Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Financial Statements and Independent Auditor's Report

June 30, 2019 and 2018

CohnReznick
Accounting • Tax • Advisory

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Index

Independent Auditor's Report

To the Board of Directors
Georgia Housing and Finance Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Georgia Housing and Finance Authority (the Authority), a component unit of the State of Georgia, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information on pages 45 through 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary financial information on pages 45 through 49 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The accompanying verification of required insurance and adjusted net worth calculation is presented for purposes of additional analysis is required by the Government National Mortgage Association (Ginnie Mae or GNMA) and is also not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CohnReznick LLP

Atlanta, Georgia
September 11, 2019

As management of the Georgia Housing and Finance Authority, (GHFA or the Authority), we offer readers of GHFA's financial statements this narrative overview and analysis of the financial activities of GHFA for the fiscal years ended June 30, 2019 and 2018. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the Authority's financial statements, which follow this narrative.

Affordable, quality housing builds strong communities and a strong economy provides the cornerstone of family life. This statement is management's belief and as the State of Georgia's housing agency, GHFA works to ensure that Georgians have the housing they need. GHFA is charged with the responsibility for financing affordable housing development, providing homeownership education and financing for home buyers, and providing financial assistance to local governments for housing activities designed to benefit low and moderate-income Georgians. In addition, through multiple housing programs, GHFA provides funding to non-profit organizations and local governments to enable them to provide supportive housing shelter and other essential services to the difficult to house and homeless. Funding for single-family loans program is through the issuance of tax-exempt revenue bonds. The affordable housing initiatives and supportive housing programs are funded primarily by federal and state grants.

During the year ended June 30, 2019, GHFA awards and expenditures that benefited residents of Georgia included:

- GHFA's "Georgia Dream" first mortgage program provided $245,639,434 in single family first mortgages along with $2,377,500 (for 373 families) in bond funded down payment assistance and $21,525,000 (for 1,435 families) in U.S. Treasury Hardest Hit Fund down payment assistance, allowing 1,808 households to achieve homeownership, most of them for the first time. Over half of the bond funded down payment assistance went to PEN (Protectors, Educators and Healthcare workers) and CHOICE (disabled) recipients. On March 26, 2019, Standard and Poor's Global Ratings assigned its 'AAA' rating to GHFA's Series 2019A single-family mortgage bonds. At the same time Standard and Poor's affirmed its 'AAA' rating on all debt under GHFA's single-family mortgage bond resolution (the 1976 general resolution). The outlook is stable. There have been no credit watches, downgrades, or other actions by S&P or any other rating agency with respect to any of GHFA's Outstanding Bonds. The Governor signed HB 773 on April 26, 2016, increasing the cap on GHFA's outstanding single-family mortgage bonds from $1.3 billion to $3 billion. The credit quality of Georgia Dream loans has been increasing steadily. The average FICO score of the Georgia Dream loans purchased in this fiscal year reached 707, a historic high in its program history.

- GHFA's Housing Counseling Program provided $627,524, supporting over 6,984 Georgians receiving housing counseling services and education. Additionally, GHFA provided on-line pre-purchase counseling to 3,095 families.

- GHFA allocated $27,499,580 in 9% Housing Tax Credits this year. These credits will provide financing to support the development of 2,385 affordable apartment homes for Georgia families in 36 neighborhoods throughout the State. Seventeen (17) of these properties will be located in Rural communities. Thirteen (13) of the properties will provide housing for Georgia seniors.

- In 2019, GHFA awarded more than $6,859,151 in grants to 22 local communities around the State to build new affordable single-family homes and help existing homeowners rehabilitate their homes. Grant amounts range from $300,000 to $575,000. The awards were made through the Community HOME Investment Program (CHIP).

- GHFA also allocated $28,475,906 in 4% Housing Tax Credits to be used to develop and preserve 4,974 affordable apartment homes in 30 properties across Georgia.
- GHFA allocated $1.8 million in 9% Housing Credits and $3 Million in HOME funds to two Community Housing Development Organizations (CHDOs) as part of the 2019 CHDO Set Aside: Georgia Communities, Inc. and Mercy Community Housing Georgia, Inc. These awards will fund the development of Legacy Villas, a 60-unit property located in Eastman, GA, and Savannah Gardens Phase VI, an 85-unit property located in Savannah, GA.
- GHFA, in partnership with Southface and the Georgia Health Policy Center (GHPC), has partnered with the Kresge Foundation and local public housing authorities (PHAs) to assist PHAs in addressing residents' health through better quality housing and improved access to services. Kresge has contributed a grant of $391,962, and each project team receiving a HOME loan will contribute $75,000 upfront. Of the 11 project sites included in the initiative, one site has closed on its HOME loan and contributed its full $75,000 as leveraged funding. Services being provided by Southface and GHPC include front end research to set a baseline of resident and environmental health, a Health and Housing Learning Academy designed to share strategies with and between PHAs for improving relationships with the public health sector and meeting residents' health needs, technical assistance during development, and post development research.
- GHFA, through the National Housing Trust Fund, awarded $2,983,151 for the development of the Holly Street Apartments, a 40-unit community in Atlanta for seniors (age 55+), with preference given to Veterans. While Holly Street Apartments is not a permanent supportive housing community, Quest Communities (owner) will provide access to "light touch" services for residents who would like to utilize them. Residents can choose to be assigned to a certified case manager who can provide them with benefit application assistance, referrals for mental health services, anger management & substance addiction counseling, financing literacy and money management, and access to job skill training through Quest's partnership with the Westside Works workforce development program.
- GHFA, through the Emergency Solutions Grant and State Housing Trust Fund for the Homeless, awarded $4,758,104 in Federal and State funding for 123 programs to providers of shelter, transitional housing, rapid re-housing, homelessness prevention, and services for the homeless.
- GHFA distributed $2,847,943 through the Housing Opportunities for Persons with AIDS (HOPWA) program for ten projects to provide rental assistance to individuals living with HIV/AIDS and their families.
- GHFA's Shelter Plus Care program expended $13,125,742 in funding that provided rental assistance for nearly 1,900 units to enable individuals who are homeless and have a disability to obtain permanent housing with supportive services.

Fiscal year 2019 financial highlights

- Total assets increased $114,025,623
- Investments decreased $12,872,744
- HOME program loans increased by $11,341,341
- Mortgage loans net of premiums and discounts increased by $153,179,653
- Mortgage bonds net of premiums and discounts increased by $103,787,673
- Total net position increased $26,074,474

Overview of the financial statements

The Georgia Housing and Finance Authority, a corporate body and instrumentality of the State of Georgia, is a public purpose financial enterprise and uses enterprise fund accounting. These annual financial statements consist of two parts: Management's Discussion and Analysis, (this section) and the basic financial statements. The financial statements of GHFA report information using methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the Authority's overall financial status. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. Financial statements by program are presented as supplementary information.

Required financial statements

The *Statements of Net Position* presents information on all of the GHFA's assets and liabilities, with the difference between the two reported as net position. This statement provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). It provides one way to measure the financial health of GHFA by providing the basis for evaluating the capital structure and assessing the liquidity and financial flexibility. However, one will need to consider other non-financial factors such as changes in economic conditions and new or changed government legislation.

All of the current year's revenue and expenses are accounted for in the *Statements of Revenues, Expenses, and Changes in Net Position.* This statement measures the success of GHFA's operations over the past year and can be used to determine whether the Authority has successfully recovered its cost as well as assessing credit worthiness.

The final required financial statement is the *Statements of Cash Flows*. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. The statement provides answers to such questions as "where did the cash come from, what was the cash used for, and what was the change in cash balance during the reporting period?"

Management believes that the Authority's financial condition is stable. GHFA's strength is also reflected in the continued AAA rating assigned by Standard and Poor's Rating Services, a division of McGraw Hill Companies. Federal Housing Administration (FHA) has recognized GHFA for distinction in loss mitigation and HUD has assigned the Authority a Tier 1 rating in loss mitigation efforts. GHFA is operating well within financial policies and guidelines set by the Board. Adequate liquid asset levels and good mortgage portfolio performance at June 30, 2019 exhibit GHFA's financial strength.

Financial analysis

During fiscal year 2019, the Authority's total net position increased by $26.1 million or 13.3%. The following table summarizes the changes in combined net position between June 30, 2019 and 2018:

Net Position

(Dollars in Millions)

	2019	2018	Increase (Decrease) Amount	Increase (Decrease) %
Cash and investments	$ 310.7	$ 351.6	$ (40.9)	(11.6)%
Accrued interest receivable	9.7	9.5	0.2	2.1%
Other current assets	195.6	182.6	13.0	7.1%
Total current assets	516.0	543.7	(27.7)	(5.1)%
Mortgage loans receivable, net	1,252.7	1,100.4	152.3	13.8%
Investments	229.1	250.0	(20.9)	(8.4)%
Other assets, net	591.5	581.1	10.4	1.8%
Total assets	2,589.3	2,475.2	114.1	4.6%
Accounts payable and accrued expenses	4.3	4.3	-	0.0%
Other current liabilities	359.6	384.1	(24.5)	(6.4)%
Total current liabilities	363.9	388.4	(24.5)	(6.3)%
Bonds payable	1,407.0	1,304.8	102.2	7.8%
Refundable grants	576.1	564.7	11.4	2.0%
Revenue received in advance	19.7	20.8	(1.1)	(5.3)%
Total liabilities	2,366.7	2,278.7	88.0	3.9%
Net position				
Invested in capital assets	2.9	3.2	(0.3)	(9.4)%
Unrestricted	219.7	193.3	26.4	13.6%
Total net position	$ 222.6	$ 196.5	$ 26.1	13.3%

Mortgage loan activity increased by 13.8% during the 2019 fiscal year. Bonds totaling $236,640,000 were issued during the fiscal year 2019 as compared to $294,670,000 in fiscal year 2018.

The allowance for possible losses on single family mortgage loans receivable portfolio for fiscal year 2019 remained a balance of $4,500,000. The allowance for possible losses on other loans receivable, included in other assets above, remained a balance of $4,736,392 in 2019.

During fiscal year 2018, the Authority's total net position increased $6.8 million or 3.6%. The following table summarizes the changes in combined net position between June 30, 2018 and 2017:

Net Position
(Dollars in Millions)

	2018	2017	Increase (Decrease) Amount	Increase (Decrease) %
Cash and investments	$ 351.6	$ 269.7	$ 81.9	30.4%
Accrued interest receivable	9.5	9.9	(0.4)	(4.0)%
Other current assets	182.6	154.2	28.4	18.4%
Total current assets	543.7	433.8	109.9	25.3%
Mortgage loans receivable, net	1,100.4	989.7	110.7	11.2%
Investments	250.0	241.8	8.2	3.4
Other assets, net	581.1	652.7	(71.6)	(11)%
Total Assets	2,475.2	2,318.0	157.2	6.8%
Accounts payable and accrued expenses	4.3	4.5	(0.2)	(4.4)%
Other current liabilities	384.1	321.3	62.8	19.5%
Total current liabilities	388.4	325.8	62.6	19.2%
Bonds payable	1,304.8	1,146.6	158.2	13.8%
Refundable grants	564.7	635.4	(70.7)	(11.1)%
Revenue received in advance	20.8	20.5	0.3	1.5%
Total liabilities	2,278.7	2,128.3	150.4	7.1%
Net position				
Invested in capital assets	3.2	3.5	(0.3)	(8.6)%
Unrestricted	193.3	186.2	7.1	3.8%
Total Net Position	$ 196.5	$ 189.7	$ 6.8	3.6%

The following table shows a summary of changes in revenues, expenses and changes in net position between June 30, 2019 and 2018:

Changes in Net Position
(Dollars in Millions)

	2019	2018	Increase (Decrease) Amount	Increase (Decrease) %
Revenues:				
Interest on loans	$ 57.2	$ 49.3	$ 7.9	16.0%
Interest on investments	22.4	4.7	17.7	376.6%
State assistance and bond sales	25.9	25.3	0.6	2.4%
Federal and State grants	103.1	112.7	(9.6)	(8.5)%
Other	4.7	4.2	0.5	11.9%
Total revenues	213.3	196.2	17.1	8.7%
Expenses:				
Interest on bonds	46.2	42.0	4.2	10.0%
Mortgage servicing	7.7	6.0	1.7	28.3%
Administrative	24.6	23.9	0.7	2.9%
Grant expense	103.9	113.0	(9.1)	(8.1)%
Professional fees	2.0	1.9	0.1	5.3%
Other	2.8	2.6	0.2	7.7%
Total expenses	187.2	189.4	(2.2)	(1.2)%
Change in net position	26.1	6.8	19.3	283.8%
Net position beginning	196.5	189.7	6.8	3.6%
Net position end of year	$ 222.6	$ 196.5	$ 26.1	13.3%

Interest on investments increased from the prior year's level. This was due to overall increase in the fair market value of the long-term investment portfolio from the prior year and higher short-term market interest rates.

The following table shows a summary of changes in revenues, expenses and changes in net position between June 30, 2018 and 2017:

Changes in Net Position
(Dollars in Millions)

	2018	2017	Increase (Decrease) Amount	Increase (Decrease) %
Revenues:				
Interest on loans	$ 49.3	$ 46.9	$ 2.4	5.1%
Interest on investments	4.7	4.0	0.7	17.5%
State assistance and bond sales	25.3	24.6	0.7	2.8%
Federal and State grants	112.7	91.6	21.1	23.0%
Other	4.2	3.6	0.6	16.7%
Total revenues	196.2	170.7	25.5	14.9%
Expenses:				
Interest on bonds	42.0	39.2	2.8	7.1%
Mortgage servicing	6.0	8.0	(2.0)	(25.0)%
Administrative	23.9	23.9	-	0.0%
Grant expense	113.0	92.4	20.6	22.3%
Professional fees	1.9	1.7	0.2	11.8%
Other	2.6	2.5	0.1	4.0%
Total expenses	189.4	167.7	21.7	12.9%
Change in net position	6.8	3.0	3.8	126.7%
Net position beginning	189.7	186.7	3.0	1.6%
Net position end of year	$ 196.5	$ 189.7	$ 6.8	3.6%

Capital assets and long-term debt activity
At June 30, 2019, the Authority had $2.9 million invested in capital assets consisting primarily of an office building, capital and leasehold improvements to the building, computer equipment and vehicles. Depreciation expense for fiscal year 2019 totaled $235,965.

During fiscal year 2019, GHFA issued approximately $236.6 million in serial and term bonds at rates between 1.9% and 4.2%. During fiscal year 2019, bonds in the amount of approximately $130.2 million either matured or were called for a net increase of $106.4 million of bonds outstanding. At June 30, 2019, $1,445.4 million in revenue bonds was outstanding. Debt service schedules extend to fiscal year 2049.

During fiscal year 2018, GHFA issued $294.7 million in serial and term bonds at rates between 0.8% and 4.0%. During fiscal year 2018, bonds in the amount of $131.8 million either matured or were called for a net increase of $163.6 million of bonds outstanding. At June 30, 2018, $1,341.7 million in revenue bonds was outstanding.

Contacting GHFA's financial management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of GHFA's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information, contact:

Georgia Housing and Finance Authority
Attn: Finance Division
60 Executive Park South NE
Atlanta, Georgia 30329

Georgia Housing and Finance Authority
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Statements of Net Position

	June 30, 2019	June 30, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents and equity in pooled cash	$ 310,661,102	$ 351,557,006
Short-term investments	77,999,764	69,193,156
Mortgage loans receivable, current portion	33,697,271	32,757,759
Accrued interest receivable	9,653,589	9,527,255
Mortgage escrow deposits	67,552,355	62,225,494
Other current assets	17,142,763	18,449,494
Total current assets	516,706,844	543,710,164
NONCURRENT ASSETS		
Long-term investments	228,309,062	249,988,414
Mortgage loans receivable, net	1,252,697,169	1,100,457,028
Program loans receivable	576,070,134	564,728,793
Other loans receivable, net	12,557,147	13,179,009
Capital assets, net	2,914,049	3,165,374
Total noncurrent assets	2,072,547,561	1,931,518,618
Total assets	$2,589,254,405	$2,475,228,782

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Statements of Net Position

	June 30, 2019	June 30, 2018
LIABILITIES		
CURRENT LIABILITIES		
Mortgage bonds payable, current maturities	$ 38,385,000	$ 36,815,000
Accrued interest on bonds	4,369,270	3,619,377
Accounts payable and accrued expenses	4,296,138	4,293,199
Mortgage escrow deposits held	67,552,355	62,225,494
Revenue received in advance, current maturities	3,069,627	2,203,431
Program funds received in advance	246,187,795	279,207,555
Total current liabilities	363,860,185	388,364,056
NONCURRENT LIABILITIES		
Mortgage bonds payable, net	1,407,057,041	1,304,839,368
Refundable program grants	576,070,134	564,728,793
Revenue received in advance	19,710,295	20,814,289
Total noncurrent liabilities	2,002,837,470	1,890,382,450
Total liabilities	2,366,697,655	2,278,746,506
NET POSITION		
Invested in capital assets	2,914,049	3,165,374
Unrestricted	219,642,701	193,316,902
Total net position	222,556,750	196,482,276
Total liabilities and net position	$ 2,589,254,405	$ 2,475,228,782

See Notes to Financial Statements

Georgia Housing and Finance Authority
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Statements of Revenues, Expenses, and Changes In Net Position

	Years ended June 30, 2019	2018
Operating revenues		
Interest on loans	$ 57,204,816	$ 49,270,762
Interest on investments	15,168,509	9,338,793
Net increase (decrease) in fair value of investments	7,200,214	(4,622,795)
Administrative fees:		
Federal and state assistance programs	22,956,726	22,656,873
Single family trustee	2,954,644	2,603,840
Federal and state grant income	103,126,392	112,710,421
Other miscellaneous income	4,671,292	4,202,751
Total operating revenues	213,282,593	196,160,645
Operating expenses		
Interest on bonds	46,140,188	41,973,994
Mortgage servicing	7,730,335	5,957,188
Administrative	24,619,943	23,936,916
Federal and state grant expense	103,903,615	112,965,223
Professional fees	2,031,191	1,852,199
Other	2,782,847	2,680,449
Total operating expenses	187,208,119	189,365,969
Change in net position	26,074,474	6,794,676
Net position at beginning of year	196,482,276	189,687,600
Net position at end of year	$ 222,556,750	$ 196,482,276

See Notes to Financial Statements.

Georgia Housing and Finance Authority
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Statements of Cash Flows

	Years ended June 30, 2019	2018
Cash flows from operating activities		
Receipts from loans and investments	$ 167,210,606	$ 185,434,839
Payments to purchase and service mortgage loans	(255,747,269)	(244,493,521)
Interest payments to bond holders	(48,067,622)	(43,027,731)
Payments to employees and suppliers	(26,548,320)	(22,786,722)
Federal and state grants	103,126,392	112,710,421
Other payments	(94,056,773)	(103,847,277)
Purchases of other loans	(48,768,549)	(46,346,727)
Principal repayments on other loans	38,049,070	117,537,640
Net cash used in operating activities	(164,802,465)	(44,819,078)
Cash flows from investing activities:		
Purchases of investments	(26,151,805)	(53,855,024)
Proceeds from sales and maturities of investments	46,224,763	21,087,480
Disposals (purchases) of capital assets	15,360	(15,360)
Net cash provided by (used in) by investing activities	20,088,318	(32,782,904)
Cash flows from noncapital financing activities		
Proceeds from issuance of bonds, net of premium	236,640,000	294,670,000
Principal repayments of bonds, net of discount	(130,175,000)	(131,815,000)
Cost of bonds issued	(2,646,757)	(3,373,869)
Net cash provided by financing activities	103,818,243	159,481,131
Net (decrease) increase in cash and cash equivalents	(40,895,904)	81,879,149
Cash and cash equivalents at beginning of year	351,557,006	269,677,857
Cash and cash equivalents at end of year	$ 310,661,102	$ 351,557,006

Georgia Housing and Finance Authority
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Statements of Cash Flows

	Years ended June 30, 2019	2018
Reconciliation of change in net position to net cash (used in) provided by operating activities:		
Change in net position	$ 26,074,474	$ 6,794,676
Adjustment to reconcile change in net position to net cash (used in) provided by operating activities		
Depreciation	235,965	322,718
Amortization of mortgage loan premiums and discounts	(2,677,327)	(1,470,712)
Net (increase) decrease in fair value of investments	(7,200,214)	4,622,795
Net (increase) decrease in capital appreciation bonds	(2,677,327)	723,943
Bond issuance costs on retired bonds	5,324,084	4,844,581
Change in assets and liabilities:		
Issuance of mortgage loans	(248,016,934)	(238,536,333)
Principal repayments of mortgage loans	94,837,281	126,825,284
Purchases of other loans	(48,768,549)	(46,346,727)
Principal repayments on other loans	38,049,070	117,537,640
Accrued interest receivable	(126,334)	373,239
Other assets	1,306,731	(2,449,755)
Refundable program grants	11,341,341	(70,647,564)
Accounts payable, accrued expenses, and other liabilities	2,939	(208,400)
Accrued interest on bonds	749,893	416,975
Program funds received in advance	(33,019,760)	52,279,399
Revenue received in advance	(237,798)	99,163
Net cash used in operating activities	$ (164,802,465)	$ (44,819,078)

See Notes to Financial Statements.

Note 1 - Organization and activities

The Georgia Housing and Finance Authority (GHFA or the Authority) was created in 1991 as a body corporate and politic and is deemed an instrumentality of the State of Georgia (the State) and a public corporation performing an essential governmental function. The Authority was created to replace the Georgia Residential Finance Authority and to assume all operations, rights, powers, duties, obligations and liabilities of the Georgia Residential Finance Authority, which was created in 1974. Under the Authority's enabling legislation (the Act), the purposes of the Authority, among others, are the provision of public financing and financial assistance for (i) work designed or financed for the primary purpose of providing safe, decent, energy efficient, appropriate, and affordable dwelling accommodations for persons and families of low or moderate income and (ii) the financing of mortgage loans made for the purposes described in clause (i) or participations therein and the underwriting, servicing and administration of mortgage loans made for the purposes described in clause (i) or participations therein.

The Authority has the power, among others, to purchase notes evidencing loans which are secured by mortgages, to make loans, to acquire and contract to acquire mortgages, to service mortgages, and to make and execute contracts for the servicing of mortgages made or acquired by the Authority, to borrow money and to issue notes, bonds and other obligations subject to the approval of the Georgia State Financing and Investment Commission, to make investments, and to do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted to the Authority by the Act.

The Act provides, for administrative purposes only, that the Authority is assigned to the Department of Community Affairs (DCA), which is a legislatively created executive branch department of the State. The members of the Authority's board are the same persons who comprise the DCA board, who are appointed by the Governor. Except for the authorization of the issuance of bonds, the Authority may delegate to its executive director such powers and duties as it may deem proper. The commissioner of DCA is the executive director of the Authority. The Authority may contract with DCA for professional, technical, clerical and administrative support and for any purpose necessary or incidental to carrying out the duties, responsibilities or functions of the Authority. No funds or assets of the Authority will be distributed to DCA or any other department, authority or agency of the State unless otherwise provided by law, except that the Authority may pay reasonable compensation for services rendered and may reimburse expenses incurred and except as may be deemed necessary or desirable by the Authority to fulfill its purposes under the Act.

The powers of the Authority are vested in nineteen members who also comprise the board of DCA and GHFA. Board members are appointed by the Governor and are composed of one member from each United States Congressional District in the State (currently fourteen) plus five additional members from the State at large, and include elected officials of counties or municipalities, individuals with an interest or expertise in community or economic development, environmental issues, housing development or finance or citizens who in the judgment and discretion of the Governor would enhance the board.

Note 2 - Housing programs

The following business-type activities of the Authority are classified as proprietary:

Administrative Program
The Administrative Program activities include income not directly related to the repayment of specific notes or bonds and includes expenses related to the Authority's administrative functions. Administrative Program activities include, but are not limited to, services related to the State's allocation and monitoring of Federal and State low-income housing tax credits (LIHTC). The Administrative Activities program includes the following programs:

Low-Income State Housing Tax Credit
In 1986, the Authority was designated by the Governor as the State's allocating agency for the Low-Income Housing Tax Credit (LIHTC) program. The program was established to promote the development of low-income rental housing through tax incentives, rather than direct subsidies. The LIHTC program is a ten-year Federal tax credit against a taxpayer's ordinary income tax liability which is available (directly or through partnerships) to individuals and corporations who acquire or develop and own qualified low-income rental housing.

Single-Family Mortgage Revenue Program
The Single-Family Mortgage Revenue Program accounts for proceeds of single-family mortgage bonds issued to finance the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia.

Substantially all single-family mortgage loans made or purchased by the Authority are insured under programs offered by the Federal Housing Administration (FHA) or Veteran's Administration (VA). The Authority also makes or purchases loans with conventional insurance and has a small group of uninsured loans. The Single-Family Mortgage Revenue Program includes the Georgia Dream Program described below:

The Georgia Dream Program
The Georgia Dream Program enables the Authority to finance the purchase of housing by Georgia families of low or moderate income. The Authority is authorized to issue tax-exempt revenue bonds to raise funds, the proceeds of which are used to make qualified mortgage loans for eligible persons and families. The bonds are to be repaid from collections of scheduled repayments and prepayments of mortgage loans. The bonds are direct obligations of the Authority and not a debt of the State or any political subdivision thereof. The Authority's bond issuance capacity at June 30, 2019 was $3,000,000,000 in connection with the Georgia Dream Program.

Hospital Finance Authority Program
The Hospital Equipment Financing Authority (HEFA) was established in 1984 by the Georgia General Assembly under the provisions of the Hospital Equipment Financing Act (the Hospital Act). The Hospital Act empowered HEFA, among other authorized activities, to finance the purchase of hospital equipment by not-for-profit Georgia hospitals. During 1990, the Hospital Act was amended such that HEFA was empowered to finance the acquisition and construction of hospital facilities as well as hospital equipment, and the name of HEFA was also changed to the Hospital Financing Authority (HFA). HFA issued low interest rate, tax-exempt revenue bonds to raise funds which are used to provide below market interest rate loans to eligible hospitals. HFA has no taxing power.

Effective April 9, 1993, the Georgia General Assembly amended the Hospital Act which governs the operations of HFA. This amendment dissolved HFA as a separate legal entity and merged its operations into the Authority. As of April 9, 1993, all assets and liabilities of HFA were transferred to the Authority. The Authority's bond issuance capacity at June 30, 2019 was $30,000,000 in connection with the Hospital Finance Authority Program. During 2019 and 2018, there was no activity in the Hospital Finance Authority Program.

Blended Component Units
Blended component units have governing bodies substantively the same as the Authority, provide services entirely or almost entirely to the primary government or have total debt outstanding, including leases, that is expected to be paid entirely, or almost entirely, with resources of the Authority. As such, although they are legally separate entities, they are, in substance, part of the government's operations. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds.

The Authority's blended component units are as follows:

Georgia Housing and Finance Authority Affordable Housing, Inc.
The Georgia Housing and Finance Authority Affordable Housing, Inc. (AHI) was organized to promote nonprofit affordable housing and a system of affordable housing financing for persons in Georgia of low and moderate income or of special housing needs including, but not limited to, the elderly and the mentally and physically disabled. The program provides financial assistance in the form of low interest rate loans and limited assistance to qualified sponsors in the form of grants.

The following programs are included in AHI:

Loan Program
The Board of Directors may authorize the disbursement of available money from AHI for residential housing projects sponsored by a qualified organization. AHI may consult, as appropriate, with person with interests in housing in order to acquaint them with AHI and to solicit information relating to housing needs, residential housing projects, and criteria for the selection of residential housing projects. The criteria for making disbursement decisions include, but are not limited to, the following:

a. The number of persons assisted;
b. The leveraging of money or in-kind services by a qualified sponsor;
c. The geographic distribution of residential housing projects;
d. The availability of other forms of assistance; and
e. Any and all other factors bearing upon the advisability and necessity of the residential housing project.

Funds may also be disbursed from AHI to pay expenses of the Board of Directors, to pay any and all operating expenses, and to pay for professional, technical, and clerical services provided to the Board of Directors.

Hardest Hit Fund Program
AHI's Hardest Hit Fund (HHF) program provides loans to unemployed and substantially under-employed homeowners to help them remain in their homes and prevent avoidable foreclosures despite loss of income due to involuntary job loss. The HHF program funds loans to be used to pay mortgage payments, including escrowed items, while the homeowner seeks employment or completes training for a new career. The goal is to provide assistance through 2020 to 15,000 homeowners to prevent foreclosures.

The HHF funds are also used to provide down payment assistance to eligible borrowers purchasing eligible existing single family residences financed by a Georgia Dream Program first mortgage loan originally in 10 selected Georgia counties. However, as of November 1, 2018, the number of eligible counties was reduced to 7.

Georgia Housing and Finance Authority Economic Development Financing, Inc.
The Georgia Housing and Finance Authority Economic Development Financing, Inc. (EDFI) was organized to administer various loan programs, which offer financial assistance to businesses in Georgia.

The following program is included in EDFI:

State Small Business Credit Initiative
In fiscal year 2012, the Authority implemented the State Small Business Credit Initiative (SSBCI) which is a small business loan program created by the Small Business Jobs Act of 2010. The State of Georgia was allocated $47,808,507 in federal funds to increase access to capital for small businesses in Georgia. On December 12, 2016, the State of Georgia was allocated an additional $216,241 in federal funds from the U.S. Treasury. The four Georgia SSBCI programs and the dollar amounts allocated to each is as follows: 1) Georgia Capital Access Program (GCAP), a portfolio insurance program - $2 million; 2) Georgia Small Business Credit Guarantee (SBCG), a loan guarantee program with a conversion option to a risk reserve pool - $17,808,507; 3) Georgia Funding for CDFIs, a loan participation program which provides financing to underserved businesses through Community Development Financial Institutions (CDFIs) - $20 million; and 4) Georgia Loan Participation Program (GA LPP), a loan program where the State purchases a participation of up to 25% of an approved loan ranging from $100,000 to $5 million - $8 million.

All participating lenders in the Georgia SSBCI program must submit an application to be vetted and approved, prior to enrolling loans in the program. Approved lenders then sign a Program Participation Agreement. Although eligibility requirements vary slightly between the four programs, the Georgia SSBCI is primarily designed to serve businesses with 500 or fewer employees, and the target participation amount for SSBCI funds is $1,250,000 or less. Eligible loan uses include start-up costs, working capital, business acquisition and expansions; franchise financing; equipment; inventory financing; commercial real estate acquisitions, etc.

The U.S. Treasury's direct oversight ended on March 31, 2017 with the expiration of the Allocation Agreements between the U.S. Treasury and each state. Effective June 1, 2017, the two remaining SSBCI programs are SBCG and GA LPP. Georgia SBCG is a loan guarantee program. Each loan covered under the SBCG Program stands alone with a maximum guarantee of 50%. GA LPP is a loan program where the State purchases a participation of up to 25% of an approved loan ranging from $100,000 to $1 million.

Other Programs

Federal Assistance Programs
The Federal Assistance Programs account for revenue and expenditures of the following assistance programs:

Emergency Solutions Grant Program
The Authority receives an annual allocation of federal Emergency Solutions Grant Program funds to provide shelter and essential services to eligible homeless individuals and families. The Authority utilizes these federal funds to provide grants to eligible nonprofit and local government providers serving the 152 counties.

Shelter Plus Care Program
The Authority competes annually for an award of funds under the Shelter Plus Care Program that can provide housing and supportive services on a long-term basis for homeless persons and their families. The federal award of funds may be used for rental assistance by specific project sponsors that, in return, match the federal rental assistance with service funding for the beneficiaries. Upon award of the federal funds to GHFA, the Authority enters into grant agreements with each project sponsor to implement the program.

HOME Investment Partnership Program
The Authority administers the HOME Investment Partnership Program (HOME) for the State. Under the HOME Program, the Authority receives and approves applications for federal affordable housing funds available under the federal HOME Program provisions of the 1990 National Affordable Housing Act. The Authority receives federal grant HOME Program proceeds, for the purpose of funding loans and grants to qualified applicants. The Authority is responsible for each HOME loan and grant recipient maintaining compliance with affordability requirements of the HOME Program. The HOME loans are to be repaid out of a portion of the borrowers net cash flow, as defined.

Housing Opportunities for Persons with AIDS Program
The Authority receives an annual allocation of federal Housing Opportunities for Persons with AIDS Program funds to provide supportive housing and services to persons living with AIDS and related diseases. The Authority utilizes these funds to provide grants within the State's 126 county entitlement jurisdiction to eligible nonprofit organizations whose mission incorporates the provision of housing and supportive services to persons with AIDS and related diseases.

Homelessness Prevention and Rapid Re-Housing Program
The Authority implemented the Homelessness Prevention and Rapid Re-Housing Program (HPRP). This program provides financial and other assistance to prevent individuals and families becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized. The Authority enters into grant agreements with each project sponsor to implement the program.

Tax Credit Assistance Program
The Authority implemented the Tax Credit Assistance Program (TCAP). This program provides assistance to eligible low-income housing tax credit projects which are subject to the same limitations as required by the State housing credit agency with respect to an award of low-income housing credits under section 42 of the IRC of 1986.

Neighborhood Stabilization Program
The Authority implemented the Neighborhood Stabilization Program. This program assists in the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for low and moderate-income Georgians.

Tax Credit Exchange Program
The Authority implemented the Tax Credit Exchange Program (TCEP) which is administered by the U.S. Treasury and is designed to help stalled LIHTC programs move forward. This program allows the Authority to exchange up to 40% of their 2009 LIHTC allocation for cash grants from the U.S. Treasury.

State Assistance Programs
The State Assistance Programs account for revenue and expenditures of the following assistance programs:

Downtown Development Revolving Loan
The purpose of the Downtown Development Revolving Loan Fund (DDRLF) is to assist cities, counties and development authorities in their efforts to revitalize and enhance downtown areas by providing below-market rate financing to fund capital projects in core historic downtown areas and adjacent historic neighborhoods where DDRLF will spur commercial redevelopment.

Eligible applicants under this program are municipalities with a population of 100,000 or less, counties with a population of 100,000 or less proposing projects in a core historic commercial area, and development authorities proposing projects in a core historic commercial area in municipalities or counties with a population of 100,000 or less.

The ultimate user of funds may be a private business or a public entity such as a city or development authority. Applicants must demonstrate that they have a viable downtown development project and clearly identify the proposed uses of the loan proceeds. The maximum loan is $250,000 per project, which must leverage private and/or other public financing. Funds for the DDRLF Program were authorized by the Georgia General Assembly beginning in fiscal year 2000. The program has been sustained by loan repayments and interest income.

Housing Trust Fund
The purpose of the State Housing Trust Fund (HTF) is to support the efforts of organizations that embrace the goal of ending homelessness in Georgia. These organizations, through State appropriated dollars, provide housing and essential services for individuals and families. These organizations include non-profits, faith-based organizations, community homeless provider networks, and public programs.

Regional Economic Business Assistance
Regional Economic Business Assistance (REBA) is an incentive program that is used to help "close the deal" when companies are considering Georgia and another state or country for their location or expansion. REBA funds may be used to finance various fixed-asset needs of a company including infrastructure, real estate acquisition, construction, or machinery and equipment. A local development authority must be the applicant for a REBA application and the application must be supported by a recommendation letter from a state agency, typically the Georgia Department of Economic Development. The funds for the program are appropriated annually by the Georgia General Assembly. REBA funds may be specified as a grant or a loan,

depending upon the letter of recommendation. The recommendation will also authorize the amount of REBA funds available for the project.

Life Sciences Facilities Fund
Life Sciences Facilities Fund (LSFF) is an incentive program that provides low-cost loan assistance for the purchase of fixed assets to assist with the expansion, retention or relocation of life-science companies targeted by Georgia. The Facilities Fund is intended to be used as an incentive when needed to retain or recruit life-science companies in and to Georgia, or to fill a financing gap that is unmet by the private sector. Funds for the LSFF Program were authorized by the Georgia General Assembly in fiscal year 2005.

State Home Mortgage
State Home Mortgage was created by the Authority in 1994 to provide in-house loan servicing capabilities for Authority financed single-family and multifamily mortgage loans. As of June 30, 2019 and 2018, State Home Mortgage was servicing approximately, 13,442 and 12,702 loans, respectively, or 97% and 97%, respectively, of the Authority's outstanding principal balance of the single-family mortgage loan portfolio, and 100% of the outstanding principal balance of the multifamily mortgage loan portfolio.

Investment in Georgia HAP Administrators, Inc.
The Authority has a 9% investment interest in Georgia HAP Administrators Inc. (Georgia HAP). The Authority accounts for its investment using the cost method. Under the cost method, the Authority recognizes income on its investment as cash is received. In addition, the Authority earns incentive management fees from Georgia HAP. Total earnings received from Georgia HAP during 2019 and 2018 were $1,294,909 and $1,232,909, respectively which is included in administrative fees-state assistance programs on the statements of revenues, expenses and changes in net position.

Note 3 - Summary of significant account policies

The following summarizes the significant accounting policies of the Authority:

Financial statement presentation
As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), the criteria for determining the programs, organizations, and functions of government included in the accompanying basic financial statements are as follows: oversight responsibility, including selection of governing authority, designation of management, and ability to significantly influence operations; accountability for fiscal matters, including budgets, surplus and deficits, debt, fiscal management, and revenue characteristics; scope of public service; and special financing relationships.

For financial reporting purposes, the Authority is a component unit of the State of Georgia. The financial statements of the Authority include the blended component units AHI and EDFI which are reported in the Supplementary Schedule of Program Net Position and Schedule of Program Revenues, Expenses, and Changes in Net Position.

Basis of accounting
The accounting and reporting policies of the Authority conform to generally accepted accounting principles of the Governmental Accounting Standards Board (GASB). The Authority maintains its accounting records and prepares its financial statements using the accrual basis of accounting. The

Authority's proprietary activities are accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of changes in net position. Under this method, revenue is recorded when earned, and expenses, including compensated absences, are recognized when the liability is incurred.

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

Cash and cash equivalents and equity in pooled cash and investment securities
Cash and cash equivalent and equity in pooled cash, as reported in the statements of net position include short-term investment securities with original maturities of three months or less, local government investment pools, repurchase agreements, money market accounts, mutual funds, and investment agreements under which funds can be withdrawn at any time without penalty. Amounts reported as cash and cash equivalents and equity in pooled cash include amounts that are restricted for use under state grants, federal programs, and bond resolutions as shown in Note 4. Investment securities are carried at fair value based on quoted market prices. The Authority's Board of Directors approves the Investment Policies which allow the Authority to utilize valuation pricing provided by custodians. See Note 4 for discussion of fair value measurements.

Short term investments securities include investment securities with maturities less than twelve months. Long-term investments securities include investment securities with maturities greater than twelve months.

The low credit risk associated with the Authority's investments is primarily due to its strong reliance on securities issued by the U.S. Government and its agencies. As with any fixed income portfolio, there exists market price risk in a changing interest rate environment, and some of the Authority's investments are subject to change in fair value as interest rates fluctuate. This exposure is focused largely within certain classes of mortgage-backed securities (MBS), such as collateralized mortgage obligations. These securities are based on cash flows from payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a change in interest rates. The mortgage-backed securities are reported in aggregate as mortgage-backed securities in the disclosure of investments.

Equity in pooled cash
Equity in pooled cash relates to pooled investments with State Treasury. GHFA follows Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires marketable securities to be carried at fair value. Additionally, GHFA adopted GASB Statement No. 79, Certain External Investment Pools and Pool Participants. GHFA maintains an investment in the Georgia Fund 1 (GF1) investment pool, which is managed by the Local Government Investment Pool Trust whom The Office of the State Treasurer manages. The GF1's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. The GF1 is managed as a stable Net Asset Value (NAV) pool. The pool operates and reports to participants on an amortized cost basis. The income, gain and losses, net of administration fees of the pool are allocated to participants monthly on the ratio of

the participant's share of total funds in the pool based on the participant's average daily balance. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pools investments. For financial reporting purposes, the pool is reported at fair market value. For cash flow financial statement reporting purposes, amounts reported in the Pooled Investments with State Treasury are considered cash equivalents.

Mortgage loans receivable
Mortgage loans receivable are stated at their unpaid principal balance less loan discounts. The discounts are amortized using a method approximating a level yield over the estimated average life of the loans. Purchased servicing costs associated with mortgage loans are amortized over the expected average life of the outstanding mortgage loan, which is estimated to be seven years.

Mortgage loans are classified as foreclosures (nonperforming loans) when collection of principal and accrued interest in accordance with the stated terms of the agreement is unlikely. Interest income recognition is discontinued once a loan is considered non-performing which occurs when the loan is placed in foreclosure.

Mortgage escrow deposits
In connection with the mortgage loans, the Authority holds various trustee bank accounts on behalf of the mortgagors which consist of escrow deposits for taxes and insurance, replacement reserves, and operating deficit reserves. A corresponding liability is recorded upon receipt by the Authority of the mortgagors' escrow deposits and is included in other current assets on the Statements of Net Position.

Real estate owned
Real estate owned represents real estate acquired through foreclosure or deeds-in-lieu and is stated at the lower of cost or fair value less estimated costs to sell. Expenses incurred related to real estate owned are reported on the Statements of Revenue, Expenses and Changes in Net Position.

HOME loans
HOME loans are recorded at amounts drawn from the federal HOME program and subsequently loaned to the borrower. A liability is recorded to reflect the Authority's obligation to either re-loan or return to the federal government any HOME loan repayments. Because the obligation amount is dependent on the actual HOME loan repayments, no valuation reserve is recorded.

American Recovery and Reinvestment Act loans
American Recovery and Reinvestment Act (ARRA) loans are recorded at amounts drawn from the TCAP, TCEP, and HPRP programs and subsequently loaned to the borrower. Loans made to borrowers under such programs are subject to certain compliance regulations, which must be maintained during the term of the loan. A liability is recorded to reflect the Authority's obligation to return to the federal government any loan repayments which is included in refundable program grants on the Statements of Net Position.

Other loans receivable, net
Other loans receivable includes loans to various non-profits and municipalities as well as advances from loan service agreements and miscellaneous receivables.

Provision for possible loan losses

Approximately 93% of the Authority's mortgage loans are FHA insured, VA guaranteed, or USDA/RD guaranteed, and the remainder is largely covered by mortgage insurance and/or pool insurance. A small group of loans in the amount of approximately $49,200,000 and $44,000,000 are uninsured and dependent on the value of underlying real estate collateral as of June 30, 2019 and 2018, respectively. A provision for possible losses on delinquent loans is made when, in the opinion of management, the loan balance exceeds the net realizable value of the underlying collateral, including federal and mortgage pool insurance. Based on the Authority's experience, insured loans have not resulted in any significant losses to the Authority beyond the administrative costs of foreclosure. Collateralized loans historically have not resulted in significant losses. The allowance for possible losses on mortgage loans receivable as of June 30, 2019 and 2018 totaled $4,500,000 and $4,500,000, respectively. The allowance includes a provision for accrued interest on foreclosed loans. The allowance for possible losses on other loans receivable as of June 30, 2019 and 2018 totaled $4,736,392 and $4,736,392, respectively. The provision for possible losses recognized during the years ended June 30, 2019 and 2018 totaled $1,710,791 and $702,478, respectively.

Capital assets

Capital assets are stated at cost. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred. In accordance with the Authority's capitalization policy, capital assets under $25,000 are expensed.

Building	40 years
Capital Improvements	10 years
Vehicles	4 years
Equipment, Computers, and Software	2 - 5 years

Impairment of long-lived assets

The Authority reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Management evaluates possible impairment events on whether the service utility or use of the long-lived assets decline significantly and unexpectedly. No impairment loss has been recognized during the years ended June 30, 2019 and 2018.

Bond premiums, discounts, and issuance costs and amortization

Bond premiums and discounts are amortized over the term of the obligations using a method which approximates the effective interest method. Bond premiums and discounts are included in the net balance for bonds payable. Issuance costs are expensed when incurred. Accretion income for the years ended June 30, 2019 and 2018 was $2,677,327 and $1,470,712, respectively. Estimated accretion income for each of the next five ensuing years is approximately $2,100,000.

Arbitrage

The Authority periodically monitors for the existence of any rebatable arbitrage interest, in accordance with IRS regulations, associated with its tax-exempt debt. The rebate is based on the differential between the interest earnings from the investment of tax-exempt bond proceeds as compared to the interest expense associated with the respective bonds. Arbitrage rebates are expensed when paid or when, upon determination by management, an arbitrage rebate liability is estimated.

Revenue received in advance

Revenue received in advance represents fees received in connection with the LIHTC and Multi-Family (MF) program for compliance monitoring and asset management. The Authority, on behalf of the IRS, is responsible for monitoring compliance with IRS Section 42 by Georgia participants in the LIHTC and MF program. Such monitoring includes performing periodic site visits, property inspections, and tenant eligibility verifications, which are required to be performed annually over the compliance period. Participants are required to maintain compliance with Section 42 for a minimum of 15 years for the LIHTC program and a minimum of 30 years for the MF program. Participants are required to pay the entire amount of compliance monitoring fees at inception. The prepaid amount of fees received are deferred and amortized into income using the straight-line method over the applicable compliance periods.

Participants who receive ARRA funds are also required to pay an asset management fee to the Authority at inception for oversight services in connection with administering the funds over a 14.5-year term. These fees will be amortized into income, using the straight-line method over the service period.

Estimated amortization of all revenue received in advance over the next five years as follows:

Year	Amount
2020	$ 3,069,627
2021	2,821,396
2022	2,556,243
2023	2,288,499
2024	1,877,153
Thereafter	10,167,004
Total	$ 22,779,922

Program funds received in advance

The Authority has a liability for program funds received in advance as of June 30, 2019 and 2018 of $246,187,795 and $279,207,555, respectively. The program funds received in advance are included in the balance of cash and cash equivalents and investments as shown on the Statements of Net Position. The liability will be recognized as revenue as the Authority expends the funds in accordance with the applicable programs requirements. Any program funds received in advance may be required to be returned to the granting authority under terms of the programs.

As of June 30, 2019 and 2018, the program funds received in advance are as follows:

Program	Source	June 30, 2019	June 30, 2018
REBA	State of Georgia	$ 141,564,053	$ 126,473,651
Hardest Hit Fund	US Department of Treasury	21,589,368	61,386,012
Tax Credit Assistance Program	State of Georgia	21,641,831	31,611,893
State Small Business Credit Initiative	US Department of Treasury	8,308,018	13,246,007
HOME	State of Georgia	25,466,702	19,674,005
Downtown Development	State of Georgia	9,789,452	9,789,452
Housing Trust Fund	State of Georgia	8,999,301	8,832,425
Life Science	State of Georgia	4,169,835	4,169,835
Other	State of Georgia	4,659,235	4,024,275
		$ 246,187,795	$ 279,207,555

Net position

Net position is the amount of total assets that exceed total liabilities. Net position is classified and displayed in three categories in the financial statements.

Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position consists of other net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2019 and 2018, the Authority's net position is classified into two categories which are invested in capital assets and unrestricted net position.

Program revenues and expenses

HOME loan program revenue and a corresponding expense are recognized at the time the HOME loan is closed.

Purchased servicing rights are related to mortgage loans and are received in advance and recognized over the estimated seven-year term that the mortgages are expected to be outstanding.

Program funds received under grant awards are not recognized as revenue until the related program expenditures and eligibility requirements are incurred.

Income taxes

Income received or generated by the Authority is not subject to federal income tax, pursuant to Internal Revenue Code Section 115. The Authority is exempt from state and local property taxes. Interest paid on obligations issued by the Authority is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to the Authority are tax deductible contributions, pursuant to Sections 170(b)(1)(A)(v) and 170 (c)(1) of the Internal Revenue Code of 1986, as amended.

Reclassifications

Reclassifications have been made to the prior year balances to conform to the current year presentation.

Note 4 - Cash and cash equivalents and equity in pooled cash and investment securities

Investment of funds

The Act authorizes the Authority to invest any accumulation of its funds under the guidance of the GHFA investment policies that are adopted by the Board annually. The investment policies authorize the Authority to invest in specific types of securities such as certificates of deposit of financial institutions within the State of Georgia insured by federal or state depository insurance, interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, or other similar banking arrangements and any and all other obligations of investment grade quality, as defined.

The following assets, reporting at fair value and held by the Authority at June 30, 2019 and 2018, were evaluated in accordance with GASB Statement No. 40 for interest rate risk, custodial credit risk, credit risk and concentration of credit risk. All cash and cash equivalents are stated at their actual bank balance values and may differ from book balances and the balance of cash and cash equivalents presented on the Statements of Net Position.

Cash and cash equivalents, equity in pooled cash, and investments as of June 30, 2019 and 2018 are presented in the financial statements as follows:

	June 30, 2019	June 30, 2018
Cash and cash equivalents and equity in pooled cash:		
Cash	$ 34,520,740	$ 30,615,659
Georgia Fund 1	74,948,252	89,609,903
Money market accounts	67,471,337	31,925,036
Cash restricted under grant programs	25,866,618	65,955,424
Assets restricted under revenue bond resolutions:		
Georgia Fund 1	99,527,010	73,020,049
Money market accounts	7,037,551	60,430,935
Agency debentures	1,289,594	-
Total cash and cash equivalents and equity in pooled cash	310,661,102	351,557,006
Short-term investment securities:		
U.S. Government and agency securities	27,832,613	13,865,760
Corporate bonds	9,624,629	2,113,714
Foreign bonds	1,794,150	969,230
Bank CDs	1,222,497	1,457,845
Non-purpose investments	37,525,875	50,786,607
Total short-term investment securities	77,999,764	69,193,156
Long-term investment securities:		
Mortgage-backed securities	30,751,697	37,587,979
U.S. Government and agency securities	49,875,650	84,389,566
Corporate MBS/ABS	7,789,385	9,927,333
Foreign bonds	4,382,493	10,296,401
Bank CDs	4,460,343	2,410,778
Corporate bonds	24,465,424	22,843,015
Fixed income fund	13,255,316	12,704,985
Strategic income opportunities fund	24,851,312	-
Assets restricted under revenue bond resolutions:		
Investment agreements	14,637,773	15,498,003
Agency mortgage-backed securities	35,917,728	39,082,756
U.S.Government and agency securities	-	1,357,685
GNMA MBS	17,921,941	13,889,913
Total long-term investment securities	228,309,062	249,988,414
Total cash and cash equivalents, equity in pooled cash, and investment securities	$ 616,969,928	$ 670,738,576

Investment fair value measurements

The Authority has adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value:

- Level 1 – quoted market prices in active markets
- Level 2 – inputs other than quoted market prices that are observable either directly or indirectly
- Level 3 – unobservable inputs

The Authority has investments in securities that are measured at fair value on a recurring basis in the financial statements. The Authority uses a three-level hierarchy for determining fair value and a financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The following table presents the financial assets that the Authority measured at fair value:

	Level			
2019	1	2	3	Total
U.S. Government and agency securities	$ 77,708,263	$ -	$ -	$ 77,708,263
Mortgage-backed securities	84,591,366	-	-	84,591,366
Corporate MBS/ABS	7,789,385	-	-	7,789,385
Foreign bonds	6,176,643	-	-	6,176,643
Investment agreements	-	-	14,637,773	14,637,773
Non-purpose investments	-	37,525,875	-	37,525,875
Fixed income fund	-	-	13,255,316	13,255,316
Strategic income opportunities fund	24,851,312	-	-	24,851,312
Bank CDs	5,682,840	-	-	5,682,840
Corporate bonds	34,090,053	-	-	34,090,053
	$ 240,889,862	$ 37,525,875	$ 27,893,089	$ 306,308,826
		Investments measured at amortized cost :		
		Georgia Fund 1		74,948,252
		Total investments		$ 381,257,078

2018	Level 1	Level 2	Level 3	Total
U.S. Government and agency securities	$ 99,613,011	$ -	$ -	$ 99,613,011
Mortgage-backed securities	90,560,648	-	-	90,560,648
Corporate MBS/ABS	9,927,333	-	-	9,927,333
Foreign bonds	11,265,631	-	-	11,265,631
Investment agreements	-	-	15,498,003	15,498,003
Non-purpose investments	-	50,786,607	-	50,786,607
Fixed income fund	-	-	12,704,985	12,704,985
Bank CDs	3,868,623	-	-	3,868,623
Corporate bonds	24,956,729	-	-	24,956,729
	$ 240,191,975	$ 50,786,607	$ 28,202,988	$ 319,181,570
Investments measured at amortized cost :				
Georgia Fund 1				89,609,903
Total investments				$ 408,791,473

The fair value of the financial assets listed below was determined by using level 3 inputs (inputs that are unobservable, uninsured and unregistered investment for which the securities are held by the broker, dealer, or their agent but not in the Authority's name) as of June 30, 2019 and 2018.

The following table sets forth a summary of changes in the fair value of the Authority's level 3 assets for the years ended June 30, 2019 and 2018:

2019	Investment Agreements	Fixed Income Fund	Total
Balance, beginning of year	$ 15,498,003	$ 12,704,985	$28,202,988
Realized gains (losses)	-	-	-
Unrealized gains (losses) relating to instruments still held at the reporting date	-	550,331	550,331
Purchases	-	-	-
Sales	(860,230)	-	(860,230)
Transfers in and/or out of level 3	-	-	-
Balance, end of year	$ 14,637,773	$ 13,255,316	$27,893,089

2018	Investment Agreements	Fixed Income Fund	Total
Balance, beginning of year	$ 22,661,370	$ 12,208,323	$34,869,693
Realized gains (losses)	-	-	-
Unrealized gains (losses) relating to instruments still held at the reporting date	-	496,662	496,662
Purchases	-	-	-
Sales	(7,163,367)	-	(7,163,367)
Transfers in and/or out of level 3	-	-	-
Balance, end of year	$ 15,498,003	$ 12,704,985	$28,202,988

Interest rate risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Authority manages interest rate risk by attempting to match investment maturities and interest payment terms with expected cash requirements and maturities of the related bond series. Negative amounts represent net short position for securities purchased, but not yet settled. As of June 30, 2019 and 2018, interest income from investments totals $22,368,723 and $4,715,998, respectively, and accrued interest outstanding totals $1,085,975 and $1,095,991, respectively. The maturities of investments as of June 30, 2019 and 2018 are as follows:

		Investment maturities as of June 30, 2019				
	Total Fair Value	Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Cash and cash equivalents and equity in pooled cash:						
Cash	$ 34,520,740	$ 34,520,740	$ -	$ -	$ -	$ -
Georgia Fund 1	74,948,252	74,948,252	-	-	-	-
Money market accounts	67,471,337	67,471,337	-	-	-	-
Cash restricted under State grant programs	25,866,618	25,866,618	-	-	-	-
Assets restricted under revenue bond resolutions:						
Georgia Fund 1	99,527,010	99,527,010	-	-	-	-
Money market accounts	7,037,551	7,037,551	-	-	-	-
Agency debentures	1,289,594	-	1,289,594	-	-	-
Total cash and cash equivalents and equity in pooled cash	$ 310,661,102	$ 309,371,508	$ 1,289,594	$ -	$ -	$ -
Short-term investment securities:						
U.S. Government and agency securities	$ 27,832,613	$ 14,989,000	$ 12,843,613	$ -	$ -	$ -
Corporate bonds	9,624,629	6,814,651	2,809,978	-	-	-
Foreign bonds	1,794,150	1,068,718	725,432	-	-	-
Bank CDs	1,222,497	489,045	733,452	-	-	-
Non-purpose investments	37,525,875	-	37,525,875	-	-	-
Total short-term investment securities	$ 77,999,764	$ 23,361,414	$ 54,638,350	$ -	$ -	$ -
Long-term investment securities:						
Mortgage-backed securities	$ 30,751,697	$ -	$ -	$ 1,061	$ 551,864	$ 30,198,772
U.S. Government and agency securities	49,875,650	-	-	34,021,664	13,902,769	1,951,217
Corporate MBS/ABS	7,789,385	-	-	1,766,118	818,709	5,204,558
Foreign bonds	4,382,493	-	-	3,626,878	755,615	-
Bank CDs	4,460,343	-	-	4,460,343	-	-
Corporate bonds	24,465,424	-	-	16,988,609	7,049,235	427,580
Fixed income fund	13,255,316	-	-	13,255,316	-	-
Strategic income opportunites fund	24,851,312	-	-	24,851,312	-	-
Assets restricted under revenue bond resolutions:						
Investment agreements	14,637,773	-	-	5,468,130	2,354,083	6,815,560
Agency mortgage-backed securities	35,917,728	-	-	-	-	35,917,728
GNMA MBS	17,921,941	-	-	390,855	-	17,531,086
Total long-term investment securities	$ 228,309,062	$ -	$ -	$ 104,830,286	$ 25,432,275	$ 98,046,501

	Total Fair Value	Investment maturities as of June 30, 2018: Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Cash and cash equivalents and equity in pooled cash						
Cash	$ 30,615,659	$ 30,615,659	$ -	$ -	$ -	$ -
Georgia Fund 1	89,609,903	89,609,903	-	-	-	-
Money market accounts	31,925,036	31,925,036	-	-	-	-
Cash restricted under State grant programs	65,955,424	65,955,424	-	-	-	-
Assets restricted under revenue bond resolutions						
Georgia Fund 1	73,020,049	73,020,049	-	-	-	-
Money market accounts	60,430,935	60,430,935	-	-	-	-
Total cash and cash equivalents and equity in pooled cash	$ 351,557,006	$ 351,557,006	$ -	$ -	$ -	$ -
Short-term investment securities						
U.S. Government and agency securities	$ 13,865,760	$ -	$ 13,865,760	$ -	$ -	$ -
Corporate bonds	2,113,714	354,590	1,759,124	-	-	-
Foreign bonds	969,230	-	969,230	-	-	-
Bank CDs	1,457,845	-	1,457,845	-	-	-
Non-purpose investments	50,786,607	-	50,786,607	-	-	-
Total short-term investment securities	$ 69,193,156	$ 354,590	$ 68,838,566	$ -	$ -	$ -
Long-term investment securities						
Mortgage-backed securities	$ 37,587,979	$ -	$ -	$ 2,139	$ 336,727	$ 37,249,113
U.S. Government and agency securities	84,389,566	-	-	69,663,492	13,851,971	874,103
Corporate MBS/ABS	9,927,333	-	-	3,094,794	1,038,310	5,794,229
Foreign bonds	10,296,401	-	-	6,757,747	2,989,530	549,124
Bank CDs	2,410,778	-	-	2,410,778	-	-
Corporate bonds	22,843,015	-	-	12,269,426	9,513,334	1,060,255
Fixed income bonds	12,704,985	-	-	12,704,985	-	-
Assets restricted under revenue bond resolutions:						
Investment agreements	15,498,003	-	-	2,808,226	5,013,987	7,675,790
Agency mortgage-backed securities	39,082,756	-	-	-	-	39,082,756
U.S. Government and agency securities	1,357,685	-	-	1,357,685	-	-
GNMA MBS	13,889,913	-	-	452,424	91,722	13,345,767
Total long-term investment securities	$ 249,988,414	$ -	$ -	$ 111,521,696	$ 32,835,581	$ 105,631,137

Custodial credit risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2019, and 2018, all of the Authority's investments were insured, registered, collateralized, or were held by the Authority or its agent in the Authority's name.

Credit risk and concentration of credit risk

Credit quality risk is the risk that the issuer or other guarantor of an investment will not fulfill its payment obligations. Some investments, such as U.S. Treasuries and GNMA securities, are backed by the full faith and credit of the United States government and are considered to have minimal credit risk. Other investments are in government agency, corporate, money market funds and bank debt securities, which have been categorized based on the issuer's credit rating by Standard & Poor's. These debt securities are not typically collateralized except in the case of asset-backed and mortgage-backed securities. The Authority has selected high quality debt investments in order to minimize its exposure to loss due to credit risk. The Authority maintains its cash in bank deposit accounts at Federal Deposit Insurance Corporation (FDIC) insured financial institutions. Any deposits in excess of federally insured limits are collateralized by U.S. Government and Agency securities held by the Georgia Bankers Association in the State Treasurer's collateral pool for that institution, as defined. The Authority has not experienced any losses in connection with its investments as a result of credit risk. The exposure of the Authority's debt securities to credit quality risk as of June 30, 2019 and 2018 is as follows:

	Total	Government	Standard & Poor's Credit Rating as of June 30, 2019						
	Fair Value	securities	AAA	AA	A	BBB	BB	CCC	Not Rated
Cash and cash equivalents and equity in pooled cash:									
Cash	$ 34,520,740	$ -	$ 32,880,483	$ 1,640,257	$ -	$ -	$ -	$ -	$ -
Georgia Fund 1	74,948,252	-	74,948,252	-	-	-	-	-	-
Money market accounts	67,471,337	-	64,621,983	-	-	-	-	-	2,849,354
Cash restricted under State grant programs	25,866,618	-	25,866,618	-	-	-	-	-	-
Assets restricted under revenue bond resolutions:									
Georgia Fund 1	99,527,010	-	99,527,010	-	-	-	-	-	-
Money market accounts	7,037,551	-	7,037,551	-	-	-	-	-	-
Agency debentures	1,289,594	-	-	1,289,594	-	-	-	-	-
Total cash and cash equivalents and equity in pooled cash	$ 310,661,102	$ -	$ 304,881,897	$ 2,929,851	$ -	$ -	$ -	$ -	$ 2,849,354
Short-term investment securities:									
U.S. agency securities	$ 27,832,613	$ -	$ -	$ 27,832,613	$ -	$ -	$ -	$ -	$ -
Corporate bonds	9,624,629	-	-	1,252,142	3,365,671	2,762,191	-	749,832	1,494,793
Foreign bonds	1,794,150	-	299,835	-	320,163	1,094,392	79,760	-	-
Bank CDs	1,222,497	-	1,222,497	-	-	-	-	-	-
Non-purpose investments	37,525,875	-	-	-	-	-	-	-	37,525,875
Total short-term investment securities	$ 77,999,764	$ -	$ 1,522,332	$ 29,084,755	$ 3,685,834	$ 3,856,583	$ 79,760	$ 749,832	$ 39,020,668
Long-term investment securities:									
Mortgage-backed securities	$ 30,751,697	$ -	$ -	$ 30,751,697	$ -	$ -	$ -	$ -	$ -
U.S. agency securities	49,875,650	-	35,110,310	14,765,340		-	-	-	-
Corporate MBS/ABS	7,789,385	-	6,749,295	258,290	677,656	-	-	-	104,144
Foreign bonds	4,382,493	-	-	618,853	2,016,213	1,747,427	-	-	-
Bank CDs	4,460,343	-	4,460,343	-	-	-	-	-	-
Fixed income fund	13,255,316	-	-	-	-	-	-	-	13,255,316
Strategic income opportunintes fund	24,851,312	-	-	-	-	-	-	-	24,851,312
Corporate bonds	24,465,424	-	-	10,959,435	4,980,204	8,505,573	20,212	-	-
Assets restricted under revenue bond resolutions:									
Investment agreements	14,637,773	-	8,076,289	-	6,561,484	-	-	-	-
Agency mortgage-backed securities	35,917,728	-	-	35,917,728	-	-	-	-	-
GNMA MBS	17,921,941	-	-	17,921,941	-	-	-	-	-
Total long-term investment securities	$ 228,309,062	$ -	$ 54,396,237	$ 111,193,284	$ 14,235,557	$ 10,253,000	$ 20,212	$ -	$ 38,210,772

	Total	Government	Standard & Poor's Credit Rating as of June 30, 2018						
	Fair Value	securities	AAA	AA	A	BBB	BB	CCC	Not Rated
Cash and cash equivalents and equity in pooled cash:									
Cash	$ 30,615,659	$ -	$ 30,615,659	$ -	$ -	$ -	$ -	$ -	$ -
Georgia Fund 1	89,609,903	-	89,609,903	-	-	-	-	-	-
Money market accounts	31,925,036	-	29,596,341	-	-	-	-	-	2,328,695
Cash restricted under State grant programs	65,955,424	-	65,955,424	-	-	-	-	-	-
Assets restricted under revenue bond resolutions:									
Georgia Fund 1	73,020,049	-	73,020,049	-	-	-	-	-	-
Money market accounts	60,430,935	-	60,430,935	-	-	-	-	-	-
Total cash and cash equivalents and equity in pooled cash	$ 351,557,006	$ -	$ 349,228,311	$ -	$ -	$ -	$ -	$ -	$ 2,328,695
Short-term investment securities:									
U.S. agency securities	$ 13,865,760	$ -	$ -	$ 13,865,760	$ -	$ -	$ -	$ -	$ -
Corporate bonds	2,113,714	-	-	995,200	327,935	780,676	9,903	-	-
Foreign bonds	969,230	-	574,086	-	395,144	-	-	-	-
Bank CDs	1,457,845	-	1,457,845	-	-	-	-	-	-
Non-purpose investments	50,786,607	-	-	-	-	-	-	-	50,786,607
Total short-term investment securities	$ 69,193,156	$ -	$ 2,031,931	$ 14,860,960	$ 723,079	$ 780,676	$ 9,903	$ -	$ 50,786,607
Long-term investment securities:									
Mortgage-backed securities	$ 37,587,979	$ -	$ -	$ 37,587,979	$ -	$ -	$ -	$ -	$ -
U.S. agency securities	84,389,566	-	-	84,389,566	-	-	-	-	-
Corporate MBS/ABS	9,927,333	-	9,623,584	109,873	-	-	-	-	193,876
Foreign bonds	10,296,401	-	297,939	1,304,990	2,810,561	5,135,262	642,924	-	104,725
Fixed income funds	2,410,778	-	-	-	964,590	966,159	-	-	480,029
Bank CDs	12,704,985	-	-	-	7,434,667	-	-	-	12,704,985
Corporate bonds	22,843,015	-	418,306	1,223,673	-	13,587,587	178,782	-	-
Assets restricted under revenue bond resolutions:									
Investment agreements	15,498,003	-	8,076,288	860,230	6,561,485	-	-	-	-
Agency mortgage-backed securities	39,082,756	-	-	39,082,756	-	-	-	-	-
U.S. agency securities	1,357,685	-	1,357,685	-	-	-	-	-	-
GNMA MBS	13,889,913	-	-	13,889,913	-	-	-	-	-
Total long-term investment securities	$ 249,988,414	$ -	$ 19,773,802	$ 178,448,980	$ 17,771,303	$ 19,689,008	$ 821,706	$ -	$ 13,483,615

Note 5 - Mortgage loans receivable

The Authority's single-family bond programs are designed to provide mortgage loans to qualified home-buyers within the State of Georgia. The Authority's guidelines generally require the mortgage loans to be either FHA insured, guaranteed by the Department of Veterans Affairs or conventionally financed with traditional primary mortgage insurance; and, in the case of pre-1987 single-family programs, insured with mortgage pool policies. A small portion of the Authority's mortgage loans are uninsured. However, uninsured loans are collateralized with a first mortgage on the underlying real estate. Interest on mortgage loans receivable range from 2.875% to 8.700% per annum as of

June 30, 2019. As of June 30, 2019 and 2018, interest income from mortgage loans receivable totals $57,204,816 and $49,270,762, respectively, and accrued interest outstanding totals $8,567,614 and $8,431,264, respectively. Mortgage loans receivable, net consist of the following at June 30, 2019 and 2018:

	June 30,	
	2019	2018
Single-family mortgage loans (2.875% to 8.700%):		
FHA insured	$ 1,197,440,198	$ 1,047,083,064
Conventional insured	36,812,526	40,166,452
VA insured	9,565,806	9,333,563
Conventional uninsured	49,154,220	44,009,219
	1,292,972,750	1,140,592,298
Less allowance for loan losses	(4,500,000)	(4,500,000)
	1,288,472,750	1,136,092,298
Less current portion of mortgage loan receivable	(33,697,271)	(32,757,759)
	1,254,775,479	1,103,334,539
Less real estate owned	(2,078,310)	(2,877,511)
Long-term portion of mortgage loans receivable, net	$ 1,252,697,169	$ 1,100,457,028

In connection with the mortgage loans, the Authority holds various trustee bank accounts on behalf of the mortgagors which consist of escrow deposits for taxes and insurance, replacement reserves, and operating deficit reserves. A corresponding liability is recorded upon receipt by the Authority of the mortgagors' escrow deposits. As of June 30, 2019 and 2018, amount held in such escrows total $26,415,497 and $24,859,653, respectively, which are included in mortgage escrow deposits on the Statements of Net Position. As of June 30, 2019, and 2018, real estate owned properties in the amount of $2,078,310 and $2,877,511, respectively, are included in other current assets on the Statements of Net Position.

Note 6 - HOME loans receivable and refundable home grant proceeds

The Authority acts as an intermediary on behalf of the federal government under the HOME Program provisions of the 1990 National Affordable Housing Act. Applicants include entities developing multifamily low-income housing properties. Qualified applicants are issued loans using grant proceeds the Authority receives from the federal government. These loans generally do not have required scheduled payments of principal or interest. Instead, the loans require payment of interest to the extent of a portion of net cash flows, as defined, of the borrowers. These loans generally are nonrecourse and are collateralized by a subordinated mortgage on the underlying property of the borrower. Any repayments the Authority receives on these loans are required to be repaid to the federal government or used to fund new HOME loans. The Authority accounts for the loans receivable at the face value of the loans. A corresponding liability is recorded in the same amount to reflect the Authority's obligation to the federal government. In the event the loans receivable is not repaid, the Authority will not incur any loss and the refundable grant proceeds liability will not be required to be repaid. In the event the borrower fails to comply with the affordability requirements of the HOME Program, any HOME funds invested must be repaid. During the years ended June 30, 2019 and 2018, the Authority made HOME loans to applicants totaling

$48,768,549 and $46,346,727, respectively, which are included with the Federal and State grant income and expense on the statements of revenues, expense and changes in net position. HOME loans and the corresponding refundable HOME grant proceeds obligation outstanding as of June 30, 2019 and 2018, totaled $576,070,134 and $564,728,793, respectively.

In connection with the mortgage loans, the Authority holds various trustee bank accounts on behalf of the mortgagors which consist of escrow deposits for taxes and insurance, replacement reserves, and operating deficit reserves. A corresponding liability is recorded upon receipt by the Authority of the mortgagors' escrow deposits. As of June 30, 2019 and 2018, amount held in such escrows total $41,136,858 and $37,365,841, respectively, which are included in mortgage escrow deposits on the Statements of Net Position.

ARRA loans receivable

The Authority has received a total of $56,481,680 under the Tax Credit Assistance Program (TCAP) funding award from HUD pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA). By statute, projects eligible to receive TCAP assistance are rental housing projects that received an award of LIHTCs under Section 42(h) of the Internal Revenue Code of 1986, as amended, (IRC) (26 U.S.C. 42), during the period from October 1, 2006 to September 30, 2009 (federal fiscal years 2007, 2008 or 2009). The Authority expended 100% of TCAP funds by February 16, 2012. As of June 30, 2019, no committed funds are undrawn.

TCAP loan payments are based on projected cash flow, as defined. The permanent loans are non-recourse and collateralized by a subordinated mortgage on the underlying property of the borrower. Per HUD guidance, any program income earned after the grant period must be used to develop or operate affordable housing.

GHFA will utilize the repayment of the originally expended funds, program income, for matching HOME loans with TCAP construction loans, providing revolving funds for Community Development Financial Institution (CDFI), Portfolio Asset Management (PAM) and for high priority preservation of affordable housing. For each activity, funds will be utilized to aid in the acquisition, construction, and, or continued operation of affordable properties aimed at serving households whose annual incomes does not exceed 80% area median income for the applicable area.

The Authority has also received a total of $195,011,506 in Tax Credit Exchange Program (TCEP) grant awards from the U.S. Treasury under Section 1602 of the Act. The TCEP funds are to finance construction or acquisition and rehabilitation of qualified low-income projects. The Authority disbursed grant funds to subawardees in 2010 and 2011. Any funds not disbursed to the subawardee by December 31, 2011 had to be returned to the U.S. Treasury on January 1, 2012. The Authority spent $194,985,130 by December 31, 2011 and $26,376 was returned to U.S. Treasury. As of June 30, 2019, no committed funds are undrawn.

There is no principal and interest payment on TCEP funds. However, a compliance reserve account will be established for each TCEP subaward by generally requiring each subawardee to contribute 50% of a project's annual net cash flow, as defined, throughout the 15-year compliance period. Such compliance reserve will be used to pay the U.S. Treasury if a recapture event occurs or to replenish the operating deficit reserve and/or replacement reserve account. Any funds remaining in the compliance reserve account will be returned to the subawardee after the compliance period ends.

The subawards are not required to be repaid unless a recapture event occurs during the 15-year compliance period with respect to a qualified low-income building. In the event of a recapture event, the debt is owed to the U.S. Treasury.

Hardest Hit Fund loans receivable
During 2011, AHI received an award from the U.S. Treasury in the amount of $339,255,819 for the HHF program of which $47,410,693 can be used for administrative expenses. During 2016, AHI received an additional award from the U.S. Treasury in the amount of $30,880,575 for the HHF program of which $441,423 can be used for administrative expenses. During 2018, AHI received an additional award from the U.S. Treasury in the amount of $437,866 for the down payment assistance program. Loans made under the HHF program bear no interest and are secured by a deed on the property. The loans are forgivable 20 percent a year, until maturity, five years from date of the last monthly payment. The unforgiven portion of the loan is required to be repaid if the borrower sells or refinances the property before the five year period. At maturity, the loan will be considered satisfied and the lien will be released. If the property is sold before maturity, and does not generate net proceeds sufficient to repay the remaining loan balance, the unpaid portion will be forgiven. Any amounts remaining and recaptured from the program activities are to be remitted back to the U.S. Treasury upon termination of the program. Accordingly, AHI does not bear the risk of loss in connection with the HHF program lending activities and as such, records loans receivable, which are fully offset by a corresponding liability of the same amount payable to the U.S. Treasury. During the years ended June 30, 2019 and 2018, HHF loans funded were $40,329,305 and $59,912,135, and repayments received were $11,364 and $59,442, respectively. As of June 30, 2019 and 2018, HHF loans receivable and its corresponding liability of the same amount payable to the U.S. Treasury were $164,694,312 and $165,289,392, respectively.

Note 7 - Capital assets

Capital assets consisted of the following as of June 30, 2019 and 2018:

	July 1, 2018	Additions	Deletions	June 30, 2019
Land	$ 800,000	$ -	$ -	$ 800,000
Building	3,865,000	-	-	3,865,000
Capital improvements	4,219,953	-	15,360	4,204,593
Vehicles	378,755	-	-	378,755
Equipment, computers and software	438,177	-	-	438,177
	9,701,885	-	15,360	9,686,525
Less accumulated depreciation	(6,536,511)	(235,965)	-	(6,772,476)
Capital assets, net	$ 3,165,374	$ (235,965)	$ 15,360	$ 2,914,049

	July 1, 2017	Additions	Deletions	June 30, 2018
Land	$ 800,000	$ -	$ -	$ 800,000
Building	3,865,000	-	-	3,865,000
Capital improvements	4,204,593	15,360	-	4,219,953
Vehicles	378,755	-	-	378,755
Equipment, computers and software	438,177	-	-	438,177
	9,686,525	15,360	-	9,701,885
Less accumulated depreciation	(6,213,793)	(322,718)	-	(6,536,511)
Capital assets, net	$ 3,472,732	$ (307,358)	$ -	$ 3,165,374

Note 8 - Credit facility

The Authority has a credit facility with the Federal Home Loan Bank of Atlanta (FHLB Atlanta), which allows collateralized borrowings up to $200,000,000. Borrowings, or advances under the facility are typically used to warehouse single-family mortgage loans in between bond issues. These warehouse advances are repayable from the proceeds of single-family mortgage bonds issued by the Authority. Each advance bears a fixed rate of interest dependent upon the length and the amount of the advance, as determined by FHLB Atlanta. Outstanding warehouse advances under the facility are set to mature on the expected closing date of the next issuance of single-family mortgage bonds. Advances are collateralized by the market value of pledged investment securities held in safekeeping at FHLB Atlanta. During the years ended June 30, 2019 and 2018, the Authority utilized advances from the FHLB Atlanta which totaled $69,196,262 and $53,814,661, respectively. As of June 30, 2019 and 2018, there were no advances outstanding, respectively.

Note 9 - Mortgage bonds payable

The principal long-term obligations of the Authority are single-family mortgage bonds payable out of the Authority's revenue, monies, or assets legally available there from. The bonds are issued to finance the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia. As of June 30, 2019 and 2018, accrued interest on bonds was $4,369,270 and $3,619,377, respectively.

As provided in the bond resolutions, the bonds are secured by certain assets authorized for that purpose and any interest earned thereon. These assets include mortgage loans purchased and certain cash and cash equivalents and investment securities in mortgage bond accounts restricted in prescribed amounts as required by Revenue Bond Resolutions. Reserve balances included in the assets restricted under revenue bond resolutions investment accounts which are included in investments on the Statements of Net Position were as follows at June 30, 2019 and 2018:

	2019	2018
Capital reserve for debt service	$ 57,451,106	$ 52,045,514
Mortgage reserve for debt service and potential loan losses	1,182,300	1,118,629
Total	$ 58,633,406	$ 53,164,143

Tables reflecting mortgage bond activity during fiscal years 2019 and 2018 as well as general information about each bond issue follow:

	Net bonds outstanding June 30, 2017	Less Matured called, or redeemed	Issued	Net change unamortized bond premium (discount)	Net bonds outstanding June 30, 2018	Less Matured called, or redeemed	Issued	Net change unamortized bond premium (discount)	Net bonds outstanding June 30, 2019
Resolution 1 Series:									
1999A	$ (10,769)	$ -	$ -	$ -	$ (10,769)	$ -	$ -	$ 1,354	$ (9,415)
1999B	9,413	-	-	-	9,413	-	-	-	9,413
2000D	3,448	-	-	-	3,448	-	-	(3,448)	-
2007A	23,539	-	-	-	23,539	-	-	(23,539)	-
2007D	7,330,000	690,000	-	-	6,640,000	6,640,000	-	-	-
2009A	2,495,000	440,000	-	-	2,055,000	2,055,000	-	-	-
2009B	17,240,000	2,505,000	-	-	14,735,000	14,735,000	-	-	-
2010A	26,472,011	3,505,000	-	-	22,967,011	3,655,000	-	(184,571)	19,127,440
2010B	42,875,582	7,115,000	-	-	35,760,582	6,025,000	-	(313,919)	29,421,663
2011A	36,991,181	6,725,000	-	-	30,266,181	5,570,000	-	(302,633)	24,393,548
2011B	50,111,038	13,710,000	-	-	36,401,038	5,425,000	-	(278,555)	30,697,483
2011C	56,458,582	12,380,000	-	-	44,078,582	6,390,000	-	(167,560)	37,521,022
2012A	75,135,000	11,430,000	-	-	63,705,000	13,885,000	-	-	49,820,000
2013A	126,099,225	3,435,000	-	-	122,664,225	3,540,000	-	(261,821)	118,862,404
2014A	126,797,598	41,595,000	-	-	85,202,598	10,825,000	-	(162,744)	74,214,854
2014B	98,155,000	2,320,000	-	-	95,835,000	2,655,000	-	-	93,180,000
2015A	99,465,603	6,940,000	-	-	92,525,603	5,625,000	-	(127,779)	86,772,824
2015B	105,845,000	5,910,000	-	-	99,935,000	16,245,000	-	(203,401)	83,486,599
2016A	107,871,410	5,005,000	-	-	102,866,410	5,485,000	-	(158,428)	97,222,982
2016B	117,362,149	5,720,000	-	-	111,642,149	5,875,000	-	(131,770)	105,635,379
2017A	81,345,415	1,735,000	-	-	79,610,415	3,070,000	-	(93,318)	76,447,097
2017B	-	655,000	94,670,000	723,943	94,738,943	2,970,000	-	(141,471)	91,627,472
2017C	-	-	90,000,000	-	90,000,000	-	-	-	90,000,000
2018A	-	-	110,000,000	-	110,000,000	1,410,000	-	-	108,590,000
2018B	-	-	-	-	-	8,095,000	125,330,000	(123,724)	117,111,276
2019A	-	-	-	-	-	-	111,310,000	-	111,310,000
Total Resolution 1	1,178,075,425	131,815,000	294,670,000	723,943	1,341,654,368	130,175,000	236,640,000	(2,677,327)	1,445,442,041
Total all series	$ 1,178,075,425	$ 131,815,000	$ 294,670,000	$ 723,943	$ 1,341,654,368	$ 130,175,000	$ 236,640,000	$ (2,677,327)	$ 1,445,442,041

Original issue amounts, interest rates, and amounts outstanding as of June 30, 2019 and 2018 follow:

	Original issue amount	Interest rates	2019 Amount outstanding	2018 Amount outstanding
Resolution 1 Series:				
2007D	$ 60,000,000	4.9500 - 5.250%	$ -	$ 6,640,000
2009A	25,000,000	0.9500 - 5.375%	-	2,055,000
2009B	30,000,000	0.3500 - 4.625%	-	14,735,000
2010A	118,070,000	0.4000 - 5.000%	19,070,000	22,725,000
2010B	96,000,000	0.4500 - 5.000%	29,280,000	35,305,000
2011A	105,600,000	0.3750 - 5.000%	24,300,000	29,870,000
2011B	98,000,000	0.3000 - 4.000%	30,585,000	36,010,000
2011C	116,200,000	0.3500 - 4.125%	37,450,000	43,840,000
2012A	47,955,000	0.5300 - 4.050%	49,820,000	63,705,000
2013A	149,395,000	0.2000 - 3.900%	118,520,000	122,060,000
2014A	156,110,000	0.1500 - 4.700%	71,920,000	82,745,000
2014B	103,000,000	0.1500 - 3.650%	93,180,000	95,835,000
2015A	103,445,000	0.3500 - 3.800%	85,480,000	91,105,000
2015B	111,555,000	0.5000 - 3.875%	83,690,000	99,935,000
2016A	107,400,000	0.6500 - 3.500%	94,535,000	100,020,000
2016B	117,600,000	1.0000 - 3.500%	104,895,000	110,770,000
2017A	80,000,000	0.9400 - 4.100%	75,195,000	78,265,000
2017B	94,670,000	0.8000 - 4.000%	91,045,000	94,015,000
2017C	90,000,000	2.8500 - 3.750%	90,000,000	90,000,000
2018A	110,000,000	1.8000 - 4.000%	108,590,000	110,000,000
2018B	125,330,000	1.9000 - 4.200%	117,235,000	-
2019A	111,310,000	2.1250 - 3.700%	111,310,000	-
Total Resolution 1	2,156,640,000		1,436,100,000	1,329,635,000
Total Bonds	$ 2,156,640,000		1,436,100,000	1,329,635,000
Plus Unamortized Premium (Discount)			9,342,041	12,019,368
Net Bonds Payable			$1,445,442,041	$ 1,341,654,368

Future debt service requirements are set forth below:

Year ending June 30,	Future Debt Service Required		
	Resolution 1		
	Principal	Interest	Total
2020	$ 38,385,000	$ 48,618,370	$ 87,003,370
2021	42,755,000	47,385,290	90,140,290
2022	41,255,000	46,325,807	87,580,807
2023	39,950,000	45,245,807	85,195,807
2024	37,315,000	44,184,007	81,499,007
2025-2029	190,300,000	204,884,668	395,184,668
2030-2034	262,065,000	169,416,613	431,481,613
2035-2039	306,405,000	119,552,569	425,957,569
2040-2044	302,420,000	63,332,259	365,752,259
2045-2049	175,250,000	16,310,882	191,560,882
Totals	$ 1,436,100,000	$ 805,256,272	$ 2,241,356,272

Interest is payable on all bonds on June 1 and December 1 of each year. Various issues of bonds outstanding are all subject to mandatory redemptions. All bonds are callable by the Authority without penalty prior to their scheduled maturity under certain conditions. The Authority's management believes that they are in compliance as of June 30, 2019 and 2018.

Note 10 - Related party transactions

The Authority leases office space to DCA, a related party. This leasing agreement is renewable every year and is applicable for the date of July 1 through June 30. Rental income for the years ended June 30, 2019 and 2018 were $1,288,869 and $1,288,873, respectively.

Costs incurred by DCA for the administration of all Authority programs are reimbursed monthly by the Authority. The Authority has no employees and contracts DCA for all staffing needs. The Authority reimburses DCA for the services provided that include the cost of salaries, related benefits including pension, and other program expenses. For the years ended June 30, 2019 and 2018, reimbursement to DCA for the above described costs incurred on behalf of the Authority totaled $22,256,306 and $21,357,853, respectively.

Note 11 - Commitments and contingencies

The Authority participated in a number of Federal and State financial assistance programs. These programs are subject to independent financial and compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

In addition to specific program compliance requirements, the Authority is also required to comply with general compliance requirements and is subject to the provisions of Uniform Guidance.

Bond resolution

The Georgia Housing and Finance Authority is empowered to issue tax-exempt bonds under the 1976 General Resolution. The Authority's debt is serviced by the cash flow streams generated by the mortgages held in its portfolio, or if necessary, the Authority's revenues, money or assets legally available. The use of assets of the program is restricted by the resolution. Certain amounts in the program are restricted to the financing of housing or to the retirement of bonds according to established agreements. Bonds issued by GHFA do not constitute a debt of the State or a pledge of the faith or credit of the State and are solely the obligations of the Authority. GHFA's bond rating on the 1976 Resolution is currently AAA.

Financial contingencies

The Authority's business operations include significant lending and borrowing arrangements. Borrowings are made in the form of bonds. Proceeds from these bonds are mainly used to finance home mortgage loans to qualifying borrowers. The ultimate source of repayment of these borrowings and the related interest is return of principal and interest on the loans. The Authority invests proceeds from borrowings prior to their use. It also invests funds from repayments received on its loans. These investments usually consist of money market funds and various debt securities. The Authority generally does not invest in equity securities. Approximately 96% of the Authority's loans are insured and approximately 4% are uninsured. The Authority is subject to credit risks related to its cash balances and its investments in debt securities. It is also subject to the risk that the underlying value of the collateral on its uninsured loans declines. The Authority maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. Any deposits in excess of federally insured limits are collateralized by U.S. Government and Agency securities held by GBA Services Inc., a subsidiary of the Georgia Bankers Association in the State of Georgia Pledging Pool, in the State Treasurer's collateral pool for that institution, as defined. As of June 30, 2019, the Authority has not experienced any losses associated with these deposits. If the Authority were to incur significant losses in connection with the above cash balances and debt investments, it would impair the Authority's ability to service its debt obligations as they become due.

Additionally, as described above, the Authority has uninsured single-family mortgage loans of approximately $49,200,000 and $44,000,000 as of June 30, 2019 and 2018, respectively. All of these loans are for home mortgages in the State of Georgia. Current economic conditions in Georgia have a direct impact on foreclosures and the higher rate of loss on foreclosed loans. If the economy declines, one impact of these conditions could be a decline in housing values and an increase in unemployment and underemployment. The Authority could incur a higher rate of foreclosure and a higher rate of loss on foreclosed loans as a result of the impact of their economic factors and the decline in the value of its underlying collateral on uninsured loans. If the economy declines and, as a result, the Authority could experience a dramatic increase in foreclosures, it is possible that the combination of such an increase combined with lower housing prices could result in increased losses of loan assets that could have adverse impacts on the Authority's ability to repay its outstanding bonds.

Note 12 - Segment information

The Authority issued revenue bonds to finance the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the single-family program is included in the Supplementary Information.

Note 13 - Insured mortgages and net worth requirement

A significant portion of the Authority's mortgage loans are insured by FHA/VA. The Authority acts as a nonsupervised mortgagee in connection with these loans and, as such, is required to comply with certain mortgage lending guidelines as set forth in the applicable HUD regulations. Included in these guidelines is the requirement to maintain a minimum net worth requirement of $2,500,000 plus 0.2% of the total effective outstanding obligations. As of June 30, 2019 and 2018, the Authority was in compliance with these requirements.

Note 14 - Subsequent events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through September 11, 2019 and concluded that the following subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

The Authority is currently in the process of issuing 2019 Series B Single-Family Mortgage Bonds. The issue is estimated to be $138,690,000 and is expected to close on October 10, 2019.

Supplementary Information

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Schedule of Program Net Position
June 30, 2019

	Administrative Program	Single Family Mortgage Revenue Programs	AHI	EDFI	Federal & State Assistance Programs	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents and equity in pooled cash	$ 17,154,785	$ 107,854,155	$ 24,441,751	$ 9,385,453	$ 151,824,958	$ 310,661,102
Short-term investments	40,473,889	37,525,875	-	-	-	77,999,764
Mortgage loans receivable, current portion	-	33,697,271	-	-	-	33,697,271
Accrued interest receivable	525,988	8,901,403	4,821	554	220,823	9,653,589
Mortgage escrow deposits	67,552,355	-	-	-	-	67,552,355
Interfund receivable (payable)	(5,418,408)	545,984	(81,277)	96,372	4,857,329	-
Other current assets	15,012,066	2,080,211	50,486	-	-	17,142,763
Total current assets	135,300,675	190,604,899	24,415,781	9,482,379	156,903,110	516,706,844
NONCURRENT ASSETS						
Long-term investments, net	98,871,072	68,477,442	1,672,036	-	59,288,512	228,309,062
Mortgage loans receivable, net	1,240,911	1,250,887,621	-	-	568,637	1,252,697,169
Program loans receivable	-	-	-	-	576,070,134	576,070,134
Other loans receivable, net	58,659	-	794,444	-	11,704,044	12,557,147
Capital assets, net	2,914,049	-	-	-	-	2,914,049
Total noncurrent assets	103,084,691	1,319,365,063	2,466,480	-	647,631,327	2,072,547,561
Total assets	$ 238,385,366	$ 1,509,969,962	$ 26,882,261	$ 9,482,379	$ 804,534,437	$ 2,589,254,405

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Schedule of Program Net Position
June 30, 2019

	Administrative Program	Single Family Mortgage Revenue Programs	AHI	EDFI	Federal & State Assistance Programs	Total
LIABILITIES						
CURRENT LIABILITIES						
Mortgage bonds payable, current maturities	$ -	$ 38,385,000	$ -	$ -	$ -	$ 38,385,000
Accrued interest on bonds	-	4,369,270	-	-	-	4,369,270
Accounts payable and accrued expenses	2,939,710	1,058,191	192,484	26,678	79,075	4,296,138
Mortgage escrow deposits held	67,552,355	-	-	-	-	67,552,355
Revenue received in advance, current maturities	3,069,627	-	-	-	-	3,069,627
Program funds received in advance	2,792,760	-	21,589,367	8,404,390	213,401,278	246,187,795
Total current liabilities	76,354,452	43,812,461	21,781,851	8,431,068	213,480,353	363,860,185
NONCURRENT LIABILITIES						
Mortgage bonds payable, net	-	1,407,057,041	-	-	-	1,407,057,041
Refundable program grants	-	-	-	-	576,070,134	576,070,134
Revenue received in advance, net	19,710,295	-	-	-	-	19,710,295
Total non-current liabilities	19,710,295	1,407,057,041	-	-	576,070,134	2,002,837,470
Total liabilities	96,064,747	1,450,869,502	21,781,851	8,431,068	789,550,487	2,366,697,655
NET POSITION						
Invested in capital assets	2,914,049	-	-	-	-	2,914,049
Unrestricted	139,406,570	59,100,460	5,100,410	1,051,311	14,983,950	219,642,701
Total net position	142,320,619	59,100,460	5,100,410	1,051,311	14,983,950	222,556,750
Total liabilities and net position	$ 238,385,366	$ 1,509,969,962	$ 26,882,261	$ 9,482,379	$ 804,534,437	$ 2,589,254,405

See Independent Auditor's Report.

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Schedule of Program Revenues, Expenses, and Changes In Net Position
Year Ended June 30, 2019

	Administrative Program	Single Family Mortgage Revenue Programs	AHI	EDFI	Federal & State Assistance Programs	Total
OPERATING REVENUES						
Interest on loans	$ 49,464	$ 56,239,358	$ -	$ 713,390	$ 202,604	$ 57,204,816
Interest on investment	5,112,064	5,780,596	826,589	236,962	3,212,298	15,168,509
Net increase in fair value of investments	3,795,800	1,973,143	52,094	-	1,379,177	7,200,214
Administrative fees:						
Federal and state assistance programs	19,770,758	78,906	2,709,912	-	397,150	22,956,726
Single family trustee	2,954,644	-	-	-	-	2,954,644
Federal and state grant income	2,645,825	-	37,063,726	5,495,737	57,921,104	103,126,392
Other miscellaneous income	1,405,713	-	3,265,579	-	-	4,671,292
Total operating revenues	35,734,268	64,072,003	43,917,900	6,446,089	63,112,333	213,282,593
OPERATING EXPENSES						
Interest on bonds	-	46,140,188	-	-	-	46,140,188
Mortgage servicing	2,225,739	5,544,807	-	-	(40,211)	7,730,335
Administrative	18,253,263	2,968,633	2,657,817	290,800	449,430	24,619,943
Federal and state grant expense	-	-	40,329,305	5,495,737	58,078,573	103,903,615
Professional fees	641,626	1,349,565	40,000	-	-	2,031,191
Other	2,560,248	-	214,544	4,300	3,755	2,782,847
Total operating expenses	23,680,876	56,003,193	43,241,666	5,790,837	58,491,547	187,208,119
Change in net position	12,053,392	8,068,810	676,234	655,252	4,620,786	26,074,474
Net position at beginning of year	130,267,227	51,031,650	4,424,176	396,059	10,363,164	196,482,276
Operating transfers	-	-	-	-	-	-
Net position at end of year	$ 142,320,619	$ 59,100,460	$ 5,100,410	$ 1,051,311	$ 14,983,950	$ 222,556,750

See Independent Auditor's Report.

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Schedule of Adjusted Net Worth and
Ginnie Mae Required Net Worth
June 30, 2019

Adjusted net work calculation:	
Total net position per financial statements at June 30, 2019	$ 222,556,750
Less unacceptible assets for computation of adjusted net worth as set forth in Attachment A of the Audit Guide	-
Adjusted net worth at June 30, 2019 as defined by the Audit Guide	$ 222,556,750
Required net worth calculation:	
Unpaid principal balance and securities outstanding	$ -
Outstanding balance and commitments authority issued and requested	-
Total outstanding portfolio and authority	-
Required net worth	2,945,114
Total required net worth	$ 2,945,114
Excess (deficit) net worth (Adjusted net worth - required net worth)	$ 219,611,636

See Independent Auditor's Report.

Georgia Housing and Finance Authority
(a component unit of the State of Georgia)

Schedule of Required Insurance Calculation
June 30, 2019

Identification of Affiliated Ginnie Mae Issuers

Affiliated Ginnie Mae Issuers:
Georgia Housing and Finance Authority 58-1222605

Affiliated Issuers on same Insurance Policies:
None

Required Insurance Calculation

Servicing portfolio:	
Ginnie Mae	$ -
Fannie Mae	60,677,053
Conventional (other)	1,229,508,824
Ginnie Mae subservicing	-
Total servicing portfolio	$ 1,290,185,877
Required Fidelity Bond Coverage	$ 1,815,186
Required Mortgage Servicing Errors and Omissions Coverage	$ 1,815,186
Verification of Insurance Coverage	
Fidelity Bond Coverage	$ 1,856,076
Mortgage Servicing Errors and Omissions Coverage	$ 1,856,076
Excess Insurance Coverage	
Fidelity Bond Coverage	$ 40,890
Mortgage Servicing Errors and Omissions Coverage	$ 40,890
Ginnie Mae Loss Payable Endorsement	
Fidelity Bond Coverage	YES
Mortgage Servicing Errors and Omissions Coverage	YES

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