MISSISSIPPI HOME CORPORATION

Audited Financial Statements

Year Ended June 30, 2015

CONTENTS

HORNE
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mississippi Home Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Mississippi Home Corporation (the "Corporation") (an instrumentality of the State of Mississippi) as of June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corporation'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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 audit 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 Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation as of June 30, 2015, and the respective changes in its net position and its cash flows for the year 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 12 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary schedules presented on pages 36 through 52 are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

These supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared 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 supplementary 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 October 9, 2015, on our consideration of the Corporation'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Horne LLP

Ridgeland, Mississippi
October 9, 2015

This Management's Discussion and Analysis ("MD&A") seeks to provide readers with a narrative overview of Mississippi Home Corporation's (the "Corporation") financial activities for the fiscal years ended June 30, 2015 and 2014. This MD&A should be read in conjunction with the accompanying basic combined financial statements and notes thereto, as well as our independent auditor's report thereon.

Required Basic Financial Statements

The required basic combined financial statements of the Corporation report information about the Corporation using accounting methods similar to those used by private sector companies. These statements offer information about the Corporation's activities. The combined statement of net position includes all of the Corporation's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Corporation's creditors (liabilities). The assets are presented in order of liquidity, and liabilities are presented in order of nearness to payment.

All of the reporting period's revenues and expenses are accounted for in the combined statement of revenues, expenses and changes in net position. This statement measures the activities of the Corporation's operations and can be used to determine whether the Corporation has successfully recovered all its costs through its services provided.

The final required financial statement is the combined statement of cash flows. The primary purpose of this statement is to provide information about the Corporation's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operating, investing, non-capital financing and financing activities and provide information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

Financial Highlights – 2015

- Total assets and deferred outflows of resources decreased $32.1 million or 5.5 percent
- Total liabilities and deferred inflows of resources decreased $23.2 million or 4.9 percent
- Cash and investments decreased $34.1 million or 6.4 percent
- Bonds payable decreased $31.0 million or 7.4 percent
- Total net position decreased $9.0 million or 8.1 percent, including a $3.2 million decrease in the fair value of investments
- Total operating revenues (excluding fair value adjustments) decreased $0.5 million or 0.9 percent
- Total operating expenses increased $2.0 million or 4.1 percent
- Low income housing tax credit program revenues decreased $1.4 million or 46.1 percent
- Interest income decreased $3.9 million or 16.1 percent
- Interest expense decreased $3.8 million or 20.0 percent
- Grant fund revenues increased $4.1 million or 17.5 percent

- Grant fund expenses increased $4.1 million or 19.1 percent
- Operating income (excluding fair value adjustments) decreased $2.4 million or 74.1 percent

The following table summarizes the changes in the Corporation's assets, liabilities, and net position that occurred during the fiscal year ended June 30, 2015:

						Change	
		2015		**2014**		**Dollars**	**%**
Cash and cash equivalents:							
Restricted	$	77,430,027	$	31,627,107	$	45,802,920	144.8%
Unrestricted		1,934,892		5,854,970		(3,920,078)	-67.0%
Investments, at fair value		422,900,430		498,903,070		(76,002,640)	-15.2%
Mortgage loans, net		38,646,598		36,644,907		2,001,691	5.5%
Other assets		7,120,109		8,046,345		(926,236)	-11.5%
Total assets		548,032,056		581,076,399		(33,044,343)	-5.7%
Deferred outflow of resources		1,827,731		920,137		907,594	98.6%
Total assets and deferred outflow of resources	$	549,859,787	$	581,996,536	$	(32,136,749)	-5.5%
Bonds payable, net	$	388,236,887	$	419,260,991	$	(31,024,104)	-7.4%
Notes payable		1,744,166		1,893,724		(149,558)	-7.9%
Low income housing tax credit program unearned revenues		20,842,854		21,508,355		(665,501)	-3.1%
Grant fund unearned revenues		27,293,120		26,125,197		1,167,923	4.5%
All other liabilities		9,653,670		3,111,826		6,541,844	210.2%
Total liabilities		447,770,697		471,900,093		(24,129,396)	-5.1%
Deferred inflow of resources		978,975		26,598		952,377	3,580.6%
Total liabilities and deferred inflow of resources	$	448,749,672	$	471,926,691	$	(23,177,019)	-4.9%
Net investments in capital assets	$	2,091,420	$	1,861,822	$	229,598	12.3%
Restricted net position		73,387,916		65,635,136		7,752,780	11.8%
Unrestricted net position		25,630,779		42,572,887		(16,942,108)	-39.8%
Total net position	$	101,110,115	$	110,069,845	$	(8,959,730)	-8.1%

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The following table summarizes the changes in the Corporation's operating revenues and expenses, before fair value adjustments, for the fiscal year ended June 30, 2015:

			Change	
	2015	**2014**	**Dollars**	**%**
Interest on mortgage-backed Securities	$ 18,382,909	$ 22,088,847	$ (3,705,938)	-16.8%
Interest on cash and other investments	1,156,697	1,292,716	(136,019)	-10.5%
Interest on mortgage loans	521,325	542,177	(20,852)	-3.8%
Low income housing tax credits	1,657,118	3,074,057	(1,416,939)	-46.1%
Gain on sale of mortgage-backed Securities	-	19,345	(19,345)	-100.0%
Grant fund revenues	27,284,577	23,227,238	4,057,339	17.5%
All other revenues	1,613,012	820,843	792,169	96.5%
Total operating revenues	50,615,638	51,065,223	(449,585)	-0.9%
Interest expense	15,329,242	19,153,341	(3,824,099)	-20.0%
Bond issuance costs	763,919	-	763,919	100.0%
Salaries and benefits	4,400,287	4,466,708	(66,421)	-1.5%
Grant fund expenses	25,883,297	21,740,572	4,142,725	19.1%
All other expenses	3,391,669	2,433,450	958,219	39.4%
Total operating expenses	49,768,414	47,794,071	1,974,343	4.1%
Operating income before fair value adjustments	$ 847,224	$ 3,271,152	$ (2,423,928)	-74.1%

The Corporation reported total assets and deferred outflow of resources of $549.9 million at June 30, 2015. This represented a decrease of $32.1 million compared to June 30, 2014. Total liabilities and deferred inflow of resources for the same period decreased $23.2 million while total net position decreased $9.0 million.

Cash and cash equivalents increased $41.9 million to $79.4 million at June 30, 2015 compared to June 30, 2014. The increase was due primarily to proceeds received from the issuance of revenue refunding bonds on June 30, 2015.

Investments decreased $76.0 million to $422.9 million at June 30, 2015 compared to June 30, 2014. The decrease was the result of scheduled payments and prepayments of mortgage-backed securities in the mortgage revenue bond program as a result of homeowners refinancing their mortgages as well as loans being purchased out of the mortgage-backed securities due to loan restructurings.

The decrease in total liabilities of $24.1 million in 2015 was attributable primarily to:

- A net decrease in bonds payable of $31.0 million resulting from the following factors:
    - Calls resulting from the mortgage-backed securities prepayments described in the preceding paragraph; offset by
    - Issuance of revenue refunding bonds;
- An increase in all other liabilities of $6.5 million primarily related to the implementation of GASB 68 (accounting and financial reporting for pensions), resulting in a net position liability of $6.7 million; and
- An increase in grant fund unearned revenues of $1.2 million

Unearned grant fund revenues represent funds that have been received by the Corporation that have yet to be disbursed, as well as certain mortgage loans originated from federal grant funds. The Hardest Hit Fund is a program created by the U.S. Treasury to provide funding for state Housing Finance Authorities to develop locally-tailored foreclosure prevention solutions in areas that have been hit hard by high unemployment and home price declines.

The increase in deferred outflow of resources and deferred inflow of resources of $0.9 million is primarily related to the implementation of GASB 68 (accounting and financial reporting for pensions), resulting in deferred pension outflow of $1.0 million and deferred pension inflow of $1.0 million.

Total operating revenues before fair value adjustments for fiscal year 2015 were $51.0 million compared to $51.1 million for fiscal year 2014. The decrease in operating revenues was attributable primarily to the net of two factors:

- A decrease in interest income of $3.7 million which resulted from an overall lower level of earning assets; offset by
- An increase in "flow-through" revenues of $4.1 million from the Corporation's management of federal grant programs.

Total operating expenses were $49.8 million in fiscal year 2015, up from $47.8 million in fiscal year 2014. The increase in operating expenses was attributable primarily to the net of two factors:

- A decrease in interest expense of $3.8 million which resulted from a lower level of bonds payable; offset by
- An increase in "flow-through" expenses of $4.1 million from the Corporation's management of federal grant programs; and
- An increase in bond issuance costs of $0.8 million for the issuance of revenue refunding bonds.

As a result of the above factors, operating income before fair value adjustments was $0.8 million in 2015 compared to $3.3 million in 2014.

Financial Highlights – 2014

- Total assets decreased $99.4 million or 14.6 percent
- Total liabilities decreased $102.8 million or 17.9 percent
- Cash and investments decreased $100.6 million or 15.8 percent
- Bonds payable decreased $100.4 million or 19.3 percent
- Total net position increased $3.4 million or 3.2 percent, including a $0.1 million increase in the fair value of investments
- Total operating revenues (excluding fair value adjustments) decreased $1.3 million or 2.5 percent
- Total operating expenses decreased $1.7 million or 3.5 percent
- Low income housing tax credit program revenues increased $0.4 million or 14.2 percent
- Interest income decreased $7.0 million or 22.6 percent
- Interest expense decreased $7.1 million or 27.0 percent
- Grant fund revenues increased $5.3 million or 29.8 percent
- Grant fund expenses increased $5.2 million or 31.1 percent
- Operating income (excluding fair value adjustments) increased $0.4 million or 13.8 percent

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The following table summarizes the changes in the Corporation's assets, liabilities, and net position that occurred during the fiscal year ended June 30, 2014:

			Change	
	2014	**2013**	**Dollars**	**%**
Cash and cash equivalents:				
Restricted	$ 31,627,107	$ 44,755,467	$ (13,128,360)	-29.3%
Unrestricted	5,854,970	4,652,123	1,202,847	25.9%
Investments, at fair value	498,903,070	587,600,812	(88,697,742)	-15.1%
Mortgage loans, net	36,644,907	36,880,916	(236,009)	-0.6%
Other assets	8,046,345	6,551,672	1,494,673	22.8%
Total assets	581,076,399	680,440,990	(99,364,591)	-14.6%
Deferred outflow of resources	920,137	1,040,582	(120,445)	-11.6%
Total assets and deferred outflow of resources	$ 581,996,536	$ 681,481,572	$ (99,485,036)	-14.6%
Bonds payable, net	$ 419,260,991	$ 519,618,117	$ (100,357,126)	-19.3%
Notes payable	1,893,724	1,893,724	-	0.0%
Low income housing tax credit program unearned revenues	21,508,355	20,545,835	962,520	4.7%
Grant fund unearned revenues	26,125,197	29,212,621	(3,087,424)	-10.6%
All other liabilities	3,111,826	3,473,122	(361,296)	-10.4%
Total liabilities	471,900,093	574,743,419	(102,843,326)	-17.9%
Deferred inflow of resources	26,598	41,319	(14,721)	-35.6%
Total liabilities and deferred inflow of resources	$ 471,926,691	$ 574,784,738	$ (102,858,047)	-17.9%
Net investments in capital assets	$ 1,861,822	$ 2,054,363	$ (192,541)	-9.4%
Restricted net position	65,635,136	64,198,255	1,436,881	2.2%
Unrestricted net position	42,572,887	40,444,216	2,128,671	5.3%
Total net position	$ 110,069,845	$ 106,696,834	$ 3,373,011	3.2%

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The following table summarizes the changes in the Corporation's operating revenues and expenses, before fair value adjustments, for the fiscal year ended June 30, 2014:

			Change	
	2014	**2013**	**Dollars**	**%**
Interest on mortgage-backed securities	$ 22,088,847	$ 28,062,205	$ (5,973,358)	-21.3%
Interest on cash and other investments	1,292,716	2,268,574	(975,858)	-43.0%
Interest on mortgage loans	542,177	561,949	(19,772)	-3.5%
Low income housing tax credits	3,074,057	2,692,615	381,442	14.2%
Gain on sale of mortgage-backed Securities	19,345	148,077	(128,732)	-86.9%
Grant fund revenues	23,227,238	17,896,937	5,330,301	29.8%
All other revenues	820,843	755,164	65,679	8.7%
Total operating revenues	51,065,223	52,385,521	(1,320,298)	-2.5%
Interest expense	19,153,341	26,228,428	(7,075,087)	-27.0%
Bond issuance costs	-	533,688	(533,688)	-100.0%
Salaries and benefits	4,466,708	4,158,125	308,583	7.4%
Grant fund expenses	21,740,572	16,584,144	5,156,428	31.1%
All other expenses	2,433,450	2,006,198	427,252	21.3%
Total operating expenses	47,794,071	49,510,583	(1,716,512)	-3.5%
Operating income before fair value adjustments	$ 3,271,152	$ 2,874,938	$ 396,214	13.8%

The Corporation reported total assets of $581.1 million at June 30, 2014. This represented a decrease of $99.4 million compared to June 30, 2013. Total liabilities for the same period decreased $102.8 million while total net position increased $3.4 million.

Cash and cash equivalents decreased $11.9 million to $37.5 million at June 30, 2014 compared to June 30, 2013. The decrease was due primarily to bond principal repayments and a decrease in cash related to the Hardest Hit Fund.

Investments decreased $88.7 million to $499.0 million at June 30, 2014 compared to June 30, 2013. The decrease was the result of scheduled payments and prepayments of mortgage-backed securities in the mortgage revenue bond program as a result of homeowners refinancing their mortgages as well as loans being purchased out of the mortgage-backed securities due to loan restructurings.

The decrease in total liabilities of $102.8 million in 2014 was attributable primarily to a decrease in bonds payable of $100.4 million due to calls resulting from the mortgage-backed securities prepayments described in the preceding paragraph and a decrease in grant fund unearned revenues of $3.1 million related to the Hardest Hit Fund.

Unearned grant fund revenues represent funds that have been received by the Corporation that have yet to be disbursed, as well as certain mortgage loans originated from federal grant funds. The Hardest Hit Fund is a program created by the U.S. Treasury to provide funding for state Housing Finance Authorities to develop locally-tailored foreclosure prevention solutions in areas that have been hit hard by high unemployment and home price declines.

Total operating revenues before fair value adjustments for fiscal year 2014 were $51.1 million compared to $52.4 million for fiscal year 2013. The decrease in operating revenues was attributable primarily to the net of two factors:

- A decrease in interest income of $7.0 million which resulted from an overall lower level of earning assets, as well as the effect of terminating certain guaranteed investment contracts in the mortgage revenue bond program in 2013; offset by
- An increase in "flow-through" revenues of $5.3 million from the Corporation's management of federal grant programs.

Total operating expenses were $47.8 million in fiscal year 2014, down from $50.0 million in fiscal year 2013. The decrease in operating expenses was attributable primarily to the net of two factors:

- A decrease in interest expense of $7.1 million which resulted from a lower level of bonds payable; offset by
- An increase in "flow-through" expenses of $5.2 million from the Corporation's management of federal grant programs.

As a result of the above factors, operating income before fair value adjustments was $3.3 million in 2014 compared to $2.9 million in 2013.

Debt Administration

The Corporation sells bonds to investors in order to raise capital. These bonds are marketable securities backed by mortgage loans on residential properties. The Corporation's bond issues require cash reserves along with mortgage insurance and other safeguards in addition to the mortgage on the property being financed, all of which gives the investor or bondholder additional assurance that the issuer, in this case the Corporation, will repay the bonds.

Economic Factors

The primary business activity of the Corporation is funding the purchase of single-family home mortgages. The Corporation's mortgage financing activities are sensitive to the level of interest rates, the spread between the rate available on the Corporation's loans and the rates available in the conventional mortgage markets and the availability of affordable housing. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Corporation to continue its mortgage financing activities.

Contact Information

This financial report is designed to provide a general overview of the Corporation's finances for all those with interest. Questions concerning any of the information contained in this report or requests for any additional information should be addressed to the Chief Financial Officer at Mississippi Home Corporation, 735 Riverside Drive, Jackson, Mississippi 39202 or via our website at www.mshomecorp.com.

MISSISSIPPI HOME CORPORATION
Combined Statement of Net Position
June 30, 2015

		2015
ASSETS		
Current assets:		
Cash and cash equivalents		
Cash	$	1,444,170
Restricted cash		52,872,888
Cash equivalents		490,722
Restricted cash equivalents		24,557,139
Total cash and cash equivalents		79,364,919
Accrued interest receivable		1,690,253
Total current assets		81,055,172
Noncurrent assets:		
Investments, at fair value		422,900,430
Mortgage loans receivable, net of allowance for loan losses ($1,821,272)		38,646,598
Other assets		5,429,856
Total noncurrent assets		466,976,884
Total assets		548,032,056
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on refunding		829,747
Deferred pension outflow		997,984
Total deferred outflow of resources		1,827,731
Total assets and deferred outflow of resources	$	549,859,787
LIABILITIES		
Current liabilities:		
Bonds payable, net	$	56,030,401
Notes payable		68,197
Accrued interest payable		1,111,327
Total current liabilities		57,209,925
Noncurrent liabilities:		
Bonds payable, net		332,206,486
Notes payable		1,675,969
Low income housing tax credit program unearned revenues		20,842,854
Grant fund unearned revenues		27,293,120
Net pension liability		6,661,791
Other liabilities and accrued expenses		1,880,552
Total noncurrent liabilities		390,560,772
Total liabilities		447,770,697
DEFERRED INFLOW OF RESOURCES		
Interest rate swap		13,299
Deferred pension inflow		965,676
Total deferred inflow of resources		978,975
Total liabilities and deferred inflow of resources	$	448,749,672
NET POSITION		
Net investments in capital assets	$	2,091,420
Restricted		73,387,916
Unrestricted		25,630,779
Total net position	$	101,110,115

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION

Combined Statements of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2015

	2015
Operating revenues:	
Interest income:	
Cash and cash equivalents	$ 11,839
Mortgage-backed securities	18,382,909
Other investments	1,144,858
Mortgage loans	521,325
Total interest income	20,060,931
Net decrease in fair value of investments	(3,246,147)
Low income housing tax credit program	1,657,118
Grant fund revenues	27,284,577
Program fees	1,061,698
Other income	551,314
Total operating revenues	47,369,491
Operating expenses:	
Interest expense	15,329,242
Bond issuance costs	763,919
Salaries and related benefits	4,400,287
Grant fund expenses	25,883,297
Provision for mortgage loan losses	565,386
Other	2,826,283
Total operating expenses	49,768,414
Operating loss	(2,398,923)
Net position, beginning of year	103,509,038
Net position, end of year	$ 101,110,115

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION
Combined Statements of Cash Flows
For the Year Ended June 30, 2015

		2015
Cash flows from operating activities:		
Loan principal payments received	$	2,009,690
Loan interest payments received		523,640
Loan disbursements		(4,152,618)
Payments to employees		(4,354,179)
Down payment assistance disbursements		(389,446)
Grant funds expended		(24,371,712)
Payments to vendors		(1,708,061)
Fee income received		1,730,729
Grant funds received		27,111,678
Other income received		875,009
Net cash used in operating activities		(2,725,270)
Cash flows from noncapital financing activities:		
Proceeds from issuance of bonds		58,000,000
Principal repayment of bonds		(88,992,446)
Principal repayment of notes		(149,558)
Reaquisition costs paid on bond refunding		(31,740)
Interest paid		(15,576,183)
Bond issuance costs paid		(651,343)
Net cash used in noncapital financing activities		(47,401,270)
Cash flows from capital and related financing activities:		
Property and equipment additions		(523,594)
Proceeds from sale of property and equipment		31,021
Net cash used in capital and related financing activities		(492,573)
Cash flows from investing activities:		
Purchase of investments		(30,903,790)
Redemption of investments		103,476,289
Interest received on investments		19,929,456
Net cash provided by investing activities		92,501,955
Net decrease in cash and cash equivalents		41,882,842
Cash and cash equivalents, beginning of year		37,482,077
Cash and cash equivalents, end of year	$	79,364,919
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(2,398,923)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Interest paid		15,576,183
Bond issuance costs paid		651,343
Amortization of bond premium		(31,658)
Amortization of investment premium		117,250
Amortization of bond refunding		122,130
Net decrease in fair value of investments		3,246,147
Realized loss on investments		65,543
Interest received on investments		(19,929,456)
Changes in assets and liabilities:		
Increase in mortgage loans receivable, net		(2,001,691)
Decrease in accrued interest receivable		294,744
Decrease in other assets		1,125,267
Decrease in accrued interest payable		(337,411)
Decrease in low income housing tax credit unearned revenues		(665,501)
Increase in grant fund unearned revenues		1,168,523
Decrease in deferred gains		(13,299)
Increase in other liabilities and accrued expenses		285,539
Total adjustments		(326,347)
Net cash used in operating activities	$	(2,725,270)

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Mississippi Home Corporation (the "Corporation"), formerly known as Mississippi Housing Finance Corporation, is a governmental instrumentality of the State of Mississippi (the "State") created under the Mississippi Home Corporation Act of 1989 (the "Act"). Pursuant to the Act, the Corporation is authorized and empowered, among other things, to issue bonds to provide monies for financing residential housing and provide other services in regard to housing for persons and families of low and moderate income in the State. Bonds and other obligations issued by the Corporation are not a debt or liability of the State, but are secured solely by assets of the individual mortgage purchase programs. The reporting entity includes the Corporation (the primary government entity), the Mississippi Affordable Housing Development Program (see Note 7) and the House Bill 530 Program (see Note 8) for which the Corporation is accountable.

Members of the Board of Directors of the Corporation (the "Board") are appointed by the Governor and the Lieutenant Governor of the State. The appointed members serve six-year staggered terms and cannot be removed without cause. The Board controls the appointment of the Executive Director, who is responsible for the staffing of the Corporation. The State assumes no responsibility for the Corporation's day-to-day operations. The Board is solely responsible for reviewing, approving and revising the Corporation's budget. The State is not responsible for financing any Corporation deficit or operating deficiencies. The Corporation controls the use of surplus funds.

The significant accounting policies used by the Corporation in preparing and presenting its financial statements follow:

Restatement of Financials Due to Change in Accounting Principle

In June 2013, GASB issued Statement 68 that established accounting and financial reporting standards that require cost-sharing defined benefit pensions to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. In 2015, the Corporation adopted the standard which required more extensive note disclosures and supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. This statement is effective for annual reporting periods beginning on or after June 15, 2014 and should be applied retrospectively to the extent possible.

The provisions of GASB 68 also required that a pension liability be recorded, resulting in a reduction to beginning net position. The restatement of beginning net position is summarized as follows:

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

	July 1, 2014 as previously reported	Implementation of GASB Statement No. 68	July 1, 2014 as restated
NET POSITION			
Net investments in capital assets	$ 1,861,822	$ -	$ 1,861,822
Restricted net position	65,635,136	-	65,635,136
Unrestricted net position	42,572,887	(6,560,807)	36,012,080
	$ 110,069,845	$ (6,560,807)	$ 103,509,038

Recently-Issued Accounting Standards and Pronouncement

In February 2015, GASB issued Statement No. 72, Fair Value Measurement and Application. This statement provides guidance for determining fair value measurements for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. Management is currently evaluating the impact of adopting this standard.

Accounting Method

The Corporation's accounts are organized as a separate set of self-balancing accounts that comprise the assets, liabilities, net position, revenues and expenses of the Mortgage Revenue Bond Program, the Down Payment Assistance Program, the Mississippi Affordable Housing Development Program, the House Bill 530 Program and the General Corporate Fund (each of the programs is further described in the accompanying notes). The measurement focus is on determining operating income and capital maintenance.

The accompanying financial statements present the activities of the Mortgage Revenue Bond Program, the Down Payment Assistance Program, the Mississippi Affordable Housing Development Program, the House Bill 530 Program and the General Corporate Fund. Since the assets and net position of each program are generally restricted, aggregating the accounts of the separate programs does not indicate that the assets and net position are available in any manner other than that provided for in the bond resolutions or other agreements of the separate programs. All material inter-fund balances and transactions have been eliminated in the combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Net Position

The restricted net position in the individual mortgage programs is restricted pursuant to the Corporation's agreements with bondholders as determined in each bond resolution. The restricted net position of the Mississippi Affordable Housing Development Program and the House Bill 530 Program is restricted in accordance with the Corporation's agreement with the State (see Note 7 and Note 8).

Classification of Revenues

The Corporation recognizes revenues as follows:

Interest income is calculated based on the individual interest-earning asset and recognized when earned.

Net increase (decrease) in fair value of investments represents the difference between the fair value and net book value of the investments.

Grant fund revenues represent the various state and federal funds received for the reimbursement of costs incurred. Certain federal and state grants are for the purchase of goods and services, and therefore are deemed to be exchange transactions. Accordingly, such grant revenues are recognized as goods are provided or services are rendered.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

Cash and cash equivalents include General Corporate Fund cash, General Corporate Fund investments with original maturities of less than three months at date of purchase, and unrestricted cash in certain other funds.

Restricted cash consists of cash which is restricted as to its use and is held primarily by the Mississippi Affordable Housing Development Program, the House Bill 530 Program, the Mortgage Revenue Bond Program, and the General Corporate Fund.

Restricted cash equivalents consist substantially of: proceeds from the sales of bonds pending the purchase of Government National Mortgage Association ("GNMA") mortgage-backed securities ("GNMA securities" or "GNMA certificates"), Federal National Mortgage Association mortgage-backed securities ("Fannie Mae Securities") and Federal Home Loan Corporation participation certificates (collectively, "Mortgage-Backed Securities"); proceeds from the issuance of notes payable; and principal and interest payments of the Mortgage-Backed

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Securities. These funds are held in money market accounts, U.S. Treasury Bills, and guaranteed investment contracts. The indentures of the respective mortgage purchase programs stipulate that these funds may be used only for the acquisition of Mortgage-Backed Securities or the early redemption of the respective mortgage revenue program bonds outstanding. These instruments are considered cash equivalents because they have no stated maturity and are readily convertible into cash at the discretion of the Corporation.

Mortgage Loans Receivable, Mortgage-Backed Securities and Investments

A portion of the mortgage loans in the General Corporate Fund are secured by first liens on multi-family residential properties, while the remainder is secured by first liens on single family residential properties. Mortgage loans in the Down Payment Assistance Program are secured by second liens on single-family residential properties. A portion of the mortgage loans in the Mississippi Affordable Housing Development Program is secured by second liens on single family residential properties, while the remainder is secured by first liens on multi-family residential properties. Mortgage loans in the House Bill 530 Program are secured by first liens on single-family residential properties. Proceeds from bond issues are invested principally in Mortgage-Backed Securities, representing pools of mortgage loans originated under the respective programs.

Allowance for Losses on Mortgage Loans

Losses incurred on mortgage loans are charged to the allowance for losses on mortgage loans (the "allowance"). The allowance is established with a corresponding amount charged to expense when, in management's opinion, the realization of all or a portion of the loans or recovery on properties owned is doubtful. The allowance can be reduced when proceeds from loan payoffs exceed management's previous estimates.

In evaluating the allowance, management considers the age of the various loans, the relationship of the allowances to outstanding mortgage loans, collateral values, insurance claims and economic conditions.

Management believes that the allowance is adequate. While management uses available information to recognize losses on mortgage loans, future additions to the allowance may be necessary based on changes in economic conditions. The provision for mortgage loan losses totaled $565,386 in 2015.

Deferred Losses on Refunding, Discounts and Premiums

Costs related to the issuance of bonds are expensed in the respective bond issues. During the year ended June 30, 2015, $763,919 of issuance costs were expensed.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Deferred losses on refundings result from a difference between the acquisition price and the net carrying amount of the old debt and are amortized using the effective interest rate method over the shorter of the life of the old debt or the new debt. During the year ended June 30, 2015, $31,740 of refunding losses were deferred.

In addition, discounts and premiums on the sale of bonds are deferred and amortized over the life of the bonds. Prepayments of principal are not anticipated in amortizing deferred losses on refundings, bond discounts or bond premiums.

Grant Fund Unearned Revenues

Certain mortgage loans were originated from federal grant funds awarded to the Corporation. Loan payments received by the Corporation are required to be expended pursuant to the underlying grant agreements and are recorded as grant fund unearned revenues until the earnings process is completed.

Grant fund unearned revenues also include funds received from awarding agencies pending use by the Corporation for program and administrative expenses.

Net Pension Liability

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

Program Fees

Program fees consist of monies paid to the Corporation by borrowers, developers or financial institutions for processing, application, commitment or reservation purposes in the Corporation's affordable housing programs.

Income Taxes

As a tax-exempt, quasi-governmental organization created by legislative statute, the Corporation is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been included in the combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Fair Value of Financial Instruments

GASB ASC Section I50.105, defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Loans and bonds are valued at their carrying amounts, which approximate fair value, due to the structured financing characteristics of the Corporation's bond issues. Mortgage rates on loans originated, and subsequently securitized into Mortgage-Backed Securities from bond proceeds, are based directly on the bond rates established at the time of issuance. For bonds issued through June 30, 2015, Mortgage-Backed Securities are pledged under the applicable trust indenture. The Corporation is restricted under various trust indentures from selling Mortgage-Backed Securities at a value which would impair its ability to service the bonds to which those certificates are specifically pledged.

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 income and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Cash Equivalents and Investments

The Corporation is authorized by Mississippi statute, subject to any agreement with bondholders or noteholders, to invest in the following:

- Direct obligations of or obligations guaranteed by the United States;
- Bonds, debentures, notes or other evidence of indebtedness issued by U.S. Government agencies;
- Direct and general obligations of the State;
- Repurchase agreements secured by collateral;
- Investment contracts or agreements with entities rated "A" or better by a nationally recognized rating agency; and
- Certificates of deposit or time deposits of qualified depositories and money market funds.

GASB ASC Section I50.105, requires that certain investments be reported at fair value in the financial statements, with unrealized gains or losses being reported in the earnings of the current period. Money market investments, guaranteed investment contracts and other highly liquid investments with no stated maturity are considered cash equivalents and are reported at amortized cost.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

At June 30, 2015, the carrying amount of the Corporation's cash and cash equivalents was $79,364,919, and the bank balance was $79,442,904. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $79,442,904 bank balance, $4,254,622 was either insured by federal regulatory authorities or collateralized with securities held by the Corporation or by its agent in the Corporation's name. Of the remaining bank balance of $75,188,282, $24,557,139 was invested in U.S. Obligations related to the Hardest Hit Fund and the Mortgage Revenue Bond Program and $50,631,143 was uncollateralized balances primarily held in cash accounts for bond refundings. The Hardest Hit Fund is a program created by the U.S. Treasury to provide funding for state Housing Finance Authorities to develop locally-tailored foreclosure prevention solutions in areas that have been hit hard by high unemployment and home price declines.

A summary of the estimated fair value and amortized cost of investments as of June 30, 2015 is as follows:

	Estimated Fair Value	Amortized Cost
U. S. Government agency securities	$ 18,542,710	$ 18,522,893
Corporate debt securities	3,634,484	3,502,274
Municipal debt securities	7,240,490	7,203,350
Mortgage-backed securities	386,427,309	356,775,073
Collateralized mortgage obligations	4,981,616	5,039,072
Other asset-backed securities	246,221	245,160
Commercial agreements	1,827,600	1,824,947
	$ 422,900,430	$ 393,112,769

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

At June 30, 2015, the Corporation's securities had scheduled maturities as follows:

		Investment Maturities			
	Estimated Fair Value	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
U. S. Government agency securities	$ 18,542,710	$ 753,240	$ 9,080,043	$ 8,709,427	$ -
Corporate debt securities	3,634,484	519,200	3,115,284	-	-
Municipal debt securities	7,240,490	351,869	3,346,195	3,542,426	-
Mortgage-backed securities	386,427,309	1,741	1,468,425	1,459,749	383,497,394
Collateralized mortgage obligations	4,981,616	-	-	1,708,244	3,273,372
Other asset-backed securities	246,221	-	-	-	246,221
Commercial agreements	1,827,600	251,190	1,576,410	-	-
	$ 422,900,430	$ 1,877,240	$ 18,586,357	$ 15,419,846	$ 387,016,987

Interest Rate Risk

In general, the Corporation's investment strategy is designed to match the life of the asset with the maturity date of its related liability. With this strategy, investments would be expected to reach maturity with limited realized gains or losses. Most of the Corporation's investments are in mortgage-backed securities, which are subject to prepayment risk as market interest rates change.

Credit Risk

Investments for each bond issue are those permitted by the various bond indentures and bond resolutions adopted by the Corporation. As of June 30, 2015, the Corporation's investments in certain Municipal Debt Securities, Other Asset-Backed Securities and Mortgage-Backed Securities were unrated. The Corporation's remaining investments are rated by Moody's Investor Service or Standard and Poor's as follows:

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

Investment Type	Rating	June 30, 2015 Balance
U.S. Government agency securities	Aaa	$ 18,542,710
Corporate debt securities	Aaa	456,305
Corporate debt securities	Aa	549,014
Corporate debt securities	A	1,578,750
Corporate debt securities	Baa	1,050,415
Municipal debt securities	Aa	5,477,395
Mortgage-backed securities	Aaa	5,560,159
Collateralized mortgage obligations	Aaa	4,981,616
Other asset-backed securities	Baa	159,167
Other asset-backed securities	B	12,152
Commercial agreements	Aaa	1,827,600
		$ 40,195,283

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Substantially all of the Corporation's investments are held in the Corporation's name by its trustee.

Concentration of Credit Risk

The Corporation's investment policy places no limits on the amount the Corporation may invest in any one issuer. As of June 30, 2015, the Corporation held GNMA investments (rated Aaa) with a fair value of $339,735,641 and FNMA investments (rated Aaa) with a fair value of $46,641,966 which represent approximately 91 percent of the Corporation's total investment holdings. GNMA investments are a direct obligation of the US Government and backed by the full faith and credit of the US Government.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. Mortgage Loans Receivable

Mortgage loans receivable is comprised of real estate mortgage loans and real estate construction loans. Real estate mortgage loans are secured by personal residences and payable in periodic installments. As of June 30, 2015, $10,349,844 of real estate mortgage loans were outstanding. Real estate construction loans are made for the purpose of real estate construction and land development. As of June 30, 2015, $30,118,026 of real estate construction loans were outstanding.

All real estate securing the mortgage loans is located in the State.

Note 4. Bonds and Notes Payable

The following table summarizes the debt activity for the Corporation's bonds and notes payable:

	Mortgage Revenue Bonds, net	Notes Payable
Balance at June 30, 2014	$ 419,260,991	$ 1,893,724
Proceeds from issuance	58,000,000	-
Principal repayments	(88,992,446)	(149,558)
Premium amortization	(31,658)	-
Balance at June 30, 2015	$ 388,236,887	$ 1,744,166

The Corporation has the option to redeem bonds after they have been outstanding for 10 years at initial prices ranging from 100 percent to 104 percent of par and subsequently at prices declining to par. Certain extraordinary redemptions, as governed by the bond resolutions, are permitted prior to the foregoing redemption dates.

On June 30, 2015, the Corporation issued $58.0 million of revenue refunding bonds. Of the $58.0 million, $7.9 million was used to advance refund the outstanding 2005B series revenue bonds. On December 1, 2015, the remaining $50.1 million will be used to refund the outstanding 2005C, 2006A, 2006B and 2006C series revenue bonds. As a result of this transaction, the Corporation reduced the weighted average interest rate on the refunded bonds from 4.78% to 3.05%, resulting in first-year debt service savings of approximately $531,000. The Corporation placed the net proceeds of the advance refunding portion in an irrevocable trust to provide for all future debt service payments on the 2005B series revenue bonds. As a result, the 2005B series bonds are considered defeased, and the Corporation has removed the liability from the financial statements. The outstanding principal of the defeased bonds is $8,355,000 at June 30, 2015.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

This transaction resulted in a loss on the refunding of the debt that, in accordance with GASB, will be deferred and amortized into interest expense over the life of the new debt. The deferred loss is computed as follows:

Proceeds required to refund old debt	$	8,386,740
Less: net carrying value of old debt		(8,355,000)
Deferred amount on refunding	$	31,740

The deferred loss on refunding of debt is included in deferred outflows of resources in the Combined Statement of Net Position. (See the Bonds Description table for a description of the terms of the new debt.)

The bonds are secured, as described in the applicable bond resolution, by a pledge of the revenues, monies, investments, mortgage loans and other assets of the applicable programs. Management believes that, for the year ended June 30, 2015, the Corporation has complied with all bond covenants.

Bonds and notes payable of the Corporation follow:

Issue	Rates (%)	Final Maturity		June 30, 2015
2002 Lease Purchase	–	10/01/2007	$	600,401
2005C*	4.88	12/01/2037		8,135,000
2006A*	4.65 – 4.75	12/01/2038		17,290,000
2006B*	4.85 – 4.90	12/01/2038		10,180,000
2006C*	4.80 – 4.90	12/01/2038		16,875,000
2006D	5.00	12/01/2038		13,835,000
2006E	4.50	06/01/2039		5,525,000
2007A	4.00 – 5.50	12/01/2038		10,900,000
2007B	4.00 – 5.375	12/01/2038		20,000,000
2007C	3.95 – 5.60	12/01/2038		14,455,000
2007D	4.30 – 6.10	12/01/2038		9,970,000
2007E	4.25 – 5.85	12/01/2038		10,305,000
2008A	3.55 – 5.625	12/01/2039		8,360,000
2008B	4.10 – 6.75	12/01/2039		6,025,000
				152,455,401

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Issue	Rates (%)	Final Maturity	June 30, 2015
2009 Resolution			
2009A	2.95 – 5.40	12/01/2040	11,130,000
2013A	2.75	12/01/2032	26,129,910
2015A	3.05	12/01/2034	58,000,000
			95,259,910
2009 NIBP Resolution			
2009B-1	3.06	12/01/2041	34,110,000
2009B-2	2.32	12/01/2041	59,380,000
2010A	2.00 – 4.55	12/01/2031	27,920,000
2011A	1.625 – 4.50	06/01/2025	19,111,576
			140,521,576
Total bonds payable, net			$ 388,236,887

*Scheduled to be refunded on December 1, 2015.

Notes Payable Description	Rates (%)	Final Maturity	June 30, 2015
USDA Rural Development	1.00	05/05/2038	$ 1,744,166

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

A summary of debt service requirements through 2020 and in five-year increments thereafter is as follows:

Year Ending June 30,	Principal	Interest
2016	$ 56,098,598	$ 13,467,049
2017	2,965,000	12,339,252
2018	2,970,000	12,254,885
2019	4,590,000	12,123,726
2020	2,505,000	11,999,788

Five-Year Increments Ending June 30,	Principal	Interest
2021 – 2025	$ 19,365,000	$ 58,442,598
2026 – 2030	14,555,000	54,100,947
2031 – 2035	108,429,910	46,200,513
2036 – 2040	83,895,969	27,745,220
2041 – 2045	94,606,576	3,656,778

Note 5. Excess Earnings

For all of the tax-exempt Mortgage Revenue Bond issues, federal tax regulations limit the interest margin that the Corporation (as a tax-exempt entity) may earn. These regulations require that earnings on the investment of bond proceeds which exceed interest paid on the bonds by a predetermined amount (defined in the regulations and subject to certain adjustments) must be rebated or remitted to the Internal Revenue Service (the "IRS"). The Corporation determined that the rebate liability due to the IRS (recorded in other liabilities and accrued expenses) was $-0- in 2015. The Corporation expects to meet the spending requirements on substantially all of the outstanding issues.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Mortgage Revenue Bond and Smart Solution Programs

The Corporation's Mortgage Revenue Bond ("MRB") and the Smart Solution program provide loans to qualified borrowers for purchases of the borrower's primary residence. To qualify, borrowers must meet county income limits, and their homes must meet purchase price limits. The limits for the MRB program are set by Congress, while the limits for the Smart Solution program are set by the Corporation. These loans have 30-year terms, have market rates of interest, and are secured by first mortgages on the residences. At the option of the Corporation, borrowers may also receive funds to be used for down payment assistance and allowable loan closing costs.

The MRB loans are pooled into Mortgage-Backed Securities that are held in the respective bond issue's trust account. As the Mortgage-Backed Securities pay down, the Bond Trustee calls the bonds.

The Smart Solution mortgages are made by the participating lenders, purchased by the Corporation's master servicer and then securitized into Mortgage-Backed Securities. Under the arrangement with the Corporation's master servicer, the master servicer sells the securities to the third-party purchaser. Because the Mortgage-Backed Securities are sold directly by the master servicer to the third-party purchaser, there is no balance of Mortgage-Backed Securities reflected on the Combined Statement of Net Position related to the Corporation's Smart Solution program.

Note 7. Mississippi Affordable Housing Development Program

The Corporation is responsible for management of the Mississippi Affordable Housing Development Program, which is a blended component of the Corporation. The program was established by the State as a housing development revolving loan fund to provide resources for loans for the construction or repair of housing for persons or families of low to moderate income in the State using $1,997,952 in proceeds received from the Mississippi Development Authority in 1995 and $5,991,893 in proceeds obtained directly from the State in 1996. The Corporation is responsible for all aspects of the program, including developing lending criteria, establishing interest rates and loan approval, servicing and reporting. Principal, interest and late fee payments are required to be returned to the program for use in granting new loans. Costs incurred by the Corporation for administering the program are not reimbursed to the Corporation.

Note 8. House Bill 530 Program

The Corporation is responsible for management of the House Bill 530 (HB530) Program, a Mississippi Single Family Residential Housing Program. The program was established by the State in collaboration with the Mississippi Development Authority (MDA) and the Corporation in 1999 as a revolving loan fund to provide low interest financing for the construction of eligible single family owner occupied units in the State for persons of low to moderate income. The Corporation administers the program for MDA with the State providing $5 million and the Corporation matching with $5 million. Costs incurred by the Corporation for administering the program are not reimbursed to the Corporation.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. Low Income Housing Tax Credit Program

The Corporation has been designated as the allocating agency for the Low Income Housing Tax Credit Program (the "Tax Credit Program"). The U.S. Congress created the Tax Credit Program in 1986 to encourage investment in the construction and rehabilitation of housing units for low income individuals and families. The Corporation has adopted a Low Income Housing Tax Credit Program Qualified Allocation Plan (the "Plan"), which provides for an application process, project evaluation selection criteria and compliance requirements. Receipts under the Tax Credit Program represent fees earned for administering the Tax Credit Program and are not restricted under the terms of the Plan or the Tax Credit Program. A portion of the fees received is deferred and recognized over the life of the program.

Note 10. Down Payment Assistance Program

The Corporation's Down Payment Assistance Program provides loans to qualified borrowers for down payments and allowable loan closing costs on purchases of the borrower's primary residence. The qualification requirements are generally the same as those of the respective mortgage loan programs under which the primary mortgage loans are made. The down payment assistance loans generally have 10-year terms, have rates that are set by management, are secured by second mortgages on the residences, and the maximum principal amount is three percent of the primary mortgage loan.

Note 11. Lease Purchase Revenue Bond Program

During the year ended June 30, 2007, management elected to terminate the Corporation's Lease Purchase Revenue Bond Program. At June 30, 2015, $600,401 bonds payable were outstanding under this program (see Note 4).

Note 12. Bond Defeasances

The Corporation defeased various bond issues by creating separate irrevocable trust funds. New debt is issued and the proceeds are used to purchase U.S. Government securities that are placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Corporation's combined statements of net position. The bonds that have been defeased totaled approximately $178,166,000 at June 30, 2015.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Defined Benefit Pension Plan

Plan Description

The Corporation contributes to the Public Employees' Retirement System of Mississippi ("PERS"), a cost-sharing multiple-employer defined benefit pension plan. The PERS was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. The System administers a cost-sharing, multiple-employer defined benefit pension plan as defined in GASB Statement No. 67, Financial Reporting for Pension Plans.

Benefits Provided

For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

Contributions

PERS members are required to contribute 9.00 percent of their annual covered salary, and the Corporation is required to contribute at an actuarially determined rate. The current rate contributed by the Corporation is 15.75 percent of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State Legislature. Combined contributions are expected to finance the costs benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Company were $517,835 for the year ended June 30, 2015.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Continued

Net Pension Liability

At June 30, 2015, the Company reported a liability of $6,661,791 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Company's proportion of the net pension liability was based on a projection of the Company's long-term share of contributions to the pension plan relative to the projected contributions of all participating PERS members, actuarially determined. At June 30, 2014, the Company's proportion was 0.054883 percent which was an increase of 0.003692 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Company recognized pension expense of $586,511. At June 30, 2015, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 103,922	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	965,676
Changes in proportion and differences between Company contributions and proportionate share of contributions	376,227	-
Company contributions subsequent to the measurement date	517,835	-
Total	$ 997,984	$ 965,676

$517,835 reported as deferred outflows of resources related to pensions resulting from Company contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a contra-expense in pension expense as follows:

Year ended June 30:	
2016	$ (68,700)
2017	(68,700)
2018	(106,699)
2019	(241,428)
2020	-
Thereafter	-
Total	$ (485,527)

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Continued

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50 percent
Salary increases	4.25–19.50 percent, average, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34%	5.20%
International equity	19%	5.00%
Emerging markets equity	8%	5.45%
Fixed income	20%	0.25%
Real assets	10%	4.00%
Private equity	8%	6.15%
Cash	1%	(0.50)%
Total	100%	

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Continued

Discount rate. The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Company will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Company's proportionate share of the net pension liability to changes in the discount rate

The following presents the Company's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the Company's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Company's proportionate share of the net pension liability	$9,082,008	$6,661,791	$4,642,971

Plan Fiduciary Net Position

This information may be obtained by contacting PERS by mail at 429 Mississippi Street, Jackson, MS 39201, by phone at 1-800-444-7377 or by website at www.pers.ms.gov. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 14. Deferred Compensation Plan

The State offers its employees a multiple-employer, deferred compensation plan created in accordance with Internal Revenue Code Section 457. The term "employee" means any person, whether appointed, elected or under contract, providing services for the State, state agencies, counties, municipalities or other political subdivisions, for which compensation is paid. The Plan permits employees of the Corporation to defer a portion of their income until future years.

The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 14. Continued

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employer (without being restricted to the provisions of benefits under the plan), subject only to the claims of the general creditors of those entities which employ deferred compensation participants. Participants' rights under the plan are the same as those of general creditors in an amount equal to the fair market value of the deferred account for each participant. The Corporation believes that it has no liabilities with respect to the State's plan.

Note 15. Conduit Issues

The Corporation has issued certain conduit multi-family housing revenue bonds, the proceeds of which were made available to various developers for rental housing. As of June 30, 2015, $186,210,865 of these bonds were outstanding. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers.

Loan and corresponding debt service payments are guaranteed by irrevocable direct-pay letters of credit. The faith and credit of the Corporation is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Corporation's financial statements.

Note 16. Subsequent Events

On July 1, 2015, the Corporation became the lead agency for the HOME Investment Partnerships Program (HOME), the Emergency Solutions Grant (ESG) Program and the Housing Opportunities for Persons with AIDS (HOPWA) Program. These programs are administered and funded by the U.S. Department of Housing and Urban Development.

SUPPLEMENTARY SCHEDULES

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2015

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2004D Program	2005A Program	2005B Program
ASSETS									
Current assets:									
Cash and cash equivalents:									
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	—	—	—	—	—	—
Cash equivalents	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	539	792	331	270	144	552,342	—	—	—
Total cash and cash equivalents	539	792	331	270	144	552,342	—	—	—
Accrued interest receivable	5,007	4,907	—	—	—	—	—	—	—
Total current assets	5,546	5,699	331	270	144	552,342	—	—	—
Noncurrent assets:									
Investments, at fair value	849,967	879,285	—	—	—	—	—	—	—
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—
Total noncurrent assets	849,967	879,285	—	—	—	—	—	—	—
Total assets	855,513	884,984	331	270	144	552,342	—	—	—
DEFERRED OUTFLOW OF RESOURCES									
Deferred amount on refunding	—	—	—	—	—	—	—	—	—
Deferred pension outflow	—	—	—	—	—	—	—	—	—
Total deferred outflow of resources	—	—	—	—	—	—	—	—	—
Total assets and deferred outflow of resources	$ 855,513	$ 884,984	$ 331	$ 270	$ 144	$ 552,342	$ —	$ —	$ —
LIABILITIES									
Current liabilities:									
Bonds payable, net	$ —	$ —	$ —	$ —	$ —	$ 600,401	$ —	$ —	$ —
Notes payable	—	—	—	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—	—	—	—
Total current liabilities	—	—	—	—	—	600,401	—	—	—
Noncurrent liabilities:									
Bonds payable, net	—	—	—	—	—	—	—	—	—
Notes payable	—	—	—	—	—	—	—	—	—
Low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—	—
Grant fund unearned revenues	—	—	—	—	—	—	—	—	—
Net pension liability	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	4,406	4,793	—	—	—	—	—	—	—
Total noncurrent liabilities	4,406	4,793	—	—	—	—	—	—	—
Total liabilities	4,406	4,793	—	—	—	600,401	—	—	—
DEFERRED INFLOW OF RESOURCES									
Interest rate swap	—	—	—	—	—	—	—	—	—
Deferred pension inflow	—	—	—	—	—	—	—	—	—
Total deferred inflow of resources	—	—	—	—	—	—	—	—	—
Total liabilities and deferred inflow of resources	$ 4,406	$ 4,793	$ —	$ —	$ —	$ 600,401	$ —	$ —	$ —
NET POSITION									
Net investments in capital assets	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted	851,107	880,191	331	270	144	(48,059)	—	—	—
Unrestricted	—	—	—	—	—	—	—	—	—
Total net position	$ 851,107	$ 880,191	$ 331	$ 270	$ 144	$ (48,059)	$ —	$ —	$ —

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2015

	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program
ASSETS									
Current assets:									
Cash and cash equivalents:									
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	—	—	—	—	—	—
Cash equivalents	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	500,154	936,541	765,480	845,771	584,942	166,093	940,776	3,389,572	968,822
Total cash and cash equivalents	500,154	936,541	765,480	845,771	584,942	166,093	940,776	3,389,572	968,822
Accrued interest receivable	33,124	70,652	40,874	73,765	63,397	22,990	45,845	99,014	63,688
Total current assets	533,278	1,007,193	806,354	919,536	648,339	189,083	986,621	3,488,586	1,032,510
Noncurrent assets:									
Investments, at fair value	8,538,698	18,512,433	10,623,735	18,650,229	15,478,345	6,045,981	11,562,450	23,393,632	15,765,448
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	2,683	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—
Total noncurrent assets	8,538,698	18,512,433	10,623,735	18,650,229	15,478,345	6,045,981	11,562,450	23,396,315	15,765,448
Total assets	9,071,976	19,519,626	11,430,089	19,569,765	16,126,684	6,235,064	12,549,071	26,884,901	16,797,958
DEFERRED OUTFLOW OF RESOURCES									
Deferred amount on refunding	—	—	—	—	—	—	—	—	—
Deferred pension outflow	—	—	—	—	—	—	—	—	—
Total deferred outflow of resources	—	—	—	—	—	—	—	—	—
Total assets and deferred outflow of resources	$ 9,071,976	$ 19,519,626	$ 11,430,089	$ 19,569,765	$ 16,126,684	$ 6,235,064	$ 12,549,071	$ 26,884,901	$ 16,797,958
LIABILITIES									
Current liabilities:									
Bonds payable, net	$ 8,135,000	$ 17,290,000	$ 10,180,000	$ 16,875,000	$ —	$ —	$ 130,000	$ 140,000	$ 80,000
Notes payable	—	—	—	—	—	—	—	—	—
Accrued interest payable	33,082	67,390	41,187	68,580	57,646	20,719	45,692	82,252	61,415
Total current liabilities	8,168,082	17,357,390	10,221,187	16,943,580	57,646	20,719	175,692	222,252	141,415
Noncurrent liabilities:									
Bonds payable, net	—	—	—	—	13,835,000	5,525,000	10,770,000	19,860,000	14,375,000
Notes payable	—	—	—	—	—	—	—	—	—
Low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—	—
Grant fund unearned revenues	—	—	—	—	—	—	—	—	—
Net pension liability	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Total noncurrent liabilities	3,800	3,800	3,800	3,800	13,838,800	5,528,800	10,773,800	19,863,800	14,378,800
Total liabilities	8,171,882	17,361,190	10,224,987	16,947,380	13,896,446	5,549,519	10,949,492	20,086,052	14,520,215
DEFERRED INFLOW OF RESOURCES									
Interest rate swap	—	—	—	—	—	—	—	—	—
Deferred pension inflow	—	—	—	—	—	—	—	—	—
Total deferred inflow of resources	—	—	—	—	—	—	—	—	—
Total liabilities and deferred inflow of resources	$ 8,171,882	$ 17,361,190	$ 10,224,987	$ 16,947,380	$ 13,896,446	$ 5,549,519	$ 10,949,492	$ 20,086,052	$ 14,520,215
NET POSITION									
Net investments in capital assets	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted	900,094	2,158,436	1,205,102	2,622,385	2,230,238	685,545	1,599,579	6,798,849	2,277,743
Unrestricted	—	—	—	—	—	—	—	—	—
Total net position	$ 900,094	$ 2,158,436	$ 1,205,102	$ 2,622,385	$ 2,230,238	$ 685,545	$ 1,599,579	$ 6,798,849	$ 2,277,743

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2015

	2007D Program	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
ASSETS						
Current assets:						
Cash and cash equivalents:						
Cash	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	—	50,135,000	—
Cash equivalents	—	—	—	—	—	—
Restricted cash equivalents	1,212,508	1,222,810	561,688	703,764	3,752,671	4,671,034
Total cash and cash equivalents	1,212,508	1,222,810	561,688	703,764	53,887,671	4,671,034
Accrued interest receivable	47,568	50,761	38,437	31,597	294,923	418,313
Total current assets	1,260,076	1,273,571	600,125	735,361	54,182,594	5,089,347
Noncurrent assets:						
Investments, at fair value	10,920,339	11,364,951	9,300,180	6,882,016	68,887,794	143,211,667
Mortgage loans receivable, net	—	—	—	—	—	—
Other assets	—	—	—	—	7,250	18,321
Due (to) from other funds	—	—	—	—	—	—
Total noncurrent assets	10,920,339	11,364,951	9,300,180	6,882,016	68,895,044	143,229,988
Total assets	12,180,415	12,638,522	9,900,305	7,617,377	123,077,638	148,319,335
DEFERRED OUTFLOW OF RESOURCES						
Deferred amount on refunding	—	—	—	—	829,747	—
Deferred pension outflow	—	—	—	—	—	—
Total deferred outflow of resources	—	—	—	—	829,747	—
Total assets and deferred outflow of resources	$ 12,180,415	$ 12,638,522	$ 9,900,305	$ 7,617,377	$ 123,907,385	$ 148,319,335
LIABILITIES						
Current liabilities:						
Bonds payable, net	$ 50,000	$ 35,000	$ 75,000	$ 130,000	$ 115,000	$ 2,195,000
Notes payable	—	—	—	—	—	—
Accrued interest payable	46,226	47,671	37,056	29,841	111,051	352,842
Total current liabilities	96,226	82,671	112,056	159,841	226,051	2,547,842
Noncurrent liabilities:						
Bonds payable, net	9,920,000	10,270,000	8,285,000	5,895,000	95,144,910	138,326,576
Notes payable	—	—	—	—	—	—
Low income housing						
tax credit program unearned revenues	—	—	—	—	—	—
Grant fund unearned revenues	—	—	—	—	—	—
Net pension liability	—	—	—	—	—	—
Other liabilities and accrued expenses	3,800	3,800	3,800	3,800	397,001	12,452
Total noncurrent liabilities	9,923,800	10,273,800	8,288,800	5,898,800	95,541,911	138,339,028
Total liabilities	10,020,026	10,356,471	8,400,856	6,058,641	95,767,962	140,886,870
DEFERRED INFLOW OF RESOURCES						
Interest rate swap	—	—	—	—	—	—
Deferred pension inflow	—	—	—	—	—	—
Total deferred inflow of resources	—	—	—	—	—	—
Total liabilities and deferred inflow of resources	$ 10,020,026	$ 10,356,471	$ 8,400,856	$ 6,058,641	$ 95,767,962	$ 140,886,870
NET POSITION						
Net investments in capital assets	$ —	$ —	$ —	$ —	$ —	$ —
Restricted	2,160,389	2,282,051	1,499,449	1,558,736	28,139,423	7,432,465
Unrestricted	—	—	—	—	—	—
Total net position	$ 2,160,389	$ 2,282,051	$ 1,499,449	$ 1,558,736	$ 28,139,423	$ 7,432,465

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2015

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents:						
Cash	$ —	$ —	$ 879,775	$ 564,395	$ —	$ 1,444,170
Restricted cash	50,135,000	817,693	—	1,526,140	394,055	52,872,888
Cash equivalents	—	—	—	490,722	—	490,722
Restricted cash equivalents	21,777,044	—	—	2,780,095	—	24,557,139
Total cash and cash equivalents	71,912,044	817,693	879,775	5,361,352	394,055	79,364,919
Accrued interest receivable	1,404,862	669	7,915	255,479	21,328	1,690,253
Total current assets	73,316,906	818,362	887,690	5,616,831	415,383	81,055,172
Noncurrent assets:						
Investments, at fair value	380,867,150	—	—	42,033,280	—	422,900,430
Mortgage loans receivable, net	—	178,716	1,662,718	31,917,575	4,887,589	38,646,598
Other assets	28,254	—	—	2,754,789	2,646,813	5,429,856
Due (to) from other funds	—	39,349	—	(37,662)	(1,687)	—
Total noncurrent assets	380,895,404	218,065	1,662,718	76,667,982	7,532,715	466,976,884
Total assets	454,212,310	1,036,427	2,550,408	82,284,813	7,948,098	548,032,056
DEFERRED OUTFLOW OF RESOURCES						
Deferred amount on refunding	829,747	—	—	—	—	829,747
Deferred pension outflow	—	—	—	997,984	—	997,984
Total deferred outflow of resources	829,747	—	—	997,984	—	1,827,731
Total assets and deferred outflow of resources	$ 455,042,057	$ 1,036,427	$ 2,550,408	$ 83,282,797	$ 7,948,098	$ 549,859,787
LIABILITIES						
Current liabilities:						
Bonds payable, net	$ 56,030,401	$ —	$ —	$ —	$ —	$ 56,030,401
Notes payable	—	—	—	68,197	—	68,197
Accrued interest payable	1,102,650	—	—	8,677	—	1,111,327
Total current liabilities	57,133,051	—	—	76,874	—	57,209,925
Noncurrent liabilities:						
Bonds payable, net	332,206,486	—	—	—	—	332,206,486
Notes payable	—	—	—	1,675,969	—	1,675,969
Low income housing tax credit program unearned revenues	—	—	—	20,842,854	—	20,842,854
Grant fund unearned revenues	—	—	—	27,293,120	—	27,293,120
Net pension liability	—	—	—	6,661,791	—	6,661,791
Other liabilities and accrued expenses	468,052	801,705	3,800	577,623	29,372	1,880,552
Total noncurrent liabilities	332,674,538	801,705	3,800	57,051,357	29,372	390,560,772
Total liabilities	389,807,589	801,705	3,800	57,128,231	29,372	447,770,697
DEFERRED INFLOW OF RESOURCES						
Interest rate swap	—	—	—	13,299	—	13,299
Deferred pension inflow	—	—	—	965,676	—	965,676
Total deferred inflow of resources	—	—	—	978,975	—	978,975
Total liabilities and deferred inflow of resources	$ 389,807,589	$ 801,705	$ 3,800	$ 58,107,206	$ 29,372	$ 448,749,672
NET POSITION						
Net investments in capital assets	$ —	$ —	$ —	$ 2,091,420	$ —	$ 2,091,420
Restricted	65,234,468	234,722	—	—	7,918,726	73,387,916
Unrestricted	—	—	2,546,608	23,084,171	—	25,630,779
Total net position	$ 65,234,468	$ 234,722	$ 2,546,608	$ 25,175,591	$ 7,918,726	$ 101,110,115

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2004D Program	2005A Program	2005B Program
Operating revenues:									
Interest income:									
Cash and cash equivalents	$ 1	$ 2	$ —	$ —	$ —	$ 56	$ 52	$ 8,367	$ 54
Mortgage-backed securities	57,127	56,193	—	—	—	—	150,523	215,536	509,660
Other investments	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—
Total interest income	57,128	56,195	—	—	—	56	150,575	223,903	509,714
Net increase (decrease) in fair value of investments	(5,586)	(18,096)	—	—	—	—	(46,181)	(26,411)	(114,235)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—
Program fees	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—
Total operating revenues	51,542	38,099	—	—	—	56	104,394	197,492	395,479
Operating expenses:									
Interest expense	—	—	—	—	—	—	96,784	145,474	439,771
Bond issuance costs	—	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—	—	—	—	—
Other	3,800	3,800	—	—	—	—	7,500	6,750	6,205
Total operating expenses	3,800	3,800	—	—	—	—	104,284	152,224	445,976
Operating income (loss)	47,742	34,299	—	—	—	56	110	45,268	(50,497)
Transfers in (out)	(150,183)	(286,037)	(97)	(54)	(27)	—	(1,260,866)	(1,536,423)	(1,773,125)
Net position, beginning of year	953,548	1,131,929	428	324	171	(48,115)	1,260,756	1,491,155	1,823,622
Net position, end of year	$ 851,107	$ 880,191	$ 331	$ 270	$ 144	$ (48,059)	$ —	$ —	$ —

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program
Operating revenues:									
Interest income:									
Cash and cash equivalents	$ 48	$ 119	$ 46	$ 94	$ 89	$ 35	$ 89	$ 366	$ 113
Mortgage-backed securities	441,889	954,821	542,262	973,975	848,744	293,688	604,394	1,319,032	842,564
Other investments	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—
Total interest income	441,937	954,940	542,308	974,069	848,833	293,723	604,483	1,319,398	842,677
Net increase (decrease) in fair value of investments	(213,096)	(466,718)	(212,555)	(181,710)	(302,691)	(115,843)	(113,869)	(560,439)	(238,254)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—
Program fees	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—
Total operating revenues	228,841	488,222	329,753	792,359	546,142	177,880	490,614	758,959	604,423
Operating expenses:									
Interest expense	438,549	900,263	530,359	909,212	790,208	272,081	598,206	1,122,605	822,987
Bond issuance costs	—	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—	—	—	—	—
Other	6,382	10,806	8,328	10,639	9,729	6,859	8,604	12,490	9,833
Total operating expenses	444,931	911,069	538,687	919,851	799,937	278,940	606,810	1,135,095	832,820
Operating income (loss)	(216,090)	(422,847)	(208,934)	(127,492)	(253,795)	(101,060)	(116,196)	(376,136)	(228,397)
Transfers in (out)	(13,850)	(66,437)	(22,432)	(72,740)	(67,747)	(25,099)	(30,308)	(83,583)	(43,544)
Net position, beginning of year	1,130,034	2,647,720	1,436,468	2,822,617	2,551,780	811,704	1,746,083	7,258,568	2,549,684
Net position, end of year	$ 900,094	$ 2,158,436	$ 1,205,102	$ 2,622,385	$ 2,230,238	$ 685,545	$ 1,599,579	$ 6,798,849	$ 2,277,743

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	2007D Program	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Operating revenues:						
Interest income:						
Cash and cash equivalents	$ 109	$ 120	$ 79	$ 88	$ 315	$ 482
Mortgage-backed securities	638,294	695,121	501,777	414,765	2,949,501	5,373,043
Other investments	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—
Total interest income	638,403	695,241	501,856	414,853	2,949,816	5,373,525
Net increase (decrease) in fair value of investments	(224,984)	(298,777)	(182,941)	(55,101)	(947,887)	1,050,224
Low income housing tax credit program	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—
Program fees	—	—	—	—	—	—
Other income	—	—	—	—	—	—
Total operating revenues	413,419	396,464	318,915	359,752	2,001,929	6,423,749
Operating expenses:						
Interest expense	615,002	653,417	492,476	399,761	1,585,385	4,499,750
Bond issuance costs	—	—	—	—	763,919	—
Salaries and related benefits	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—	—
Other	8,333	8,557	7,828	7,070	25,622	64,777
Total operating expenses	623,335	661,974	500,304	406,831	2,374,926	4,564,527
Operating income (loss)	(209,916)	(265,510)	(181,389)	(47,079)	(372,997)	1,859,222
Transfers in (out)	(28,810)	(37,028)	(6,914)	(8,800)	15,129,416	(284,815)
Net position, beginning of year	2,399,115	2,584,589	1,687,752	1,614,615	13,383,004	5,858,058
Net position, end of year	$ 2,160,389	$ 2,282,051	$ 1,499,449	$ 1,558,736	$ 28,139,423	$ 7,432,465

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Operating revenues:						
Interest income:						
Cash and cash equivalents	$ 10,724	$ —	$ 259	$ 731	$ 125	$ 11,839
Mortgage-backed securities	18,382,909	—	—	—	—	18,382,909
Other investments	—	—	—	1,144,858	—	1,144,858
Mortgage loans	—	2,518	97,276	161,859	259,672	521,325
Total interest income	18,393,633	2,518	97,535	1,307,448	259,797	20,060,931
Net increase (decrease) in fair value of investments	(3,275,150)	—	—	29,003	—	(3,246,147)
Low income housing tax credit program	—	—	—	1,657,118	—	1,657,118
Grant fund revenues	—	—	—	27,284,577	—	27,284,577
Program fees	—	—	—	1,061,698	—	1,061,698
Other income	—	—	7,303	529,233	14,778	551,314
Total operating revenues	15,118,483	2,518	104,838	31,869,077	274,575	47,369,491
Operating expenses:						
Interest expense	15,312,290	—	—	16,952	—	15,329,242
Bond issuance costs	763,919	—	—	—	—	763,919
Salaries and related benefits	—	—	—	4,400,287	—	4,400,287
Grant fund expenses	—	—	—	25,883,297	—	25,883,297
Provision for mortgage loan losses	—	18,171	(9,045)	(3,473)	559,733	565,386
Other	233,912	4,293	14,339	2,492,764	80,975	2,826,283
Total operating expenses	16,310,121	22,464	5,294	32,789,827	640,708	49,768,414
Operating income (loss)	(1,191,638)	(19,946)	99,544	(920,750)	(366,133)	(2,398,923)
Transfers in (out)	9,330,497	—	905	(9,331,402)	—	—
Net position, beginning of year	57,095,609	254,668	2,446,159	35,427,743	8,284,859	103,509,038
Net position, end of year	$ 65,234,468	$ 234,722	$ 2,546,608	$ 25,175,591	$ 7,918,726	$ 101,110,115

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2015

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2004D Program	2005A Program	2005B Program
Cash flows from operating activities:									
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—
Down payment assistance disbursements	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—
Payments to vendors	(10,625)	(14,514)	—	—	—	—	(11,134)	(10,384)	(9,839)
Fee income received	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(10,625)	(14,514)	—	—	—	—	(11,134)	(10,384)	(9,839)
Cash flows from noncapital financing activities:									
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	—	—	—	—	—	—	(4,885,000)	(6,870,000)	(10,685,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—
Reacquistion costs paid on bond refunding	—	—	—	—	—	—	—	—	—
Interest paid	—	—	—	—	—	—	(115,886)	(173,972)	(481,641)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	—	—	—	—	—	—	(5,000,886)	(7,043,972)	(11,166,641)
Cash flows from capital and related financing activities:									
Property and equipment additions	—	—	—	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:									
Purchase of investments	—	—	—	—	—	—	—	—	—
Redemption of investments	95,998	231,835	—	—	—	—	5,712,636	7,732,158	11,871,606
Interest received on investments	64,743	68,514	—	—	—	56	177,032	257,960	557,669
Net cash provided by (used in) investing activities	160,741	300,349	—	—	—	56	5,889,668	7,990,118	12,429,275
Transfers	(150,183)	(286,037)	(97)	(54)	(27)	—	(1,260,866)	(1,536,423)	(1,773,125)
Net increase (decrease) in cash and cash equivalents	(67)	(202)	(97)	(54)	(27)	56	(383,218)	(600,661)	(520,330)
Cash and cash equivalents, beginning of year	606	994	428	324	171	552,286	383,218	600,661	520,330
Cash and cash equivalents, end of year	$ 539	$ 792	$ 331	$ 270	$ 144	$ 552,342	$ —	$ —	$ —

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2015

	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program
Cash flows from operating activities:									
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—
Down payment assistance disbursements	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—
Payments to vendors	(6,216)	12,648	(8,162)	(10,473)	(9,563)	(6,693)	(8,438)	(11,690)	(9,667)
Fee income received	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—		—	—
Net cash provided by (used in) operating activities	(6,216)	12,648	(8,162)	(10,473)	(9,563)	(6,693)	(8,438)	(11,690)	(9,667)
Cash flows from noncapital financing activities:									
Proceeds from issuance of bonds	—	—	—	—	—	—	—	—	—
Principal repayment of bonds	(1,915,000)	(3,880,000)	(1,405,000)	(3,935,000)	(4,360,000)	(1,095,000)	(2,305,000)	(5,590,000)	(3,465,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—
Reacquistion costs paid on bond refunding	—	—	—	—	—	—	—	—	—
Interest paid	(446,337)	(915,386)	(536,044)	(925,209)	(808,375)	(276,187)	(608,303)	(1,145,982)	(838,450)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(2,361,337)	(4,795,386)	(1,941,044)	(4,860,209)	(5,168,375)	(1,371,187)	(2,913,303)	(6,735,982)	(4,303,450)
Cash flows from capital and related financing activities:									
Property and equipment additions	—	—	—	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:									
Purchase of investments	—	—	—	—	—	—	—	—	—
Redemption of investments	1,818,614	3,811,085	1,895,148	3,714,910	4,047,012	807,872	2,139,371	5,228,550	3,302,716
Interest received on investments	449,745	947,585	550,369	990,529	867,348	297,109	613,936	1,343,302	857,558
Net cash provided by (used in) investing activities	2,268,359	4,758,670	2,445,517	4,705,439	4,914,360	1,104,981	2,753,307	6,571,852	4,160,274
Transfers	(13,850)	(66,437)	(22,432)	(72,740)	(67,747)	(25,099)	(30,308)	(83,583)	(43,544)
Net increase (decrease) in cash and cash equivalents	(113,044)	(90,505)	473,879	(237,983)	(331,325)	(297,998)	(198,742)	(259,403)	(196,387)
Cash and cash equivalents, beginning of year	613,198	1,027,046	291,601	1,083,754	916,267	464,091	1,139,518	3,648,975	1,165,209
Cash and cash equivalents, end of year	$ 500,154	$ 936,541	$ 765,480	$ 845,771	$ 584,942	$ 166,093	$ 940,776	$ 3,389,572	$ 968,822

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2015

	2007D Program	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Cash flows from operating activities:						
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—
Down payment assistance disbursements	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—
Payments to vendors	(8,167)	(8,391)	(7,662)	(6,903)	244,272	(62,660)
Fee income received	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—
Other income received	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(8,167)	(8,391)	(7,662)	(6,903)	244,272	(62,660)
Cash flows from noncapital financing activities:						
Proceeds from issuance of bonds	—	—	—	—	58,000,000	—
Principal repayment of bonds	(2,470,000)	(3,355,000)	(2,110,000)	(1,540,000)	(9,972,446)	(19,155,000)
Principal repayment of notes	—	—	—	—	—	—
Reacquistion costs paid on bond refunding	—	—	—	—	(31,740)	—
Interest paid	(626,924)	(669,007)	(501,445)	(407,165)	(1,489,848)	(4,579,158)
Bond issuance costs paid	—	—	—	—	(651,343)	—
Due (from) to other programs	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(3,096,924)	(4,024,007)	(2,611,445)	(1,947,165)	45,854,623	(23,734,158)
Cash flows from capital and related financing activities:						
Property and equipment additions	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—
Cash flows from investing activities:						
Purchase of investments	—	—	—	—	(19,970,818)	—
Redemption of investments	2,473,473	3,351,545	1,864,080	1,335,524	6,547,648	18,617,213
Interest received on investments	650,566	712,249	510,407	421,913	2,918,838	5,431,210
Net cash provided by (used in) investing activities	3,124,039	4,063,794	2,374,487	1,757,437	(10,504,332)	24,048,423
Transfers	(28,810)	(37,028)	(6,914)	(8,800)	15,129,416	(284,815)
Net increase (decrease) in cash and cash equivalents	(9,862)	(5,632)	(251,534)	(205,431)	50,723,979	(33,210)
Cash and cash equivalents, beginning of year	1,222,370	1,228,442	813,222	909,195	3,163,692	4,704,244
Cash and cash equivalents, end of year	$ 1,212,508	$ 1,222,810	$ 561,688	$ 703,764	$ 53,887,671	$ 4,671,034

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2015

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Cash flows from operating activities:						
Loan principal payments received	$ —	$ 97,003	$ 425,464	$ 611,513	$ 875,710	$ 2,009,690
Loan interest payments received	—	2,275	98,782	162,132	260,451	523,640
Loan disbursements	—	(248,429)	(268,360)	(2,526,513)	(1,109,316)	(4,152,618)
Payments to employees	—	—	—	(4,354,179)	—	(4,354,179)
Down payment assistance disbursements	—	—	—	(389,446)	—	(389,446)
Grant funds expended	—	—	—	(24,371,712)	—	(24,371,712)
Payments to vendors	35,739	(152,055)	(13,321)	(1,509,694)	(68,730)	(1,708,061)
Fee income received	—	—	7,302	1,708,670	14,757	1,730,729
Grant funds received	—	—	—	27,111,678	—	27,111,678
Other income received	—	—	257	874,607	145	875,009
Net cash provided by (used in) operating activities	35,739	(301,206)	250,124	(2,682,944)	(26,983)	(2,725,270)
Cash flows from noncapital financing activities:						
Proceeds from issuance of bonds	58,000,000	—	—	—	—	58,000,000
Principal repayment of bonds	(88,992,446)	—	—	—	—	(88,992,446)
Principal repayment of notes	—			(149,558)		(149,558)
Reacquistion costs paid on bond refunding	(31,740)	—	—	—	—	(31,740)
Interest paid	(15,545,319)	—	—	(30,864)	—	(15,576,183)
Bond issuance costs paid	(651,343)	—	—	—	—	(651,343)
Due (from) to other programs	—	661	—	(661)	—	—
Net cash provided by (used in) noncapital financing activities	(47,220,848)	661	—	(181,083)	—	(47,401,270)
Cash flows from capital and related financing activities:						
Property and equipment additions	—	—	—	(523,594)	—	(523,594)
Proceeds from sale of property and equipment	—	—	—	31,021	—	31,021
Net cash provided by (used in) capital and related financing activities	—	—	—	(492,573)	—	(492,573)
Cash flows from investing activities:						
Purchase of investments	(19,970,818)	—	—	(10,782,972)	(150,000)	(30,903,790)
Redemption of investments	86,598,994	—	—	16,728,499	148,796	103,476,289
Interest received on investments	18,688,638	—	—	1,240,818	—	19,929,456
Net cash provided by (used in) investing activities	85,316,814	—	—	7,186,345	(1,204)	92,501,955
Transfers	9,330,497	—	905	(9,331,402)	—	—
Net increase (decrease) in cash and cash equivalents	47,462,202	(300,545)	251,029	(5,501,657)	(28,187)	41,882,842
Cash and cash equivalents, beginning of year	24,449,842	1,118,238	628,746	10,863,009	422,242	37,482,077
Cash and cash equivalents, end of year	$ 71,912,044	$ 817,693	$ 879,775	$ 5,361,352	$ 394,055	$ 79,364,919

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2015

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2004D Program	2005A Program	2005B Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	$ 47,742	$ 34,299	$ —	$ —	$ —	$ 56	$ 110	$ 45,268	$ (50,497)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Interest paid	—	—	—	—	—	—	115,886	173,972	481,641
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Amortization of bond discount (premium)	—	—	—	—	—	—	—	—	—
Amortization of investment (discount) premium	—	—	—	—	—	—	3,084	—	—
Amortization of bond refunding	—	—	—	—	—	—	—	—	—
Net (increase) decrease in fair value of investments	5,586	18,096	—	—	—	—	46,181	26,411	114,235
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—
Interest received on investments	(64,743)	(68,514)	—	—	—	(56)	(177,032)	(257,960)	(557,669)
Changes in assets and liabilities:									
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	624	1,439	—	—	—	—	23,373	34,057	47,955
(Increase) decrease in other assets	—	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	—	—	—	—	—		(19,102)	(28,498)	(41,870)
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund unearned revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	166	166	—	—	—	—	(3,634)	(3,634)	(3,634)
Total adjustments	(58,367)	(48,813)	—	—	—	(56)	(11,244)	(55,652)	40,658
Net cash provided by (used in) operating activities	$ (10,625)	$ (14,514)	$ —	$ —	$ —	$ —	$ (11,134)	$ (10,384)	$ (9,839)

See independent auditors' report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2015

	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program	2006E Program	2007A Program	2007B Program	2007C Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:									
Operating income (loss)	$ (216,090)	$ (422,847)	$ (208,934)	$ (127,492)	$ (253,795)	$ (101,060)	$ (116,196)	$ (376,136)	$ (228,397)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Interest paid	446,337	915,386	536,044	925,209	808,375	276,187	608,303	1,145,982	838,450
Bond issuance costs paid	—	—	—	—	—	—	—	—	—
Amortization of bond discount (premium)	—	—	—	—	—	—	—	—	—
Amortization of investment (discount) premium	—	—	—	—	—	—	—	—	—
Amortization of bond refunding	—	—	—	—	—	—	—	—	—
Net (increase) decrease in fair value of investments	213,096	466,718	212,555	181,710	302,691	115,843	113,869	560,439	238,254
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—
Interest received on investments	(449,745)	(947,585)	(550,369)	(990,529)	(867,348)	(297,109)	(613,936)	(1,343,302)	(857,558)
Changes in assets and liabilities:									
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	7,808	15,934	8,061	16,460	18,515	3,386	9,453	23,904	14,881
(Increase) decrease in other assets	—	—	—	—	—	—	—	634	—
Increase (decrease) in accrued interest payable	(7,788)	(15,124)	(5,685)	(15,997)	(18,167)	(4,106)	(10,097)	(23,377)	(15,463)
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund unearned revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	166	166	166	166	166	166	166	166	166
Total adjustments	209,874	435,495	200,772	117,019	244,232	94,367	107,758	364,446	218,730
Net cash provided by (used in) operating activities	$ (6,216)	$ 12,648	$ (8,162)	$ (10,473)	$ (9,563)	$ (6,693)	$ (8,438)	$ (11,690)	$ (9,667)

See independent auditors' report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2015

	2007D Program	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (209,916)	$ (265,510)	$ (181,389)	$ (47,079)	$ (372,997)	$ 1,859,222
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Interest paid	626,924	669,007	501,445	407,165	1,489,848	4,579,158
Bond issuance costs paid	—	—	—	—	651,343	—
Amortization of bond discount (premium)	—	—	—	—	—	(31,658)
Amortization of investment (discount) premium	—	—	—	—	16,232	—
Amortization of bond refunding	—	—	—	—	122,130	—
Net (increase) decrease in fair value of investments	224,984	298,777	182,941	55,101	947,887	(1,050,224)
Realized (gain) loss on investments	—	—	—	—	—	—
Interest received on investments	(650,566)	(712,249)	(510,407)	(421,913)	(2,918,838)	(5,431,210)
Changes in assets and liabilities:						
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	12,162	17,008	8,552	7,061	(47,212)	57,685
(Increase) decrease in other assets	—	—	—	—	(7,250)	2,188
Increase (decrease) in accrued interest payable	(11,921)	(15,590)	(8,970)	(7,404)	(26,591)	(47,750)
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	—	—	—
Increase (decrease) in grant fund unearned revenues	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	166	166	166	166	389,720	(71)
Total adjustments	201,749	257,119	173,727	40,176	617,269	(1,921,882)
Net cash provided by (used in) operating activities	$ (8,167)	$ (8,391)	$ (7,662)	$ (6,903)	$ 244,272	$ (62,660)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2015

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (1,191,638)	$ (19,946)	$ 99,544	$ (920,750)	$ (366,133)	$ (2,398,923)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Interest paid	15,545,319	—	—	30,864	—	15,576,183
Bond issuance costs paid	651,343	—	—	—	—	651,343
Amortization of bond discount (premium)	(31,658)	—	—	—	—	(31,658)
Amortization of investment (discount) premium	19,316	—	—	97,934	—	117,250
Amortization of bond refunding	122,130					122,130
Net (increase) decrease in fair value of investments	3,275,150	—	—	(29,003)	—	3,246,147
Realized (gain) loss on investments	—	—	—	65,543	—	65,543
Interest received on investments	(18,688,638)	—	—	(1,240,818)	—	(19,929,456)
Changes in assets and liabilities:						
(Increase) decrease in mortgage loans receivable, net	—	(133,255)	146,216	(1,822,482)	(192,170)	(2,001,691)
(Increase) decrease in accrued interest receivable	281,106	(243)	1,506	11,600	775	294,744
(Increase) decrease in other assets	(4,428)	—	—	625,526	504,169	1,125,267
Increase (decrease) in accrued interest payable	(323,500)	—	—	(13,911)	—	(337,411)
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	(665,501)	—	(665,501)
Increase (decrease) in grant fund unearned revenues	—	—	—	1,168,523	—	1,168,523
Increase (decrease) in deferred gains	—	—	—	(13,299)	—	(13,299)
Increase (decrease) in other liabilities and accrued expenses	381,237	(147,762)	2,858	22,830	26,376	285,539
Total adjustments	1,227,377	(281,260)	150,580	(1,762,194)	339,150	(326,347)
Net cash provided by (used in) operating activities	$ 35,739	$ (301,206)	$ 250,124	$ (2,682,944)	$ (26,983)	$ (2,725,270)

MISSISSIPPI HOME CORPORATION
Schedule of Employer Contributions and the Proportionate Share of the Net Pension Liability
PERS Pension Plan
June 30, 2015

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily required employer contribution	$ 517,835	$ 528,197	$ 446,164	$ 356,526	$ 323,912	$ 300,528	$ 279,303	$ 262,890	$ 225,895	$ 186,048
Contributions in relation to the statutorily required contributions	(517,835)	(528,197)	(446,164)	(356,526)	(323,912)	(300,528)	(279,303)	(262,890)	(225,895)	(186,048)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 3,287,839	$ 3,353,630	$ 3,128,780	$ 2,858,759	$ 2,699,263	$ 2,504,382	$ 2,356,974	$ 2,218,504	$ 1,999,144	$ 1,731,051
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	14.26%	12.47%	12.00%	12.00%	11.85%	11.85%	11.30%	10.75%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

This schedule reflects the information provided by PERS. No other years were available.

	2014	2013
Proportion of the net pension liability (asset)	0.054883%	0.051191%
Proportionate share of the net pension liability (asset)	$ 6,661,791	$ 7,092,993
Covered-employee payroll	$ 3,353,630	$ 3,128,780
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	199%	227%
Plan fiduciary net position as a percentage of the total pension liability	67%	61%

* The amounts presented for each fiscal year were determined as of June 30th.

See independent auditor's report.

NOTES TO SUPPLEMENTARY SCHEDULE

Changes of benefit terms

There have been no changes in the plan provisions since the 2011 valuation.

Changes of assumptions

In 2013 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2013. In 2013, withdrawal rates, pre-retirement mortality rates, disability rates and retirement rates were adjusted to more closely reflect actual experience. In 2013, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

HORNE
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors of
Mississippi Home Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mississippi Home Corporation (the "Corporation"), a governmental instrumentality of the State of Mississippi, which comprise the combined statements of net position as of June 30, 2015, and the related combined statements of revenue, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements and have issued our report thereon dated October 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Horne LLP

Ridgeland, Mississippi
October 9, 2015