k or 89.80%. This reduction in expenses is mostly due to a reduction in the provision for loan losses of \$558k.

The Authority

The Authority was created in 1978 as the Duval County Housing Finance Authority. In 2023, the Jacksonville City Council passed legislation granting the Authority control over its own finances and procurement. The Authority is a component unit of City of Jacksonville, Florida. The Authority has no component units.

To alleviate shortage of affordable residential housing facilities for low, moderate, and middle income families, the Authority issues revenue bonds to provide funds to eligible borrowers to finance the purchase of qualifying single-family residences, and to finance development of qualifying multi-family housing projects.

Bonds and other related debt obligations issued by the Authority do not and shall never constitute indebtedness, liability, general or moral obligation, pledge of the faith or loan of credit of the Authority or of the County.

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.

Jacksonville Housing Finance Authority 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.

**Jacksonville Housing Finance Authority
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	Dollar Change	Percentage Change
Current assets	\$ 11,059	\$ 12,772	\$ (1,713)	-13.41%
Noncurrent assets	23,663	18,926	4,737	25.03%
Total assets	<u>34,722</u>	<u>31,698</u>	<u>3,024</u>	<u>9.54%</u>
Current liabilities	102	202	(100)	-49.50%
Noncurrent liabilities	12	17	(5)	-29.41%
Total liabilities	<u>114</u>	<u>219</u>	<u>(105)</u>	<u>-47.95%</u>
Net position				
Restricted	7,927	6,820	1,107	16.23%
Unrestricted	26,681	24,659	2,022	8.20%
Total net position	<u>\$ 34,608</u>	<u>\$ 31,479</u>	<u>\$ 3,129</u>	<u>9.94%</u>

During fiscal year ended September 30, 2025, current assets decreased by \$1,713k or 13.41%, consisting of (a) \$1,742k decrease in unrestricted cash and cash equivalents from current year operations, offset by (b) \$70k increase in mortgage loan interest receivable primarily attributable to current year accruals, and (c) \$81k reclassification of loans receivable from long-term to current.

Noncurrent assets increased by \$4,737k or 25.03%, primarily consisting of (a) \$2,544k net funding in subordinate and down payment assistance loans, (b) \$2,111k increase in restricted cash and cash equivalents, offset by (c) \$235k adjustment of allowance for uncollectible loans and (d) \$81k reclassification of loans receivable from long-term to current.

Total liabilities decreased by \$105k or 47.95% as a result of (a) decrease of \$15k prepaid issuers fees, offset by (b) \$120k return of good faith deposits.

Total net position increased by \$3,129k or 9.94% as a result of \$3,129k current year surplus.

**Jacksonville Housing Finance Authority
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)**

	<u>2025</u>	<u>2024</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating revenues	\$ 2,590	\$ 1,027	\$ 1,563	152.19%
Nonoperating revenues	611	711	(100)	-14.06%
Total revenues	<u>3,201</u>	<u>1,738</u>	<u>1,463</u>	<u>84.18%</u>
Operating expenses	72	706	(634)	-89.80%
Total operating expenses	<u>72</u>	<u>706</u>	<u>(634)</u>	<u>-89.80%</u>
Changes in net position	3,129	1,032	2,097	203.20%
Beginning net position, as previously reported	31,479	32,130	(651)	-2.03%
Prior period adjustment	-	(1,683)	1,683	-100.00%
Beginning net position, as restated	<u>31,479</u>	<u>30,447</u>	<u>1,032</u>	<u>3.39%</u>
Ending net position	<u>\$ 34,608</u>	<u>\$ 31,479</u>	<u>\$ 3,129</u>	<u>9.94%</u>

Operating revenues, consisting of bond issue and application fees, increased by \$1,563k or 152.19% due to a large number of bonds issued for multi-family developments.

Nonoperating revenues decreased by \$100k or 14.06%, due to decreases in the amounts earned for cash invested offset by a small increase in gains on sales of investments.

Operating expenses decreased by \$634k or 89.80%, primarily due to a reduction in the allowance for loan losses. This reduction reflects management's updated evaluation of the loan portfolio, which indicated improved collectability based on borrower history and economic trends. As a result, the provision for loan losses was lower than in the prior year, positively impacting the Authority's operating results.

**Jacksonville Housing Finance Authority
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.

	<u>2025</u>	<u>2024</u>
Net cash used in operating activities	\$ (216)	\$ (1,852)
Net cash provided by investment activities	586	706
Net decrease in cash and cash equivalents	370	(1,146)
Cash and cash equivalents at beginning of year	13,837	14,983
Cash and cash equivalents at end of year	<u>\$ 14,207</u>	<u>\$ 13,837</u>

During fiscal year 2025, net cash used in operating activities amounted to \$216k, primarily consisting of (a) \$1,260k net funding of loan principals, (b) \$260k payment for professional services, offset by (c) \$1,444k collection of bond issue and application fees, and (d) \$80k good faith deposits from developers.

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

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, City of Jacksonville, 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.

**Jacksonville Housing Finance Authority
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 Amount
Ashley Square 2020	\$ 16,670,000	\$ 6,014,218
Beachwood 2021	25,000,000	24,236,480
Caroline Oaks 2015	5,600,000	2,325,442
Cathedral 2016	12,500,000	7,015,000
Christine Cove 2006	6,000,000	1,845,000
Lofts at San Marco A1	11,500,000	9,494,397
Lofts at San Marco B1	1,200,000	1,200,000
Lofts at San Marco B2	600,000	600,000
Mandarin Trace 2022A	15,860,000	15,783,651
Millennia 2018	57,120,000	53,443,681
Monaco Arms 2019	16,380,000	12,156,092
Oak Hammock A	18,061,000	18,054,089
Pine Grove 2022	29,500,000	17,808,530
Sable Palm 2021	35,183,226	33,867,839
Sydney Trace 2020	14,403,478	14,233,414
Sydney Trace 2020	2,500,000	2,500,000
Timberwood Trace 2017	16,000,000	14,601,224
Timquana Park 2020	10,200,000	9,345,206
The Waves 2019	15,800,000	10,180,677
Westgate 2023	21,625,000	21,345,131
Egret Landing 2025	17,000,000	17,000,000
Hollybrook Homes 2024	26,809,000	26,719,856
Huron Sophia & Capril Villas 2024	16,502,000	16,447,567
Riverside Park 2025	17,500,000	17,500,000
Sulzbacher Enterprise Village 2025	18,000,000	18,000,000
Total	<u>\$ 427,513,704</u>	<u>\$ 371,717,494</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.

During the year, the Millennia Portfolio, financed through the Authority's conduit bond program, was declared in default by the lender due to failure to replenish debt service reserves and other issues. The Authority's role is limited to facilitating the bond issuance; it has no obligation to repay the bonds.

Jacksonville Housing Finance Authority 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 Jacksonville Housing Finance Authority, 214 N. Hogan Street, 7th Floor, Jacksonville, Florida.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Statement of Net Position
September 30, 2025

ASSETS

Current assets:

Cash and cash equivalents	\$ 10,229,950
Mortgage interest receivable	723,513
Money market interest receivable	37,905
Authority fees receivable	14,661
Mortgage loans receivable	52,649
Total current assets	11,058,678

Noncurrent assets:

Restricted cash and cash equivalents	2,050,411
Cash in escrow with fiscal agent	1,926,550
Mortgage loans receivable - net of allowance	19,685,801
Total noncurrent assets	23,662,762
Total assets	34,721,440

LIABILITIES AND NET POSITION

Current liabilities:

Good faith deposits	80,000
Prepaid issuer fees	21,866
Total current liabilities	101,866

Noncurrent liabilities:

Prepaid compliance monitoring fees	12,121
Total noncurrent liabilities	12,121
Total liabilities	113,987

Net position:

Restricted for:	
Single-family program	1,926,550
Contractual agreements	6,000,000
Unrestricted	26,680,903
Total net position	\$ 34,607,453

The accompanying notes are an integral part of these statements.

**Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Statement Revenues, Expenses and Changes in Net Position
September 30, 2025**

Operating revenues:	
Bond issue and application fees	\$ 1,439,700
Mortgage loan interest	144,998
Intergovernmental revenues	1,000,000
Other income	<u>5,410</u>
Total operating revenues	<u>2,590,108</u>
Operating expenses:	
General and administrative	10,869
Legal and professional	260,700
Conferences and travel	3,125
Dues and subscriptions	1,175
Publication	5,900
Provision for loan losses	(229,716)
Special project and program services	<u>20,000</u>
Total operating expenses	<u>72,053</u>
Net operating income	<u>2,518,055</u>
Nonoperating revenues:	
Investment pool earnings	
Interest on money market accounts	565,591
TBA program income	<u>45,137</u>
Total nonoperating revenues	<u>610,728</u>
Change in net position	<u>3,128,783</u>
Beginning net position	<u>31,478,670</u>
Ending net position	<u>\$ 34,607,453</u>

The accompanying notes are an integral part of these statements.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Statement of Cash Flows
September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Collection of bond issue and application fees	\$ 1,444,548
Collection of mortgage loan interest	75,172
Collection of good faith deposits from developers	(120,000)
Collection of funding from City of Jacksonville	1,000,000
Payment of general and administrative expenses	(10,869)
Payment of legal and professional expenses	(260,700)
Payment of compliance monitoring fees	(4,759)
Payment of special project and program services	(20,000)
Payment of other operating expenses	(4,790)
Net funding of loan principal	<u>(2,314,430)</u>
Net cash used in operating activities	<u>(215,828)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Receipt of money market account interest	540,363
Collection of TBA program income	<u>45,137</u>
Net cash provided by investing activities	<u>585,500</u>

Net increase in cash and cash equivalents	369,672
Cash and cash equivalents, beginning of year	<u>13,837,239</u>
Cash and cash equivalents, end of year	<u>\$ 14,206,911</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 2,518,055
Adjustments to reconcile operating income to net cash used in operating activities:	
Allowance for loan losses	(229,716)
Change in assets and liabilities:	
Mortgage interest receivable	(69,826)
Authority fees receivable	(14,661)
Mortgage loans receivable	(2,314,430)
Good faith deposits	(120,000)
Prepaid issuer fees	19,509
Prepaid compliance monitoring fees	<u>(4,759)</u>
Net cash used in operating activities	<u>\$ (215,828)</u>

The accompanying notes are an integral part of these statements.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Notes to Basic Financial Statements
September 30, 2025

1. Summary of Significant Accounting Policies

The accounting principles and policies of the Jacksonville Housing Finance Authority (Authority), a component unit of City of Jacksonville, Florida, 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 in 1978 as the Duval County Housing Finance Authority. In 2023, the Jacksonville City Council passed legislation granting the Authority control over its own finances and procurement. The Authority has implemented accounting policies and procedures to operate independently from the City.

The Authority's purpose is to alleviate shortages of affordable residential housing facilities by financing loans to first-time homebuyers and developers who acquire, construct, or rehabilitate rental housing for occupancy by eligible families. The operation is primarily funded with revenues generated from bond and loan programs, and proceeds from issuance of tax-exempt bonds.

Financial oversight and accountability are provided by a seven-member Board of Directors (Board) appointed by the Mayor and City Council. 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 City of Jacksonville, Florida due to the oversight responsibility exercised by the Board and because the public service provided by the Authority primarily for the benefit of City of Jacksonville 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, City of Jacksonville, the State of Florida, or any local government therein. Neither the full-faith, credit, revenues nor the taxing power of the Authority, City of Jacksonville, 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.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
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 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. 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 Duval County.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Notes to Basic Financial Statements
September 30, 2025

1. Summary of Significant Accounting Policies (continued)

D. Mortgage Loans Receivable (continued)

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

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

E. 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.

F. 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.

G. 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 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.

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 issue and application fees, and interest on multi-family loans. Nonoperating revenues include revenue that is related to investing activity. Operating expenses consist of professional fees, provision for loan losses, and other administrative expenses.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Notes to Basic Financial Statements
September 30, 2025

1. Summary of Significant Accounting Policies (continued)

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 unfunded portion of acquisition, construction, and housing development loan agreements, and reserve for single-family program funding. 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.

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.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Notes to Basic Financial Statements
September 30, 2025

3. Recently Issued but Not Yet Adopted Accounting Pronouncements

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. Cash and Cash Equivalents

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

Bank demand deposit accounts	\$ 389,950
Money market mutual fund	9,840,000
Florida PRIME	2,050,411
Bank custodial accounts	<u>1,926,550</u>
Total cash and cash equivalents	<u><u>\$ 14,206,911</u></u>

The Authority has classified as restricted certain cash and cash equivalents for down payment assistance (DPA) loans and multifamily housing development.

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.

The Authority's restricted cash and cash equivalents include deposits with Florida PRIME, an external investment pool administered by the State Board of Administration (SBA). Florida PRIME is a qualified external investment pool that measures all investments at amortized cost in accordance with GASB Statement No. 79, and the Authority's investment is reported at amortized cost. The Authority owns a share of the pool, not the underlying securities.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Notes to Basic Financial Statements
September 30, 2025

4. Cash and Cash Equivalents (continued)

Florida PRIME is rated AAAM by Standard & Poor's. The dollar weighted average days to maturity (WAM) of Florida PRIME as of September 30, 2025, was 47 days, and the weighted average life (WAL) was 73 days, indicating limited interest rate risk. Florida PRIME was not exposed to any foreign currency risk during the period October 1, 2024 to September 30, 2025. Additionally, Florida PRIME did not participate in a securities lending program during this period.

As of September 30, 2025, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value. However, under certain circumstances, the SBA has statutory authority to impose temporary restrictions on withdrawals to protect the pool's liquidity, as described in Section 218.409(8)(a), Florida Statutes.

The investment policies for Florida PRIME, including those related to credit risk, interest rate risk, and other risks, are publicly available at <https://prime.sbafla.com>.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Notes to Basic Financial Statements
September 30, 2025

5. Mortgage Loans Receivable

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

<u>Development</u>	<u>Outstanding Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
Cathedral Terrace	\$ 1,000,000	1.0%	July 2057
Ashley Square - 19A	110,000	0.0%	November 2042
Ashley Square - 19B	90,000	1.0%	November 2042
Lofts at Murray Hill	115,000	0.0%	August 2040
Lofts at La Villa	55,000	0.0%	October 2036
Pine Grove	750,000	1.5%	August 2047
Sydney Trace Apartments	1,367,712	1.0%	July 2040
Lofts at San Marco East	2,575,000	1.0%	February 2045
Lofts at Cathedral	2,499,367	1.0%	March 2045
Christine Cove Apartments	1,000,000	2.0%	September 2028
Sanctuary Walk	250,000	0.0%	September 2046
Hubbard House	5,891	2.0%	February 2026
Liberty Center IV	750,000	0.0%	May 2034
Bennett Creek Apartments	750,000	1.0%	June 2056
Caroline Oaks	2,200,000	1.0%	April 2045
Peyton Ridge Community	115,000	0.0%	April 2036
The Waves	115,000	0.0%	October 2038
Houston Street Manor	115,000	0.0%	December 2036
Lofts at Jefferson Station	151,683	1.0%	January 2035
Mary Eaves	300,000	0.0%	August 2046
Melissa Groves	75,000	0.0%	August 2043
Gavin Point	610,000	3.0%	June 2042
	<u>14,999,653</u>		
Down Payment Assistance (DPA) loans	5,998,698		
Subtotal	<u>20,998,351</u>		
Less: Current portion	(52,649)		
Less: Allowance for loan losses	<u>(1,259,901)</u>		
Total Long-term portion, net	<u>\$ 19,685,801</u>		

The DPA loans are 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 acquisition, construction and rehabilitation loans are either interest-free or have favorable interest rates. They are long-term and secured by related properties.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Notes to Basic Financial Statements
September 30, 2025

5. 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 (City of Jacksonville, 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.*

6. Developer Deposits

Cash deposits made by developers to the Authority are as follows:

Good faith deposits:

Village at Lake Forest	\$	40,000
Normandy Village		40,000
	<u>\$</u>	<u>80,000</u>

Compliance monitoring fees:

Mount Carmel Gardens	\$	12,121
----------------------	----	--------

7. Restricted Net Positions

As stated in Note 5, mortgage loans receivable consist of single-family and multi-family loans, which turn over occasionally. To fulfill its objectives of alleviating shortage of affordable housing facilities, the Authority has reserved (a) \$1,926,550 for down payment assistance (DPA) loans and To Be Announce (TBA) program funding, (b) \$4,000,000 for undrawn portions of developer loan agreements and (c) \$2,000,000 for affordable housing. The \$2,000,000 for affordable housing consist of \$1,000,000 received from the City of Jacksonville and a \$1,000,000 match from the Authority, both of which are restricted by interlocal agreement and enabling legislation.

8. 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, City of Jacksonville, the State of Florida nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2025, there were 25 series of multi-family revenue bonds outstanding with an aggregate principal amount payable of \$371,717,494.

Jacksonville Housing Finance Authority
(A Component Unit of the City of Jacksonville)
Notes to Basic Financial Statements
September 30, 2025

8. Bond Programs and Conduit Debt Obligations (continued)

During the year, the Millennia Portfolio, financed through the Authority's conduit bond program, was declared in default by the lender due to failure to replenish debt service reserves and other issues. The Authority's role is limited to facilitating the bond issuance; it has no obligation to repay the bonds.

9. 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 Duval 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 Duval 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 Duval 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 Duval 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.

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 Duval County loans. During fiscal year 2025, the income (i.e., MBS sales profits, net of any losses) recognized by the Authority in connection with the TBA Program was \$45,137. 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).

10. 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 City of Jacksonville'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.

11. Subsequent Events

Subsequent to September 30, 2025, the Authority closed on a new bond issuance in the amount of \$23,000,000 for Multifamily Housing Revenue Bonds, Series 2025 (Village at Lake Forest).



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 Jacksonville Housing Finance Authority
Jacksonville, 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 Jacksonville Housing Finance Authority (Authority), a component unit of City of Jacksonville, 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 January 19, 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.

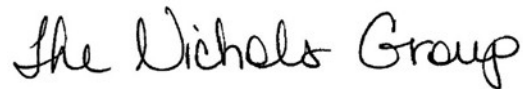
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

January 19, 2026



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

1635 Eagle Harbor Pkwy, Suite 4
Fleming Island, FL 32003
t: 904-264-1665
f: 904-269-9683
www.tng.cc

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

To the Board Members of the Jacksonville Housing Finance Authority
Jacksonville, Florida

We have examined the Jacksonville Housing Finance Authority (Authority), a component unit of City of Jacksonville, Florida's compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2024, 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, City of Jacksonville, 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". The signature is written in a cursive, flowing style.

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



Independent Auditor’s Management Letter

To the Board Members of the Jacksonville Housing Finance Authority
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of the Jacksonville Housing Finance Authority (Authority), a component unit of City of Jacksonville, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated January 19, 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 January 19, 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. Corrective actions have been taken to address findings and recommendations made 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 3.
- 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 \$219,200.
- 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	\$ 429,216	\$ 2,590,108	\$ 2,160,892
Nonoperating revenues	120,000	610,728	490,728
Total revenues	549,216	3,200,836	2,651,620
Operating expenses	549,216	72,053	477,163
Change in net position	\$ -	\$ 3,128,783	\$ 3,128,783

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, City of Jacksonville, 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

January 19, 2026