



Mid-Bay Bridge Authority
Okaloosa County, Florida

FINANCIAL STATEMENTS

September 30, 2025 and 2024

Mid-Bay Bridge Authority
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September 30, 2025 and 2024

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CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.

4502 Highway 20 East

Suite A

Niceville, FL 32578

850.897.4333

850.897.4068 (fax)

CRladv.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mid-Bay Bridge Authority
Okaloosa County, Florida

Opinion

We have audited the accompanying financial statements of the Mid-Bay Bridge Authority (Authority), as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of September 30, 2025 and 2024, and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 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 these 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 other required supplementary information, as listed in the table of contents, 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 Information

Management is responsible for the Continuing Disclosure – Bond Series 2015A and Series 2025, which is presented for purposes of additional analysis and is not a required part of the basic financial statements and our auditor’s report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 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 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Niceville, Florida
March 19, 2026

Management's Discussion and Analysis

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

This section of the Mid-Bay Bridge Authority's (the "Authority") annual financial report presents the analysis of the Authority's financial performance during the fiscal year ended September 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements and supplementary information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The basic financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statements of net position include all of the Authority's assets and deferred outflows and liabilities and deferred inflows and provide information about the nature and amounts of investments in resources (assets) and the consumption of resources applicable to a future reporting period (deferred outflows of resources) and the obligations to the Authority's creditors (liabilities) and the acquisition of resources applicable to a future period (deferred inflows of resources). 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 revenues and expenses are accounted for in the statements 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 its costs through its user fees and other charges, 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 and financing activities and provides answers to such questions as: from where the cash came, for what the cash was used and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE AUTHORITY

The financial analysis of the Authority begins on page three. The statements of net position and the statements of revenues, expenses and changes in net position report the net position of the Authority and changes in them. The net position, the difference between assets (and deferred outflows of resources) and liabilities (and deferred inflows of resources), is one way to measure the financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as economic conditions, population growth and changing government legislation should be considered.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

NET POSITION

The following table summarizes the statements of net position (in millions):

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---------------------------------------|------------------|-----------------|-----------------|
| Current assets | | | |
| Cash and cash equivalents | \$ 0.37 | \$ 0.38 | \$ 0.29 |
| Restricted cash and cash equivalents | 19.48 | 32.26 | 22.00 |
| Due from other governments | 1.63 | 1.43 | 1.57 |
| Accrued interest | 0.06 | 0.13 | 0.09 |
| Non-current assets | | | |
| Restricted investments | 26.08 | 36.58 | 41.73 |
| Capital assets | 0.23 | 0.24 | 0.26 |
| Capital assets not depreciable | <u>235.77</u> | <u>235.77</u> | <u>235.77</u> |
| TOTAL ASSETS | <u>283.62</u> | <u>306.79</u> | <u>301.71</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>38.73</u> | <u>42.79</u> | <u>45.41</u> |
| Other liabilities | 3.13 | 6.14 | 6.30 |
| Due to other governments | 1.30 | 4.03 | 4.63 |
| Bonds payable | <u>211.36</u> | <u>243.80</u> | <u>252.12</u> |
| TOTAL LIABILITIES | <u>215.79</u> | <u>253.97</u> | <u>263.05</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>0.07</u> | <u>0.06</u> | <u>0.04</u> |
| Net investment in capital assets | 62.02 | 30.90 | 24.62 |
| Restricted | 42.76 | 63.20 | 57.74 |
| Unrestricted | <u>1.71</u> | <u>1.45</u> | <u>1.67</u> |
| TOTAL NET POSITION | <u>\$ 106.49</u> | <u>\$ 95.55</u> | <u>\$ 84.03</u> |

The decrease in restricted cash and restricted investments of \$12.78 and \$10.50 million, respectively, is attributable to the use of these funds for the 2025 bond refunding.

The decrease in bonds payable of \$32.44 million is a net result of scheduled debt payments and the refunding of 73% of Series 2015A bonds and all of Series 2015C bonds through the issuance of Series 2025 Refunding Bonds in the last quarter of the fiscal year.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

CHANGES IN NET POSITION

The following table summarizes the Authority's statements of revenues, expenses and changes in net position (in millions):

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|--|------------------|-----------------|-----------------|
| OPERATING REVENUES | \$ 30.44 | \$ 30.01 | \$ 30.08 |
| OPERATING EXPENSES | | | |
| System operations and maintenance | 4.74 | 5.02 | 5.06 |
| Preservation | 2.66 | 2.83 | 0.13 |
| Administration | 0.54 | 0.54 | 0.56 |
| Bad debt expense (recovery) | 0.04 | 0.04 | (0.05) |
| Depreciation | 0.01 | 0.01 | 0.01 |
| Pension | 0.01 | 0.04 | 0.04 |
| TOTAL OPERATING EXPENSES | <u>8.00</u> | <u>8.48</u> | <u>5.75</u> |
| NET OPERATING INCOME | 22.44 | 21.53 | 24.33 |
| NON-OPERATING EXPENSES | <u>(11.50)</u> | <u>(10.01)</u> | <u>(11.41)</u> |
| CHANGE IN NET POSITION | 10.94 | 11.52 | 12.92 |
| NET POSITION AT BEGINNING OF YEAR | <u>95.55</u> | <u>84.03</u> | <u>71.11</u> |
| NET POSITION AT END OF YEAR | <u>\$ 106.49</u> | <u>\$ 95.55</u> | <u>\$ 84.03</u> |

Toll revenues for the year were \$30,442,408, about 1.5% above prior year revenues of \$30,005,978 and about 2% above the traffic engineer's forecasted revenues of \$29,800,000. The difference is within the margin of error of the projections and is primarily attributed to increased traffic and interoperability revenue.

While the statements of net position show the change in net position, the statements of revenues, expenses and changes in net position provide answers as to the nature and source of these changes. Since the Authority accounts for infrastructure assets utilizing the modified approach under Governmental Accounting Standards Board Statement No. 34, it is required to maintain its infrastructure assets at certain levels. Fluctuations in expense levels from year to year will result based on management's assessment of the needed system preservation (FDOT possesses, operates and maintains the system in accordance with the Authority's Lease Purchase Agreement). Interest expense and other debt service costs of approximately \$11,000,000 and system operations, maintenance and preservation costs of approximately \$7,400,000 represent the largest expenses of the Authority.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025 AND 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets consist of the following:

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|--|-----------------------|-----------------------|-----------------------|
| CAPITAL ASSETS, DEPRECIABLE | | | |
| Equipment | \$ 681 | \$ 1,023 | \$ 1,363 |
| Buildings | 148,154 | 153,248 | 158,343 |
| Improvements other than buildings | 83,644 | 90,233 | 96,823 |
| CAPITAL ASSETS, DEPRECIABLE NET | <u>\$ 232,479</u> | <u>\$ 244,504</u> | <u>\$ 256,529</u> |
| CAPITAL ASSETS, NOT DEPRECIABLE | | | |
| Infrastructure | \$ 207,976,888 | \$ 207,976,888 | \$ 207,976,888 |
| Air Force easement | 27,134,717 | 27,134,717 | 27,134,717 |
| Land | 663,170 | 663,170 | 663,170 |
| CAPITAL ASSETS, NOT DEPRECIABLE | <u>\$ 235,774,775</u> | <u>\$ 235,774,775</u> | <u>\$ 235,774,775</u> |

LONG-TERM DEBT

In July 2025, the Authority issued the Series 2025 Revenue Bonds and funded repayment of a partial amount of Series 2015A and the full amount of Series 2015C Revenue Bonds. As of September 30, 2025, the Authority's remaining Series 2015A and its 2025 Revenue Bonds remained outstanding. During 2025, the Authority made its scheduled principal and interest payments on the outstanding bonds. As of September 30, 2025, the Authority had bonds payable of \$211,356,207.

The Authority is in compliance with all applicable debt covenants contained in the various bond documents. Standard & Poor's (S&P) and Fitch Investor Services (Fitch) have rated the Authority's 2015A bonds as BBB+ and the Series 2025 bonds as BBB+.

ANNUAL BUDGET

The Authority develops an annual proposed budget and holds a public hearing before the citizens of Okaloosa County, Florida. After the public meeting, the Authority approves and adopts a budget with all administrative, toll operations, and maintenance expenses for the ensuing fiscal year. The budgetary information is not reported in these financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mid-Bay Bridge Authority, through its traffic engineering consultant, completed a review and update of its traffic and revenue projections for 2025 and beyond. Some factors attributed to expected growth include increased population, traffic and employment in Okaloosa and Walton counties; the sustained military presence; and continued growth in traffic on the Spence Parkway.

CONTACTING THE EXECUTIVE DIRECTOR

This financial report is designed to provide citizens, customers, investors and creditors with a general overview of Mid-Bay Bridge Authority's finances and to demonstrate its accountability for the toll revenues it receives. If you have questions about this report or need additional information, contact Van Fuller, Executive Director of Mid-Bay Bridge Authority, Post Office Box 5037, Niceville, Florida 32578; e-mail address: van.fuller@mid-bay.com; phone number: (850) 897-1428.

Basic Financial Statements

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024**

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 370,045 | \$ 378,661 |
| Restricted cash and cash equivalents | 19,477,673 | 32,262,106 |
| Due from other governments, net of allowance (Note 4) | 1,633,545 | 1,425,848 |
| Prepaid expenses | - | 2,500 |
| Accrued interest | 58,722 | 127,492 |
| Total current assets | <u>21,539,985</u> | <u>34,196,607</u> |
| NON-CURRENT ASSETS | | |
| Restricted investments (Note 2) | 26,075,332 | 36,575,372 |
| Capital assets, net of accumulated depreciation (Note 5) | 232,479 | 244,504 |
| Capital assets not being depreciated (Note 5) | <u>235,774,775</u> | <u>235,774,775</u> |
| Total non-current assets | <u>262,082,586</u> | <u>272,594,651</u> |
| TOTAL ASSETS | <u>283,622,571</u> | <u>306,791,258</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pensions (Note 8) | 60,007 | 76,749 |
| Deferred charges on refunding (Note 7) | <u>38,669,388</u> | <u>42,713,737</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 38,729,395</u> | <u>\$ 42,790,486</u> |

See accompanying notes and independent auditor's report.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024**

| | 2025 | 2024 |
|--|----------------|---------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 10,448 | \$ 41,926 |
| Current liabilities payable from restricted assets | | |
| Contracts payable | 3,959 | 27,612 |
| Accrued interest | 2,850,450 | 5,733,500 |
| Due to other governments (Note 7) | 1,304,788 | 4,030,868 |
| Bonds payable (Note 7) | 8,295,000 | 7,900,000 |
| Total current liabilities payable from restricted assets | 12,454,197 | 17,691,980 |
| Total current liabilities | 12,464,645 | 17,733,906 |
| NON-CURRENT LIABILITIES | | |
| Net pension liability | 270,635 | 332,628 |
| Bonds payable, net of current portion (Note 7) | 203,061,207 | 235,904,322 |
| Total non-current liabilities | 203,331,842 | 236,236,950 |
| TOTAL LIABILITIES | 215,796,487 | 253,970,856 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions (Note 8) | 69,784 | 55,021 |
| NET POSITION | | |
| Net investment in capital assets | 62,015,647 | 30,897,826 |
| Restricted | 42,757,318 | 63,203,858 |
| Unrestricted | 1,712,730 | 1,454,183 |
| TOTAL NET POSITION | \$ 106,485,695 | \$ 95,555,867 |

See accompanying notes and independent auditor's report.

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**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEPTEMBER 30, 2025 AND 2024**

| | <u>2025</u> | <u>2024</u> |
|--|-----------------------|----------------------|
| OPERATING REVENUES | | |
| Toll revenues | \$ 30,442,408 | \$ 30,005,978 |
| OPERATING EXPENSES | | |
| System operations and maintenance | | |
| Maintenance – FDOT | 1,011,997 | 831,524 |
| Operations – FDOT | 3,680,780 | 4,138,364 |
| Operations – MBBA | 48,115 | 48,115 |
| Preservation | | |
| FDOT | 2,655,664 | 2,829,936 |
| Administration | | |
| Office, admin, staff, legal counsel | 352,539 | 353,356 |
| Accounting and auditing | 91,350 | 78,850 |
| Professional services | 81,088 | 80,100 |
| Advertising | 16,512 | 20,759 |
| Depreciation | 12,025 | 12,025 |
| Pension expense | 14,162 | 33,194 |
| Bad debt expense | 38,281 | 41,391 |
| Total operating expenses | <u>8,002,513</u> | <u>8,467,614</u> |
| NET OPERATING INCOME | <u>22,439,895</u> | <u>21,538,364</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Interest and dividends | 2,201,944 | 2,367,702 |
| Interest expense | (10,966,493) | (13,298,111) |
| Other debt service costs | (3,204,155) | (39,150) |
| Investment income | 38,766 | 940,938 |
| Other revenue | 419,871 | 19,836 |
| Total non-operating expenses | <u>(11,510,067)</u> | <u>(10,008,785)</u> |
| CHANGE IN NET POSITION | 10,929,828 | 11,529,579 |
| NET POSITION AT BEGINNING OF YEAR | <u>95,555,867</u> | <u>84,026,288</u> |
| NET POSITION AT END OF YEAR | <u>\$ 106,485,695</u> | <u>\$ 95,555,867</u> |

See accompanying notes and independent auditor's report.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from tolls | \$ 30,196,430 | \$ 30,104,963 |
| Cash paid to vendors | (7,711,538) | (8,075,062) |
| Cash paid to employees | (328,788) | (304,526) |
| Net cash flows provided by operating activities | <u>22,156,104</u> | <u>21,725,375</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from other governments | 7,348,441 | 7,799,824 |
| Other expense | (2,784,284) | (19,314) |
| Payments to other governments | (10,074,521) | (8,402,578) |
| Bond principal proceeds | 138,940,000 | - |
| Bond principal payments | (177,845,000) | (7,520,000) |
| Interest paid | (3,348,309) | (11,655,000) |
| Net cash flows used in capital and related financing activities | <u>(47,763,673)</u> | <u>(19,797,068)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sale of investments | 36,591,308 | 83,773,652 |
| Purchase of investments | (25,978,732) | (77,711,561) |
| Interest and dividends | 2,201,944 | 2,367,702 |
| Net cash flows provided by investing activities | <u>12,814,520</u> | <u>8,429,793</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (12,793,049) | 10,358,100 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>32,640,767</u> | <u>22,282,667</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 19,847,718</u> | <u>\$ 32,640,767</u> |

See accompanying notes and independent auditor's report.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

| | 2025 | 2024 |
|--|---------------|---------------|
| RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Net operating income | \$ 22,439,895 | \$ 21,538,364 |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | |
| Depreciation | 12,025 | 12,025 |
| Bad debt expense | 38,281 | 41,391 |
| Change in assets and liabilities: | | |
| Prepaid expenses | (2,500) | - |
| Due (to) from other governments, net | (245,978) | 98,985 |
| Accounts payable | (31,478) | 30,572 |
| Contracts payable | (23,653) | 14,348 |
| Net pension liability and related deferred inflows/outflows | (30,488) | (10,310) |
| Net cash flows provided by operating activities | \$ 22,156,104 | \$ 21,725,375 |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION | | |
| Unrestricted | \$ 370,045 | \$ 378,661 |
| Restricted | 19,477,673 | 32,262,106 |
| | \$ 19,847,718 | \$ 32,640,767 |

See accompanying notes and independent auditor's report.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Mid-Bay Bridge Authority, Okaloosa County, Florida, (hereinafter referred to as the Authority) was established in October 1986 by legislative action under Chapter 86-465, Laws of Florida. Chapter 2000-411, Laws of Florida, provided legislative intent; amending, codifying and reenacting Chapters 86-465 and 88-542, Laws of Florida; providing for the repeal of all prior special acts related to the Mid-Bay Bridge Authority; Chapter 2023-347, Laws of Florida, providing that the Authority is an independent special district. The Authority consists of five members, all appointed by the Governor of Florida. The Authority was created for the purpose of planning, constructing, operating and maintaining a bridge system, including a toll bridge, which traverses Choctawhatchee Bay, toll collection facilities, approach roads and interchanges as necessary to the Mid-Bay Bridge.

The Department of Economic Opportunity, as required by the Uniform Special District Accountability Act of 1989 (the Act) (Chapter 189.069, Florida Statutes) and following the definitions set forth therein, compiles the official list of special districts in Florida and lists the Authority as an independent special district in Okaloosa County (County).

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America and the Uniform Accounting System mandated by Chapter 218.33, Florida Statutes. The following is a summary of the more significant accounting policies of the Authority.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The term, "measurement focus," is used to denote what is being measured and reported in the Authority's operating statement. The Authority's financial activity is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Authority is better or worse economically as a result of events and transactions of the period.

The term, "basis of accounting," is used to determine when a transaction or event is recognized on the Authority's operating statement. The Authority uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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The Authority follows the provisions of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments," as amended, which establishes standards for external financial reporting for all state and local government entities, which include and requires presentation of a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of restricted assets, other than capital assets, reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- *Unrestricted* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Cash and Cash Equivalents

The Authority's cash and cash equivalents, excluding restricted cash, are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments held with the Authority's trustee, which have been set aside for certain purposes and repayment of debt, are classified as restricted assets on the statements of net position because their use is limited by applicable debt covenants.

Investments are recorded at fair value, except in limited circumstances where cost is required under generally accepted accounting principles.

Due from Other Governments

Due from other governments includes toll receipts yet to be transferred to the Authority from the FDOT. The Authority estimates any uncollectible amounts based on past collection history.

**MID-BAY BRIDGE AUTHORITY
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Budgets and Budgetary Accounting

The annual budget is adopted by the Authority; however, the budget is not legally required to be reported for business-type activities and is not included in these financial statements. The Authority's budget is established by the following procedures:

During the month of May, the Authority develops an annual proposed administrative budget and holds a public hearing before the citizens of Okaloosa County. At the time the Authority prepares its annual administrative budget, it adopts a resolution to estimate the amounts expected to be expended by the Authority in the ensuing year.

Capital Assets

Capital assets of the Authority are recorded at either historical cost or estimated historical cost. Donated assets are valued at their estimated acquisition value on the date of donation. Depreciation of all exhaustible capital assets is charged as an expense against operations. Costs to acquire additional capital assets and to replace existing assets or otherwise prolong their useful lives are capitalized for toll equipment, buildings and furniture and equipment. Under the Authority's policy of accounting for infrastructure assets pursuant to the "modified approach," property costs represent a historical accumulation of costs expended to acquire rights-of-way/easements and to construct, improve and place in operation the various projects and related facilities.

Depreciation is computed using the straight-line method over estimated asset lives as follows:

| | |
|--------------|----------|
| Buildings | 40 years |
| Improvements | 40 years |
| Equipment | 5 years |

Under the modified approach, infrastructure assets are considered to be "indefinite lived" assets; that is, the assets themselves will last indefinitely and are, therefore, not depreciated. Costs related to renewal and replacement for these assets are not capitalized, but instead are included in preservation expense.

It is the policy of the Authority to capitalize assets exceeding \$1,000.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position include a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category; deferred charges related to pensions, as more fully described in Note 8 to the financial statements, and deferred charges on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt on a effective interest rate basis.

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In addition to liabilities, the statements of financial position include a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one item that qualifies for reporting in this category related to the defined benefit pension plan, as more fully described in Note 8.

Long-Term Obligations

Long-term obligations are reported at face value, net of applicable premiums and discounts.

Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized on the interest method over the term of the bonds. Unamortized bond discounts and unamortized bond premiums are deducted from and added to, respectively, the principal amounts of the bonds outstanding. These costs are reflected in the accompanying financial statements as a reduction or an increase in gross bonds payable as unamortized deferred amounts.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement Systems (FRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Revenues and Expenses

Operating revenues and expenses result from ongoing operations of the toll system. Non-operating revenues and expenses are primarily related to financing and investing type activities.

Restricted funds are used in accordance with the Master Indenture for Trust and primarily involve payments on debt and capital investment/construction. Unrestricted funds are used for any lawful purpose of the Authority.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Events Occurring After Year-End

The Authority has evaluated events and transactions that occurred between September 30, 2025 and March 19, 2026, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

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2. DEPOSITS AND INVESTMENTS

Custodial Credit Risk

The Authority maintains its deposits only with qualified public depositories as defined in Chapter 280, Florida Statutes, and in accordance with the master indenture of trust agreement between the Authority and Regions Bank as trustee. The provisions of this statute generally require public funds to be deposited in a bank or savings association designated as a “Qualified Public Depository” by the State Chief Financial Officer. All qualified public depositories must maintain deposit insurance. They also must place with or in the name of the Chief Financial Officer of the State of Florida collateral in the amount of the greater of the average daily balance of public deposits multiplied by the average monthly balance of public deposits or 125% of the average daily balance of public deposits greater than capital. Collateral requirements may be increased according to statute if specified conditions exist. Eligible collateral includes federal, federally guaranteed, state and local government obligations and corporate bonds. In the event of default by a qualified public depository, excess losses over insurance and collateral will be recovered through assessments to all qualified public depositories of the same type as the depository in default. Under this method, all Authority deposits are considered fully insured.

At September 30, 2025, the Authority’s cash totaled \$19,847,718, which is presented as \$19,477,673 of restricted cash and \$370,045 of unrestricted cash in the statement of net position.

At September 30, **2024**, the Authority’s cash totaled \$32,640,767, which is presented as \$32,262,106 of restricted cash and \$378,661 of unrestricted cash in the statement of net position.

Unless otherwise authorized by law or by ordinance, the Authority is authorized, under Chapter 218.415, Florida Statutes, to invest and reinvest surplus public funds in its control or possession, in accordance with resolutions to be adopted from time to time, in:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Inter-local Cooperation Act as provided in Chapter 163.01, Florida Statutes.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Chapter 280.02, Florida Statutes.
- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- Securities of or other interests in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to United States government obligations or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- Other investments authorized by resolution.

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Interest Rate Risk

In accordance with the master indenture of trust agreement between the Authority and Regions bank, the exposure to declines in fair value of investments outside of the pools is managed by matching the investments to a specific cash flow requirement.

Concentration of Credit Risk

The Authority does not have a policy for the diversification of the investment portfolio.

The Authority had the following investment at September 30, 2025:

| Security Type | Fair Value | Weighted Average Duration | Credit Rating | Percentage of Portfolio |
|----------------------|----------------------|--|----------------------|------------------------------------|
| US Treasury Bills | \$ 26,075,332 | 9 months | AA+ | 100% |
| Total investments | <u>\$ 26,075,332</u> | | | |

The Authority had the following investment at September 30, 2024:

| Security Type | Fair Value | Weighted Average Duration | Credit Rating | Percentage of Portfolio |
|----------------------|----------------------|--|----------------------|------------------------------------|
| US Treasury Bills | \$ 36,575,372 | 6 months | AA+ | 100% |
| Total investments | <u>\$ 36,575,372</u> | | | |

3. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements*, are described as follows:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. These valuations represent quoted prices in the active markets, and therefore, do not require significant management judgement.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in less active markets; or other inputs that can be derived principally from, or corroborated by, observable market data.
- Level 3 – Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

| As of September 30, 2025 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Fixed income | <u>\$ 26,075,332</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,075,332</u> |
| As of September 30, 2024 | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Fixed income | <u>\$ 36,575,372</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 36,575,372</u> |

The following methods and assumptions were used to estimate the fair value for each class of investment, measured at fair value:

- Fixed income – Level 1 includes the investments in US Treasury Bills, as the measurement of fair value was based on quoted prices in active markets.

4. DUE FROM OTHER GOVERNMENTS

Due from other governments was comprised of the following at September 30:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Unremitted tolls from FDOT | \$ 2,118,100 | \$ 1,872,122 |
| Less allowance for uncollectible tolls | <u>(484,555)</u> | <u>(446,274)</u> |
| Due from other governments, net | <u>\$ 1,633,545</u> | <u>\$ 1,425,848</u> |

The Authority had bad debt expense totaling \$38,281 in the current year. The FDOT remits toll revenues to the Authority upon collection from toll payer.

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5. CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2025, is as follows:

| | Balance 10/01/2024 | Additions | Disposals | Transfers | Balance 9/30/2025 |
|--|-------------------------------|--------------------|------------------|------------------|------------------------------|
| Capital assets, depreciable | | | | | |
| Equipment | \$ 30,777 | \$ - | \$ - | \$ - | \$ 30,777 |
| Buildings | 203,765 | - | - | - | 203,765 |
| Improvements other than buildings | 180,969 | - | - | - | 180,969 |
| Capital assets | 415,511 | - | - | - | 415,511 |
| Accumulated depreciation | (171,007) | (12,025) | - | - | (183,032) |
| Capital assets, net of accumulated depreciation | <u>\$ 244,504</u> | <u>\$ (12,025)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 232,479</u> |
| Capital assets, not depreciable | | | | | |
| Infrastructure | \$ 207,976,888 | \$ - | \$ - | \$ - | \$ 207,976,888 |
| Air Force easement | 27,134,717 | - | - | - | 27,134,717 |
| Land | 663,170 | - | - | - | 663,170 |
| Capital assets, not depreciable | <u>\$ 235,774,775</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 235,774,775</u> |

A summary of changes in capital assets for the year ended September 30, 2024, is as follows:

| | Balance 10/01/2023 | Additions | Disposals | Transfers | Balance 9/30/2024 |
|--|-------------------------------|--------------------|------------------|------------------|------------------------------|
| Capital assets, depreciable | | | | | |
| Equipment | \$ 30,777 | \$ - | \$ - | \$ - | \$ 30,777 |
| Buildings | 203,765 | - | - | - | 203,765 |
| Improvements other than buildings | 180,969 | - | - | - | 180,969 |
| Capital assets | 415,511 | - | - | - | 415,511 |
| Accumulated depreciation | (158,982) | (12,025) | - | - | (171,007) |
| Capital assets, net of accumulated depreciation | <u>\$ 256,529</u> | <u>\$ (12,025)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 244,504</u> |
| Capital assets, not depreciable | | | | | |
| Infrastructure | \$ 207,976,888 | \$ - | \$ - | \$ - | \$ 207,976,888 |
| Air Force easement | 27,134,717 | - | - | - | 27,134,717 |
| Land | 663,170 | - | - | - | 663,170 |
| Capital assets, not depreciable | <u>\$ 235,774,775</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 235,774,775</u> |

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Outstanding contract commitments related to traffic and revenue consulting totaled approximately \$206,000 and \$253,000 at September 30, 2025 and 2024, respectively.

6. LEASE-PURCHASE AGREEMENT

The Authority entered into a lease-purchase agreement with the State of Florida Department of Transportation (FDOT), which in 2025 was rewritten and reaffirmed to accommodate the issuance of both the Series 2015 Bonds and Series 2025 Bonds under the Master Indenture of Trust. The FDOT possesses, maintains and operates the Mid-Bay Bridge Authority System and collects and remits all tolls to the Authority. The tolls deposited with the Trustee, as well as payment of the Cost of Operation and the Cost of Maintenance, with respect to the System, are both considered the payments for the lease by the FDOT and Authority. Upon the payment of the outstanding bonds and amounts owed to the FDOT, the Authority's system ownership will transfer to the FDOT. Accounting principles generally accepted in the United States of America require that a lease of this nature be recorded based on its substance rather than its form. Therefore, the bridge system has been recorded under the caption "infrastructure."

7. LONG-TERM DEBT

Due to Other Governments

The following is a summary of amounts due to other governments for the years ended September 30, 2025 and 2024:

| | <u>10/01/24</u> | <u>Additions</u> | <u>Reductions</u> | <u>09/30/25</u> |
|--|-----------------|---------------------|-----------------------|-----------------|
| Due to other governments | \$ 4,030,868 | \$ 7,348,441 | \$ (10,074,521) | \$ 1,304,788 |
| Less current portion | (4,030,868) | (1,304,788) | 4,030,868 | (1,304,788) |
| Due to other governments – net of current portion | <u>\$ -</u> | <u>\$ 6,043,653</u> | <u>\$ (6,043,653)</u> | <u>\$ -</u> |
| | <u>10/01/23</u> | <u>Additions</u> | <u>Reductions</u> | <u>09/30/24</u> |
| Due to other governments | \$ 4,633,622 | \$ 7,799,824 | \$ (8,402,578) | \$ 4,030,868 |
| Less current portion | (4,633,622) | (4,030,868) | 4,633,622 | (4,030,868) |
| Due to other governments – net of current portion | <u>\$ -</u> | <u>\$ 3,768,956</u> | <u>\$ (3,768,956)</u> | <u>\$ -</u> |

Advances from Florida Department of Transportation represent the costs of operations and maintenance of the Mid-Bay Bridge Authority system, which pursuant to the bond covenants and lease purchase agreement with FDOT, are being paid back as toll revenues are available.

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Bonds Payable

A summary of revenue bond transactions of the Authority for the year ended September 30, 2025, is as follows:

| | <u>10/1/2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>9/30/2025</u> |
|---|-----------------------|-----------------------|-------------------------|-----------------------|
| Revenue Series 2015A | \$ 210,505,000 | \$ - | \$ (148,210,000) | \$ 62,295,000 |
| Revenue Series 2015C | 29,635,000 | - | (29,635,000) | - |
| Revenue Series 2025 | - | 138,940,000 | - | 138,940,000 |
| Revenue bonds payable | 240,140,000 | 138,940,000 | (177,845,000) | 201,235,000 |
| Plus unamortized bond premium | 3,664,322 | 10,464,902 | (4,008,017) | 10,121,207 |
| Less current portion of bonds payable | <u>(7,900,000)</u> | <u>(8,295,000)</u> | <u>7,900,000</u> | <u>(8,295,000)</u> |
| Revenue bonds payable – net of current portion | <u>\$ 235,904,322</u> | <u>\$ 141,109,902</u> | <u>\$ (173,953,017)</u> | <u>\$ 203,061,207</u> |

A summary of revenue bond transactions of the Authority for the year ended September 30, 2024, is as follows:

| | <u>10/1/2023</u> | <u>Additions</u> | <u>Reductions</u> | <u>9/30/2024</u> |
|---|-----------------------|-----------------------|---------------------|-----------------------|
| Revenue Series 2015A | \$ 218,025,000 | \$ - | \$ (7,520,000) | \$ 210,505,000 |
| Revenue Series 2015C | 29,635,000 | - | - | 29,635,000 |
| Revenue bonds payable | 247,660,000 | - | (7,520,000) | 240,140,000 |
| Plus unamortized bond premium | 4,458,608 | - | (794,286) | 3,664,322 |
| Less current portion of bonds payable | <u>(7,520,000)</u> | <u>(7,900,000)</u> | <u>7,520,000</u> | <u>(7,900,000)</u> |
| Revenue bonds payable – net of current portion | <u>\$ 244,598,608</u> | <u>\$ (7,900,000)</u> | <u>\$ (794,286)</u> | <u>\$ 235,904,322</u> |

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Bonds payable are not considered direct placement or direct borrowing under generally accepted accounting principles. Long-term debt is comprised of the following as of September 30, 2025:

| Bonds Payable | Current | Long-term | Total |
|---|---------------------|-----------------------|-----------------------|
| \$62,295,000 1st Senior Lien Revenue Bonds, Series 2015A, due in annual installments of \$8,295,000 to \$11,660,000 beginning October 1, 2025 through October 1, 2040; interest of 4% per annum, secured by a pledge of and lien upon adjusted revenues*. | \$ 8,295,000 | \$ 54,000,000 | \$ 62,295,000 |
| \$138,940,000 1st Senior Lien Revenue Bonds, Series 2025, due in annual installments of \$4,675,000 to \$13,950,000 beginning October 1, 2026 through October 1, 2040; interest of 5% per annum, secured by a pledge of and lien upon adjusted revenues*. | - | 138,940,000 | \$ 138,940,000 |
| Total revenue bonds outstanding | 8,295,000 | 192,940,000 | 201,235,000 |
| Unamortized premium | - | 10,121,207 | 10,121,207 |
| Total revenue bonds | <u>\$ 8,295,000</u> | <u>\$ 203,061,207</u> | <u>\$ 211,356,207</u> |

**Adjusted revenues are defined as revenues for such period remaining after deduction of amounts for the payment of, or as a reserve for the payment of, current expenses in accordance with the bond indenture.*

Current Refunding

In July 2025, the Authority issued \$138,940,000 of Series 2025 Revenue Refunding Bonds to refund approximately 73% of the outstanding Series 2015 Revenue Bonds and to pay related costs of issuance. The Series 2025 Bonds were issued at a premium of \$10,464,902. Costs of issuance totaling \$3,165,274 were expensed in the current fiscal year.

In connection with the refunding, the Authority deposited \$172,487,416 into an escrow account to redeem the refunded Series 2015 Bonds on October 1, 2025, at par. The transaction qualifies as a current refunding as the redemption occurred within 90 days of issuance.

The reacquisition price exceeded the net carrying amount of the old debt by approximately \$40,101,707, which is reported as a deferred outflow of resources and will be amortized as a component of interest expense through October 1, 2040. Both the Series 2015 refunded bonds and the Series 2025 refunding bonds have the same maturity date.

The refunding resulted in net cash flow savings of \$21,432,717 after application of reserve funds of approximately \$26,249,083. The economic gain (present value of cash flow savings) was \$9,062,420.

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As of September 30, 2025, the unamortized deferred outflow on refunding totaled \$38,669,388 of unamortized losses associated with the refunding. Amortization expense of the deferred outflow totaled \$1,432,319 for the year ended September 30, 2025, and is included in interest expense on the statements of revenues, expenses and changes in net position.

Revenue derived from the operation of the System and funds on deposit are to be used to meet the debt service requirements on the Series 2025 1st Senior Lien Revenue Bonds and Series 2015A 1st Senior Lien Revenue Bonds.

Debt Service to Maturity

Excluding the advances from the FDOT for operations and maintenance, the annual requirements to amortize all debts outstanding as of September 30, 2025, are as follows:

| <u>Year Ended September 30,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|-----------------------|----------------------|
| 2026 | \$ 8,295,000 | \$ 10,911,700 |
| 2027 | 8,990,000 | 8,882,250 |
| 2028 | 9,440,000 | 8,421,500 |
| 2029 | 9,915,000 | 7,937,625 |
| 2030 | 10,410,000 | 7,429,500 |
| 2031-2035 | 60,390,000 | 28,591,750 |
| 2036-2040 | 76,445,000 | 12,351,925 |
| 2041 | 17,350,000 | 375,450 |
| Total | <u>\$ 201,235,000</u> | <u>\$ 84,901,700</u> |

Debt Covenant Requirements

There are a number of limitations and restrictions contained in the Master Indenture of Trust. Management is of the opinion that the Authority is in compliance with all significant limitations and restrictions.

The Authority's outstanding bonds payable related to business type activities are secured with collateral of revenue and reserve funds. The outstanding bonds payable related to business type activities contain (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if pledged revenues during the year are less than 120% of debt service coverage due in the following year and (2) a provision that if the Authority is unable to make a payment, outstanding amounts are due immediately. The Authority's outstanding bonds payable related to business type activities contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

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8. FLORIDA RETIREMENT SYSTEM

All of the Authority's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college or a participating city or special district within the state of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the Department of Management Services, Division of Retirement, Research & Education Section, PO Box 9000, Tallahassee, FL 32315-9000; by phone (850)-778-4408; or online at FRS.MyFlorida.com.

Pension Plan

Plan Description

The Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular and Senior Management Service class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment.

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SEPTEMBER 30, 2025 AND 2024**

The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 96 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the measurement periods ended June 30, 2026, 2025, and 2024 were as follows:

| <u>Class</u> | <u>June 30, 2026</u> | <u>June 30, 2025</u> | <u>June 30, 2024</u> |
|-------------------|----------------------|----------------------|----------------------|
| Regular | 14.03% | 13.63% | 13.57% |
| Senior management | 33.24% | 34.52% | 34.52% |

The Authority's contributions to the Pension Plan totaled \$40,407 and \$39,405 for the fiscal years ended September 30, 2025 and 2024, respectively.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, the Authority reported a liability of \$210,317, for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The Authority's proportion of the net pension liability was based on the Authority's proportionate share of the contributions to the FRS relative to the contributions of all participating governments. At June 30, 2025, the Authority's proportionate share was 0.000677675%, which was an increase of 0.000000624% from its proportionate share measured as of June 30, 2024.

At September 30, 2024, the Authority reported a liability of \$261,915, for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Authority's proportion of the net pension liability was based on the Authority's proportionate share of the contributions to the FRS relative to the contributions of all participating governments. At June 30, 2024, the Authority's proportionate share was 0.000677051%, which was a decrease of 0.000021318% from its proportionate share measured as of June 30, 2023.

For the fiscal years ended September 30, 2025 and 2024, the Authority recognized pension expense of \$14,011 and \$31,434, respectively.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
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SEPTEMBER 30, 2025 AND 2024**

In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | September 30, 2025 | |
|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 22,464 | \$ - |
| Change of assumptions | 24,423 | - |
| Net difference between projected and actual earnings on Pension Plan investments | - | 35,115 |
| Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions | 158 | 16,872 |
| Authority Pension Plan contributions subsequent to the measurement date | 9,804 | - |
| | <u>\$ 56,849</u> | <u>\$ 51,987</u> |

| | September 30, 2024 | |
|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 26,460 | \$ - |
| Change of assumptions | 35,898 | - |
| Net difference between projected and actual earnings on Pension Plan investments | - | 17,408 |
| Changes in proportion and differences between Authority Pension Plan contributions and proportionate share of contributions | 89 | 24,834 |
| Authority Pension Plan contributions subsequent to the measurement date | 9,859 | - |
| | <u>\$ 72,306</u> | <u>\$ 42,242</u> |

**MID-BAY BRIDGE AUTHORITY
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SEPTEMBER 30, 2025 AND 2024**

The deferred outflows of resources related to the Pension Plan at September 30, 2025, totaling \$9,804 resulting from Authority contributions to the Plan, subsequent to the measurement date, will be recognized as a reduction to the net pension liability in the fiscal year ended September 30, 2026. The deferred outflows of resources related to the Pension Plan at September 30, 2024, totaling \$9,859 resulting from Authority contributions to the Plan, subsequent to the measurement date, was recognized as a reduction to the net pension liability in the fiscal year ended September 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | <u>Amount</u> |
|----------------------------------|-------------------|
| 2026 | \$ 26,556 |
| 2027 | (12,310) |
| 2028 | (11,641) |
| 2029 | <u>(7,547)</u> |
| | <u>\$ (4,942)</u> |

Actuarial Assumptions

The total pension liability in the actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

| | <u>2025</u> | <u>2024</u> |
|---|-------------|-------------|
| Inflation | 2.40% | 2.40% |
| Salary increases (average, including inflation) | 3.50% | 3.50% |
| Investment rate of return (net of pension plan investment expense, including inflation) | 6.70% | 6.70% |

Mortality rates for the fiscal years ended September 30, 2025 and 2024, were based on the PUB-2010 base table, projected generationally with Scale MP-2021.

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

**MID-BAY BRIDGE AUTHORITY
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SEPTEMBER 30, 2025 AND 2024**

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following tables:

September 30, 2025

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|--------------------------------------|---|---|-------------------------------|
| Cash | 1.00% | 3.20% | 3.20% | 1.10% |
| Fixed income | 29.00% | 5.50% | 5.40% | 4.00% |
| Global equity | 45.00% | 8.50% | 6.90% | 18.30% |
| Real estate (property) | 12.00% | 8.40% | 7.10% | 16.80% |
| Private equity | 11.00% | 12.40% | 8.80% | 28.40% |
| Strategic investments | 2.00% | 6.50% | 6.10% | 8.70% |
| Total | <u>100.00%</u> | | | |
| Assumed inflation – mean | | | 2.40% | 1.50% |

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

September 30, 2024

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|--------------------------------------|---|---|-------------------------------|
| Cash | 1.00% | 3.30% | 3.30% | 1.10% |
| Fixed income | 29.00% | 5.70% | 5.60% | 3.90% |
| Global equity | 45.00% | 8.60% | 7.00% | 18.20% |
| Real estate (property) | 12.00% | 8.10% | 6.80% | 16.60% |
| Private equity | 11.00% | 12.40% | 8.80% | 28.40% |
| Strategic investments | 2.00% | 6.60% | 6.20% | 8.70% |
| Total | <u>100.00%</u> | | | |
| Assumed inflation – mean | | | 2.40% | 1.50% |

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

Discount Rate

The discount rate used to measure the total pension liability was 6.70% at September 30, 2025 and 2024. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
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SEPTEMBER 30, 2025 AND 2024**

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate at September 30, 2025:

| | 1% Decrease (5.70%) | Current Rate (6.70%) | 1% Increase (7.70%) |
|--|------------------------------------|-------------------------------------|------------------------------------|
| Authority's proportionate share of the net pension liability | \$ 412,745 | \$ 210,317 | \$ 40,605 |

The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate at September 30, 2024:

| | 1% Decrease (5.70%) | Current Rate (6.70%) | 1% Increase (7.70%) |
|--|------------------------------------|-------------------------------------|------------------------------------|
| Authority's proportionate share of the net pension liability | \$ 460,700 | \$ 261,915 | \$ 95,391 |

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

HIS Plan

Plan Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
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SEPTEMBER 30, 2025 AND 2024**

Benefits Provided

For the fiscal years ended September 30, 2025 and 2024, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended September 30, 2025 and 2024, the HIS Plan contribution rate was 2.00%. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Authority's contributions to the HIS Plan totaled \$4,241 for the fiscal year ended September 30, 2025 and \$4,101 for the fiscal year ended September 30, 2024.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2025, the Authority reported a liability of \$60,318 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Authority's proportion of the net pension liability was based on the Authority's proportionate share of the contributions to the HIS relative to the contributions of all participating governments. At June 30, 2025, the Authority's proportionate share was 0.000470594%, which was a decrease of 0.000000793% from its proportionate share measured as of June 30, 2024.

At September 30, 2024, the Authority reported a liability of \$70,713 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The Authority's proportion of the net pension liability was based on the Authority's proportionate share of the contributions to the HIS relative to the contributions of all participating governments. At June 30, 2024, the Authority's proportionate share was 0.000471387%, which was an increase of 0.000010605% from its proportionate share measured as of June 30, 2023.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

For the fiscal year ended September 30, 2025 and 2024, the Authority recognized pension expense of \$151 and \$1,760, respectively. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | September 30, 2025 | |
|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 360 | \$ 96 |
| Change of assumptions | 534 | 14,589 |
| Net difference between projected and actual earnings on HIS Plan investments | - | 50 |
| Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions | 1,204 | 3,062 |
| Authority HIS Plan contributions subsequent to the measurement date | 1,060 | - |
| | <u>\$ 3,158</u> | <u>\$ 17,797</u> |

| | September 30, 2024 | |
|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 683 | \$ 136 |
| Change of assumptions | 1,251 | 8,371 |
| Net difference between projected and actual earnings on HIS Plan investments | - | 26 |
| Changes in proportion and differences between Authority HIS Plan contributions and proportionate share of contributions | 1,484 | 4,246 |
| Authority HIS Plan contributions subsequent to the measurement date | 1,025 | - |
| | <u>\$ 4,443</u> | <u>\$ 12,779</u> |

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

The deferred outflows of resources related to the HIS Plan at September 30, 2025, totaling \$1,060 resulting from Authority contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. The deferred outflows of resources related to the HIS Plan at September 30, 2024, totaling \$1,025 resulting from Authority contributions to the HIS Plan subsequent to the measurement date, was recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | <u>Amount</u> |
|----------------------------------|--------------------|
| 2026 | \$ (3,954) |
| 2027 | (4,295) |
| 2028 | (3,528) |
| 2029 | (2,400) |
| 2030 | <u>(1,522)</u> |
| | <u>\$ (15,699)</u> |

Actuarial Assumptions

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

| | <u>September 30, 2025</u> | <u>September 30 2024</u> |
|---|-------------------------------|------------------------------|
| Inflation | 2.40% | 2.40% |
| Salary increases (average, including inflation) | 3.50% | 3.50% |
| Investment rate of return (net of pension plan investment expense, including inflation) | 5.20% | 3.93% |

Mortality rates for the fiscal years ended September 30, 2025 and 2024 were based on the Generational PUB-2010 with Projection Scale of MP-2021.

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

Discount Rate

The discount rates used to measure the total pension liability at September 30, 2025 and 2024 were 5.20% and 3.93%, respectively. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.20%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate at September 30, 2025:

| | 1% Decrease (4.20%) | Current Rate (5.20%) | 1% Increase (6.20%) |
|--|------------------------------------|-------------------------------------|------------------------------------|
| Authority's proportionate share of the net pension liability | \$ 68,018 | \$ 60,318 | \$ 53,860 |

The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 3.93%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate at September 30, 2024:

| | 1% Decrease (2.93%) | Current Rate (3.93%) | 1% Increase (4.93%) |
|--|------------------------------------|-------------------------------------|------------------------------------|
| Authority's proportionate share of the net pension liability | \$ 80,497 | \$ 70,713 | \$ 62,590 |

Pension Plan Fiduciary Net Position

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Pension Expense

For the fiscal year ended September 30, 2025 and 2024, the Authority recognized an aggregate pension expense of \$14,162 and \$33,194, respectively, on all defined benefit pension plans.

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases insurance through commercial carriers and participates in the Florida Municipal Liability Self Insurers Program, which is a public entity risk pool. Coverage through the Florida Municipal Liability Self Insurers Program includes Workers Compensation and is self-sustained through members' premiums. The remaining insurance coverage, which includes, but is not limited to Property, Flood, Machinery, Fiduciary, and Public Official's liability is purchased from a commercial carrier.

The State of Florida, Department of Transportation, also carries Bridge, Property, Terrorism including Sabotage, and Business Interruption Insurance on the Mid-Bay Bridge Authority System.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024**

The Authority does not retain a risk of loss as a participant in the public entity municipal pool. The Authority maintains minimal deductibles for insurance policies purchased through various commercial carriers.

There has been no significant reduction in insurance coverage from the prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

10. RELATED ORGANIZATIONS

The Authority entered into a lease-purchase agreement with the FDOT as discussed in Note 6. The FDOT is related to the Authority in that the FDOT is an agency of the state of Florida. The Governor appoints members to the Mid-Bay Bridge Authority. The Authority has been deemed by the FDOT to be a related organization. Revenue recognized from FDOT in 2025 and 2024 was \$30,442,408 and \$30,005,978, respectively.

The FDOT also pays for system operation, maintenance and preservation, which the Authority must repay when funding is available. Total operations and maintenance paid by FDOT in 2025 and 2024 were \$4,692,777 and \$4,969,888, respectively. Total preservation paid by FDOT in 2025 and 2024 were \$2,655,664 and \$2,829,936, respectively. Amounts due to FDOT at September 30, 2025 and 2024, for advances for operations, maintenance and preservation for current and prior years totaled \$1,304,788 and \$4,030,868, respectively.

Required Supplementary Information
(Other than MD&A)

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Mid-Bay Bridge Authority's proportion of the net pension liability | 0.000677675% | 0.000677051% | 0.000698369% | 0.000781743% | 0.000803711% | 0.000822590% | 0.000820288% | 0.000826785% | 0.000852377% | 0.000862777% |
| Mid-Bay Bridge Authority's proportionate share of the net pension liability | \$ 210,317 | \$ 261,915 | \$ 278,278 | \$ 290,871 | \$ 60,711 | \$ 356,522 | \$ 282,496 | \$ 249,032 | \$ 252,129 | \$ 217,852 |
| Mid-Bay Bridge Authority's covered payroll | \$ 210,300 | \$ 199,550 | \$ 188,686 | \$ 186,886 | \$ 185,703 | \$ 184,232 | \$ 182,186 | \$ 180,939 | \$ 181,473 | \$ 175,371 |
| Mid-Bay Bridge Authority's proportionate share of the net pension liability as a percentage of its covered payroll | 100.01% | 131.25% | 147.48% | 155.64% | 32.69% | 193.52% | 155.06% | 137.63% | 138.93% | 124.22% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.26% | 83.70% | 82.38% | 82.89% | 96.40% | 78.85% | 82.61% | 84.26% | 83.89% | 84.88% |

* The amounts presented for each fiscal year were determined as of 6/30.

See accompanying notes to required supplementary information and independent auditor's report.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY
LAST TEN YEARS**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Mid-Bay Bridge Authority's proportion of the net pension liability | 0.000470594% | 0.000471387% | 0.000460782% | 0.000496118% | 0.000506192% | 0.000511793% | 0.000526628% | 0.000535844% | 0.000545177% | 0.000546517% |
| Mid-Bay Bridge Authority's proportionate share of the net pension liability | \$ 60,318 | \$ 70,713 | \$ 73,178 | \$ 52,547 | \$ 62,092 | \$ 62,412 | \$ 58,839 | \$ 56,714 | \$ 58,293 | \$ 63,694 |
| Mid-Bay Bridge Authority's covered payroll | \$ 210,300 | \$ 199,550 | \$ 188,686 | \$ 186,886 | \$ 185,703 | \$ 184,232 | \$ 182,186 | \$ 180,939 | \$ 181,473 | \$ 175,371 |
| Mid-Bay Bridge Authority's proportionate share of the net pension liability as a percentage of its covered payroll | 28.68% | 35.44% | 38.78% | 28.12% | 33.44% | 33.88% | 32.30% | 31.34% | 32.12% | 36.32% |
| Plan fiduciary net position as a percentage of the total pension liability | 6.36% | 4.80% | 4.12% | 4.81% | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% |

* The amounts presented for each fiscal year were determined as of 6/30.

See accompanying notes to required supplementary information and independent auditor's report.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
LAST TEN YEARS**

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution | \$ 40,462 | \$ 38,339 | \$ 33,596 | \$ 33,358 | \$ 30,618 | \$ 27,331 | \$ 25,435 | \$ 23,563 | \$ 22,189 | \$ 21,040 |
| Contributions in relation to the contractually required contribution | <u>(40,462)</u> | <u>(38,339)</u> | <u>(33,596)</u> | <u>(33,358)</u> | <u>(30,618)</u> | <u>(27,331)</u> | <u>(25,435)</u> | <u>(23,563)</u> | <u>(22,189)</u> | <u>(21,040)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Mid-Bay Bridge Authority's covered payroll | \$ 212,050 | \$ 205,050 | \$ 188,686 | \$ 186,886 | \$ 185,703 | \$ 184,232 | \$ 182,186 | \$ 180,939 | \$ 181,473 | \$ 175,371 |
| Contributions as a percentage of covered payroll | 19.08% | 18.70% | 17.81% | 17.85% | 16.49% | 14.84% | 13.96% | 13.02% | 12.23% | 12.00% |

* The amounts presented for each fiscal year were determined as of 9/30.

See accompanying notes to required supplementary information and independent auditor's report.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY
LAST TEN YEARS**

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 4,206 | \$ 3,991 | \$ 3,031 | \$ 3,002 | \$ 2,975 | \$ 2,949 | \$ 2,924 | \$ 2,906 | \$ 2,885 | \$ 2,801 |
| Contributions in relation to the contractually required contribution | <u>(4,206)</u> | <u>(3,991)</u> | <u>(3,031)</u> | <u>(3,002)</u> | <u>(2,975)</u> | <u>(2,949)</u> | <u>(2,924)</u> | <u>(2,906)</u> | <u>(2,885)</u> | <u>(2,801)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Mid-Bay Bridge Authority's covered payroll | \$ 212,050 | \$ 205,050 | \$ 188,686 | \$ 186,886 | \$ 185,703 | \$ 184,232 | \$ 182,186 | \$ 180,939 | \$ 181,473 | \$ 175,371 |
| Contributions as a percentage of covered payroll | 1.98% | 1.95% | 1.61% | 1.61% | 1.60% | 1.60% | 1.60% | 1.61% | 1.59% | 1.60% |

* The amounts presented for each fiscal year were determined as of 9/30.

See accompanying notes to required supplementary information and independent auditor's report.

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**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025**

NOTE 1: FLORIDA RETIREMENT SYSTEM (FRS)

The following actuarial assumptions were used in the year ended September 30, 2025:

- The long-term expected rate of return used was 6.70%.
- The inflation rate used was 2.40%.

NOTE 2: HEALTH INSURANCE SUBSIDY PROGRAM (HIS)

The following actuarial assumptions were used in the year ended September 30, 2025:

- The inflation rate used was 2.40%.
- The mortality table used was Generational PUB-2010 with Projection Schedule MP-2021.
- The municipal rate used to determine total pension liability was 5.20%.
- Effective July 1, 2023, the HIS contribution rate increased from 1.6% to 2.0% of covered payroll.

See independent auditor's report.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
TREND DATA ON INFRASTRUCTURE CONDITION
SEPTEMBER 30, 2024**

Infrastructure

The Authority has elected to use the Modified Approach to account for maintenance of its infrastructure assets. The Florida Department of Transportation (the "FDOT") annually inspects the Authority's system and assesses its roadway maintenance, pavement condition and bridge condition.

Roadway Maintenance

The FDOT assesses roadway maintenance performance through its Maintenance Rating Program (MRP). Copies of the MRP manual may be obtained from the State Maintenance Office, 605 Suwannee Street, Mail Station 52, Tallahassee, FL 32399-0450. The MRP manual provides a uniform evaluation system for maintenance features of the State Highway System. The roadways are rated on a 100-point scale, with 100 meaning that every aspect of the roadway is in new and perfect condition. The Authority's roadways are given an overall rating indicating the average maintenance status of its roadways. The assessment of maintenance is made by visual and mechanical tests designed to reveal any condition that would reduce highway-user benefits below the maximum level of service. The Florida Transportation Commission's policy is to maintain tolled facility maintenance at an MRP rating of 90 or better.

MRP results for the past five years were as follows:

| <u>Year</u> | <u>Rating</u> |
|-------------|---------------|
| 2025 | 96 |
| 2024 | 89 |
| 2023 | 90 |
| 2022 | 89 |
| 2021 | 94 |

Pavement Condition

With 99% of its system's lane miles rated "good," the Mid-Bay Bridge Authority's system pavement condition exceeds the Florida Transportation Commission's performance measure requiring greater than 85% of lane miles with pavement condition rated "excellent" or "good." Resurfacing projects for the oldest asphalt roadways are scheduled in 2026 for Danny Wuerffel Way and the Spence Parkway from the Mid-Bay Bridge to Range Road.

Pavement Condition performance ratings for the past five years were as follows:

| <u>Year</u> | <u>Rating</u> |
|-------------|---------------|
| 2025 | 99% |
| 2024 | 99% |
| 2023 | 99% |
| 2022 | 100% |
| 2021 | 100% |

See accompanying notes to required supplementary information and independent auditor's report.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
TREND DATA ON INFRASTRUCTURE CONDITION
SEPTEMBER 30, 2024**

Bridge Performance

The Florida Transportation Commission performance measure requires greater than 95% of bridge structures be rated “excellent” or “good.” The Mid-Bay Bridge Authority system fell short of its goal with 92% of its bridges being rated as “excellent” or “good” due to inspection results and required repairs. Monitoring of the post-tensioning tendons on the Mid-Bay Bridge (1 of 13 bridges) drive the rating.

Bridge performance ratings for the past five years were as follows:

| <u>Year</u> | <u>Rating</u> |
|-------------|---------------|
| 2025 | 92% |
| 2024 | 92% |
| 2023 | 92% |
| 2022 | 92% |
| 2021 | 100% |

Maintenance and Preservation

The 2025 actual expenses were in line with programmed execution. The budget-to-actual expenditures for maintenance and preservation for the past five years were as follows:

| <u>Fiscal Year</u> | <u>Budget</u> | <u>Actual</u> |
|--------------------|---------------|---------------|
| 2025 | \$ 3,807,000 | \$ 3,668,000 |
| 2024 | 2,492,000 | 3,661,000 |
| 2023 | 1,336,000 | 962,000 |
| 2022 | 1,868,000 | 832,000 |
| 2021 | 2,482,000 | 1,287,000 |

See accompanying notes to required supplementary information and independent auditor's report.

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Other Information

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
CONTINUING DISCLOSURE – BOND SERIES 2025 & 2015A
SEPTEMBER 30, 2025**

Mid-Bay Bridge Authority, FL

- 1 Mid-Bay Bridge Authority, 1st Senior Lien Revenue Bonds, Series 2015A, \$54,000,000, dated June 3, 2015
2 Mid-Bay Bridge Authority, 1st Senior Lien Revenue Refunding Bonds, Series 2025, \$138,940,000, dated July 10, 2025

Series 2015A & Series 2025

Annual Traffic by Toll Classification

Fiscal Year Ended September 30,

| | 2025 |
|--|-------------------|
| 2-axles - Automatic Electronic Tolls (SunPass/TBP) | 9,911,000 |
| 2-axles - Cash | 1,805,000 |
| 3-axles or greater | 265,000 |
| Non-Revenue | 281,000 |
| TOTAL | 12,262,000 |

Series 2015A & Series 2025

Annual Toll Revenues by Toll Classification

Fiscal Year Ended September 30,

| | 2025 |
|--|----------------------|
| 2-axles - Automatic Electronic Tolls (SunPass/TBP) | \$ 21,835,000 |
| 2-axles - Cash | 6,353,000 |
| 3-axles or greater | 2,254,000 |
| TOTAL | \$ 30,442,000 |

Series 2015A & Series 2025

Historical Revenues

| | Tolls | Interest and Other Income | Total |
|-----------------------------|---------------|--------------------------------------|---------------|
| Fiscal Year 2025 | \$ 30,442,000 | \$ 2,622,000 | \$ 33,064,000 |

Series 2015A & Series 2025

Historical Adjusted Revenues

| | Gross Revenues | Administrative Expenses | Adjusted Revenues |
|-----------------------------|---------------------------|------------------------------------|------------------------------|
| Fiscal Year 2025 | \$ 33,064,000 | \$ 670,000 | \$ 32,394,000 |

See independent auditor's report on supplementary information.

**MID-BAY BRIDGE AUTHORITY
OKALOOSA COUNTY, FLORIDA
CONTINUING DISCLOSURE – BOND SERIES 2025 & 2015A
SEPTEMBER 30, 2025**

Series 2015A & Series 2025

Historical Financial Data

Fiscal Year Ended September 30,

| | 2025 |
|---------------------------------------|---------------|
| Revenue: | |
| Tolls | \$ 30,442,000 |
| Interest and Other Income | 2,622,000 |
| Total Revenue | 33,064,000 |
| Operating Expenses: | |
| Authority Administrative | 670,000 |
| Total Operating Expenses | 670,000 |
| Adjusted Revenues Before Debt | \$ 32,394,000 |
| Debt Service: | |
| 1st Senior Lien Bonds | \$ 18,279,000 |
| 2nd Senior Lien Bonds | 2,277,000 |
| Total Debt Service * | \$ 20,556,000 |
| 1st Senior Lien Debt Service Coverage | 1.77 |
| All Bonds Debt Service Coverage | 1.58 |
| Cash Available for Disbursements | \$ 11,838,000 |
| Payments to the Department | \$ 10,075,000 |
| General Fund Balance | \$ 27,673,000 |

See independent auditor's report on supplementary information.



CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.

4502 Highway 20 East

Suite A

Niceville, FL 32578

850.897.4333

850.897.4068 (fax)

CRIadv.com

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 of Directors
Mid-Bay Bridge Authority
Okaloosa County, 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 Mid-Bay Bridge Authority (Authority), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 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 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.

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Niceville, Florida
March 19, 2026

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CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.

4502 Highway 20 East

Suite A

Niceville, FL 32578

850.897.4333

850.897.4068 (fax)

CRIadv.com

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors
Mid-Bay Bridge Authority
Okaloosa County, Florida

Report on Financial Statements

We have audited the financial statements of Mid-Bay Bridge Authority, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 19, 2026.

Auditor's Responsibility

We conducted our audits 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 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 these reports, which are dated March 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. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 to the financial statements for disclosure. Mid-Bay Bridge Authority has no component units.

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 Mid-Bay Bridge Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Mid-Bay Bridge Authority did not meet any of the conditions described in the 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 Mid-Bay Bridge Authority. It is management's responsibility to monitor the Mid-Bay Bridge Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the 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

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Mid-Bay Bridge Authority states that a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Mid-Bay Bridge Authority's geographical boundaries during the year under audit.

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 Mid-Bay Bridge Authority reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as two.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as four.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$217,686.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$108,730.
- 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 none.
- f. A budget variance based on the budget adopted under Sections 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 none.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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Niceville, Florida
March 19, 2026

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CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.

4502 Highway 20 East

Suite A

Niceville, FL 32578

850.897.4333

850.897.4068 (fax)

CRIadv.com

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES

To the Board of Directors
Mid-Bay Bridge Authority
Okaloosa County, Florida

We have examined Mid-Bay Bridge Authority's (Authority) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2025. Management of the Authority is responsible for the Authority's compliance with the specified 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 specified 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 noncompliance, 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 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 management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Niceville, Florida
March 19, 2026