HORTON D R INC /DE/
Form 10-Q
April 30, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2019
Commission file number 1-14122

D.R. Horton, Inc.
(Exact name of registrant as specified in its charter)

Delaware	75-2386963
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1341 Horton Circle
Arlington, Texas 76011
(Address of principal executive offices) (Zip Code)

(817) 390-8200
(Registrant’s telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No ý

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.
Common stock, $.01 par value – 373,176,964 shares as of April 24, 2019

D.R. HORTON, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

D.R. HORTON, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2019	September 30, 2018
	(In millions)	
	(Unaudited)	
ASSETS		
Cash and cash equivalents	$698.8	$ 1,473.1
Restricted cash	32.4	32.9
Total cash, cash equivalents and restricted cash	731.2	1,506.0
Inventories:		
Construction in progress and finished homes	6,087.6	5,086.3
Residential land and lots — developed and under development	5,672.9	5,172.4
Land held for development	110.8	96.1
Land held for sale	49.0	40.2
Total inventory	11,920.3	10,395.0
Mortgage loans held for sale	796.5	796.4
Deferred income taxes, net of valuation allowance of $17.0 million and $17.7 million at March 31, 2019 and September 30, 2018, respectively	171.9	194.0
Property and equipment, net	437.9	401.1
Other assets	785.7	712.9
Goodwill	163.5	109.2
Total assets	$15,007.0	$ 14,114.6
LIABILITIES		
Accounts payable	$658.5	$ 624.7
Accrued expenses and other liabilities	1,192.1	1,127.5
Notes payable	3,622.4	3,203.5
Total liabilities	5,473.0	4,955.7
Commitments and contingencies (Note K)		
EQUITY		
Preferred stock, $.10 par value, 30,000,000 shares authorized, no shares issued	—	—
Common stock, $.01 par value, 1,000,000,000 shares authorized, 391,091,572 shares issued and 373,132,964 shares outstanding at March 31, 2019 and 388,120,243 shares issued and 376,261,635 shares outstanding at September 30, 2018	3.9	3.9
Additional paid-in capital	3,123.4	3,085.0
Retained earnings	6,771.6	6,217.9
Treasury stock, 17,958,608 shares and 11,858,608 shares at March 31, 2019 and September 30, 2018, respectively, at cost	(538.6)	(322.4)
Stockholders’ equity	9,360.3	8,984.4
Noncontrolling interests	173.7	174.5
Total equity	9,534.0	9,158.9
Total liabilities and equity	$15,007.0	$ 14,114.6

See accompanying notes to consolidated financial statements.

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D.R. HORTON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
	(In millions, except per share data) (Unaudited)			
Revenues	$4,128.7	$3,794.7	$7,647.7	$7,127.6
Cost of sales	3,256.7	2,961.6	6,007.8	5,541.8
Selling, general and administrative expense	444.2	400.9	847.0	785.1
Gain on sale of assets	(29.3)	(1.1)	(31.3)	(14.5)
Other (income) expense	(5.7)	(11.5)	(14.3)	(20.9)
Income before income taxes	462.8	444.8	838.5	836.1
Income tax expense	108.4	94.0	197.4	296.4
Net income	354.4	350.8	641.1	539.7
Net income (loss) attributable to noncontrolling interests	3.1	(0.2)	2.7	(0.6)
Net income attributable to D.R. Horton, Inc.	$351.3	$351.0	$638.4	$540.3
Basic net income per common share attributable to D.R. Horton, Inc.	$0.94	$0.93	$1.71	$1.44
Weighted average number of common shares	373.3	376.8	374.2	376.3
Diluted net income per common share attributable to D.R. Horton, Inc.	$0.93	$0.91	$1.68	$1.41
Adjusted weighted average number of common shares	377.7	383.9	378.9	383.8

See accompanying notes to consolidated financial statements.

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D.R. HORTON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Non-controlling Interests	Total Equity
	(In millions, except common stock share data)					
	(Unaudited)					
Balances at September 30, 2018 (376,261,635 shares)	$3.9	$3,085.0	$6,217.9	$(322.4)	$ 174.5	$9,158.9
Cumulative effect of adoption of ASC 606 (see Note A)	—	—	27.1	—	—	27.1
Net income	—	—	287.2	—	(0.5)	286.7
Exercise of stock options (806,817 shares)	—	8.6	—	—	—	8.6
Stock issued under employee benefit plans (273,608 shares)	—	—	—	—	—	—
Cash paid for shares withheld for taxes	—	(4.1)	—	—	—	(4.1)
Stock-based compensation expense	—	18.1	—	—	—	18.1
Cash dividends declared ($0.15 per share)	—	—	(56.0)	—	—	(56.0)
Repurchases of common stock (4,100,000 shares)	—	—	—	(140.6)	—	(140.6)
Distributions to noncontrolling interests	—	—	—	—	(0.5)	(0.5)
Balances at December 31, 2018 (373,242,060 shares)	$3.9	$3,107.6	$6,476.2	$(463.0)	$ 173.5	$9,298.2
Net income	—	—	351.3	—	3.1	354.4
Exercise of stock options (831,489 shares)	—	11.4	—	—	—	11.4
Stock issued under employee benefit plans (1,059,415 shares)	—	2.0	—	—	0.3	2.3
Cash paid for shares withheld for taxes	—	(15.4)	—	—	—	(15.4)
Stock-based compensation expense	—	17.8	—	—	—	17.8
Cash dividends declared ($0.15 per share)	—	—	(55.9)	—	—	(55.9)
Repurchases of common stock (2,000,000 shares)	—	—	—	(75.6)	—	(75.6)
Distributions to noncontrolling interests	—	—	—	—	(3.2)	(3.2)
Balances at March 31, 2019 (373,132,964 shares)	$3.9	$3,123.4	$6,771.6	$(538.6)	$ 173.7	$9,534.0

See accompanying notes to consolidated financial statements.

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D.R. HORTON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL EQUITY (Continued)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Non-controlling Interests	Total Equity
	(In millions, except common stock share data) (Unaudited)					
Balances at September 30, 2017 (374,986,079 shares)	$3.8	$2,992.2	$4,946.0	$(194.9)	$ 0.5	$7,747.6
Noncontrolling interests acquired	—	—	—	—	175.2	175.2
Net income	—	—	189.3	—	(0.5)	188.8
Exercise of stock options (916,913 shares)	0.1	14.7	—	—	—	14.8
Stock issued under employee benefit plans (290,974 shares)	—	—	—	—	—	—
Cash paid for shares withheld for taxes	—	(10.3)	—	—	—	(10.3)
Stock-based compensation expense	—	13.6	—	—	—	13.6
Cash dividends declared ($0.125 per share)	—	—	(47.1)	—	—	(47.1)
Repurchases of common stock (500,000 shares)	—	—	—	(25.4)	—	(25.4)
Distributions to noncontrolling interests	—	—	—	—	(1.8)	(1.8)
Balances at December 31, 2017 (375,693,966 shares)	$3.9	$3,010.2	$5,088.2	$(220.3)	$ 173.4	$8,055.4
Net income	—	—	351.0	—	(0.2)	350.8
Exercise of stock options (1,046,210 shares)	—	16.3	—	—	—	16.3
Stock issued under employee benefit plans (1,169,341 shares)	—	1.8	—	—	—	1.8
Stock-based compensation expense	—	17.4	—	—	—	17.4
Cash dividends declared ($0.125 per share)	—	—	(47.1)	—	—	(47.1)
Repurchases of common stock (500,000 shares)	—	—	—	(22.5)	—	(22.5)
Distributions to noncontrolling interests	—	—	—	—	(0.2)	(0.2)
Balances at March 31, 2018 (377,409,517 shares)	$3.9	$3,045.7	$5,392.1	$(242.8)	$ 173.0	$8,371.9

See accompanying notes to consolidated financial statements.

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D.R. HORTON, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended March 31,	
	2019	2018
	(In millions) (Unaudited)	
OPERATING ACTIVITIES		
Net income	$641.1	$539.7
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	34.1	33.1
Amortization of discounts and fees	5.1	2.4
Stock-based compensation expense	35.9	31.0
Equity in earnings of unconsolidated entities	(0.5)	(2.7)
Distributions of earnings of unconsolidated entities	0.5	0.2
Deferred income taxes	12.6	145.0
Inventory and land option charges	21.8	33.8
Gain on sale of assets	(31.3)	(14.5)
Changes in operating assets and liabilities:		
Increase in construction in progress and finished homes	(755.2)	(514.5)
Increase in residential land and lots – developed, under development, held for development and held for sale	(445.6)	(271.5)
(Increase) decrease in other assets	(39.9)	4.4
Increase in mortgage loans held for sale	—	(70.7)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	59.7	(14.5)
Net cash used in operating activities	(461.7)	(98.8)
INVESTING ACTIVITIES		
Expenditures for property and equipment	(69.8)	(39.5)
Proceeds from sale of assets	83.8	253.4
Expenditures related to multi-family rental properties	(28.3)	(39.5)
Return of investment in unconsolidated entities	4.4	15.1
Net principal increase of other mortgage loans and real estate owned	(1.6)	—
Payments related to business acquisitions, net of cash acquired	(309.6)	(158.1)
Net cash (used in) provided by investing activities	(321.1)	31.4
FINANCING ACTIVITIES		
Proceeds from notes payable	1,815.0	1,913.6
Repayment of notes payable	(1,531.0)	(1,752.5)
Advances on mortgage repurchase facility, net	53.0	69.8
Proceeds from stock associated with certain employee benefit plans	22.3	32.7
Cash paid for shares withheld for taxes	(19.5)	(10.3)
Cash dividends paid	(111.9)	(94.1)
Repurchases of common stock	(216.2)	(47.9)
Distributions to noncontrolling interests, net	(3.7)	(2.0)
Net cash provided by financing activities	8.0	109.3
Net (decrease) increase in cash, cash equivalents and restricted cash	(774.8)	41.9
Cash, cash equivalents and restricted cash at beginning of period	1,506.0	1,024.3
Cash, cash equivalents and restricted cash at end of period	$731.2	$1,066.2
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES:		

Notes payable issued for inventory	$80.8	$—
Stock issued under employee incentive plans	$49.0	$63.4
Accrual for holdback payment related to acquisition	$16.3	$—

See accompanying notes to consolidated financial statements.

D.R. HORTON, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
March 31, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying unaudited, consolidated financial statements include the accounts of D.R. Horton, Inc. and all of its 100% owned, majority-owned and controlled subsidiaries, which are collectively referred to as the Company, unless the context otherwise requires. Noncontrolling interests represent the proportionate equity interests in consolidated entities that are not 100% owned by the Company. The Company owns a 75% controlling interest in Forestar Group Inc. (Forestar) and therefore is required to consolidate 100% of Forestar within its consolidated financial statements, and the 25% interest the Company does not own is accounted for as noncontrolling interests. All intercompany accounts, transactions and balances have been eliminated in consolidation.

The financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, these financial statements reflect all adjustments considered necessary to fairly state the results for the interim periods shown, including normal recurring accruals and other items. These financial statements, including the consolidated balance sheet as of September 30, 2018, which was derived from audited financial statements, do not include all of the information and notes required by GAAP for complete financial statements and should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's annual report on Form 10-K for the fiscal year ended September 30, 2018.

Changes in Presentation and Reclassifications

In connection with the adoption of Accounting Standards Update (ASU) 2016-18 in fiscal 2019, restricted cash is now included with cash and cash equivalents when reconciling beginning and ending amounts in the consolidated statements of cash flows. Prior period amounts have been reclassified to conform to the current year presentation, resulting in a decrease in cash used in investing activities of $38.9 million for the six months ended March 31, 2018.

In August 2018, the Securities and Exchange Commission (SEC) issued Final Rule Release No. 33-10532, "Disclosure Update and Simplification," which makes a number of changes meant to simplify interim disclosures. In complying with the relevant aspects of the rule within the current year quarterly reports, the Company has removed the presentation of cash dividends declared per common share from the statements of operations and has added the consolidated statements of total equity.

Certain other prior period amounts have been reclassified to conform to the current year presentation.

Adoption of New Accounting Standard

On October 1, 2018, the Company adopted Accounting Standards Codification 606, "Revenue from Contracts with Customers" (ASC 606), which is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services and satisfaction of performance obligations to a customer in an amount that reflects the consideration expected to be received in exchange for those goods or services. The Company applied the modified retrospective method to contracts that were not completed as of October 1, 2018. Results for the reporting period beginning after October 1, 2018 are presented under ASC 606, while prior period amounts were not adjusted and will continue to be reported under the previous accounting standards. The Company recorded an increase to retained earnings of $27.1 million, net of tax, as of October 1, 2018, due to the cumulative effect of adopting ASC 606, which was primarily related to the recognition of contract assets totaling $32.4 million for insurance brokerage commission renewals. Under ASC 606, the Company recognizes revenue and a contract asset for estimated future renewals of these policies upon issuance of the initial policy, the date at which the performance obligation is satisfied. There was not a material impact to revenues as a result of applying ASC 606 for the three and six months ended March 31, 2019, and there have not been significant changes to the Company’s business processes, systems, or internal controls as a result of implementing the standard.

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Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions 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 materially from those estimates.

Seasonality

Historically, the homebuilding industry has experienced seasonal fluctuations; therefore, the operating results for the three and six months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2019 or subsequent periods.

Revenue Recognition

Homebuilding revenue and related profit are generally recognized at the time of the closing of a sale, when title to and possession of the property are transferred to the buyer. The Company's performance obligation, to deliver the agreed-upon home, is generally satisfied in less than one year from the original contract date. Proceeds from home closings held for the Company's benefit at title companies are included in homebuilding cash and cash equivalents in the consolidated balance sheets.

The Company rarely purchases land for resale, but periodically may elect to sell parcels of land that no longer fit into its strategic operating plans. Cash consideration from land sales is typically due on the closing date, which is generally when performance obligations are satisfied.

Financial services revenues associated with the Company's title operations are recognized as closing services are rendered and title insurance policies are issued, both of which generally occur simultaneously as each home is closed. The Company transfers substantially all underwriting risk associated with title insurance policies to third-party insurers. The Company typically elects the fair value option for its mortgage loan originations. Mortgage loans held for sale are initially recorded at fair value based on either sale commitments or current market quotes and are adjusted for subsequent changes in fair value until the loans are sold. Net origination costs and fees associated with mortgage loans are recognized at the time of origination. The expected net future cash flows related to the associated servicing of a loan are included in the measurement of all written loan commitments that are accounted for at fair value through earnings at the time of commitment. The Company sells substantially all of the mortgages it originates and the related servicing rights to third-party purchasers. Interest income is earned from the date a mortgage loan is originated until the loan is sold.

The Company collects insurance commissions on homeowner policies placed with third party carriers through its wholly owned insurance agency. The Company recognizes revenue and a contract asset for estimated future renewals of these policies upon issuance of the initial policy, the date at which the performance obligation is satisfied.

Business Acquisitions

During the first quarter of fiscal 2019, the Company acquired the homebuilding operations of Westport Homes, Classic Builders and Terramor Homes for $325.9 million. The assets acquired included approximately 700 homes in inventory, 4,500 lots and control of approximately 4,300 additional lots through land purchase contracts. The Company also acquired a sales order backlog of approximately 700 homes. Westport Homes operates in Indianapolis and Fort Wayne, Indiana, and Columbus, Ohio; Classic Builders operates in Des Moines, Iowa; and Terramor Homes operates in Raleigh, North Carolina.

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The Company's allocation of the aggregate purchase price to the assets and liabilities acquired through these transactions is not finalized and is subject to revision as additional information becomes available and more detailed analyses are completed. The preliminary allocation of the purchase price to the assets and liabilities acquired is as follows (in millions):

Inventories	$265.5
Other assets	23.3
Goodwill	54.3
Intangible assets	8.6
Other liabilities	(25.8)
Net assets acquired	$325.9

As a result of these transactions, the Company's preliminary estimate of goodwill is $54.3 million, of which $49.7 million was allocated to the Midwest region and $4.6 million was allocated to the East region. The goodwill is tax deductible and relates to expected synergies from expanding the Company's market presence in its Midwest and East regions, the experienced and knowledgeable workforce of these entities and their capital efficient operating processes. The intangible assets will be amortized on a straight-line basis to selling, general and administrative (SG&A) expense over their expected lives, which range from one to three years.

Pending Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, "Leases," which requires that lease assets and liabilities be recognized on the balance sheet and that key information about leasing arrangements be disclosed. The guidance is effective for the Company beginning October 1, 2019, although early adoption is permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial position, results of operations and cash flows.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses," which replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information in determining credit loss estimates. The guidance is effective for the Company beginning October 1, 2020 and is not expected to have a material impact on its consolidated financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU 2017-04, "Intangibles - Goodwill and Other," which simplifies the measurement of goodwill impairment by removing the second step of the goodwill impairment test and requires the determination of the fair value of individual assets and liabilities of a reporting unit. Under the new guidance, goodwill impairment is measured as the amount by which a reporting unit's carrying amount exceeds its fair value with the loss recognized limited to the total amount of goodwill allocated to the reporting unit. The guidance is effective for the Company beginning October 1, 2020 and is not expected to have a material impact on its consolidated financial position, results of operations or cash flows.

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D.R. HORTON, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)
March 31, 2019

NOTE B – SEGMENT INFORMATION

The Company is a national homebuilder that is primarily engaged in the acquisition and development of land and the construction and sale of residential homes, with operations in 84 markets in 29 states across the United States. The Company's operating segments are its 51 homebuilding divisions, its majority-owned Forestar residential lot development operations, its financial services operations and its other business activities. The Company's reporting segments are its homebuilding reporting segments, its Forestar land development segment and its financial services segment. The homebuilding operating segments are aggregated into the following six reporting segments: East, Midwest, Southeast, South Central, Southwest and West. These reporting segments have homebuilding operations located in the following states:

East:	Delaware, Georgia (Savannah only), Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina and Virginia
Midwest:	Colorado, Illinois, Indiana, Iowa, Minnesota and Ohio
Southeast:	Alabama, Florida, Georgia, Mississippi and Tennessee
South Central:	Louisiana, Oklahoma and Texas
Southwest:	Arizona and New Mexico
West:	California, Hawaii, Nevada, Oregon, Utah and Washington

The Company's homebuilding divisions design, build and sell single-family detached homes on lots they develop and on fully developed lots purchased ready for home construction. To a lesser extent, the homebuilding divisions also build and sell attached homes, such as townhomes, duplexes and triplexes. Most of the revenue generated by the Company's homebuilding operations is from the sale of completed homes and to a lesser extent from the sale of land and lots.

The Forestar segment is a residential lot development company with operations in 41 markets and 17 states. The Company's homebuilding divisions and Forestar are identifying land development opportunities to expand Forestar's platform, and the homebuilding divisions are acquiring finished lots from Forestar in accordance with the master supply agreement between the two companies. Forestar's segment results are presented on their historical cost basis, consistent with the manner in which management evaluates segment performance.

The Company's financial services segment provides mortgage financing and title agency services to homebuyers in many of the Company's homebuilding markets. The segment generates the substantial majority of its revenues from originating and selling mortgages and collecting fees for title insurance agency and closing services. The Company sells substantially all of the mortgages it originates and the related servicing rights to third-party purchasers.

In addition to its homebuilding, Forestar and financial services operations, the Company has subsidiaries that engage in other business activities. These subsidiaries conduct insurance-related operations, construct and own income-producing rental properties, own non-residential real estate including ranch land and improvements and own and operate oil and gas related assets. One of these subsidiaries, DHI Communities, constructs multi-family rental properties and has four projects under active construction and two projects that are substantially complete at March 31, 2019. In January 2019, DHI Communities sold its first multi-family rental property for $73.4 million and recorded a gain on the sale of $29.3 million, which is included in the consolidated statements of operations for the three and six months ended March 31, 2019. At March 31, 2019 and September 30, 2018, the consolidated balance sheets included $170.2 million and $173.2 million, respectively, of assets related to DHI Communities. The operating results of these subsidiaries are immaterial for separate reporting and therefore are grouped together and presented as other.

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D.R. HORTON, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)
March 31, 2019

The accounting policies of the reporting segments are described throughout Note A included in the Company's annual report on Form 10-K for the fiscal year ended September 30, 2018. Financial information relating to the Company's reporting segments is as follows:

	March 31, 2019						
	Homebuilding	Forestar (1)	Financial Services	Other (2)	Eliminations (3)	Other Adjustments (4)	Consolidated
	(In millions)						
Assets							
Cash and cash equivalents	$557.3	$66.4	$61.1	$14.0	$ —	$ —	$698.8
Restricted cash	9.4	15.7	7.3	—	—	—	32.4
Inventories:							
Construction in progress and finished homes	6,086.1	—	—	—	1.5	—	6,087.6
Residential land and lots — developed and under development	4,879.4	803.0	—	—	(22.1)	12.6	5,672.9
Land held for development	62.3	48.5	—	—	—	—	110.8
Land held for sale	49.0	—	—	—	—	—	49.0
	11,076.8	851.5	—	—	(20.6)	12.6	11,920.3
Mortgage loans held for sale	—	—	796.5	—	—	—	796.5
Deferred income taxes, net	155.0	22.9	—	—	1.5	(7.5)	171.9
Property and equipment, net	220.2	2.4	3.4	211.9	—	—	437.9
Other assets	732.8	26.0	52.1	37.4	(75.2)	12.6	785.7
Goodwill	134.3	—	—	—	—	29.2	163.5
	$12,885.8	$984.9	$920.4	$263.3	$ (94.3)	$ 46.9	$15,007.0
Liabilities							
Accounts payable	$631.7	$16.1	$9.4	$3.0	$ (1.7)		