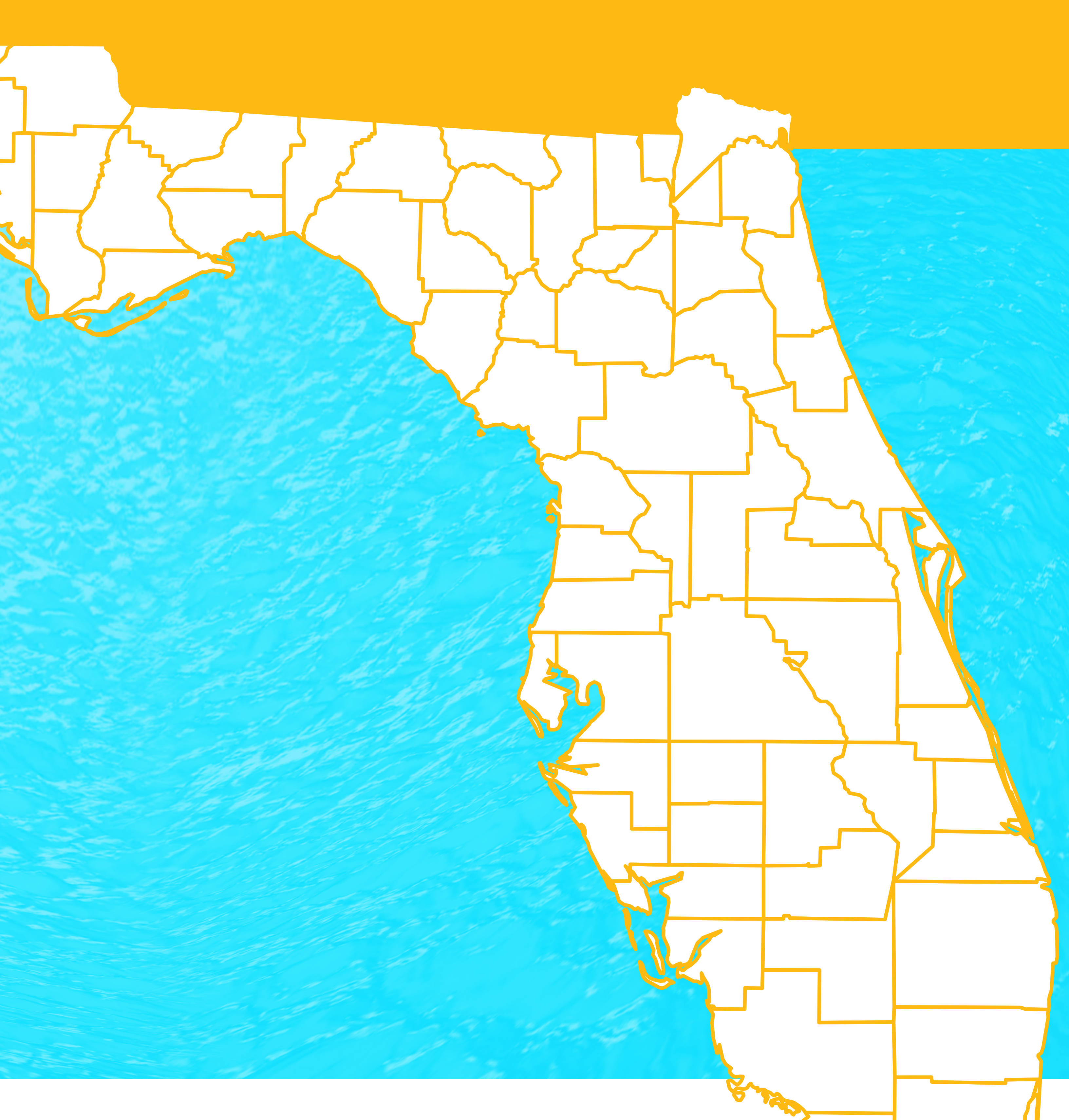

FLORIDA HOUSING
FINANCE CORPORATION

2018 FINANCIAL REPORT

GOVERNOR

Ron DeSantis

BOARD OF DIRECTORS

Ray Dubuque, Chairman

EXECUTIVE DIRECTOR

Harold L. "Trey" Price

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Building a better working world

Report of Independent Auditors

The Board of Directors, Executive Director, and Chief Financial Officer of Florida Housing Finance Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Housing Finance Corporation ("Florida Housing"), a component unit of the state of Florida, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Housing as of December 31, 2018, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Florida Housing's basic financial statements. The accompanying supplementary schedules as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

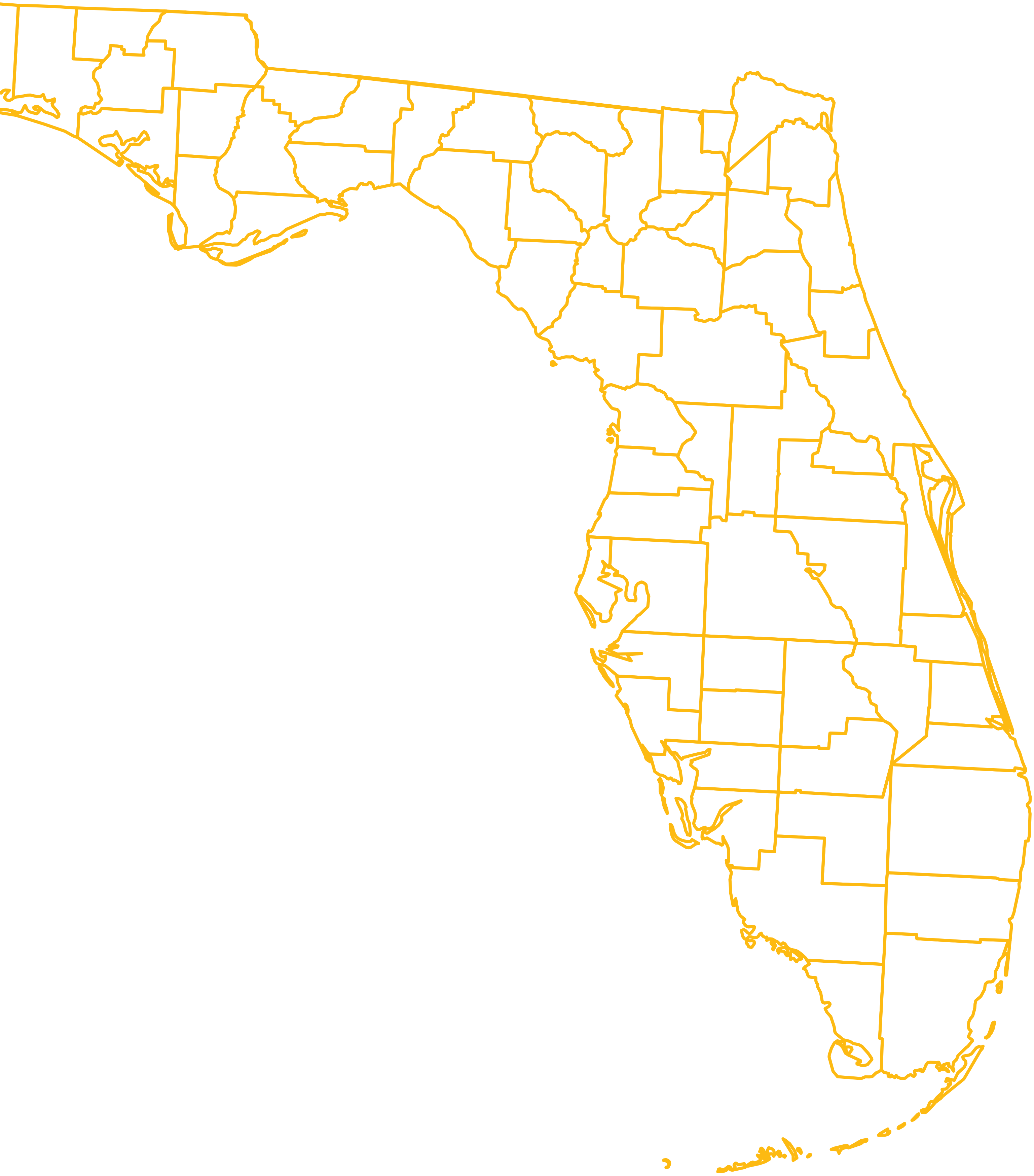
The supplementary schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated June 7, 2019 on our consideration of Florida Housing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Florida Housing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Housing's internal control over financial reporting and compliance.

Ernst + Young LLP

June 7, 2019



As management of the Florida Housing Finance Corporation (Florida Housing), we offer readers of Florida Housing's financial statements this narrative overview and analysis of Florida Housing's financial activities for the year ended December 31, 2018. This overview and analysis is required by accounting principles generally accepted in the United States.

FINANCIAL HIGHLIGHTS

- As a result of operations in 2018, net position increased $125.0 million to $2.6 billion as of December 31, 2018. This change consists of increases in State and Federal programs ($93.0 million), Single Family bond programs ($24.5 million), the Operating Fund ($6.5 million), and the Guarantee Program ($1.0 million).

- Loans receivable, net increased by $69.0 million to $2.2 billion in 2018. This change consists of increases in State and Federal programs ($49.9 million), the Multifamily Housing Revenue bond programs ($17.1 million), and the Single Family bond programs ($2.9 million), with an offsetting decrease in the Operating Fund ($0.9 million).

- Notes and bonds outstanding, net increased by $120.8 million to $2.0 billion in 2018. The overall increase is comprised of increases in Single Family bond programs ($106.9 million), and Multifamily Housing Revenue bond programs ($13.9 million).

- The change in net position for all programs and funds decreased $81.9 million from $206.9 million in 2017 to $125.0 million in 2018. This change consists of decreases in the Single Family bond programs ($42.0 million), the State and Federal programs ($34.3 million), the Operating Fund ($4.3 million), the Guarantee Program ($1.1 million), and the Subsidiary Corporations ($0.2 million).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of two parts: Management's Discussion and Analysis and the Financial Statements. Florida Housing is a component unit of the state of Florida and follows enterprise fund reporting. Therefore, the financial statements are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting.

The financial statements report information for all of Florida Housing's programs and operations. The Statement of Net Position includes all of Florida Housing's assets and liabilities. The difference between assets and liabilities is presented as net position, and is displayed in two components: restricted net position and unrestricted net position. Included in the Statement of Net Position are notes and bonds issued by Florida Housing as conduit debt and, as such, both principal and interest are payable solely from the assets and income of the various programs which are pledged under the bond resolutions authorizing the specific issues. These issues do not constitute an obligation, either general or special, of Florida Housing, the state of Florida, or of any local government therein. Neither the faith, credit and revenues nor the taxing power of the state of Florida or any local government therein may be pledged to the payment of the principal or interest on the obligations. Net position is restricted when external constraints are placed upon its use, such as trust indentures, legal agreements, statutes or laws. Conduit debt and related assets reported on the Statement of Net Position include $2.7 billion in assets and $2.0 billion in conduit debt of net notes and bonds payable as of December 31, 2018.

The Statement of Revenues, Expenses, and Changes in Net Position identifies all of Florida Housing's revenues and expenses for the reporting period, distinguishing between operating and nonoperating activities. This statement measures Florida Housing's operations over the past year and can be used to determine whether Florida Housing has recovered all of its costs through lending activities, externally funded programs and other revenue sources.

The Statement of Cash Flows provides information about Florida Housing's cash receipts and cash payments during the reporting period. This statement reports cash transactions, including receipts, payments and net changes resulting from operations, noncapital financing, and investing activities. This statement provides information regarding the sources and uses of cash and the change in cash during the reporting period.

The Notes to the Financial Statements provide additional information that is essential for understanding financial data that may not be displayed on the face of the financial statements and, as such, are an integral part of Florida Housing's basic financial statements.

FINANCIAL ANALYSIS OF FLORIDA HOUSING

Statements of Net Position

The following table summarizes the assets, liabilities, and net position (in millions) as of December 31:

	2018	2017	$ Change	% Change
Current assets	$ 1,478.1	$ 1,489.7	$ (11.6)	(0.8%)
Noncurrent assets				
Investments, net	1,414.3	1,206.0	208.3	17.3%
Loans receivable, net	2,080.5	2,069.0	11.5	0.6%
Other assets, net	1.5	0.2	1.3	650.0%
Total assets	4,974.4	4,764.9	209.5	4.4%
Current liabilities	299.9	349.1	(49.2)	(14.1%)
Noncurrent liabilities				
Notes payable, net	98.5	79.2	19.3	24.4%
Bonds payable, net	1,700.6	1,634.9	65.7	4.0%
Unearned fee income, net	132.9	121.6	11.3	9.3%
Due to developers	119.5	82.1	37.4	45.6%
Total liabilities	2,351.4	2,266.9	84.5	3.7%
Net position				
Restricted	2,463.2	2,344.3	118.9	5.1%
Unrestricted	159.8	153.7	6.1	4.0%
Total net position	$ 2,623.0	$ 2,498.0	$ 125.0	5.0%

Total loans receivable, net (current and noncurrent) increased $69.0 million in 2018. The largest components of this change were increases in mortgage loans outstanding in the Multifamily bond programs and the State and Federal programs. Loans receivable in the State and Federal programs increased by $49.9 million, to $1.3 billion, primarily due to an increase in SAIL loans. Loans receivable in the Multifamily bond programs increased by $17.1 million, to $872.9 million due to an increase in new bond issues.

Notes and bonds payable, net (current and noncurrent) increased $120.8 million, to $2.0 billion, in 2018. Single family bonds outstanding, showed a net increase of $106.9 million, primarily from new bond issues. The $13.9 million net increase in multifamily notes and bonds outstanding is comprised of note and bond issuances ($119.7 million), offset by principal payments on notes and bonds ($105.8 million). Included in the total payments of $105.8 million for notes and bonds are early retirements of $59.1 million.

Net position of the bond programs, State and Federal programs and a portion of the Operating Fund are classified as restricted because the uses of the funds are directed by trust indentures, state statute, state law or federal regulations.

Florida Housing has designated all the unrestricted net position in the Operating Fund, $159.8 million, for support of the single family program, a dedicated reserve for operations, including a housing credit compliance monitoring reserve, for demonstration and other program initiatives, and other risks and contingencies as approved by the Board.

Statements of Revenues, Expenses and Changes in Net Position

The following table summarizes the revenues, expenses, and changes in net position (in millions) for the years ended December 31:

	2018	2017	$ Change	% Change
Operating revenues				
Interest on loans	$ 49.5	$ 45.0	$ 4.5	10.0%
Investment income	75.2	110.9	(35.7)	(32.2%)
Fee income	16.9	18.0	(1.1)	(6.1%)
Federal program administrative fees	6.3	10.2	(3.9)	(38.2%)
Other income	1.2	2.0	(0.8)	(40.0%)
Total operating revenues	149.1	186.1	(37.0)	(19.9%)
Operating expenses				
Interest expense	60.5	48.4	12.1	25.0%
Payments to other governments	108.2	99.0	9.2	9.3%
Provision for uncollectible loans	(20.9)	(41.9)	21.0	(50.1%)
General and administrative	36.4	46.1	(9.7)	(21.0%)
Total operating expenses	184.2	151.6	32.6	21.5%
Nonoperating revenues (expenses)				
Federal and state program revenue	84.6	257.7	(173.1)	(67.2%)
Federal and state program expenses	(83.0)	(252.4)	169.4	(67.1%)
State documentary stamp tax revenue	312.9	284.0	28.9	10.2%
Transfers to state agencies	(154.4)	(116.9)	(37.5)	32.1%
Net nonoperating revenues	160.1	172.4	(12.3)	(7.1%)
Change in net position	$ 125.0	$ 206.9	$ (81.9)	(39.6%)

Investment income decreased $35.7 million in 2018. The overall decrease was comprised of a decrease in investment income for the Single Family bond programs ($32.6 million), the Guarantee Program ($1.2 million), State and Federal programs ($1.1 million), and the Operating Fund ($1.0 million), offset by an increase in the Multifamily bond programs ($0.2 million). Unrealized loss on investments in 2018 was $25.7 million, compared to a $25.4 million unrealized loss recorded in 2017. Actual income earned from investments decreased $35.3 million from 2017, a result of fewer mortgage backed securities sold in the secondary markets.

Total operating expenses increased $32.6 million, to $184.2 million in 2018. Components of the increase include increases in the provision for uncollectible loans ($21.0 million), interest expense ($12.1 million), and the payment of State Housing Initiatives Partnership (SHIP) funds to local governments ($9.2 million), offset by a decrease in general and administrative expenses ($9.7 million). The increase in provision for uncollectible loans is due to a net loan increase over repayments, primarily in the SAIL program. The increase in bond interest expense is mainly due to the timing of the bond issuances in the Single Family Homeowner Mortgage program.

Net nonoperating revenues decreased $12.3 million, to $160.1 million in 2018. Increases in documentary stamp tax revenue and required transfers to the State were offset by decreases in net federal and state program revenue and net federal and state program expenses.

For the Multifamily and Single Family bond programs, investment income ($63.8 million) is the primary component of total revenues. Bond interest expense ($60.5 million) is the largest expense item.

Florida Housing's revenues in the Operating Fund were primarily generated from issuer fees ($7.1 million), fees related to multifamily programs ($9.8 million) and administrative fees for federal programs ($3.7 million). General and administrative expenses ($21.6 million), which include operating expenses and program administration (credit underwriting, servicing, and monitoring), comprise the bulk of expenses in the Operating Fund.

Receipt of documentary stamp taxes in the housing trust funds ($312.9 million) and revenue from federal and state programs ($84.6 million) make up most of the revenues in the State and Federal programs. Federal and state program expenses ($83.0 million) and transfers to state agencies ($154.4 million) are the largest components of expenses. The decrease in the change in net position in the State and Federal programs is primarily due to decreases in federal and state program revenues ($173.0 million) and federal and state program expenses ($169.4 million), offset by increases in state documentary stamp tax revenue ($28.9 million) and transfers to state agencies ($37.5 million).

DEBT ADMINISTRATION

At year-end, Florida Housing had total notes and bonds outstanding of $2.0 billion, net of unamortized premium. This represents a net increase of $120.8 million during 2018, resulting from the issuance of bonds and premiums ($425.0 million), offset by principal payments ($304.2 million). All bonds issued in the First Time Homebuyer Program are backed by Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae) or Federal Home Loan Mortgage Corporation (Freddie Mac) securities and have maintained AAA or AA ratings. More detailed information about Florida Housing's debt is presented in Note 9 to the financial statements.

OTHER FINANCIAL INFORMATION

The following comments on Florida's economy come primarily from a presentation entitled *Florida: An Economic Overview*, dated December 26, 2018 and *Florida: An Economic Overview Focusing on County Differences*, dated January 8, 2019, produced by The Florida Legislature Office of Economic and Demographic Research (EDR). These documents highlight the key economic variables, including tourism, employment, construction and population, that impact Florida's economy and overall growth. Other than tourism numbers, these are issues that also impact Florida's affordable housing needs and capacity.

Below are very summarized comments from the EDR reports.

- The Florida economy continues to grow with the second quarter results for 2018 calendar year showing a 4.5 percent growth, which was greater than the national average of 4.2 percent.

- Current unemployment conditions in Florida show that the November 2018 unemployment rate was 3.3 percent compared to a 3.7 percent rate for the U.S. "The Revenue Estimating Conference now assumes Florida is below the "full employment" unemployment rate (about 4 percent)."

- Population growth "is the state's primary engine of economic growth ..." and is slowing slightly. Florida's population grew 1.74 percent between April 2017 and April 2018. The growth rate was augmented by the migration of Puerto Ricans and US Virgin Islanders after the 2017 hurricane season.

- Housing in Florida continues to improve. Documentary stamp tax collections are indicative of housing transactions. "Documentary Stamp Tax collections saw 3.8 percent growth in FY 2017-18 over FY 2016-17." Although growth continues, the rate was higher in the previous year.

- The homeownership rate for calendar year 2017 in Florida was at its lowest recorded rate at 64.1 percent. The lowest rate previously recorded was in 1989 at 64.4 percent. Preliminary data for the first three quarters of 2018 shows improvement over 2017.

- However, single-family building permit activity, an indicator of new construction, has shown increases over five of the last six calendar years. Annual activity in 2017 surpassed 2016 activity by 13.5 percent. "Despite the strong percentage growth rates in five of the last six calendar years, the level is still low by historic standards – about half of the long-run per capita level."

- Existing home sales volume has continued to exceed the previous peak year, 2005, and has generally mirrored the national averages. Florida's median home price has continued on an upward trend, while the national average has been slightly more uneven. Median home price in Florida in November 2018 was 97.9 percent of the national median price.

- "Challenging housing costs and shifting preferences among Millennials have caused residential rental vacancies to tighten strongly over the last three years (2015 through 2017); price pressure continues to build." Data for the third quarter 2018 shows an "8.5% vacancy rate", slightly lower than the prior year. At the end of 2017, the vacancy rate of the Florida Housing Finance Corporation funded portfolio of multifamily developments was three percent.

• According to the EDR report, Florida's financial condition in 2017/2018 had largely achieved normalcy, with most economic measures having returned to or surpassed prior peaks.

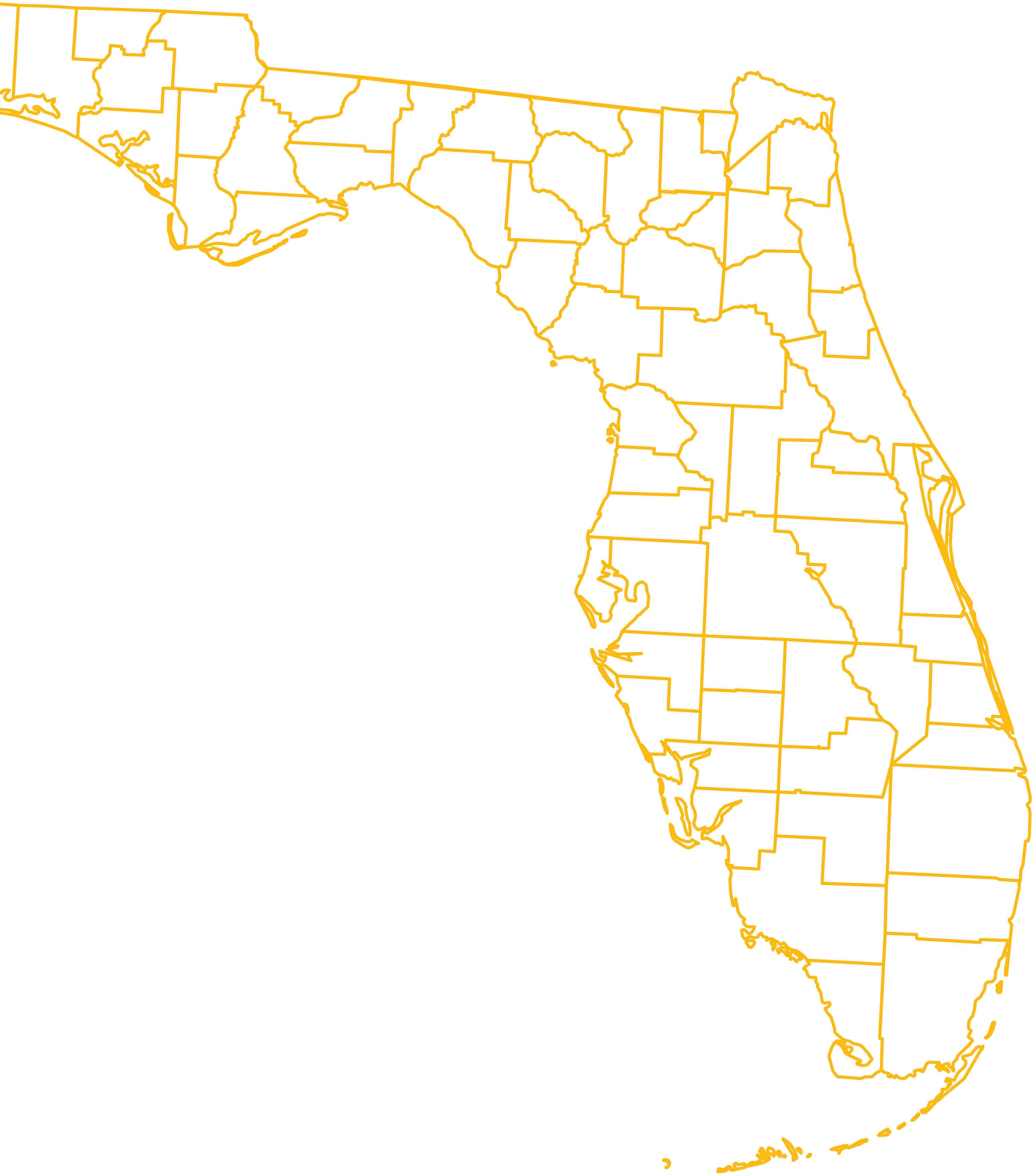
After being impacted by two hurricanes in 2017, Florida was hit by Hurricane Michael in 2018, a category five storm. Damage estimates for insured property have reached $45.4 million, surpassing Hurricane Irma by $13 million. The impacted panhandle area was already economically challenged prior to the storm, and "people living in this area are less likely to be fully compensated for their losses."

Florida Housing programs include various federal and state initiatives designed to help improve the residential real estate market. The U.S. Treasury Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets (Hardest Hit Fund) continues to be administered by Florida Housing. This program is in the wind down phase and is expected to reach end of term in 2019. Florida Housing is also in discussion with the Florida Department of Economic Opportunity to administer $140 million in Community Development Block Grant Disaster Relief funds for areas impacted by Hurricane Irma. The leveraging ratio in the Affordable Housing Guarantee Program was 0.15:1 (risk to capital) at December 31, 2018, well within the Board established maximum of 5:1.

The Board-approved 2018 operating budget of $20.8 million, exclusive of direct Hardest Hit Fund expenses, which are fully funded by that program, was adequate to fund operations. Actual operating expenses of $17.1 million were 18.1 percent less than the total approved budget.

The initial tax-exempt bond allocation for 2019 is $534.7 million, an increase of $8.2 million from the 2018 initial allocation. The per capita allocation remained $105 in 2019; Florida's increased population accounted for the larger 2019 allocation.

Please contact Angie Sellers, Chief Financial Officer, at (850) 488-4197 with your comments, questions or requests for additional information.



STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2018

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 184,942,810
Investments, net	1,105,079,214
Interest receivable on investments	7,660,458
Interest receivable on loans	6,279,887
Loans receivable, net	173,974,556
Other assets	155,834
Total current assets	1,478,092,759
NONCURRENT ASSETS	
Investments, net	1,414,340,104
Loans receivable, net	2,080,536,484
Other assets, net	1,519,803
Total noncurrent assets	3,496,396,391
TOTAL ASSETS	4,974,489,150
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and other liabilities	33,641,876
Accrued interest payable	18,097,793
Notes payable, net	11,689,512
Bonds payable, net	233,150,728
Unearned fee income, net	3,336,371
Total current liabilities	299,916,280
NONCURRENT LIABILITIES	
Notes payable, net	98,536,141
Bonds payable, net	1,700,585,631
Unearned fee income, net	132,878,610
Due to developers	119,510,067
Total noncurrent liabilities	2,051,510,449
TOTAL LIABILITIES	2,351,426,729
NET POSITION	
Restricted	2,463,233,732
Unrestricted	159,828,689
TOTAL NET POSITION	$ 2,623,062,421

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

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

OPERATING REVENUES	
Interest on loans	$ 49,451,838
Investment income	75,236,224
Fee income	16,903,151
Federal program administrative fees	6,337,266
Other income	1,221,880
Total operating revenues	149,150,359
OPERATING EXPENSES	
Interest expense	60,503,444
Payments to other governments	108,211,495
Provision for uncollectible loans	(20,861,162)
General and administrative	36,381,096
Total operating expenses	184,234,873
OPERATING LOSS	(35,084,514)
NONOPERATING REVENUES (EXPENSES)	
Federal and state program revenue	84,631,680
Federal and state program expense	(83,019,146)
State documentary stamp tax revenue	312,880,263
Payments to state agencies	(154,400,000)
Net nonoperating revenues	160,092,797
CHANGE IN NET POSITION	125,008,283
NET POSITION	
Beginning of year	2,498,054,138
End of year	$ 2,623,062,421

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Interest received on conduit debt fund investments	$ 82,151,597
Cash received from interest on loans receivable	48,746,671
Cash received from principal payments on loans receivable	187,817,819
Cash received for federal program administrative fees	6,554,142
Cash received from fee income	16,903,151
Cash received from other revenues	12,913,026
Cash payments for issuance of loans and federal programs	(282,010,880)
Interest paid on conduit debt fund bonds	(60,457,599)
Cash payments for operating expenses	(90,037,798)
Payments to other governments	(108,211,495)
Net cash used for operation of foreclosed properties	(8,877)
Proceeds from disposition of property held for sale	61,000
NET CASH USED BY OPERATING ACTIVITIES	(185,579,243)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from issuance of notes	43,400,038
Proceeds from issuance of bonds	381,571,456
Principal payments on notes	(23,031,422)
Principal payments on bonds	(279,364,514)
Payments on collateralized bank loan	(34,110,000)
Cash received for federal and state programs	84,631,680
State documentary stamp tax receipts	343,518,289
Payments to state agencies	(154,400,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	362,215,527
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(2,717,854,951)
Proceeds from the sale and maturity of investments	2,471,654,493
Interest received on investments	15,170,389
NET CASH USED BY INVESTING ACTIVITIES	(231,030,069)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(54,393,785)
CASH AND CASH EQUIVALENTS	
Beginning of year	239,336,595
End of year	$ 184,942,810

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

STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES

Operating loss	$ (35,084,514)
Adjustments to reconcile operating loss to net cash used by operating activities	
Unrealized loss on investments	25,698,228
Provision for uncollectible loans	(20,861,162)
Amortization and depreciation	(7,396,001)
Interest received on investments	(15,170,389)
Changes in assets and liabilities which provided (used) cash	
Interest receivable on investments	(1,544,881)
Interest receivable on loans	(593,934)
Loans receivable	(131,065,085)
Other assets	(1,068,915)
Accounts payable and other liabilities	(52,922,488)
Accrued interest payable	1,824,813
Unearned fee income	15,152,595
Due to developers	37,452,490
NET CASH USED BY OPERATING ACTIVITIES	$ (185,579,243)

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

1. REPORTING ENTITY

The Florida Housing Finance Corporation (Florida Housing) was created by Chapter 420, Part V, Florida Statutes as a public corporation. On January 1, 1998, Florida Housing assumed all the rights, responsibilities, and obligations of its predecessor, the Florida Housing Finance Agency (the Agency).

In 1980, the Agency, a public body corporate and politic with no taxing power, was established as a state agency within the Florida Department of Community Affairs by the Florida Housing Finance Agency Act (the Act). The Agency was created to finance housing for low, moderate, and middle income persons. Under the Act, the Agency was authorized to borrow money through the issuance of bonds, notes, or other obligations to finance multifamily housing developments and single family residential housing. The 2011 Legislature eliminated the Department of Community Affairs; Florida Housing is now administratively associated with the Department of Economic Opportunity.

Florida Housing is a discretely presented component unit of the state of Florida for financial reporting purposes. The accompanying component unit financial statements present the net position, changes in net position, and cash flows of the proprietary fund, which includes all programs administered by Florida Housing.

In July 2008, Florida Housing formed FHFC II, Inc. and in July 2009 added FHFC III, Inc. Both are wholly-owned subsidiaries established for the charitable, non-profit purpose of taking title to, managing and disposing of property acquired by Florida Housing from time to time through any of Florida Housing's programs.

Florida Housing has determined that, except for the blended activity of FHFC II and FHFC III, there are no other entities that meet the criteria for inclusion in Florida Housing's financial statements.

Notes and bonds issued by Florida Housing are conduit debt and are payable, both as to principal and interest, solely from the assets and income of the various programs which are pledged under the resolutions authorizing the particular issues. These issues do not constitute an obligation, either general or special, of Florida Housing, the state of Florida, or of any local government therein. Neither the faith, credit and revenues, nor the taxing power of the state of Florida or any local government therein shall be pledged to the payment of the principal or interest on the obligations. Conduit debt outstanding, net of unamortized premium, was $2.0 billion as of December 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Florida Housing's financial statements have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units engaged in business-type activities. The significant accounting policies of Florida Housing are described below.

Basis of Presentation – Florida Housing accounts for its activities through the use of an enterprise fund. An enterprise fund is used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Florida Housing's accounting records are organized using subfunds to account separately in the general ledger for the bond programs, Guarantee

Program, certain state and federally funded programs, subsidiary corporations and the operations of Florida Housing. The operations of each subfund are accounted for within a separate set of self-balancing accounts recording cash and other financial resources, together with related liabilities, net position, revenues, expenses, and transfers.

Basis of Accounting – Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements are prepared on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.

Financial Statement Presentation – Florida Housing distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with Florida Housing's ongoing operations. The principal operating revenues of Florida Housing are interest income on loans, investment income, and federal program administrative. Operating expenses include interest expense, provision for uncollectible loans and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents – Florida Housing considers all uninvested amounts to be cash and all investments with an original maturity of three months or less to be cash equivalents.

Investments – Investments are stated at fair value, except for nonparticipating guaranteed investment agreements, which are stated at cost. Fair value of Florida Housing's investment in the state investment pool is determined by the fair value per share of the pool's underlying portfolio.

Loans Receivable – Loans receivable are carried at their uncollected principal balances. Servicing of most loans is provided by various servicing organizations on behalf of Florida Housing. Servicing costs on single family bond loans are recorded as a reduction of interest income.

Allowances – The determination of the allowance for loan losses is based on an evaluation of the loan portfolio, current economic conditions, and other factors relevant to a determination of the collectability of the loans and reflects an amount which, in management's judgment, is adequate to provide for potential losses. Adjustments to the allowance for loan losses are made by provisions charged to current operations. Allowances for forgiveness are recorded for the full outstanding balances of forgivable loans. Adjustments to the allowance for forgiveness are made by provisions charged to non-operating expenses.

Bond Discounts / Premiums – Discounts and premiums on bonds payable are amortized over the life of the related issue using the effective interest method.

Interest Income – Interest on mortgage loans and investments is recorded as income when earned. Interest income is recorded net of fees.

Claims Expense and Recoveries – Claims expense is recorded in the Guarantee Program when payment is made on the associated bonds. If the claim is made under the U.S. Department of Housing and Urban Development (HUD) Risk Sharing Program, the expense is only the Guarantee Program's portion as the claim is shared equally with HUD. Recoveries are recorded at the time of foreclosure, when title to the property passes to Florida Housing and are adjusted upon sale of the property and final settlement with HUD. Activity from the operation of the foreclosed property is included in operating revenues and expenses in the subsidiary holding title to the property.

Related Party Transactions – Board members are prohibited from participation in Florida Housing's programs during and for two years following their board terms.

3. DESCRIPTION OF PROGRAMS

Operating – Florida Housing's Operating Fund, which includes the operating subfund and the bond management subfund, collects program fees from the various bond issues, fees for awarding housing credits, and administrative fees associated with federal and state housing programs. Expenses are those incurred in operating Florida Housing and the administration of its various programs.

Subsidiary Corporations – Both FHFC II and FHFC III were created to take title to, manage, and dispose of property acquired by Florida Housing through its various programs. These funds are not restricted; however, the proceeds from the operation and sale of properties within these entities generally flow back to the program through which the property was acquired.

The various bond programs of Florida Housing are as follows:

Single Family Home Ownership Program – The Single Family Home Ownership Program includes private placements made to Fannie Mae and the GNMA Collateralized Home Ownership Mortgage Revenue Program. The bond proceeds were committed by Florida Housing to purchase mortgage backed securities to the extent mortgage loans were originated by participating lenders under this program. The mortgage loans provided single family residences for persons of low to middle income within the state of Florida.

First Time Homebuyer Program – Florida Housing funds loans originated under this program through financing options including revenue bond issuance proceeds and the sale of mortgage backed securities in the secondary market. The loans in this program are 30-year, fixed rate mortgage loans originated by private lenders. Under the current program, all loans originated are securitized into mortgage backed securities. Eligible borrowers must meet certain criteria, such as the first time homebuyer requirement, credit worthiness and an income level not to exceed program limits. Bonds are issued from two separate indentures for this program.

Single Family Homeowner Mortgage Revenue Bonds – This bond indenture began in 1995 and continues to add issues as needed to ensure the continued availability of funds for the First Time Homebuyer Program. Certain bond issues have been refunded with subsequent bond issues under the indenture.

Homeowner Mortgage Revenue Bonds (Special Program) – These bonds were issued under the federal New Issue Bond Program (NIBP) implemented in 2009 by the U.S. Treasury and HUD as a short term response to the credit and liquidity crises that made tax exempt bonds difficult to use for affordable housing programs. The NIBP lowered the debt service costs on tax exempt bonds by providing for the federal purchase of 60% of the issue. The remaining 40% was sold at market rates. Florida Housing issued a total of $547.2 million of single family bonds under this program. The authority to issue new NIBP bonds terminated on December 31, 2012.

Multifamily Housing Revenue Bond Programs – Due to the similarity of program operations, the multifamily bond programs are presented as one program.

Multifamily Mortgage Revenue Bond Program – The Multifamily Mortgage Revenue Bond Program issues Multifamily Mortgage Revenue Bonds to finance the construction or acquisition of multifamily housing developments located in the state of Florida and intended for occupancy in part by persons of low, moderate, or middle income. Certain bond issues have been refunded with subsequent bond issues under the program.

Multifamily New Issue Bond Program – Florida Housing was awarded $248.5 million in authority for multifamily bonds under the New Issue Bond Program (NIBP). As with the Single Family NIBP described above, the program provided for a lower cost of borrowing through the federal purchase of tax exempt bonds at below market rates. Under the multifamily NIBP, 100% of the bonds were purchased by the federal government. Florida Housing issued $202.0 million of multifamily bonds under this program. The authority to issue new NIBP bonds terminated on December 31, 2012.

Florida Housing administers the following programs and initiatives funded at the federal and state levels to provide affordable housing to Florida's low and moderate income families:

Housing Trust Funds – The State Housing Trust Fund and the Local Government Housing Trust Fund were created in 1992 as part of the William E. Sadowski Affordable Housing Act (Sadowski Act) to provide a stable source of funding for affordable housing in Florida. Through an increased documentary stamp tax implemented in 1992, the trust funds provide the opportunity for funding for homeownership and rental housing through Florida Housing's programs. In recent years, a portion of both housing trust funds were transferred to the state's general revenue fund as directed by the Legislature.

Florida Homeownership Assistance Program – The Florida Homeownership Assistance Program (HAP) was created, as part of the State Housing Incentive Partnership Act of 1988, for the purpose of providing assistance for down payments and closing costs for low-income and moderate-income persons purchasing a home.

The Florida Assist Program provides HAP funds to eligible homebuyers for down payments and closing costs. These non-interest bearing, nonamortizing second mortgage loans are used with the First Time Homebuyer Program.

The Homeownership Pool (HOP) Program was created to match qualified homebuyers with purchase assistance. The HOP Program is an ongoing, noncompetitive program that allows developers to reserve funds for eligible homebuyers to provide non-interest bearing, nonamortizing deferred second mortgage loans on a first come, first served basis. Currently, this program funds self-help developers only.

State Apartment Incentive Loan Program – The State Apartment Incentive Loan (SAIL) Program provides low-interest loans on a competitive basis to developers of affordable rental housing. SAIL funds are available to developers, including individuals, public entities, and nonprofit or for-profit organizations to provide gap financing for the construction or substantial rehabilitation of multifamily units. Special consideration is given to properties that target demographic groups such as the elderly, homeless people, special needs individuals, farmworkers, and commercial fishing workers.

A portion of the SAIL Program funding is set aside for the Elderly Housing Community Loan (EHCL) Program. Up to $750,000 per loan is available to make life-safety, health, sanitation, or security related improvements to existing affordable elderly housing.

Predevelopment Loan Program – The Predevelopment Loan Program assists nonprofit and community-based organizations, local governments, and public housing authorities with planning, financing, and developing affordable housing. Eligible organizations may apply for a loan of up to $750,000 for predevelopment activities such as rezoning, title searches, legal fees, impact fees, administrative costs, soil tests, engineering fees, appraisals, feasibility analyses, audit fees, earnest money deposits, insurance fees, commitment fees, administrative costs, marketing expenses, and acquisition expenses. Technical assistance is also provided.

State Housing Initiatives Partnership Program – The State Housing Initiatives Partnership (SHIP) Program was created in 1992 as part of the Sadowski Act. This program provides funds to all 67 counties and 52 entitlement cities on a population-based formula as an incentive to produce and preserve affordable housing for very low, low and moderate income families. The minimum allocation for most counties is $350,000 per county, and at least 65% of funds must be used for homeownership. Under their Local Government Housing Assistance Plans, counties and eligible cities may fund such strategies as emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, impact fees, property acquisition, matching dollars for federal programs and homeownership counseling. Annual appropriation language may more specifically direct program uses.

Affordable Housing Guarantee Program – The Guarantee Program was created to encourage affordable housing lending activities through the issuance of guarantees on obligations incurred in obtaining financing for affordable housing. The program does not directly provide funds for developments; rather it facilitates such efforts by reducing lender risk through the issuance of guarantees on mortgage loans. The program issued commitments to guarantee obligations for both single family homes and multifamily developments. In March 2009, the Board of Directors suspended issuance of additional guarantees by the Guarantee Program. The suspension remains in effect today. Documentary stamp taxes distributed to the State Housing Trust Fund may be used to support the Guarantee Program if payment obligations from amounts on deposit in the Guarantee Program would cause a downgrade in the Program's claims paying rating, or to support the Program's capitalizing debt, if any.

The Guarantee Program's potential loss is limited to the amount of its outstanding guarantees. In order to mitigate risk inherent in the program's portfolio of guarantees, the Guarantee Program participates in HUD's Housing Finance Agencies Risk Sharing Program. On November 9, 1994, Florida Housing and HUD entered into a Risk Sharing Agreement providing for HUD's assumption, or endorsement, of 50% of the Guarantee Program's post-construction obligation on specific multifamily developments financed by Florida Housing or local housing finance authority bonds. As of December 31, 2018, total participation under the Risk Sharing Program consisted of one guarantee for $4.5 million.

As required by the HUD Risk Sharing Program, and in accordance with Section 24 CFR 266.110(b), a percentage of funds on deposit in the Guarantee Program is segregated from the corpus in a dedicated account, the HUD Dedicated Risk Account, as a reserve to offset future potential claims in connection with guarantees issued under the HUD Risk Sharing Program. As of December 31, 2018, the balance of the HUD Dedicated Risk Account was $0.6 million.

As of December 31, 2018, outstanding risk totaled $19.9 million, including $4.5 million under the HUD Risk Sharing Program.

HOME Investment Partnerships Program – The HOME Investment Partnerships Program was established pursuant to HUD Regulations, 24 CFR Part 92 (1992). HOME funds are available to eligible housing providers and individuals in the form of loans, grants, interest subsidies, and other forms of investment approved by Florida Housing.

Other programs administered by Florida Housing:

Housing Credit Program – The Housing Credit Program provides qualified developers of rental property a federal income tax credit for providing low income rental housing. The U.S. Treasury has authorized Florida Housing to allocate the tax credits within the state of Florida. At least 10% of the total annual allocation must be awarded to nonprofit organizations. The program was permanently extended by Congress in 1993. For the year ended December 31, 2018, Florida Housing allocated $78.9 million in housing credits, including returned credits.

In 2009, the American Recovery and Reinvestment Act (ARRA) created Cash Assistance to States for Low Income Housing Projects in Lieu of Low Income Housing Tax Credits for 2009, also referred to as the Tax Credit Exchange Program (TCEP), to be administered by the U.S. Treasury. Under this program, housing credit allocating agencies "exchanged" a portion of their 2009 Housing Credit allocation, as well as previously awarded and returned Housing Credits, for cash grants that were used to replace the Housing Credit equity lost to affordable rental developments as a result of adverse market conditions. Florida Housing exchanged $68.2 million credits for $580.1 million in TCEP funds which was used to fund disbursements to properties in the program.

Florida Housing also disbursed $101.1 million through another ARRA program, the Tax Credit Assistance Program (TCAP). This federal stimulus funding was directed to rental developments that had already received a Housing Credit allocation but required additional funding due to limited equity available in the housing credit market.

Hardest Hit Fund – In February 2010, the federal government announced the Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets (Hardest Hit Fund), a new program for the five states hit hardest by foreclosures, housing price declines and unemployment. Florida was one of these states and received $418 million. The program, which runs through 2020, was subsequently expanded twice, with additional states and funding added each time. Additional funds were allocated to participating states in 2016. Florida's final share of these funds totaled slightly more than $1.1 billion. As of December 31, 2018, six strategies have been approved by the U.S. Treasury. The Mortgage Loan Reinstatement Program is used to bring a delinquent mortgage current. The Unemployment Mortgage Assistance Program provides funds to make first mortgage payments to mortgage servicers on behalf of unemployed or underemployed borrowers. The Principal Reduction Program assists homeowners who are underwater on their mortgage (they owe more than the property is worth) to bring down the principal owed to be more in line with their property values. The Elderly Mortgage Assistance Program assists senior homeowners with reverse mortgages who face foreclosure due to non-payment of property-related expenses. The Modification Enabling Pilot Program assists homeowners in modifying their mortgage to an affordable level. The Downpayment Assistance Program works with Florida Housing's First Time Homebuyer Program to provide non-interest bearing, nonamortizing second mortgage loans in eleven Florida counties. Loans made using the Hardest Hit Fund are forgivable over two to five years, depending on the strategy under which the loan was made.

Legislative Initiatives – From time to time, Florida Housing receives appropriations for pilot programs or programs that target a specific segment of the affordable housing spectrum such as housing for persons with special needs or the homeless.

4. CASH AND CASH EQUIVALENTS

As of December 31, 2018, Florida Housing had the following cash and cash equivalents:

	Credit Rating	Fair Value
Cash	–	$ 42,118,121
Money Markets	AAA – AA-	142,824,689
		$ 184,942,810

Cash on deposit is held in trust by financial institutions in the name of Florida Housing and is entirely insured by federal depository insurance or collateral held by the financial institutions' trust departments or agents in Florida Housing's name pursuant to Section 280.04, Florida Statutes.

5. INVESTMENTS

Florida Housing is authorized to invest in securities permitted under Section 215.47, Florida Statutes, including direct obligations of the United States of America or any agency thereof, interest-bearing or demand deposits with any qualified depository institution, and commercial paper of prime quality. It is also authorized to invest in contracts for the purchase and sale of government obligations as described in the Florida Housing Act. Investments other than Guaranteed Investment Contracts (GICs) are recorded at fair value with changes in fair value recorded as a component of investment income. Florida Housing's GICs are considered to be non-participating; therefore, they are recorded at cost in accordance with applicable standards. Unrealized loss on investments in 2018 was $25.7 million.

Funds in the State Housing Trust Fund and the Local Government Housing Trust Fund are held by the State Treasury in a general pool of investments. Florida Housing also has invested funds associated with single family bond issues, its pooled investments and Guarantee Program funds with the State Treasury in Special Purpose Investment Accounts (SPIAs). Pursuant to Section 17.61, Florida Statutes, these SPIAs allow statutorily created organizations to invest in the Treasury investment portfolio. Florida Statutes enumerate the various types of authorized deposits and investments, which include time deposits, federal government obligations, repurchase agreements, and reverse repurchase agreements through securities lending programs. Florida Housing's share of this investment pool is $1.0 billion at December 31, 2018, which is the fair value of the pool share. Fair value is based on quoted market prices and other recognized pricing sources. No allocation will be made as to Florida Housing's share of the types of investments or their risk categories. Florida Housing's share of the assets and liabilities arising from the reverse repurchase agreements will likewise not be carried on the statement of financial position since the State Treasury operates on a pooled basis and to do so may give the misleading impression that Florida Housing itself has entered into such agreements. For further information, refer to the State of Florida Comprehensive Annual Financial Report or publications of the Office of the State Chief Financial Officer.

As of December 31, 2018, Florida Housing had investments with the following credit ratings and maturities (in thousands):

Investment Type	Credit Rating	Investment Maturities (in years) Less Than 1	1 – 5	6 – 10	More Than 10	Total Fair Value
Asset-Backed Securities	AAA – AA	$ 548	$ 33,746	$ 3,545	$ 5,366	$ 43,205
CMBS	AAA – AA+	—	299	—	7,273	7,572
Commercial Paper	A1	3,505	—	—	—	3,505
Corporate Bonds	AAA – BBB-	17,776	133,690	—	—	151,466
Fannie Mae MBS	AA+	1	1,671	2,346	92,442	96,460
Freddie Mac MBS	AA+	—	20	1,474	4,190	5,684
Investment Agreements	Unrated	2,908	—	—	544	3,452
MBS	AAA – AA+	—	1,195	198	8,832	10,225
Municipal Bonds	AAA – BBB+	2,405	5,807	—	—	8,212
State Treasury	A+f	1,029,119	—	—	—	1,029,119
U.S. Agencies	AA+	21	8,649	—	—	8,670
U.S. Government Obligations	AA+	6	581	3,924	981,112	985,623
U.S. Treasury Notes	AA+	47,741	115,191	—	—	162,932
Other	AAA – AA+	1,049	2,245	—	—	3,294
		$1,105,079	$ 303,094	$ 11,487	$1,099,759	$ 2,519,419

Credit ratings shown are by Standard & Poor's.

Interest Rate Risk – Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. Florida Housing's investment guidelines, which cover the pooled investments in the Operating Fund and the State and Federal Funds, seek to minimize interest rate risk by structuring the portfolio to meet ongoing program and operational cash requirements without having to sell securities in the open market. Interest rate risk in these funds is also minimized by maintaining a short duration portfolio. Investments in bond funds are structured to meet the cash requirements of the specific issue. Interest rate risk is also mitigated with guaranteed investment contracts.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Florida Housing's investment guidelines, which cover the pooled investments in the Operating Fund and the State and Federal Funds, limit the purchase of securities to those rated in the four highest categories by a major rating agency. Certain types of investments are further limited up to the one or two highest rating categories. Investments in the bond funds are governed by their respective indentures; Florida Housing does not have a separate investment guideline covering them.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, Florida Housing will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All securities owned by Florida Housing are either in the custody of the related bond indenture trustees or held in Florida Housing's name by a party other than the issuer of the security.

Concentration of Credit Risk – Concentration of credit risk is the increased risk of loss associated with a lack of diversification, or the ownership of securities from one issuer. Florida Housing's investment guidelines, which cover the pooled investments in the Operating Fund and the State and Federal Funds, limit securities from a single corporate issuer to no more than 5% of the portfolio. Investments in the bond funds are governed by their respective indentures; Florida Housing does not have a separate investment guideline covering them.

Fair Value – Investments are stated at fair value and are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investments. Level 1 inputs are quoted market prices for identical assets in active markets. Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable inputs. Fair value of Florida Housing's investment in the state investment pool is determined by the fair value per share of the pool's underlying portfolio.

Investments classified in Level 1 of the fair value hierarchy are valued using quoted market prices available in active markets. Investments classified in Level 2 are valued using (a) quoted prices for similar investments in active markets, (b) quoted prices for identical or similar investments in markets that are not active, and (c) inputs other than quoted prices such as yield curves and indices that are observable at commonly quoted intervals. There were no investments classified in Level 3.

As of December 31, 2018, Florida Housing had the following recurring fair value measurements (in thousands):

		Fair Value Measurements Using		
	12/31/2018	**Level 1**	**Level 2**	**Level 3**
Investments Measured at Fair Value				
Asset-Backed Securities	43,205	$ —	$ 43,205	$ —
CMBS	7,572	—	7,572	—
Commercial Paper	3,505	—	3,505	—
Corporate Bonds	151,466	—	151,466	—
Fannie Mae MBS	96,460	—	96,460	—
Freddie Mac MBS	5,684	—	5,684	—
MBS	10,225	—	10,225	—
Municipal Bonds	8,212	—	8,212	—
State Treasury	1,029,119	—	1,029,119	—
U.S. Agencies	8,670	—	8,670	—
U.S. Government Obligations	985,623	—	985,623	—
U.S. Treasury Notes	162,932	—	162,932	—
Other	3,294	—	3,294	—
Total Investments Measured at Fair Value	$ 2,515,967	$ —	$ 2,515,967	$ —
Investments Measured at Cost				
Investment Agreements	3,452			
Total Investments Measured at Cost	3,452			
Total Investments	$ 2,519,419			

6. RESERVE FUND REQUIREMENTS

Cash and investments are held to satisfy various reserve requirements in the Multifamily Mortgage Revenue program. At December 31, 2018, there was $1,020,060 on deposit to satisfy a $1,017,013 requirement, resulting in excess reserves of $3,047.

7. LOANS RECEIVABLE

Loans receivable, net of allowance for loan losses were as follows at December 31, 2018:

Single family bond mortgage loans	$	63,143,007
Multifamily bond mortgage loans		872,909,268
State and federal loans		1,493,662,168
Operating loans		17,490,445
		2,447,204,888
Less: Allowance for loan losses		(192,693,848)
		2,254,511,040
Less current portion		(173,974,556)
Noncurrent loans receivable, net	$	2,080,536,484

The single family and multifamily bond program loans are pledged as collateral for the payment of principal and interest on note and bond indebtedness. Substantially all of these multifamily mortgage loans have an interest rate equal to the interest rate on the notes and bonds plus expenses.

Certain single family bond mortgage loans are secured by first liens on single family residential property. Interest rates on the single family bond mortgage loans range from 3.0% to 7.25%. Under Florida Housing's program guidelines, all conventionally financed single family bond mortgage loans with an initial loan-to-value ratio greater than 80% are insured by private mortgage insurance carriers. The mortgage insurers, together with the approximate percentage of single family bond mortgage loans insured outstanding at December 31, 2018, (exclusive of Fannie Mae and GNMA guaranteed loans) are as follows: Federal Housing Administration (54%), Commonwealth Mortgage Assurance Company (Radian Guaranty, Inc.) (11%), Department of Veterans' Affairs (7%), and Rural Housing Authority (7%). Approximately 21% of single family bond mortgage loans outstanding at December 31, 2018 are uninsured.

Under the multifamily bond programs, mortgage loans are collateralized by various methods, including first liens on multifamily rental properties, letters of credit, surety bonds, and guarantees provided by the Florida Housing Guarantee Program and third parties. Approximately $265.5 million of the outstanding multifamily bond mortgage loans at December 31, 2018, are secured, in part, by irrevocable direct-pay letters of credit provided by banking and savings and loan institutions. Approximately $740.5 million of the outstanding multifamily bond mortgage loans at December 31, 2018 are secured, in part, by insurance as follows: Fannie Mae (16%), Freddie Mac (20%), and various other companies (49%). Approximately 15% of the multifamily bond mortgage loans are uninsured.

Mortgage loans in the Multifamily Mortgage Revenue Bond Programs are recorded at an amount generally equal to the outstanding conduit debt. Any loss resulting from the insufficiency of the available assets and credit enhancement to satisfy the obligations of a specific bond issue will be sustained by the specific bondholder.

State and federally funded loans are primarily second mortgages made on both single family residential property and multifamily housing developments. Interest rates range from 0% to 9%. Most loans made under the SAIL and TCAP programs contain interest payment provisions based upon the developments' cash flows, with deferral of interest payment until positive cash flow is generated. Principal is due at maturity.

Many of Florida Housing's loan programs defer payments, both for principal and interest, until maturity. Under some programs, loans may be forgivable if the borrower meets certain criteria or complies with certain criteria during a predetermined period.

8. COLLATERALIZED BANK LOAN

In April 1998, Florida Housing entered into a line of credit agreement with the Federal Home Loan Bank (the Bank) to preserve available single family tax-exempt bond allocations. Florida Housing's credit availability is $650 million. All advances under this agreement are fully collateralized with cash, which may be replaced with other types of collateral in a form and amount acceptable to the Bank. The line of credit bears interest at the investment rate on the cash collateral account (2.3% at December 31, 2018) plus seven basis points. The agreement renews each July for an additional 12-month period. As a result, the collateralized bank loan is classified as a current liability.

Collateralized bank loan activity for the year ended December 31, 2018 included additions of $39,465,000 and reductions of $73,575,000.

Florida Housing utilized the agreement on July 1, 2018 to redeem the bonds from the Single Family Homeowner Mortgage Revenue Bonds program ($12.7 million) and the Homeowner Mortgage Revenue Bonds (Special Program) ($26.8 million). Bond proceeds from the Single Family Mortgage Revenue Bonds 2018 Series 1 issuance were used on August 22, 2018 to redeem the Federal Home Loan Bank of Atlanta FHFC Liquidity Advance Line ($73.6 million). The ending balance at December 31, 2018 is zero.

9. NOTES AND BONDS PAYABLE

Notes and bonds issued by Florida Housing are limited obligations payable solely from and secured by a pledge of mortgage loans or other assets for payment of principal and interest on the applicable debt. Each issue, with the exception of certain single family issues, is collateralized by a separate collateral package. The bonds in the Single Family Homeowner Mortgage fund are collateralized under a single bond indenture. In addition, certain assets are further restricted for payment of interest and principal in the event that the related debt service and other available funds are insufficient. Such assets are segregated within the various funds and are held in cash or investments.

At December 31, 2018, notes and bonds payable consist of the following:

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
NOTES PAYABLE				
Multifamily Housing Revenue Fund				
2009 Series B Mortgage Revenue Note	12/23/2009	2024	5.70%	12,267,926
2014 Series F Mortgage Revenue Note	12/16/2014	2052	4.21%	5,185,322
2015 Series N Mortgage Revenue Note	12/18/2015	2034	4.74%	2,370,213
2016 Series B1 Mortgage Revenue Note	06/29/2016	2032	3.49%	10,126,144
2016 Series C Mortgage Revenue Note	10/14/2016	2034	Floating	8,304,054
2016 Series E1 Mortgage Revenue Note	09/30/2016	2032	3.58%	2,229,368
2016 Series F Mortgage Revenue Note	10/27/2016	2033	Floating	11,684,701
2016 Series G1 Mortgage Revenue Note	10/03/2016	2032	3.49%	5,673,323
2016 Series H Mortgage Revenue Note	11/29/2016	2034	Floating	3,173,516
2016 Series I1 Mortgage Revenue Note	10/28/2016	2032	3.81%	4,664,940
2016 Series J Mortgage Revenue Note	12/01/2016	2033	4.54%	4,742,791
2016 Series L Mortgage Revenue Note	12/29/2016	2034	Floating	15,278,386
2017 Series H1 Mortgage Revenue Note	12/19/2017	2034	4.36%	4,450,652
2017 Series H2 Mortgage Revenue Note	12/19/2017	2020	2.94%	1,500,000
				5,950,652
2018 Series A Mortgage Revenue Note	03/21/2018	2035	Floating	3,775,252
2018 Series C Mortgage Revenue Note	05/22/2018	2051	Floating	4,118,468
2018 Series D Mortgage Revenue Note	05/09/2018	2035	Floating	6,588,800
2018 Series E Mortgage Revenue Note	06/27/2018	2021	Floating	4,091,797
Total notes payable				$ 110,225,653
BONDS PAYABLE				
Single Family Home Ownership Fund				
1991 Series G1, G2 Term Bonds	09/26/1991	2023	Floating	239,000
1992 Series G1, G2 Term Bonds	06/30/1992	2023 - 2025	Floating	1,245,286
Total Single Family Home Ownership bonds payable				1,484,286

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
Single Family Homeowner Mortgage Fund				
2009 Series 2 Serial Bonds	10/01/2009	2019	3.85%	965,000
2009 Series 2 Term Bonds	10/01/2009	2024 - 2039	4.40% - 5.00%	22,885,000
				23,850,000
* 2011 Series 1, 2 Serial Bonds	03/31/2011	2019 - 2020	3.55% - 4.45%	3,570,000
* 2011 Series 1 PAC Term Bonds	03/31/2011	2041	5.00%	2,490,000
				6,060,000
2015 Series 1 Serial Bonds	12/02/2015	2019 - 2027	1.30% - 3.00%	8,060,000
2015 Series 1 Term Bonds	12/02/2015	2030 - 2045	3.45% - 3.95%	20,720,000
2015 Series 1 PAC Term Bonds	12/02/2015	2047	4.00%	14,515,000
				43,295,000
* 2016 Series 1 Term Bonds	03/31/2016	2037	3.13%	40,150,159
2016 Series 2 Serial Bonds	06/16/2016	2019 - 2027	1.00% - 2.50%	14,870,000
2016 Series 2 Term Bonds	06/16/2016	2031 - 2046	2.90% - 3.45%	38,305,000
2016 Series 2 PAC Term Bonds	06/16/2016	2047	4.00%	18,225,000
				71,400,000
2017 Series 1 Serial Bonds	12/22/2017	2020 - 2028	1.80% - 2.90%	48,255,000
2017 Series 1 Term Bonds	12/22/2017	2032 - 2047	3.25% - 3.80%	96,995,000
2017 Series 1 PAC Term Bonds	12/22/2017	2048	4.00%	51,960,000
				197,210,000
2018 Series 1 Serial Bonds	08/22/2018	2020 - 2030	1.65% - 3.20%	26,450,000
2018 Series 1 Term Bonds	08/22/2018	2033 - 2048	3.40% - 3.88%	61,415,000
2018 Series 1 PAC Term Bonds	08/22/2018	2049	4.00%	37,135,000
				125,000,000
2018 Series 2 Serial Bonds	12/20/2018	2020 - 2030	2.10% - 3.70%	32,565,000
2018 Series 2 Term Bonds	12/20/2018	2033 - 2045	3.75% - 4.20%	89,765,000
2018 Series 2 PAC Term Bonds	12/20/2018	2050	4.25%	52,670,000
				175,000,000
Total Single Family Homeowner Mortgage bonds payable				681,965,159
Unamortized bond premium				12,270,086
Net Single Family Homeowner Mortgage bonds payable				694,235,245
Homeowner Mortgage Revenue Fund (Special Program)				
2009 Series A1 Serial Bonds	01/12/2010	2019 - 2020	3.95% - 4.00%	1,100,000
2009 Series A1 Term Bonds	01/12/2010	2020 - 2029	4.00% - 4.80%	13,320,000
2009 Series A1 PAC Term Bonds	01/12/2010	2028	5.00%	1,350,000
				15,770,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2010 Series A Serial Bonds	06/23/2010	2019 - 2022	3.75% - 4.10%	3,380,000
2010 Series A Term Bonds	06/23/2010	2021 - 2029	4.00% - 4.60%	11,975,000
2010 Series A PAC Term Bonds	06/23/2010	2028	5.00%	2,770,000
				18,125,000
2010 Series B Serial Bonds	11/01/2010	2019 - 2020	3.05% - 3.25%	495,000
2010 Series B Term Bonds	11/01/2010	2025 - 2028	4.00% - 4.13%	2,005,000
2010 Series B PAC Term Bonds	11/01/2010	2029	4.50%	705,000
2009 Series B2 Term Bonds	11/01/2010	2041	3.01%	12,160,000
				15,365,000
2011 Series A Serial Bonds	03/09/2011	2019 - 2021	3.85% - 4.30%	3,830,000
2011 Series A Term Bonds	03/09/2011	2026	5.00%	5,880,000
2011 Series A PAC Term Bonds	03/09/2011	2029	4.50%	3,005,000
				12,715,000
2011 Series B Serial Bonds	07/07/2011	2019 - 2021	3.20% - 3.70%	4,295,000
2011 Series B Term Bonds	07/07/2011	2026	4.45%	8,780,000
2011 Series B PAC Term Bonds	07/07/2011	2029	4.50%	3,615,000
				16,690,000
2011 Series C Serial Bonds	11/03/2011	2019 - 2022	3.15% - 3.65%	6,500,000
2011 Series C Term Bonds	11/03/2011	2026 - 2030	4.10% - 4.45%	13,825,000
2011 Series C PAC Term Bonds	11/03/2011	2030	4.50%	3,080,000
2009 Series B5 Term Bonds	11/03/2011	2041	2.32%	49,320,000
				72,725,000
* 2013 Series A Term Bonds	05/16/2013	2041	2.80%	50,145,749
* 2013 Series B Term Bonds	05/30/2013	2041	2.80%	39,022,966
2013 Series C Serial Bonds	12/23/2013	2019 - 2024	2.25% - 3.70%	10,955,000
2013 Series C Term Bonds	12/23/2013	2027	4.00%	6,415,000
2013 Series C PAC Term Bonds	12/23/2013	2035	4.00%	10,185,000
				27,555,000
* 2014 Series A Term Bonds	05/28/2014	2036	3.00%	9,559,208
2014 Series B Serial Bonds	05/28/2014	2019 - 2024	1.65% - 3.10%	2,395,000
2014 Series B Term Bonds	05/28/2014	2029 - 2046	3.70% - 4.35%	13,860,000
2014 Series B PAC Term Bonds	05/28/2014	2045	3.00%	11,645,000
				37,459,208
2015 Series A Serial Bonds	02/18/2015	2019 - 2025	1.45% - 2.70%	7,145,000
2015 Series A Term Bonds	02/18/2015	2030 - 2041	3.20% - 3.65%	24,940,000
2015 Series A PAC Term Bonds	02/18/2015	2046	3.50%	12,020,000
				44,105,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
* 2016 Series A Term Bonds	09/14/2016	2043	2.45%	35,393,516
* 2016 Series B Term Bonds	09/14/2016	2043	2.55%	41,301,596
				76,695,112
Total Homeowner Mortgage Revenue (Special Program) bonds payable				426,373,035
Unamortized bond premium				4,989,711
Net Homeowner Mortgage Revenue (Special Program) bonds payable				431,362,746
Multifamily Housing Revenue Fund				
Multifamily Housing Revenue Bonds				
1985 Series SS Term Bonds	12/17/1985	2022	Floating	20,000,000
1985 Series XX Term Bonds	12/17/1985	2025	Floating	8,500,000
1996 Series O Term Bonds	09/01/1996	2026 - 2036	6.25% - 6.30%	8,980,000
1998 Series I1 Term Bonds	08/01/1998	2033	Floating	15,875,000
1999 Series G1, G2 Term Bonds	08/25/1999	2032	Floating	9,650,000
2000 Series R1, R2 Term Bonds	12/06/2000	2020 - 2033	5.75% - 5.88%	7,575,000
2002 Series A1, A2 Term Bonds	01/08/2002	2035	Floating	10,240,000
2002 Series L1, L2 Term Bonds	12/09/2002	2034	Floating	5,930,000
* 2002 Series M1 Term Bonds	11/14/2002	2032	Floating	4,600,000
* 2002 Series N1, N2 Term Bonds	11/14/2002	2032	Floating	7,250,000
2003 Series A Term Bonds	01/01/2003	2036	Floating	6,550,000
2003 Series B1, B3 Term Bonds	01/01/2003	2034	Floating	6,605,000
2003 Series E1 Term Bonds	03/01/2003	2036	Floating	6,485,000
2003 Series G Term Bonds	03/18/2003	2036	Floating	6,425,000
2003 Series K Term Bonds	04/01/2003	2036	Floating	4,940,000
2003 Series N Term Bonds	07/22/2003	2035	Floating	11,430,000
2003 Series W Term Bonds	12/16/2003	2036	Floating	4,600,000
2004 Series F Serial Bonds	03/01/2004	2037	Floating	5,900,000
2004 Series H Term Bonds	06/01/2004	2037	Floating	7,400,000
2004 Series K Term Bonds	12/01/2004	2037	Floating	12,900,000
* 2004 Series L Term Bonds	12/22/2004	2034	Floating	13,810,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
* 2004 Series M Term Bonds	12/22/2004	2034	Floating	15,375,000
2005 Series A Term Bonds	01/25/2005	2037	Floating	10,215,000
2006 Series A Term Bonds	03/28/2006	2042	6.15%	6,193,390
2006 Series B Term Bonds	03/16/2006	2050	6.00%	6,209,560
2006 Series C Term Bonds	03/16/2006	2050	6.00%	6,097,255
* 2006 Series D Term Bonds	07/11/2006	2036	Floating	8,175,000
2006 Series E Term Bonds	04/19/2006	2038	5.50%	3,159,000
2006 Series G Term Bonds	06/30/2006	2039	Floating	3,360,000
2006 Series H Term Bonds	06/21/2006	2039	Floating	6,095,000
2006 Series K Term Bonds	09/21/2006	2038	5.49%	1,140,000
2006 Series L Term Bonds	10/26/2006	2038	5.29%	220,000
2006 Series N Term Bonds	12/13/2006	2044	Floating	12,645,000
2007 Series A Term Bonds	08/23/2007	2040	5.49%	2,978,000
2007 Series B Term Bonds	02/06/2007	2048	6.70%	9,220,363
* 2007 Series D Term Bonds	05/23/2007	2047	5.75%	39,005,000
* 2007 Series G1, G2 Term Bonds	06/15/2007	2042	2.60%	47,605,496
2007 Series H Term Bonds	06/29/2007	2042	Floating	3,095,000
2007 Series I Term Bonds	11/02/2007	2042	Floating	15,980,000
2007 Series K Term Bonds	12/20/2007	2042	6.00%	1,750,000
2008 Series A Term Bonds	01/16/2008	2041	Floating	6,570,000
2008 Series C Term Bonds	02/11/2008	2035 - 2049	5.00% - 5.25%	6,955,000
2008 Series E Term Bonds	03/20/2008	2048	Floating	4,750,000
2008 Series H Term Bonds	05/08/2008	2039	5.88%	4,075,841
2008 Series I Term Bonds	06/06/2008	2048	Floating	11,000,000
2008 Series J Term Bonds	07/09/2008	2040	5.95%	5,076,777
2008 Series K Term Bonds	07/31/2008	2041	Floating	5,865,000
2008 Series L Term Bonds	08/19/2008	2041	Floating	6,550,000
2008 Series M Term Bonds	11/14/2008	2041	Floating	6,820,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2008 Series N Term Bonds	12/18/2008	2043	Floating	3,915,000
2008 Series O Term Bonds	12/18/2008	2043	Floating	3,830,000
2010 Series A2 Term Bonds	09/20/2010	2027	7.25%	4,095,000
2009 Series A1 Term Bonds	09/29/2010	2044	3.07%	5,570,000
2009 Series D1 Term Bonds	11/10/2010	2044	3.01%	2,090,000
2010 Series A Term Bonds	11/10/2010	2027	4.20%	2,130,000
2009 Series C Term Bonds	11/10/2010	2044	3.01%	7,000,000
				9,130,000
2010 Series B1 Term Bonds	12/07/2010	2047	7.60%	795,000
2009 Series E Term Bonds	12/15/2010	2028	3.01%	2,840,000
2009 Series F Term Bonds	12/15/2010	2040	3.01%	5,330,000
2009 Series G Term Bonds	12/15/2010	2052	3.01%	10,320,000
2010 Series D1 Term Bonds	12/20/2010	2042	7.60%	2,635,000
2011 Series E Serial Bonds	05/19/2011	2019 - 2020	3.55% - 3.85%	665,000
2011 Series E Term Bonds	05/19/2011	2022 - 2028	4.10% - 4.88%	3,595,000
2009 Series I Term Bonds	05/19/2011	2044	3.57%	20,270,000
				24,530,000
2011 Series F Serial Bonds	05/19/2011	2019 - 2020	3.55% - 3.85%	650,000
2011 Series F Term Bonds	05/19/2011	2022 - 2029	4.10% - 4.95%	3,860,000
2009 Series J Term Bonds	05/19/2011	2044	3.57%	19,460,000
				23,970,000
2011 Series G1, G2 Term Bonds	05/26/2011	2029	4.85%	1,450,000
2009 Series K Term Bonds	12/13/2011	2052	2.32%	8,500,000
2009 Series L Term Bonds	10/21/2011	2044	2.32%	11,430,000
2009 Series M Term Bonds	10/21/2011	2041	2.32%	5,900,000
2009 Series N Term Bonds	10/21/2011	2041	2.32%	8,400,000
2009 Series O Term Bonds	12/13/2011	2052	2.32%	6,910,000
2009 Series P Term Bonds	12/13/2011	2052	2.32%	4,340,000
2009 Series Q Term Bonds	12/13/2011	2042	2.32%	6,170,000
2009 Series R Term Bonds	12/13/2011	2042	2.32%	8,470,000
2009 Series S Term Bonds	12/13/2011	2045	2.32%	16,250,000

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2009 Series T Term Bonds	12/13/2011	2044	2.32%	11,040,000
2009 Series U1, U2 Term Bonds	12/13/2011	2045	2.32%	6,470,000
2013 Series A Term Bonds	04/24/2013	2029	3.45%	4,025,000
* 2013 Series B Term Bonds	09/10/2013	2043	Floating	12,000,000
2014 Series D1 Term Bonds	10/03/2014	2032	4.90%	3,494,789
2015 Series B Term Bonds	03/06/2015	2057	5.30%	6,295,000
2015 Series H Term Bonds	07/27/2015	2057	5.00%	7,485,000
2015 Series J Term Bonds	12/14/2015	2057	5.00%	5,690,000
2015 Series K1 Term Bonds	10/30/2015	2053	4.44%	4,410,665
2015 Series M Term Bonds	11/20/2015	2032	3.31%	6,891,027
2016 Series D Term Bonds	08/19/2016	2033	Floating	2,285,882
2016 Series K Term Bonds	12/14/2016	2019	Floating	5,529,886
2017 Series A1 Term Bonds	03/21/2017	2039	5.35%	2,800,000
2017 Series B Term Bonds	05/17/2017	2019	1.25%	6,925,000
2017 Series C Term Bonds	10/06/2017	2019	1.30%	16,500,000
2017 Series E1 Term Bonds	12/15/2017	2035	Floating	6,300,000
2017 Series E2 Term Bonds	12/15/2017	2020	Floating	2,107,961
				8,407,961
2017 Series F Term Bonds	10/31/2017	2019	1.38%	8,200,000
2017 Series G Term Bonds	01/22/2018	2038	4.94%	51,000
2017 Series I1 Term Bonds	12/21/2017	2035	Floating	6,450,000
2017 Series I2 Term Bonds	12/21/2017	2020	Floating	3,896,761
				10,346,761
2018 Series B Term Bonds	02/27/2018	2019	1.75%	14,000,000
2018 Series F Term Bonds	08/23/2018	2020	1.90%	28,000,000
2018 Series G1 Term Bonds	08/23/2018	2036	Floating	4,420,335
2018 Series H Term Bonds	10/04/2018	2036	Floating	1,851,937
2018 Series J Term Bonds	12/05/2018	2036	Floating	50,300
2018 Series K Term Bonds	12/12/2018	2061	Floating	8,352,996

Description	Issue Date	Due Dates	Interest Rates	Balance Outstanding
2018 Series L Term Bonds	12/12/2018	2035	Floating	2,434,861
Total Multifamily Housing Revenue bonds payable				806,654,082
Total net bonds payable				$ 1,933,736,359

* Refunding

Interest on outstanding notes and bonds is payable semiannually, except for the following bonds, which pay interest monthly:

- Single Family Pass Through Bonds
- Multifamily Floating Rate Bonds
- Multifamily Housing Revenue Bonds:

2006 Series A	2007 Series B	2014 Series D1	2015 Series N
2006 Series B	2007 Series D	2014 Series F	2016 Series E1
2006 Series C	2007 Series G1	2015 Series B	2016 Series G1
2006 Series K	2008 Series H	2015 Series H	2016 Series I1
2006 Series L	2008 Series J	2015 Series J	2017 Series G
2007 Series A	2009 Series B	2015 Series K1	2017 Series H1-H2

The methods or indices used to determine the actual interest rates for floating rate bonds are outlined in the individual bond documents. Actual interest rates ranged from 0.94% to 5.02% during 2018. Rates in effect at December 31, 2018 ranged from 1.70% to 5.02%.

Scheduled maturities of notes and bonds payable, interest payments, and sinking fund requirements at December 31, 2018, are as follows:

	Principal	Interest	Total
2019	$ 243,338,620	$ 65,220,873	$ 308,559,493
2020	116,381,539	60,225,739	176,607,278
2021	79,962,790	56,734,182	136,696,972
2022	84,323,809	54,517,235	138,841,044
2023	59,653,377	52,707,595	112,360,972
2024 – 2028	312,711,047	231,663,110	544,374,157
2029 – 2033	301,975,101	185,275,042	487,250,143
2034 – 2038	281,166,032	126,228,437	407,394,469
2039 – 2043	266,326,163	75,286,066	341,612,229
2044 – 2048	237,719,242	27,513,698	265,232,940
2049 – 2053	39,914,495	2,680,455	42,594,950
2054 – 2058	3,230,000	184,290	3,414,290
	2,026,702,215	938,236,722	2,964,938,937
Net unamortized bond premium	17,259,797	—	17,259,797
	$ 2,043,962,012	$ 938,236,722	$ 2,982,198,734

Changes in Notes and Bonds Payable

Notes and bonds payable activity for the year ended December 31, 2018 is as follows:

	Notes and bonds payable	Unamortized premium (discount)	Total notes and bonds payable, net
Beginning Balance	$ 1,909,417,986	$ 13,747,436	$ 1,923,165,422
Additions	419,680,166	5,291,328	424,971,494
Reductions	(302,395,937)	(1,778,967)	(304,174,904)
Ending Balance	$ 2,026,702,215	$ 17,259,797	$ 2,043,962,012
Due Within One Year	$ 243,338,620	$ 1,501,620	$ 244,840,240

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Florida Housing holds funds provided under the Hardest Hit Fund administered by the U.S. Treasury until expended in the program. Since unused funds must ultimately be returned to the administering agency, these funds are recorded in Accounts Payable and Other Liabilities. Revenue is recognized as the funds are disbursed to borrowers or used to pay administrative expenses. As of December 31, 2018, the balance of unexpended funds held for the Hardest Hit Fund is $26.2 million.

11. DUE TO DEVELOPERS

All of Florida Housing's multifamily bond issues are conduit debt. The assets of each issue are pledged solely to support the outstanding debt, and the bondholders' claims on the assets of the indenture are limited to the amount of debt and any outstanding interest. Assets in excess of the related liabilities are owed to the borrower, and are therefore recorded as Due to Developer. These multifamily bond issues represent $119.1 million of the total $119.5 million Due to Developer amounts. The remaining balance represents Good Faith Deposits required from developers to begin the multifamily bond issuance process.

12. RESTRICTED NET POSITION

Pursuant to various trust indentures and loan agreements, the assets and equity of the bond programs are restricted. Upon satisfaction of all bondholder indebtedness and payment of all authorized expenses, any remaining funds are disbursed to Florida Housing or the respective developer as described in each trust indenture or loan agreement. The assets and equity of the state-funded programs are restricted by statute.

The following is a summary of restricted assets, liabilities, and net position as of December 31, 2018:

Total restricted cash	$	184,079,563
Total restricted current assets	$	1,297,803,288
Total restricted assets	$	4,671,407,694
Total current liabilities payable from restricted current assets	$	289,968,895
Total liabilities payable from restricted assets	$	2,208,173,962
Total restricted net position	$	2,463,233,732

13. UNRESTRICTED NET POSITION

Unrestricted net position provides additional security for Florida Housing's general obligations, coverage of current and planned administrative costs, and tentative plans for future utilization, subject to the approval of Florida Housing's management or Board of Directors. As of December 31, 2018, the balance of unrestricted net position in the Operating Fund, $159.8 million, has been designated by the Board of Directors for a variety of uses: loans and loan commitments, including demonstration loans and other programs such as Multifamily Programs; and coverage of single family bond issuance costs. Additionally, unrestricted net position is designated for working capital and operating and capital expenses, including coverage of compliance monitoring fees for housing credit properties for which partial or no fees were collected at the time of allocation; and the costs associated with holding foreclosed property.

Below is a summary of the Operating Fund designated net position as of December 31, 2018:

December 31, 2018:

Designated net position:		
Demonstration and other initiatives	$	108,122,082
Dedicated reserve for operations		48,000,000
Single family		3,700,000
Total designated net position	$	159,822,082

14. DEVELOPER AND REGIONAL CONCENTRATION

As of December 31, 2018, seven developers accounted for approximately 43% ($395.0 million) of bonds and notes outstanding in the multifamily bond programs. No other developer accounted for more than 4% of the bonds and notes outstanding. Developments in the following six counties represented 71% of the bonds and notes outstanding: Orange County (22%), Miami-Dade County (20%), Broward County (9%), Hillsborough County (7%), Palm Beach County (7%) and Leon County (6%). No other county represented 5% or more of the bonds and notes outstanding.

As of December 31, 2018, four developers accounted for approximately 36% ($293.4 million) of loans outstanding in the SAIL Program. No other developer accounted for more than 6% of SAIL loans outstanding. Developments in the following six counties represented 51% of the SAIL loans outstanding: Miami-Dade County (13%), Hillsborough County (12%), Duval County (7%), Orange County (7%), Lake County (6%), and Palm Beach County (6%). No other county represented 6% or more of the SAIL loans outstanding.

As of December 31, 2018, three developers accounted for approximately 18% ($68.9 million) of loans outstanding in the HOME Program. No other developer accounted for more than 4% of HOME loans outstanding. Outstanding loans in the following four counties represented 39% of HOME loans outstanding: Miami-Dade County (18%), Duval County (8%), Desoto County (7%), and Highlands County (6%). No other county represented 5% or more of the outstanding HOME loans.

15. COMMITMENTS AND CONTINGENCIES

Loans

Florida Housing originates commitments to extend credit in the normal course of business to meet the financing needs of qualified first time homebuyers and developers providing affordable housing for low, moderate, and middle income families in the state of Florida. Commitments to extend credit are contractual obligations to lend to a developer or individual homebuyer as long as all established contractual conditions are satisfied.

As of December 31, 2018, Florida Housing had outstanding commitments under state and federally funded programs and other initiatives as follows:

HOME Investment Partnerships Program	25,377,861
Hardest Hit Fund	15,604,023
Demonstration Loan Program	12,439,203
National Housing Trust Fund	2,744,814
Predevelopment Loan Program	2,513,397
Legislative Initiatives	111,932
	$ 170,613,060

Risk Management

Florida Housing is subject to normal risks associated with its operations, including property damage, personal injury and employee dishonesty. All risks are managed through the purchase of commercial insurance. There have been no decreases in coverage over the last three years.

Leases

Florida Housing leases office space under a noncancelable operating lease. The lease term runs through May 2029. Rent expense for the operating lease was $889,577 for the year ended December 31, 2018. As of December 31, 2018, future minimum lease payments are as follows:

2019	$ 747,432
2020	760,515
2021	783,335
2022	806,834
2023	831,038
2024 - 2029	4,950,780
	$ 8,879,934

16. EMPLOYEE BENEFITS

Florida Housing is authorized by Section 420.507(32), Florida Statutes to establish pension plans for the benefit of its employees. There are two plans in place, a defined contribution pension plan and a deferred compensation plan.

Retirement Plan

Florida Housing sponsors a defined contribution pension plan (the Plan) under Internal Revenue Code (IRC) Section 401(m) to provide retirement and survivor benefits to participating employees. The Plan, which is administered by Florida Housing, covers all employees who have completed 12 months of employment, have attained the age of 21, and have performed at least 1,000 hours of service before the first anniversary of their employment or during any Plan year. In accordance with Plan documents, Florida Housing, or its Board of Directors, as applicable, may order changes to the Plan. Such changes shall be effective upon execution of a written instrument amending the Plan. Under the Plan, Florida Housing's contribution is based on a two-tier system. First, Florida Housing contributes a percentage of the eligible employee's compensation to the Plan. The percentage for the year ended December 31, 2018 was 8%. Second, Florida Housing contributes $0.50 to the Plan for every $1.00 of compensation deferred by the eligible employee under Florida Housing's sponsored IRC Section 457 Deferred Compensation Plan, up to a maximum contribution by Florida Housing of 3% of the eligible employee's compensation. These contributions are recognized in the period they are due. Florida Housing contributions vest to the employee after three years of service.

Deferred Compensation Plan

Florida Housing offers its employees a deferred compensation plan created in accordance with IRC Section 457 (the 457 Plan). The 457 Plan, available to all employees who have completed 90 continuous days of employment and have attained the age of 21, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. Florida Housing has the right to amend the 457 Plan. Amendments must be made in writing.

All amounts of compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (notwithstanding the mandates of 26 U.S.C. s. 457(b)(6), all of the assets specified in subparagraph 1) held in trust for the exclusive benefit of participants and their beneficiaries as mandated by 26 U.S.C. s. 457(g)(1). Florida Housing does not contribute to the 457 Plan.

Participation under the 457 Plan is solely at the discretion of the employee. Florida Housing has no liability for losses under the 457 Plan, but does have the duty of due care.

17. SUBSEQUENT EVENTS

During the period January 1, 2019 through April 30, 2019, pursuant to various trust indentures, bonds in the aggregate amount of $96.8 million were called for redemption from principal payments and excess revenues. The bonds were called at a redemption price equal to par value plus accrued interest.

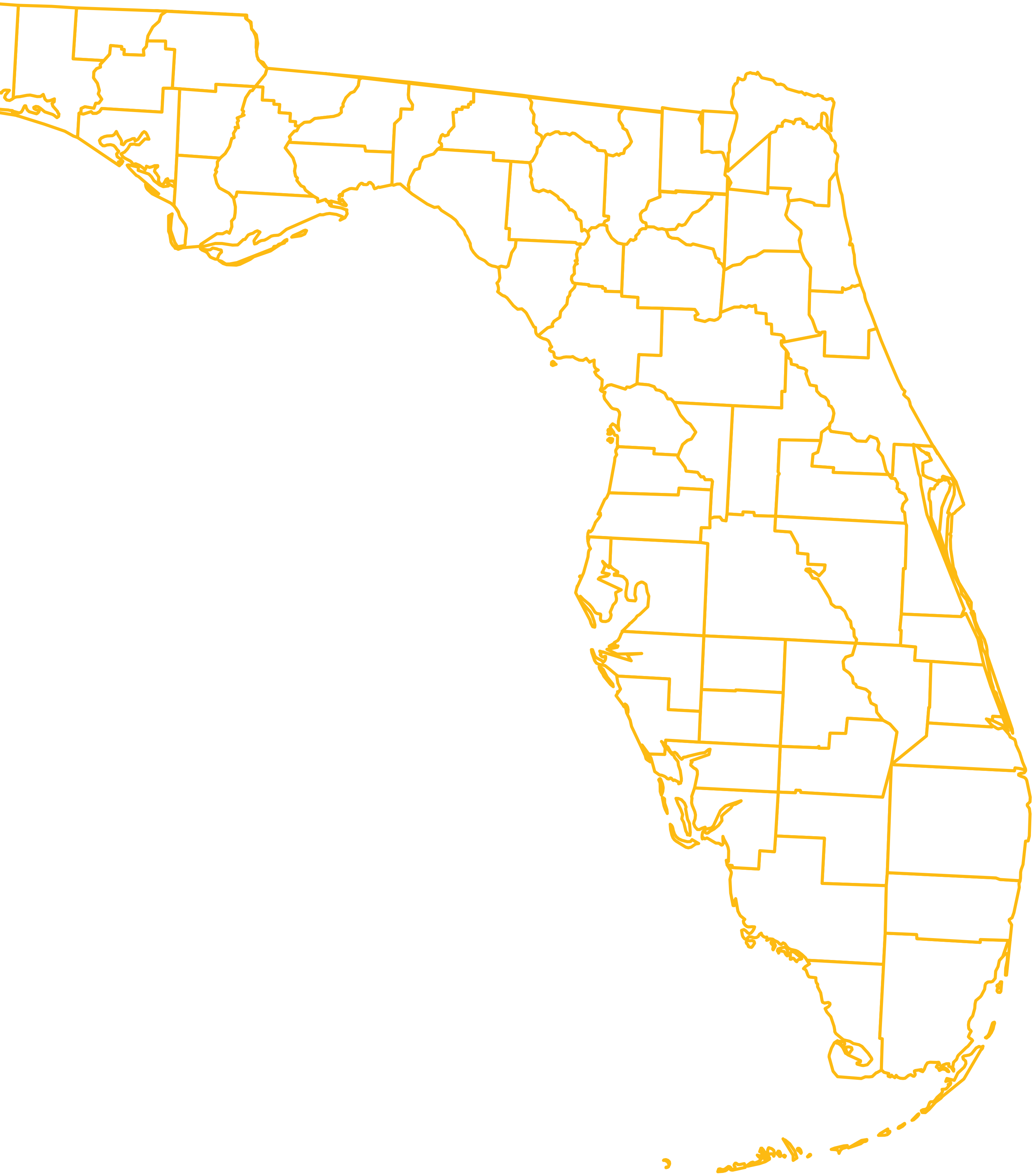
Bonds and notes were called from the following programs:

Issue	Date	Redemption Amount
Single Family Home Ownership		
Various	January 2, 2019	$ 25,351
Various	February 1, 2019	26,071
Various	March 1, 2019	29,999
Various	April 2, 2019	25,225
		106,646
Single Family Homeowner Mortgage		
Various	January 2, 2019	39,491,388
Various	February 1, 2019	2,992,553
Various	March 1, 2019	2,193,348
Various	April 2, 2019	10,930,781
		55,608,070
Multifamily Housing Revenue		
Various	January 2019	2,057,254
Various	February 2019	1,929,477
Various	March 2019	882,380
Various	April 2019	36,179,852
		41,048,963
		$ 96,763,679

The first mortgage related to the 1996 Series O Multifamily Housing Revenue bonds was refinanced on May 2, 2019, which terminated the Guarantee Program's obligation for this loan. This was the final HUD Risk Sharing property in the Guarantee Program portfolio.

The following bonds were issued in the Multifamily Housing Revenue Program in 2019:

Issue	Date	Amount
2019 Series A	February 28, 2019	$ 9,200,000
2019 Series B1 - B2	March 27, 2019	9,000,000
2019 Series C1 - C2	March 28, 2019	5,000,000
		$ 23,200,000



SUPPLEMENTARY SCHEDULE OF PROGRAM STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2018

	Restricted Programs								
	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2018
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	$ 595,238	$ 30,702,321	$ 36,022,954	$ 334,468	$ 53,859,623	$ 62,503,937	$ 116	$ 924,153	$ 184,942,810
Investments, net	-	395,115,910	14,580,393	134,514,874	44,535,986	300,432,533	52,525	215,846,993	1,105,079,214
Interest receivable on investments	8,149	3,057,465	1,602,599	241,501	460,268	34,488	-	2,255,988	7,660,458
Interest receivable on loans	-	225,523	-	-	4,885,633	1,168,731	-	-	6,279,887
Loans receivable, net	-	4,545,849	-	-	138,310,138	31,053,491	-	65,078	173,974,556
Other assets	-	711	-	-	-	3,640	260,136	(108,653)	155,834
(Payable to) receivable from other programs	(2,869)	(2,429,558)	(467,620)	-	(684,314)	332,136	(332,136)	3,584,361	-
Total current assets	600,518	431,218,221	51,738,326	135,090,843	241,367,334	395,528,956	(19,359)	222,567,920	1,478,092,759
NONCURRENT ASSETS									
Investments, net	1,229,016	635,111,556	451,919,488	-	65,425,844	147,669,171	27,716	112,957,313	1,414,340,104
Loans receivable, net	-	57,025,649	-	-	734,599,130	1,276,780,638	-	12,131,067	2,080,536,484
Other assets, net	-	-	-	-	-	-	-	1,519,803	1,519,803
Total noncurrent assets	1,229,016	692,137,205	451,919,488	-	800,024,974	1,424,449,809	27,716	126,608,183	3,496,396,391
TOTAL ASSETS	1,829,534	1,123,355,426	503,657,814	135,090,843	1,041,392,308	1,819,978,765	8,357	349,176,103	4,974,489,150
LIABILITIES									
CURRENT LIABILITIES									
Accounts payable and other liabilities	-	-	-	-	-	26,980,121	1,750	6,660,005	33,641,876
Accrued interest payable	7,985	7,852,309	4,808,222	-	5,429,277	-	-	-	18,097,793
Notes payable, net	-	-	-	-	11,689,512	-	-	-	11,689,512
Bonds payable, net	372,000	32,700,273	72,827,829	-	127,250,626	-	-	-	233,150,728
Unearned fee income, net	-	-	-	50,741	-	-	-	3,285,630	3,336,371
Total current liabilities	379,985	40,552,582	77,636,051	50,741	144,369,415	26,980,121	1,750	9,945,635	299,916,280
NONCURRENT LIABILITIES									
Notes payable, net	-	-	-	-	98,536,141	-	-	-	98,536,141
Bonds payable, net	1,112,286	661,534,972	358,534,917	-	679,403,456	-	-	-	1,700,585,631
Unearned fee income, net	-	-	-	-	-	-	-	132,878,610	132,878,610
Due to developers	-	-	-	-	119,083,296	-	-	426,771	119,510,067
Total noncurrent liabilities	1,112,286	661,534,972	358,534,917	-	897,022,893	-	-	133,305,381	2,051,510,449
TOTAL LIABILITIES	1,492,271	702,087,554	436,170,968	50,741	1,041,392,308	26,980,121	1,750	143,251,016	2,351,426,729
NET POSITION									
Restricted	337,263	421,267,872	67,486,846	135,040,102	-	1,792,998,644	-	46,103,005	2,463,233,732
Unrestricted	-	-	-	-	-	-	6,607	159,822,082	159,828,689
TOTAL NET POSITION	$ 337,263	$ 421,267,872	$ 67,486,846	$ 135,040,102	$ -	$ 1,792,998,644	$ 6,607	$ 205,925,087	$ 2,623,062,421

SUPPLEMENTARY SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND CHANGES IN PROGRAM NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

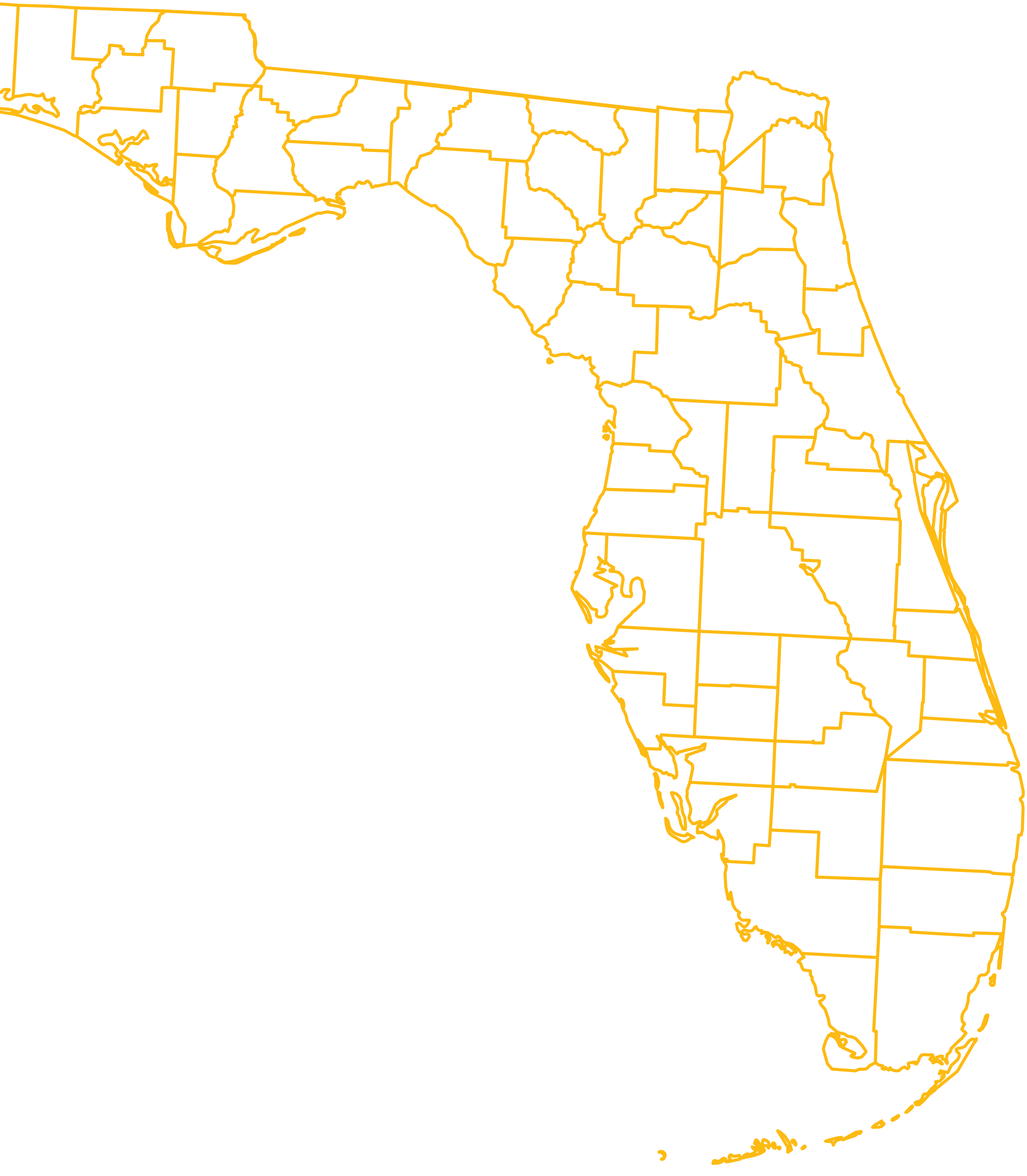
	Restricted Programs								
	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2018
OPERATING REVENUES									
Interest on loans	$ -	$ 3,314,089	$ -	$ -	$ 29,707,142	$ 16,379,655	$ -	$ 50,952	$ 49,451,838
Investment income	85,976	56,727,809	5,379,079	1,447,699	1,630,744	5,940,645	916	4,023,356	75,236,224
Fee income	-	-	-	-	-	-	-	16,903,151	16,903,151
Federal program administrative fees	-	-	-	-	-	2,685,750	-	3,651,516	6,337,266
Other income	-	(234,209)	-	166,371	176,315	6,131	5,359	1,101,913	1,221,880
Total operating revenues	85,976	59,807,689	5,379,079	1,614,070	31,514,201	25,012,181	6,275	25,730,888	149,150,359
OPERATING EXPENSES									
Interest expense	106,200	18,626,821	14,214,494	-	27,555,929	-	-	-	60,503,444
Payments to other governments	-	-	-	-	-	108,211,495	-	-	108,211,495
Provision for uncollectible loans	-	269,259	-	-	-	(20,786,107)	-	(344,314)	(20,861,162)
General and administrative	379	6,499,151	1,165,456	666,521	3,958,272	2,527,544	9,999	21,553,774	36,381,096
Total operating expenses	106,579	25,395,231	15,379,950	666,521	31,514,201	89,952,932	9,999	21,209,460	184,234,873
OPERATING INCOME (LOSS)	(20,603)	34,412,458	(10,000,871)	947,549	-	(64,940,751)	(3,724)	4,521,428	(35,084,514)
NONOPERATING REVENUES (EXPENSES)									
Federal and state program revenue	-	-	-	-	-	84,488,063	-	143,617	84,631,680
Federal and state program expense	-	-	-	-	-	(83,019,146)	-	-	(83,019,146)
State documentary stamp tax revenue	-	-	-	-	-	312,880,263	-	-	312,880,263
Payments to state agencies	-	-	-	-	-	(154,400,000)	-	-	(154,400,000)
Total nonoperating revenues (expenses)	-	-	-	-	-	159,949,180	-	143,617	160,092,797
Income (Loss) before transfers	(20,603)	34,412,458	(10,000,871)	947,549	-	95,008,429	(3,724)	4,665,045	125,008,283
TRANSFERS FROM (TO) OTHER PROGRAMS	-	186,495	(110,071)	-	-	(1,957,727)	-	1,881,303	-
CHANGE IN NET POSITION	(20,603)	34,598,953	(10,110,942)	947,549	-	93,050,702	(3,724)	6,546,348	125,008,283
NET POSITION									
Beginning of year	357,866	386,668,919	77,597,788	134,092,553	-	1,699,947,942	10,331	199,378,739	2,498,054,138
End of year	$ 337,263	$ 421,267,872	$ 67,486,846	$ 135,040,102	$ -	$ 1,792,998,644	$ 6,607	$ 205,925,087	$ 2,623,062,421

SUPPLEMENTARY SCHEDULE OF PROGRAM CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Restricted Programs								
	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2018
CASH FLOWS FROM OPERATING ACTIVITIES									
Interest received on conduit debt fund investments	$ 108,893	$ 59,295,906	$ 21,136,365	$ -	$ 1,610,433	$ -	$ -	$ -	$ 82,151,597
Cash received from interest on loans receivable	-	3,249,756	-	-	29,519,572	15,926,391	-	50,952	48,746,671
Cash received from principal payments on loans receivable	-	9,580,779	-	-	104,533,958	72,320,406	-	1,382,676	187,817,819
Cash received for federal program administrative fees	-	-	-	-	-	2,685,750	-	3,868,392	6,554,142
Cash received from fee income	-	-	-	-	-	-	-	16,903,151	16,903,151
Cash received from other revenues	-	(234,209)	-	162,805	176,315	46,115	-	12,762,000	12,913,026
Cash payments for issuance of loans and federal programs	-	(12,658,692)	-	-	(84,299,705)	(184,452,817)	-	(599,666)	(282,010,880)
Interest paid on conduit debt fund bonds	(108,705)	(16,539,723)	(16,431,758)	-	(27,377,413)	-	-	-	(60,457,599)
Cash payments for operating expenses	(379)	(6,500,147)	(1,165,456)	(666,521)	(3,961,608)	(51,762,914)	(5,360)	(25,975,413)	(90,037,798)
Payments to other governments	-	-	-	-	-	(108,211,495)	-	-	(108,211,495)
Net cash received from (paid to) operation of foreclosed properties	-	-	-	-	-	-	(8,877)	-	(8,877)
Proceeds from disposition of property held for sale	-	-	-	-	-	-	61,000	-	61,000
Cash receipts from (payments to) other funds	202	(3,883,221)	(90,949)	-	23,931	836,202	(56,640)	3,170,475	-
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	11	32,310,449	3,448,202	(503,716)	20,225,483	(252,612,362)	(9,877)	11,562,567	(185,579,243)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Proceeds from issuance of notes	-	-	-	-	43,400,038	-	-	-	43,400,038
Proceeds from issuance of bonds	-	305,291,328	-	-	76,280,128	-	-	-	381,571,456
Principal payments on notes	-	-	-	-	(23,031,422)	-	-	-	(23,031,422)
Principal payments on bonds	(455,681)	(87,752,450)	(108,417,596)	-	(82,738,787)	-	-	-	(279,364,514)
Payments on collateralized bank loan	-	(7,490,000)	(26,620,000)	-	-	-	-	-	(34,110,000)
Transfers from (to) other programs	-	186,495	(110,071)	-	-	(1,957,727)	-	1,881,303	-
Cash received for federal and state programs	-	-	-	-	-	84,488,063	-	143,617	84,631,680
State documentary stamp tax receipts	-	-	-	-	-	343,518,289	-	-	343,518,289
Payments to state agencies	-	-	-	-	-	(154,400,000)	-	-	(154,400,000)
NET CASH PROVIDED BY (USED BY) NONCAPITAL FINANCING ACTIVITIES	(455,681)	210,235,373	(135,147,667)	-	13,909,957	271,648,625	-	2,024,920	362,215,527
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchases of investments	-	(1,778,407,473)	(184,108,255)	(1,993,030)	(42,098,943)	(468,267,043)	(56,367)	(242,923,840)	(2,717,854,951)
Proceeds from the sale and maturity of investments	422,928	1,534,584,759	283,388,964	-	4,730,716	426,316,008	54,510	222,156,608	2,471,654,493
Interest received on investments	-	-	-	2,528,832	-	7,797,543	1,219	4,842,795	15,170,389
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	422,928	(243,822,714)	99,280,709	535,802	(37,368,227)	(34,153,492)	(638)	(15,924,437)	(231,030,069)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,742)	(1,276,892)	(32,418,756)	32,086	(3,232,787)	(15,117,229)	(10,515)	(2,336,950)	(54,393,785)
CASH AND CASH EQUIVALENTS									
Beginning of year	627,980	31,979,213	68,441,710	302,382	57,092,410	77,621,166	10,631	3,261,103	239,336,595
End of year	$ 595,238	$ 30,702,321	$ 36,022,954	$ 334,468	$ 53,859,623	$ 62,503,937	$ 116	$ 924,153	$ 184,942,810

SUPPLEMENTARY SCHEDULE OF PROGRAM CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Restricted Programs								
	Single Family Home Ownership	Single Family Homeowner Mortgage	Homeowner Mortgage Revenue (Special Program)	Guarantee	Multifamily Housing Revenue	State and Federal	Subsidiary Corporations	Operating	2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES									
Operating income (loss)	$ (20,603)	$ 34,412,458	$ (10,000,871)	$ 947,549	$ -	$ (64,940,751)	$ (3,724)	$ 4,521,428	$ (35,084,514)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities									
Unrealized loss on investments	20,913	4,247,285	15,770,847	1,127,382	201,986	2,531,267	427	1,798,121	25,698,228
Provision for uncollectible loans	-	269,259	-	-	-	(20,786,107)	-	(344,314)	(20,861,162)
Amortization and depreciation	-	(1,672,562)	(1,097,944)	-	(24,042)	(659,012)	(124)	(3,942,317)	(7,396,001)
Interest received on investments	-	-	-	(2,528,832)	-	(7,797,543)	(1,219)	(4,842,795)	(15,170,389)
Changes in assets and liabilities which provided (used) cash									
Interest receivable on investments	2,004	(1,116,991)	304,547	(46,249)	(198,255)	(15,357)	-	(474,580)	(1,544,881)
Interest receivable on loans	-	46,900	-	-	(187,570)	(453,264)	-	-	(593,934)
Loans receivable	-	(3,077,913)	-	-	(17,080,096)	(112,132,411)	-	1,225,335	(131,065,085)
Other assets	-	355	-	-	-	2,566	95,624	(1,167,460)	(1,068,915)
Accounts payable and other liabilities	-	(1,351)	-	-	(3,336)	(49,237,936)	(4,237)	(3,675,628)	(52,922,488)
Accrued interest payable	(2,505)	3,086,230	(1,437,428)	-	178,516	-	-	-	1,824,813
Unearned fee income	-	-	-	(3,566)	-	-	-	15,156,161	15,152,595
Due to developers	-	-	-	-	37,314,349	-	-	138,141	37,452,490
Interfund receivable (payable)	202	(3,883,221)	(90,949)	-	23,931	876,186	(96,624)	3,170,475	-
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	$ 11	$ 32,310,449	$ 3,448,202	$ (503,716)	$ 20,225,483	$ (252,612,362)	$ (9,877)	$ 11,562,567	$ (185,579,243)



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Housing Finance Agencies (HFA) Risk Sharing		14.188	$ 4,599,154
HOME Investment Partnerships Program		14.239	293,032,250
ARRA – Tax Credit Assistance Program		14.258	101,134,952
National Housing Trust Fund		14.275	94,044
TOTAL			$ 398,860,400

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Florida Housing Finance Corporation (Florida Housing) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Florida Housing, it is not intended to and does not present the financial position, changes in net position, or cash flows of Florida Housing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in either the Uniform Guidance or the OMB Cost Circulars wherein certain types of expenditures are not allowable or are limited as to reimbursement. Florida Housing has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3. HOUSING FINANCE AGENCIES (HFA) RISK SHARING – CFDA # 14.188

On November 9, 1994, Florida Housing and the U.S. Department of Housing and Urban Development (HUD) entered into a Risk Sharing Agreement providing for HUD's assumption, or endorsement, of 50 percent of the post-construction obligation on specific multifamily developments financed by Florida Housing or local housing finance authority bonds. Pursuant to the Uniform Guidance, the value of federal awards expended under loan and loan guarantee programs is calculated as the value of new loans made during the fiscal year plus the balance of loans from previous years for which the federal government imposes continuing compliance requirements. There were no new guarantees made during 2018. The HUD-guaranteed portion of the one outstanding loan at the beginning of the year is included in the accompanying Schedule of Expenditures of Federal Awards. The HUD-guaranteed portion of the outstanding loan at year-end is $4.5 million.

4. HOME INVESTMENT PARTNERSHIPS PROGRAM – CFDA # 14.239

Florida Housing processes loans under the HOME Investment Partnerships Program (HOME). New loans made during the year ended December 31, 2018 are included in the schedule of federal awards. There were $279.2 million in loans outstanding at December 31, 2018.

5. ARRA – TAX CREDIT ASSISTANCE PROGRAM – CFDA # 14.258

In 2009, the American Recovery and Reinvestment Act (ARRA) created the Tax Credit Assistance Program (TCAP). This federal stimulus funding was directed to rental developments that had already received a Housing Credit allocation but required additional funding due to limited equity available in the housing credit market. There were $101.1 million in TCAP loans outstanding at December 31, 2018.

6. NATIONAL HOUSING TRUST FUND – CFDA # 14.275

In 2008, the Housing and Economic Recovery Act created the National Housing Trust Fund. The purpose of the funding was to provide grants to state governments to increase and preserve the supply of rental housing for extremely low- and very low-income families, including homeless families, and to increase homeownership for extremely low- and very low-income families. There were $94,044 in Housing Trust Fund grant receipts for the year ended December 31, 2018.

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Report of Independent Auditors 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*

The Board of Directors, Executive Director, and Chief Financial Officer of Florida Housing Finance Corporation

We have audited, in accordance with auditing standards generally accepted in the United States 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 Florida Housing Finance Corporation ("Florida Housing"), which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 7, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Housing's internal control over financial reporting (internal control) to determine the 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 Florida Housing's internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Housing'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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida Housing's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

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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 result 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.

Ernst + Young LLP

June 7, 2019

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Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors, Executive Director, and Chief Financial Officer of Florida Housing Finance Corporation

Report on Compliance for Each Major Federal Program

We have audited Florida Housing Finance Corporation's (Florida Housing's) compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Florida Housing's major federal programs for the year ended December 31, 2018. Florida Housing's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Florida Housing's major federal programs based on our audit of the types of compliance requirements referred to above.
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Florida Housing's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Florida Housing's compliance.

Opinion on Each Major Federal Program

In our opinion, Florida Housing complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of Florida Housing is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Florida Housing's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Florida Housing's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ernst + Young LLP

June 7, 2019

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	___	yes	X	no
• Significant deficiency(ies) identified?	___	yes	X	none reported
• Noncompliance material to financial statements noted?	___	yes	X	no

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	___	yes	X	no
• Significant deficiency(ies) identified?	___	yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___	yes	X	no

Identification of major federal programs:

Name of Federal Program	CFDA Number
ARRA – Tax Credit Assistance Program	14.258

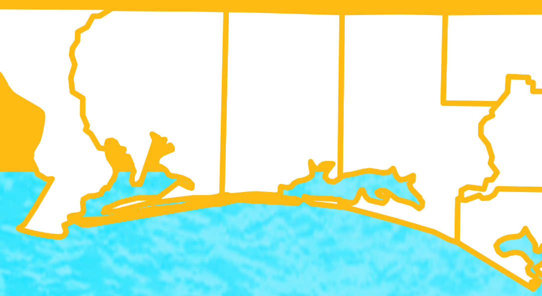
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	yes	___	no

Section II – Financial Statement Findings Section

The audit disclosed no findings required to be reported by *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs Section

The audit disclosed no findings required to be reported by 2 CFR 200.516(a).



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