

**Housing Finance Authority of Leon County
(A Component Unit of Leon 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 Leon County
(A Component Unit of Leon County, 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	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Basic Financial Statements.....	13
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>	20
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	22
Independent Auditor's Management Letter	23

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board Members of the Housing Finance Authority of Leon County, Florida
Tallahassee, Florida

Opinion

We have audited the accompanying financial statements of the business-type activities of the Housing Finance Authority of Leon County, Florida (Authority), a component unit of Leon 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 Opinion

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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

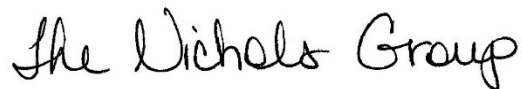
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 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 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

January 9, 2026

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

This section of the Housing Finance Authority of Leon County, Florida's (Authority), a component unit of Leon 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 that follow this section.

The Authority

The Authority was created as a public body corporate and politic in accordance with the Florida Housing Finance Authority Law, Part IV of Chapter 159, *Florida Statutes*, as amended, and Ordinance No. 80-39 enacted by the Board of County Commissioners of Leon County, Florida on June 10, 1980. The Authority is a component unit of Leon County, Florida (County). The Authority has no component units.

The Authority encourages investments by private enterprises and stimulates construction and rehabilitation of housing through use of public financing. The Authority is authorized to issue and sell bonds and notes but first must seek approval of the Leon County Board of County Commissioners (BCC).

Since its creation, the Authority has issued or joined with other counties to issue mortgage revenue bonds and notes.

Financial Highlights

The Authority's mission is to provide financing for affordable housing or rental housing to persons and families of low, moderate, and middle-income, and capital investments in such housing. In pursuit of its mission, the Authority receives fees and proceeds from the sale of tax bonds and surplus land properties, program participation, and lien payoffs from housing rehabilitation projects.

The Authority's net position increased by \$251,669 or 9.77% in fiscal year 2025.

During the same period, the Authority's revenues decreased from \$448,945 to \$428,313, a decrease of \$20,732 or 4.62%. The net decrease was primarily attributable to a decrease in land property sales and bond application fees and an increase in bond closing and developer issuer fees. Expenses decreased from \$187,340 to \$176,514, a decrease of \$10,826 or 5.78%. The net decrease was primarily attributable to no additional provision for loan losses being made during the current fiscal year.

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 note to the basic financial statements for a summary of the Authority's significant accounting policies.

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

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 Leon 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 Statements of Net Position**

	2025	2024	Dollar Change	Percentage Change
Current assets	\$ 2,550,726	\$ 2,349,857	\$ 200,869	8.55%
Noncurrent assets	278,092	278,092	-	0.00%
Total assets	<u>2,828,818</u>	<u>2,627,949</u>	<u>200,869</u>	<u>7.64%</u>
Current liabilities	<u>880</u>	<u>51,710</u>	<u>(50,830)</u>	<u>-98.30%</u>
Net position				
Unrestricted	<u>2,827,938</u>	<u>2,576,239</u>	<u>251,699</u>	<u>9.77%</u>
Total net position	<u><u>\$ 2,827,938</u></u>	<u><u>\$ 2,576,239</u></u>	<u><u>\$ 251,699</u></u>	<u><u>9.77%</u></u>

During fiscal year ended September 30, 2025, current assets increased by \$201k. The net increase was primarily attributable to a \$212 thousand increase in cash and cash equivalents, a \$17 thousand decrease in amounts due from other governments, and a \$6 thousand increase in issuer fees receivable.

During the same period, there was no change in noncurrent assets.

The fiscal year 2025 change in total liabilities was primarily attributable to a decrease in developer deposits of \$50 thousand.

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

Revenues, Expense and Changes in Net Position

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

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

	2025	2024	Dollar Change	Percentage Change
Operating revenues	\$ 324,351	\$ 343,543	\$ (19,192)	-5.59%
Nonoperating revenues	103,862	105,402	(1,540)	-1.46%
Total revenues	<u>428,213</u>	<u>448,945</u>	<u>(20,732)</u>	<u>-4.62%</u>
Operating expenses	<u>176,514</u>	<u>187,340</u>	<u>(10,826)</u>	<u>-5.78%</u>
Changes in net position	251,699	261,605	(9,906)	-3.79%
Beginning net position	<u>2,576,239</u>	<u>2,314,634</u>	<u>261,605</u>	<u>11.30%</u>
Ending net position	<u>\$ 2,827,938</u>	<u>\$ 2,576,239</u>	<u>\$ 251,699</u>	<u>9.77%</u>

The Statement of Revenues, Expenses and Changes in Net Position provides information as to the nature and source of the changes in net position. During fiscal year 2025, net position decreased by \$10 thousand.

During fiscal year 2025, the net \$19 thousand decrease in operating revenues from 2024 to 2025 was primarily attributable to decrease in land property sales and bond application fees and an increase in bond closing and developer issuer fees.

During the fiscal year 2025. The \$10 thousand decrease in operating expenses from 2024 to 2025 was largely attributable to no additional provision for loan losses being made during the current fiscal year.

Housing Finance Authority of Leon 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**

	<u>2025</u>	<u>2024</u>
Net cash provided by operating activities	\$ 108,166	\$ 292,479
Net cash provided by investing activities	<u>103,862</u>	<u>105,402</u>
Net increase in cash and cash equivalents	212,028	397,881
Cash and cash equivalents at beginning of year	<u>2,300,517</u>	<u>1,902,636</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,512,545</u></u>	<u><u>\$ 2,300,517</u></u>

Cash and cash equivalents increased \$212 thousand during fiscal year 2025. The increase in cash and cash equivalents during fiscal year 2025 was the result of \$108 thousand being provided by operating activities and \$104 thousand being provided by investing activities.

Bond Programs

From time to time, the Authority has issued bonds and notes to finance 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 and notes are secured as described in each of the respective trust indentures. In no case is the Authority, Leon County, the State of Florida, or any political subdivision thereof obligated in any manner for repayment of the bonds and notes. Accordingly, the bonds and notes are not reported as liabilities in the Basic Financial Statements.

As of September 30, 2025, there were 4 revenue bonds and notes outstanding with an aggregate principal balance of \$81,110,654.

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 bond 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.

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

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 Leon County, 615 Paul Russell Road, Tallahassee, FL 32301.

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

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,512,545
Due from other governments	2,110
Issuer fees receivable	<u>36,071</u>
Total current assets	<u>2,550,726</u>

Noncurrent assets:

Mortgage loans receivable - net of allowance	<u>278,092</u>
Total noncurrent assets	<u>278,092</u>
Total assets	<u>2,828,818</u>

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	<u>880</u>
Total current liabilities	<u>880</u>

NET POSITION

Unrestricted	<u>2,827,938</u>
Total net position	<u>\$ 2,827,938</u>

The accompanying notes are an integral part of these statements.

Housing Finance Authority of Leon County
(A Component Unit of Leon County, Florida)
Statement of Revenues, Expenses and Changes in Net Position
For the year ended September 30, 2025

Operating revenues:	
Issuer fees	\$ 203,041
Program participation fees	2,110
Sale of surplus land properties	11,700
Bond application and closing fees	<u>107,500</u>
Total operating revenues	<u>324,351</u>
Operating expenses:	
Accounting and auditing	11,500
Advertising and promotional	5,500
Books, publications, subscriptions, and memberships	1,175
Insurance	3,991
Legal and professional	61,537
Office and supplies	1,605
Printing and binding	639
Travel and per diem	11,766
Emergency repairs	75,000
Other program services	<u>3,801</u>
Total operating expenses	<u>176,514</u>
Net operating income	<u>147,837</u>
Nonoperating revenue:	
Investment interest income	<u>103,862</u>
Total nonoperating revenue	<u>103,862</u>
Change in net position	251,699
Beginning net position	<u>2,576,239</u>
Ending net position	<u><u>\$ 2,827,938</u></u>

The accompanying notes are an integral part of these statements.

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

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts of fees and other income	\$ 306,551
Receipts from other governments	28,959
Deposits paid to developers	(50,000)
Disbursements for general and administrative expense	(98,543)
Disbursements for program services	(78,801)
Net cash provided by operating activities	108,166

CASH FLOWS FROM INVESTING ACTIVITIES

Receipt of investment interest	103,862
Net cash provided by investing activities	103,862

Total increase in cash and cash equivalents	212,028
Cash and cash equivalents, beginning of year	2,300,517
Cash and cash equivalents, end of year	\$ 2,512,545

The accompanying notes are an integral part of these statements.

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

1. Summary of Significant Accounting Policies

The accounting principles and policies of the Housing Finance Authority of Leon County, Florida (Authority), a component unit of Leon County, 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 as a public body corporate and politic in accordance with the Florida Housing Finance Authority Law, Part IV of Chapter 159, *Florida Statutes*, as amended, and Ordinance No. 80-39 (Ordinance) enacted by the Board of County Commissioners of Leon County, Florida on June 10, 1980, 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 Leon 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 financing, 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 Leon County, Florida due to the oversight responsibility exercised by the Board and because the public service provided by the Authority is primarily for the benefit of Leon County residents. The Authority has no component units.

Bonds and notes 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, Leon County, the State of Florida, or any local government therein. Neither the full-faith, credit, revenues nor the taxing power of the Authority, Leon County, the State of Florida, or any local government therein is pledged to the payment of the principal or interest on the obligations. The Authority has no taxing power.

**Housing Finance Authority of Leon County
(A Component Unit of Leon County, Florida)
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 residence. 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.

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

1. Summary of Significant Accounting Policies (continued)

D. Mortgage Loans Receivable (continued)

In addition, the Authority and Escambia Housing Finance Authority (Escambia) have entered into an interlocal agreement with the objective of alleviating the shortage of housing in their respective jurisdictions. Under the arrangement, Escambia obtains fundings from Florida Housing Finance Corporation to make down payment assistance (DPA) loans to qualified low, moderate, and middle-income families to assist in purchases of qualified owner-occupied single-family residences in respective jurisdictions. The Authority is entitled to 50% of the Leon County DPA loan repayments.

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

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. Good Faith 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 primarily of bond program authority fees and bond program residuals. Nonoperating revenue consists of revenue that is related to investing activity.

**Housing Finance Authority of Leon County
(A Component Unit of Leon County, Florida)
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 Authority has no restricted assets at September 30, 2025. Unrestricted net position relates to that portion of net position not restricted for the purposes described above.

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.

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.

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

3. Recently Issued but Not Yet Adopted Accounting Pronouncements (continued)

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 account	\$ 161,123
Florida PRIME	<u>2,351,422</u>
Total cash and cash equivalents	<u><u>\$ 2,512,545</u></u>

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 investments 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.

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.

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

4. Cash and Cash Equivalents (continued)

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>.

5. Mortgage Loans Receivable

Mortgage loans receivable consisted of the following at September 30, 2025:

DPA second mortgages held by Escambia County HFA	\$ 183,426
DPA subordinate mortgages	140,179
Subtotal	<u>323,605</u>
Less: Allowance for loan losses	<u>(45,513)</u>
Mortgage loans receivable, net	<u><u>\$ 278,092</u></u>

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

6. Conduit Debt Obligations

The Authority has issued revenue bonds and notes to provide financial assistance to individuals, families, and private-sector entities. The financial assistance was provided to encourage the investment of private capital, and to stimulate the acquisition and construction of residential housing for low, moderate, and middle-income individuals and families. The bonds and notes are secured by the assets, revenues, receipts, and other resources of the bond programs and are payable solely from receipts pursuant to the respective bond documents. Neither the Authority, Leon County, the State of Florida, nor any political subdivision thereof is obligated in any manner for repayment of the bonds and notes. Accordingly, the bonds and notes are not reported as liabilities in the Basic Financial Statements.

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

6. Conduit Debt Obligations (continued)

The multi-family revenue bond and note balances are as follows:

Revenue Bonds/Notes	Amount Issued	Principal Balance at 9/30/2025
Magnolia Terrace	\$ 11,760,000	\$ 10,847,338
Magnolia Family	18,900,000	11,388,316
Ridge Road	51,000,000	51,000,000
Lake Bradford	13,354,200	7,875,000
Total	<u>\$ 95,014,200</u>	<u>\$ 81,110,654</u>

7. Sale of Surplus Land Properties

Leon County acquires properties with delinquent tax bills occasionally. Some of these properties are sold in the open market with the proceeds given to the Authority to further its mission of alleviating the shortage of affordable residential housing facilities. Revenues recognized from the sale of surplus land properties during fiscal year 2025 amounted to \$11,700.

8. 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 Leon 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.

9. Subsequent events

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

**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 Leon County, Florida
Tallahassee, 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 Leon County, Florida (Authority), a component unit of Leon 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 January 9, 2025.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

A handwritten signature in black ink that reads "The Nichols Group". The script is cursive and fluid, with the words connected together.

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

January 9, 2026



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

To the Board Members of the Housing Finance Authority of Leon County, Florida
Tallahassee, Florida

We have examined the Housing Finance Authority of Leon County, Florida (Authority), a component unit of Leon 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 with the specified requirements 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, Leon 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, P.A.
Certified Public Accountants
Fleming Island, FL

January 9, 2026



Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the Housing Finance Authority of Leon County, Florida (Authority), a component unit of Leon County, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated January 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 January 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. 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 \$61,536.
- 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	\$ 320,600	\$ 324,351	\$ 3,751
Nonoperating revenues	75,000	103,862	28,862
Total revenues	395,600	428,213	32,613
Operating Expenses	216,600	176,514	40,086
Change in net position	<u>\$ 179,000</u>	<u>\$ 251,699</u>	<u>\$ 72,699</u>

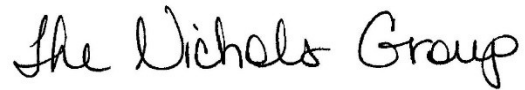
Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or 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, Leon County, Board Members and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "The Nichols Group". The script is cursive and fluid, with the words connected together.

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

January 9, 2026