Mississippi Home Corporation

Independent Auditor's Report, Combined Financial Statements and Supplementary Information

June 30, 2023 and 2022

Mississippi Home Corporation
June 30, 2023 and 2022

Contents

FORV/S

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Independent Auditor's Report

Board of Directors
Mississippi Home Corporation
Jackson, Mississippi

Report on the Audit of the Financial Statements

Opinion

We have audited the combined financial statements of Mississippi Home Corporation (the "Corporation"), an instrumentality of the State of Mississippi, as of and for the years ended June 30, 2023 and 2022, and the related notes to the combined financial statements, which collectively comprise the Corporation's basic combined financial statements as listed in the table of contents.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Combined Financial Statements" section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic combined financial statements. Such information is the responsibility of management and, although not part of the basic combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements that collectively comprise the Corporation's basic combined financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic combined financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic combined 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 November 8, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

FORVIS, LLP

Jackson, Mississippi
November 8, 2023

Mississippi Home Corporation

Management's Discussion and Analysis

Years Ended June 30, 2023 and 2022

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, 2023 and 2022. 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 Combined 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 statements of net position include all of the Corporation's assets and liabilities and provide 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 statements of revenues, expenses and changes in net position. These statements measure the activities of the Corporation's operations and can be used to determine whether the Corporation has successfully recovered all of its costs through its services provided.

The last required financial statement is the combined statements of cash flows. The primary purpose of these statements is to provide information about the Corporation's cash receipts and cash payments during the reporting period. The statements report cash receipts, cash payments and net changes in cash resulting from operating, noncapital financing, capital and related financing, and investing activities and provide information regarding the sources and uses of cash and the changes in the cash balances during the reporting period.

2023 Financial Highlights

- Total assets and deferred outflows of resources increased $13.1 million, or 1.6 percent
- Total liabilities and deferred inflow of resources increased $40.5 million, or 5.3 percent
- Cash and investments increased $22.0 million, or 3.0 percent
- Bonds payable increased $124.3 million, or 23.2 percent
- Total net position decreased $27.4 million, or 54.5 percent, including a $30.9 million decrease in the fair value of investments
- Total operating revenues (excluding fair value adjustments) decreased $102.6 million, or 39.5 percent
- Total operating expenses decreased $104.2 million, or 40.4 percent
- Interest income increased $6.9 million, or 40.0 percent
- Interest expense increased $3.6 million, or 28.2 percent
- Grant fund revenues decreased $108.7 million, or 45.9 percent
- Grant fund expenses decreased $108.8 million, or 46.4 percent
- Operating income (excluding fair value adjustments) increased $1.6 million, or 83.9 percent

Mississippi Home Corporation

Management's Discussion and Analysis

Years Ended June 30, 2023 and 2022

The following table summarizes the changes in the Corporation's assets and deferred outflows of resources, liabilities and deferred inflow of resources and net position that occurred during the year ended June 30, 2023.

	2023	2022	Change Dollars	Change %
Cash and cash equivalents				
Restricted	$ 112,536,422	$ 183,394,615	$ (70,858,193)	-38.6%
Unrestricted	12,516,104	9,104,439	3,411,665	37.5%
Investments, at fair value	641,517,107	552,034,042	89,483,065	16.2%
Mortgage loans, net	45,183,817	43,920,361	1,263,456	2.9%
Other assets and accrued interest receivable	9,346,094	19,150,924	(9,804,830)	-51.2%
Total assets	821,099,544	807,604,381	13,495,163	1.7%
Deferred outflows of resources	2,551,477	2,930,452	(378,975)	-12.9%
Total assets and deferred outflows of resources	$ 823,651,021	$ 810,534,833	$ 13,116,188	1.6%
Bonds payable, net	$ 660,777,988	$ 536,466,642	$ 124,311,346	23.2%
Notes payable	1,720,926	1,853,814	(132,888)	-7.2%
Low income housing tax credit program unearned revenues	24,136,485	23,420,688	715,797	3.1%
Grant fund unearned revenues	95,239,950	179,031,073	(83,791,123)	-46.8%
Net pension liability	12,721,306	9,332,220	3,389,086	36.3%
All other liabilities	6,128,945	7,264,156	(1,135,211)	-15.6%
Total liabilities	800,725,600	757,368,593	43,357,007	5.7%
Deferred inflow of resources	-	2,810,467	(2,810,467)	-100.0%
Total liabilities and deferred inflow of resources	$ 800,725,600	$ 760,179,060	$ 40,546,540	5.3%
Net investments in capital assets	$ 1,670,913	$ 1,937,275	$ (266,362)	-13.7%
Restricted net position	6,295,066	32,767,811	(26,472,745)	-80.8%
Unrestricted net position	14,959,442	15,650,687	(691,245)	-4.4%
Total net position	$ 22,925,421	$ 50,355,773	$ (27,430,352)	-54.5%

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, 2023.

	2023	2022	Change Dollars	Change %
Interest on mortgage-backed securities	$ 20,117,871	$ 16,071,604	$ 4,046,267	25.2%
Interest on cash and other investments	3,618,047	766,008	2,852,039	372.3%
Interest on mortgage loans	317,237	344,073	(26,836)	-7.8%
Low income housing tax credit program	3,770,298	3,746,942	23,356	0.6%
Grant fund revenues	127,958,819	236,686,682	(108,727,863)	-45.9%
Program fees	53,478	631,615	(578,137)	-91.5%
All other income	1,544,923	1,697,338	(152,415)	-9.0%
Total operating revenues	157,380,673	259,944,262	(102,563,589)	-39.5%
Interest expense	16,235,933	12,664,409	3,571,524	28.2%
Bond issuance costs	2,417,468	2,460,026	(42,558)	-1.7%
Salaries and related benefits	6,481,994	5,820,575	661,419	11.4%
Grant fund expenses	125,865,992	234,635,469	(108,769,477)	-46.4%
Program expenses	-	215,211	(215,211)	-100.0%
All other expenses	2,898,568	2,255,769	642,799	28.5%
Total operating expenses	153,899,955	258,051,459	(104,151,504)	-40.4%
Operating income before fair value adjustments	$ 3,480,718	$ 1,892,803	$ 1,587,915	83.9%

The Corporation reported total assets and deferred outflows of resources of $823.7 million at June 30, 2023. This represented an increase of $13.1 million compared to June 30, 2022. Total liabilities and deferred inflow of resources for the same period increased $40.5 million, while total net position decreased $27.4 million.

Cash and cash equivalents decreased $67.4 million to $125.1 million at June 30, 2023, compared to June 30, 2022. The decrease was due primarily to cash related to the Treasury's Emergency Rental Assistance Program (ERA1 and ERA2) and Homeowner Assistance Fund.

Investments increased $89.5 million to $641.5 million at June 30, 2023, compared to June 30, 2022. The increase was the result of three factors:

- 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 market value adjustment of $30.9 million primarily on mortgage-backed securities.

- The purchase of $159.7 million in mortgage-backed securities under the Corporation's open indenture.

The decrease in deferred outflows of resources of $0.4 million in 2023 is primarily related to a decrease in deferred amount on refunding.

The increase in total liabilities of $43.4 million in 2023 was attributable primarily to:

- A net increase in bonds payable of $124.3 million resulting from the following factors:
  - Issuance of the Series 2022C, 2022D, 2023A, and 2023B revenue bonds
  - Calls resulting from the mortgage-backed securities prepayments
- A decrease in grant fund unearned revenues of $83.8 million due to funds previously received from awarding agencies used for program and administrative expenses.

Total operating revenues before fair value adjustments for fiscal year 2023 were $157.4 million, compared to $259.9 million for fiscal year 2022. The decrease in operating revenues was attributable primarily to a decrease in "flow-through" revenues of $108.7 million from the Corporation's management of federal grant programs.

Total operating expenses were $153.9 million in fiscal year 2023, down from $258.1 million in fiscal year 2022. The decrease in operating expenses was attributable primarily to a decrease in "flow-through" expenses of $108.8 million from the Corporation's management of federal grant programs.

As a result of the above factors, operating income before fair value adjustments was $3.5 million in 2023, compared to $1.9 million in 2022.

2022 Financial Highlights

- Total assets and deferred outflows of resources decreased $57.3 million, or 6.6 percent
- Total liabilities and deferred inflow of resources decreased $3.7 million, or 0.5 percent
- Cash and investments decreased $69.3 million, or 8.5 percent
- Bonds payable increased $98.2 million, or 22.4 percent
- Total net position decreased $53.6 million, or 51.6 percent, including a $55.5 million decrease in the fair value of investments
- Total operating revenues (excluding fair value adjustments) increased $209.2 million, or 412.5 percent
- Total operating expenses increased $209.9 million, or 436.3 percent
- Interest income decreased $0.2 million, or 1.2 percent
- Interest expense increased $0.9 million, or 7.7 percent
- Grant fund revenues increased $208.1 million, or 726.6 percent
- Grant fund expenses increased $208.4 million, or 793.0 percent
- Operating income (excluding fair value adjustments) decreased $0.7 million, or 27.2 percent

Mississippi Home Corporation
Management's Discussion and Analysis
Years Ended June 30, 2023 and 2022

The following table summarizes the changes in the Corporation's assets and deferred outflows of resources, liabilities and deferred inflow of resources and net position that occurred during the year ended June 30, 2022.

	2022	2021	Change Dollars	Change %
Cash and cash equivalents				
Restricted	$ 183,394,615	$ 283,068,974	$ (99,674,359)	-35.2%
Unrestricted	9,104,439	6,322,734	2,781,705	44.0%
Investments, at fair value	552,034,042	524,402,339	27,631,703	5.3%
Mortgage loans receivable, net	43,920,361	41,248,342	2,672,019	6.5%
Other assets	19,150,924	9,574,287	9,576,637	100.0%
Total assets	807,604,381	864,616,676	(57,012,295)	-6.6%
Deferred outflows of resources	2,930,452	3,205,010	(274,558)	-8.6%
Total assets and deferred outflow of resources	$ 810,534,833	$ 867,821,686	$ (57,286,853)	-6.6%
Bonds payable, net	$ 536,466,642	$ 438,271,096	$ 98,195,546	22.4%
Notes payable	1,853,814	1,329,215	524,599	39.5%
Low income housing tax credit program unearned revenues	23,420,688	22,684,589	736,099	3.2%
Grant fund unearned revenues	179,031,073	283,698,556	(104,667,483)	-36.9%
Net pension liability	9,332,220	11,843,931	(2,511,711)	-21.2%
All other liabilities	7,264,156	6,050,036	1,214,120	20.1%
Total liabilities	757,368,593	763,877,423	(6,508,830)	-0.9%
Deferred inflow of resources	2,810,467	-	2,810,467	100.0%
Total liabilities and deferred inflow of resources	$ 760,179,060	$ 763,877,423	$ (3,698,363)	-0.5%
Net investments in capital assets	$ 1,937,275	$ 1,290,692	$ 646,583	50.1%
Restricted net position	32,767,811	83,371,014	(50,603,203)	-60.7%
Unrestricted net position	15,650,687	19,282,557	(3,631,870)	-18.8%
Total net position	$ 50,355,773	$ 103,944,263	$ (53,588,490)	-51.6%

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, 2022.

	2022	2021	Change Dollars	Change %
Interest on mortgage-backed securities	$ 16,071,604	$ 16,150,545	$ (78,941)	-0.5%
Interest on cash and other investments	766,008	862,704	(96,696)	-11.2%
Interest on mortgage loans	344,073	382,325	(38,252)	-10.0%
Low income housing tax credits	3,746,942	2,736,578	1,010,364	36.9%
Grant fund revenues	236,686,682	28,632,687	208,053,995	726.6%
Program fees	631,615	1,187,569	(555,954)	-46.8%
All other income	1,697,338	763,622	933,716	122.3%
Total operating revenues	259,944,262	50,716,030	209,228,232	412.5%
Interest expense	12,664,409	11,760,441	903,968	7.7%
Bond issuance costs	2,460,026	1,453,218	1,006,808	69.3%
Salaries and related benefits	5,820,575	6,290,183	(469,608)	-7.5%
Grant fund expenses	234,635,469	26,274,228	208,361,241	793.0%
Program expenses	215,211	231,832	(16,621)	-7.2%
All other expenses	2,255,769	2,107,671	148,098	7.0%
Total operating expenses	258,051,459	48,117,573	209,933,886	436.3%
Operating income before fair value adjustments	$ 1,892,803	$ 2,598,457	$ (705,654)	-27.2%

The Corporation reported total assets and deferred outflows of resources of $810.5 million at June 30, 2022. This represented a decrease of $57.3 million compared to June 30, 2021. Total liabilities and deferred inflow of resources for the same period decreased $3.7 million, while total net position decreased $53.6 million.

Cash and cash equivalents decreased $96.9 million to $192.5 million at June 30, 2022, compared to June 30, 2021. The decrease was due primarily to cash related to the Treasury's Emergency Rental Assistance Program (ERA1 and ERA2) and Homeowner Assistance Fund.

Investments increased $27.6 million to $552.0 million at June 30, 2022, compared to June 30, 2021. The increase was the result of three factors:

- 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 market value adjustment of $55.5 million primarily on mortgage-backed securities.
- The purchase of $140.4 million in mortgage-backed securities under the Corporation's open indenture.

The decrease in deferred outflows of resources of $0.3 million in 2022 is primarily related to a decrease in deferred amount on refunding.

The decrease in total liabilities of $6.5 million in 2022 was attributable primarily to:

- A net increase in bonds payable of $98.2 million resulting from the following factors:
  - Issuance of the Series 2021B and 2022AB revenue bonds
  - Calls resulting from the mortgage-backed securities prepayments
- A decrease in grant fund unearned revenues of $104.7 million due to funds previously received from awarding agencies used for program and administrative expenses.

Total operating revenues before fair value adjustments for fiscal year 2022 were $259.9 million, compared to $50.7 million for fiscal year 2021. The increase in operating revenues was attributable primarily to an increase in "flow-through" revenues of $208.1 million from the Corporation's management of federal grant programs.

Total operating expenses were $258.1 million in fiscal year 2022, up from $48.1 million in fiscal year 2021. The increase in operating expenses was attributable primarily to an increase in "flow-through" expenses of $208.4 million from the Corporation's management of federal grant programs.

As a result of the above factors, operating income before fair value adjustments was $1.9 million in 2022, compared to $2.6 million in 2021.

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 Statements of Net Position

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 12,516,104	$ 9,104,439
Restricted cash and cash equivalents	15,283,642	14,914,967
Accrued interest receivable	2,301,461	1,742,689
Total current assets	30,101,207	25,762,095
Noncurrent Assets		
Restricted cash and cash equivalents	97,252,780	168,479,648
Investments, at fair value	641,517,107	552,034,042
Mortgage loans receivable, net of allowance for loan losses of $1,220,026 in 2023 and $1,057,880 in 2022	45,183,817	43,920,361
Other assets	7,044,633	17,408,235
Total noncurrent assets	790,998,337	781,842,286
Total assets	821,099,544	807,604,381
Deferred Outflows of Resources		
Deferred amount on refunding	430,562	746,141
Deferred pension outflow	2,120,915	2,184,311
Total deferred outflows of resources	2,551,477	2,930,452
Total assets and deferred outflows of resources	$ 823,651,021	$ 810,534,833
Liabilities		
Current Liabilities		
Bonds payable, net	$ 17,950,445	$ 16,438,169
Notes payable	134,464	72,324
Accrued interest payable	1,743,311	1,227,304
Total current liabilities	19,828,220	17,737,797
Noncurrent Liabilities		
Bonds payable, net	642,827,543	520,028,473
Notes payable	1,586,462	1,781,490
Low income housing tax credit program unearned revenues	24,136,485	23,420,688
Grant fund unearned revenues	95,239,950	179,031,073
Net pension liability	12,721,306	9,332,220
Other liabilities and accrued expenses	4,385,634	6,036,852
Total noncurrent liabilities	780,897,380	739,630,796
Total liabilities	800,725,600	757,368,593
Deferred Inflow of Resources		
Deferred pension inflow	-	2,810,467
Total deferred inflow of resources	-	2,810,467
Total liabilities and deferred inflow of resources	$ 800,725,600	$ 760,179,060
Net Position		
Net investments in capital assets	$ 1,670,913	$ 1,937,275
Restricted	6,295,066	32,767,811
Unrestricted	14,959,442	15,650,687
Total net position	$ 22,925,421	$ 50,355,773

Mississippi Home Corporation

Combined Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Interest income		
Cash and cash equivalents	$ 2,522,807	$ 50,861
Mortgage-backed securities	20,117,871	16,071,604
Other investments	1,095,240	715,147
Mortgage loans	317,237	344,073
Total interest income	24,053,155	17,181,685
Net decrease in fair value of investments	(30,911,070)	(55,481,293)
Low income housing tax credit program	3,770,298	3,746,942
Grant fund revenues	127,958,819	236,686,682
Program fees	53,478	631,615
Other income	1,544,923	1,697,338
Total operating revenues	126,469,603	204,462,969
Operating Expenses		
Interest expense	16,235,933	12,664,409
Bond issuance costs	2,417,468	2,460,026
Salaries and related benefits	6,481,994	5,820,575
Grant fund expenses	125,865,992	234,635,469
Provision for (reversal of) mortgage loan losses	174,538	(103,280)
Program expenses	-	215,211
Other	2,724,030	2,359,049
Total operating expenses	153,899,955	258,051,459
Operating Loss	(27,430,352)	(53,588,490)
Net Position, Beginning of Year	50,355,773	103,944,263
Net Position, End of Year	$ 22,925,421	$ 50,355,773

Mississippi Home Corporation

Combined Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Loan principal payments received	$ 1,598,398	$ 2,521,704
Loan interest payments received	320,057	344,750
Loan disbursements	(1,564,749)	(1,188,964)
Payments to employees	(5,857,919)	(5,802,244)
Grant funds expended	(125,865,992)	(234,651,055)
Payments from (to) vendors	4,180,830	(10,312,740)
Fee income received	4,998,741	4,575,840
Grant funds received	43,638,508	128,222,274
Other income received	2,090,752	2,239,021
Net cash used in operating activities	(76,461,374)	(114,051,414)
Cash flows from noncapital financing activities		
Proceeds from issuance of bonds	169,997,652	182,618,554
Proceeds from issuance of notes	-	637,916
Principal repayment of bonds	(43,270,110)	(82,334,567)
Principal repayment of notes	(132,888)	(113,317)
Interest paid	(17,820,542)	(14,008,596)
Bond issuance costs paid	(2,417,468)	(2,460,026)
Net cash provided by noncapital financing activities	106,356,644	84,339,964
Cash flows from capital and related financing activities		
Property and equipment additions	(68,615)	(840,575)
Proceeds from sale of property and equipment	27,000	-
Net cash used in capital and related financing activities	(41,615)	(840,575)
Cash flows from investing activities		
Purchase of investments	(171,842,044)	(154,091,926)
Redemption of investments	50,164,301	69,052,643
Interest received on investments	24,214,295	18,698,654
Proceeds from sale of real estate owned	163,265	-
Net cash used in investing activities	(97,300,183)	(66,340,629)
Net decrease in cash and cash equivalents	(67,446,528)	(96,892,654)
Cash and cash equivalents, beginning of year	192,499,054	289,391,708
Cash and cash equivalents, end of year	$ 125,052,526	$ 192,499,054

Mississippi Home Corporation

Combined Statements of Cash Flows (Continued)

Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of Cash and Cash Equivalents to the Combined Statements of Net Position		
Current cash and cash equivalents	$ 12,516,104	$ 9,104,439
Current restricted cash and cash equivalents	15,283,642	14,914,967
Noncurrent restricted cash and cash equivalents	97,252,780	168,479,648
Total cash and cash equivalents	$ 125,052,526	$ 192,499,054
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (27,430,352)	$ (53,588,490)
Adjustments to reconcile operating loss to net cash used in operating activities		
Interest paid	17,820,542	14,008,596
Bond issuance costs paid	2,417,468	2,460,026
Amortization of bond premium	(2,418,155)	(1,974,792)
Amortization of bond discount	1,959	1,888
Amortization of investment premium	1,268,488	1,937,887
Amortization of bond refunding	315,579	415,773
Net decrease in fair value of investments	30,911,070	55,481,293
Realized loss on investments	10,368	22,955
Gain on sale of fixed assets	(91,605)	-
Interest received on investments	(24,214,295)	(18,698,654)
Changes in assets and liabilities		
(Increase) decrease in mortgage loans receivable, net	(1,263,456)	(2,672,019)
(Increase) decrease in accrued interest receivable	(558,772)	(67,485)
(Increase) decrease in other assets	10,338,309	(8,703,132)
(Increase) decrease in deferred pension outflow	63,396	(256,752)
Increase (decrease) in deferred pension inflow	(2,810,467)	2,810,467
Increase (decrease) in accrued interest payable	516,007	212,945
Increase (decrease) in low income housing tax credit program unearned revenues	715,797	736,099
Increase (decrease) in grant fund unearned revenues	(83,791,123)	(104,667,483)
Increase (decrease) in net pension liability	3,389,086	(2,511,711)
Increase (decrease) in other liabilities and accrued expenses	(1,651,218)	1,001,175
Total adjustments	(49,031,022)	(60,462,924)
Net cash used in operating activities	$ (76,461,374)	$ (114,051,414)

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 deficit or operating deficiencies of the Corporation. The Corporation controls the use of surplus funds.

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

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 combined 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 interfund balances and transactions have been eliminated in the combined financial statements.

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; and
- 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 ("Ginnie Mae") mortgage-backed securities, Federal National Mortgage Association ("Fannie Mae") mortgage-backed securities and Federal Home Loan Mortgage Corporation ("Freddie Mac") participation certificates (collectively, Mortgage-Backed Securities); proceeds from the issuance of notes payable; and principal and interest payments of the Mortgage-Backed Securities. These funds are primarily held in money market accounts, U.S. Treasury notes and repurchase agreements. 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 are readily convertible into cash at the discretion of the Corporation. Money market investments and other highly liquid investments with no stated maturity are considered cash equivalents and are reported at amortized cost.

Mortgage Loans Receivable, Mortgage-Backed Securities and Investments

A portion of the mortgage loans in the General Corporate Fund is 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.

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.

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 (reversal of) mortgage loan losses totaled $174,538 and ($103,280) in 2023 and 2022, respectively.

Deferred Losses on Refunding, Discounts and Premiums

Costs related to the issuance of bonds are expensed in the respective bond issues. During the years ended June 30, 2023 and 2022, $2,417,468 and $2,460,026 of issuance costs were expensed, respectively.

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 years ended June 30, 2023 and 2022, $0 and $157,903 of net refunding losses were deferred, respectively.

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. As provided in Governmental Accounting Standards Board ("GASB"), the net position liability is required to be measured as of a date no earlier than the end of the Corporation's prior fiscal year (the "measurement date"). The Corporation has elected to utilize actuarial information as of the beginning of the period in accordance with the available elections under GASB 68, consistently applied from period to period. 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.

Fair Value of Financial Instruments

GASB 72, *Fair Value and Measurement Application*, established a hierarchy for financial assets and liabilities recorded at fair value. This standard requires the Corporation to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Investments measured at fair value on a recurring basis are summarized below:

	2023			
		Fair Value Measurements Using		
	Fair Value at June 30, 2023	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments				
U.S. Government agency securities	$ 10,520,311	$ -	$ 10,520,311	$ -
Municipal debt securities	5,941,590	-	5,941,590	-
Mortgage-backed securities	624,437,366	-	624,437,366	-
Collateralized mortgage obligations	352,353	-	352,353	-
Other asset-backed securities	26,594	-	26,594	-
Commercial agreements	238,893	-	238,893	-
	$ 641,517,107	$ -	$ 641,517,107	$ -

	2022			
		Fair Value Measurements Using		
	Fair Value at June 30, 2022	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments				
U.S. Government agency securities	$ 10,332,500	$ -	$ 10,332,500	$ -
Municipal debt securities	6,482,047	-	6,482,047	-
Mortgage-backed securities	533,754,609	-	533,754,609	-
Collateralized mortgage obligations	471,981	-	471,981	-
Other asset-backed securities	34,451	-	34,451	-
Commercial agreements	958,454	-	958,454	-
	$ 552,034,042	$ -	$ 552,034,042	$ -

The valuation technique used to measure fair value for the items in the tables above is the fair value of securities available-for-sale is determined by obtaining matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

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, 2023, 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.

Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the combined financial position, results of operations and cash flows of the Corporation.

Change in Accounting Principles

Effective July 1, 2021, the Corporation adopted GASB 87, *Leases*. The adoption of this standard did not impact the combined financial statements due to the immaterial nature of the Corporation's lease activity.

Effective July 1, 2022, the Corporation adopted GASB 96, *Subscription-Based Information Technology Arrangement* (SBITA). The adoption of this standard did not impact the financial statements due to the immaterial nature of the Corporation's subscription activity.

Note 2: Cash Equivalents and Investments

At June 30, 2023, the carrying amount of the Corporation's cash and cash equivalents was $125,052,526, and the bank balance was $125,109,338. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $125,109,338 bank balance, $918,607 was either insured by federal regulatory authorities or held in a public fund's depository approved by the State of Mississippi. Of the remaining bank balance of $124,190,731, $102,400,947 related to Treasury Programs (Emergency Rental Assistance Program and Homeowner Assistance Fund) and the Mortgage Revenue Bond Program. The Emergency Rental Assistance Program and Homeowner Assistance Fund are programs created by the U.S. Treasury to provide funding for State Housing Finance Authorities to develop locally-tailored rental, mortgage and utility payment solutions in areas that have been hit hard by the COVID-19 pandemic.

At June 30, 2022, the carrying amount of the Corporation's cash and cash equivalents was $192,499,054, and the bank balance was $192,525,481. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $192,525,481 bank balance, $9,417,009 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 $183,108,472, $173,568,475 related to Treasury Programs (Emergency Rental Assistance Program and Homeowner Assistance Fund) and the Mortgage Revenue Bond Program. The Emergency Rental Assistance Program and Homeowner Assistance Fund are programs created by the U.S. Treasury to provide funding for State Housing Finance Authorities to develop locally-tailored rental, mortgage and utility payment solutions in areas that have been hit hard by the COVID-19 pandemic.

A summary of the estimated fair value and amortized cost of investments as of June 30, 2023 and 2022 follows:

	2023		2022	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
U.S. Government agency securities	$ 10,520,311	$ 11,306,913	$ 10,332,500	$ 10,816,147
Municipal debt securities	5,941,590	6,561,931	6,482,047	6,935,803
Mortgage-backed securities	624,437,366	693,691,004	533,754,609	572,575,649
Collateralized mortgage obligations	352,353	382,051	471,981	497,682
Other asset-backed securities	26,594	27,095	34,451	34,578
Commercial agreements	238,893	245,000	958,454	960,000
	$ 641,517,107	$ 712,213,994	$ 552,034,042	$ 591,819,859

At June 30, 2023, 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	$ 10,520,311	$ 1,493,789	$ 5,050,366	$ 3,784,282	$ 191,874
Municipal debt securities	5,941,590	847,273	2,219,568	2,874,749	-
Mortgage-backed securities	624,437,366	7,604	7,533,708	10,709,113	606,186,941
Collateralized mortgage obligations	352,353	20	352,333	-	-
Other asset-backed securities	26,594	-	-	1,275	25,319
Commercial agreements	238,893	238,893	-	-	-
	$ 641,517,107	$ 2,587,579	$ 15,155,975	$ 17,369,419	$ 606,404,134

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, 2023, the Corporation's investments in certain municipal debt securities of $1,865,926 and other asset-backed securities of $26,594 were unrated. The Corporation's remaining investments are rated by Moody's Investor Service or Standard and Poor's as follows:

Investment Type	Rating	Estimated Value
U.S. Government agency securities	Aaa	$ 10,520,311
Municipal debt securities	Aa	4,075,664
Mortgage-backed securities	Aaa	624,437,366
Collateralized mortgage obligations	Aaa	352,353
Commercial agreements	Aaa	238,893
		$ 639,624,587

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, 2023, the Corporation held Ginnie Mae investments (rated Aaa) with a fair value of $573,984,201 and Fannie Mae investments (rated Aaa) with a fair value of $43,641,295, which represent approximately 96 percent of the Corporation's total investment holdings. Ginnie Mae investments are a direct obligation of the U.S. Government and backed by the full faith and credit of the U.S. Government.

Note 3: Mortgage Loans Receivable

Mortgage loans receivable is comprised of real estate mortgage loans and real estate construction loans, as follows:

- Real estate mortgage loans are secured by personal residences and payable in periodic installments. As of June 30, 2023 and 2022, $7,567,893 and $7,930,825, respectively, 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, 2023 and 2022, $38,835,950 and $37,047,416, respectively, of real estate construction loans were outstanding.

All real estate securing the mortgage loans are 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 July 1, 2021	$ 438,271,096	$ 1,329,215
Proceeds from issuance	182,618,554	637,916
Principal repayments	(82,334,567)	(113,317)
Premium amortization	(2,090,329)	-
Discount amortization	1,888	-
Balance at June 30, 2022	536,466,642	1,853,814
Proceeds from issuance	169,997,652	-
Principal repayments	(43,270,110)	(132,888)
Premium amortization	(2,418,155)	-
Discount amortization	1,959	-
Balance at June 30, 2023	$ 660,777,988	$ 1,720,926

The Corporation has the option to redeem bonds after they have been outstanding for 10 years without premium. Certain extraordinary redemptions, as governed by the bond resolutions, are permitted prior to the foregoing redemption dates.

On July 14, 2021, the Corporation issued $97.1 million of mortgage revenue bonds. On August 1, 2021, $28.6 million was used to refund the outstanding 2009B-2 and 2011A series revenue bonds.

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

	2023	2022
Proceeds required to refund old debt	$ -	$ 28,625,000
Less net carrying value of old debt	-	(28,740,537)
Deferred amount on refunding	$ -	$ (115,537)

On January 26, 2022, the Corporation issued $70.7 million of mortgage revenue bonds and $4.0 million of mortgage revenue refunding bonds. On January 26, 2022, $4.2 million was used to refund the outstanding 2013A series revenue bonds.

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:

	2023	2022
Proceeds required to refund old debt	$ -	$ 4,179,370
Less net carrying value of old debt	-	(3,905,930)
Deferred amount on refunding	$ -	$ 273,440

The deferred gain (loss) on refunding of debt is included in the deferred outflows of resources in the combined statements of net position.

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, 2023, the Corporation has complied with all bond covenants.

Bonds and notes payable of the Corporation follow:

Issue	Rates (%)	Final Maturity	June 30, 2023	June 30, 2022
2002 Lease Purchase	–	10/01/2007	$ 600,401	$ 600,401
			600,401	600,401
2009 Resolution				
2015A	3.05	12/01/2034	4,185,681	6,920,791
2016ABC	1.875 - 3.625	12/01/2045	23,163,213	25,800,335
2017ABC	2.00 - 4.00	12/01/2046	26,879,462	29,788,831
2017DEF	2.50 - 4.00	12/01/2043	19,931,381	22,611,064
2018A	2.50 - 4.00	12/01/2044	23,357,601	26,859,166
2019A	2.05 - 4.00	12/01/2048	28,023,151	31,868,610
2019B	1.40 - 3.50	12/01/2049	55,488,481	60,171,158
2020A	1.15 - 3.75	06/01/2049	51,758,108	56,564,999
2020B	0.55 - 3.25	12/01/2050	44,383,815	47,432,774
2021A	1.20 - 5.00	12/01/2050	44,972,473	47,997,066
2021B	1.30 - 5.00	06/01/2051	94,762,447	101,100,298
2022AB	1.04 - 5.00	06/01/2050	74,358,702	78,751,149
2022CD	3.15 - 5.00	12/01/2052	88,941,019	-
2023AB	3.45 - 5.508	12/01/2053	79,972,053	-
			660,177,587	535,866,241
Total bonds payable, net			$ 660,777,988	$ 536,466,642

Notes Payable Description	Rates (%)	Final Maturity	June 30, 2023	June 30, 2022
USDA Rural Development	1.00	05/05/2038	$ 1,185,327	$ 1,257,607
Federal Home Loan Bank	1.264 - 1.579	11/03/2031	535,599	596,207
Total notes payable			$ 1,720,926	$ 1,853,814

A summary of debt service requirements through 2028 and in five-year increments thereafter is as follows:

Year Ending June 30,	Principal	Interest
2024	$ 18,084,909	$ 20,755,188
2025	19,862,360	20,233,284
2026	21,705,873	19,603,297
2027	21,985,878	18,931,156
2028	22,038,152	18,228,592

Five-Year Increments Ending June 30,	Principal	Interest
2029 - 2033	$ 110,480,343	$ 82,069,631
2034 - 2038	80,490,993	67,256,346
2039 - 2043	98,157,715	56,137,553
2044 - 2048	82,063,445	40,403,228
2049 - 2053	155,912,193	21,187,774
2054 - 2058	31,717,053	766,500

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 (“IRS”). The Corporation determined that the rebate liability due to the IRS (recorded in other liabilities and accrued expenses) was $0 in both 2023 and 2022. The Corporation expects to meet the spending requirements on substantially all of the outstanding issues.

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 be within income limits, and their homes must meet purchase price limits. The limits for the tax-exempt MRB Program are set by Congress, while the limits for the taxable MRB

Program and 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 may call the bonds.

The Smart Solution Program 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 statements of net position related to the Corporation's Smart Solution Program.

During the year ended June 30, 2022, management elected to terminate 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 ("MDA") 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 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 $6 million and the Corporation matching $6 million. Costs incurred by the Corporation for administering the program are not reimbursed to the Corporation.

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 three down payment assistance programs are:

- Smart Solution Program - 10-year terms, interest rates set by management, are secured by second mortgages on the residences, and the maximum principal amount is 3.5 percent of the primary mortgage loan.
- MRB7 Program – 10-year terms, interest rates set by management, forgivable after 10 years as long as the home is owner-occupied, secured by second mortgages on the residences, and the maximum principal amount is $7,000.
- Smart6 Program – 30-year terms, interest rates set by management, are secured by second mortgages on the residences, and the maximum principal amount is $6,000.

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, 2023 and 2022, $600,401 bonds payable were outstanding under this program (see *Note 4*).

Note 12: Defined Benefit Pension Plan

Plan Description

The Corporation contributes to the Public Employees’ Retirement System of Mississippi (“PERS” or the “System”), 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, 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 percent 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 percent 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 17.4 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 cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Corporation were $745,732 and $740,317 for the years ended June 30, 2023 and 2022, respectively.

Net Pension Liability

The Corporation relied on the following reports published by PERS in December of each year:

- Report of the Annual GASB Statement No. 68 – *Required Information for the Employers Participating in PERS* – Prepared as of June 30, 2022 and 2021
- Schedule of Employer Allocations and Schedule of Collective Pension Amounts – PERS – June 30, 2022 and 2021

Accordingly, this note reflects financial information related to the measurement periods ended June 30, 2022 and 2021. The Actuarial Assumptions section reflects the plan as a whole managed by PERS. The data is not specific to the Corporation, nor does the Corporation manage the investments.

At June 30, 2023 and 2022, the Corporation reported a liability of $12,721,306 and $9,332,220, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Corporation's proportion of the net pension liability was based on a projection of the Corporation'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, 2022 and 2021, the Corporation's proportion was 0.061803 percent and 0.063139 percent, respectively, which was a decrease of 0.001336 percent and an increase of 0.001958 percent, respectively, from its proportion measured as of June 30, 2021 and 2020.

For the years ended June 30, 2023 and 2022, the Corporation recognized pension expense of $1,387,747 and $782,321, respectively, which is included in salaries and related benefits. At June 30, 2023 and 2022, the Corporation reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 180,125	$ -
Changes of assumptions	439,981	-
Net difference between projected and actual earnings on pension plan investments	668,185	-
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	86,892	-
Corporation contributions subsequent to the measurement date	745,732	-
	$ 2,120,915	$ -

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 149,223	$ -
Changes of assumptions	718,110	-
Net difference between projected and actual earnings on pension plan investments	-	(2,810,467)
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	576,661	-
Corporation contributions subsequent to the measurement date	740,317	-
	$ 2,184,311	$ (2,810,467)

The Corporation reported $745,732 as deferred outflows of resources related to pensions resulting from Corporation contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as an expense in pension expense as follows:

Year Ending June 30	
2024	$ 519,700
2025	314,411
2026	(149,221)
2027	690,293
	$ 1,375,183

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males, 95% of male rates from up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ended June 30, 2020.

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 nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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:

	June 30, 2022	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27%	4.60%
International equity	22%	4.50%
Global equity	12%	4.80%
Debt securities	20%	-0.25%
Real estate	10%	3.75%
Private equity	8%	6.00%
Cash equivalents	1%	-1.00%
	100%	

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males, 95% of male rates from up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of the female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ended June 30, 2020.

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 nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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:

	June 30, 2021	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27%	4.60%
International equity	22%	4.50%
Global equity	12%	4.80%
Debt securities	20%	-0.25%
Real estate	10%	3.75%
Private equity	8%	6.00%
Cash equivalents	1%	-1.00%
	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.55 percent at both June 30, 2022 and 2021. 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 Corporation 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 Corporation's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Corporation's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Corporation's proportionate share of the net pension liability	$ 16,602,604	$ 12,721,306	$ 9,521,374

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 13: 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.

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 14: 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. 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 combined financial statements.

Note 15: Subsequent Events

The Corporation has evaluated, for consideration of recognition or disclosure, subsequent events that have occurred through November 8, 2023, the date of issuance of its combined financial statements, and has determined that no significant events, other than that mentioned below, occurred after June 30, 2023, but prior to the issuance of these combined financial statements that could have a material impact on its combined financial statements.

On August 9, 2023, the Corporation issued $70,000,000 in tax-exempt Single Family Mortgage Revenue Bonds and $29,295,000 in taxable Single Family Mortgage Revenue Bonds. The bonds have maturity dates from June 1, 2024 to December 1, 2053 and bear interest rates from 3.35 percent to 6.50 percent.

Supplementary Schedules

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2023

	1995CD Program	1995IJ Program	2002 Lease Purchase Program	2009 Resolution	Total Bond Program
Assets					
Current Assets					
Cash and cash equivalents	$ —	$ —	$ —	$ —	$ —
Restricted cash and cash equivalents	—	—	594,800	14,688,842	15,283,642
Accrued interest receivable	637	724	—	2,122,281	2,123,642
Total current assets	637	724	594,800	16,811,123	17,407,284
Noncurrent Assets					
Restricted cash and cash equivalents	85	117	—	30,585,889	30,586,091
Investments, at fair value	98,166	116,633	—	609,170,128	609,384,927
Mortgage loans receivable, net	—	—	—	1,040,868	1,040,868
Other assets	—	—	—	136,149	136,149
Due (to) from other funds	—	—	—	—	—
Total noncurrent assets	98,251	116,750	—	640,933,034	641,148,035
Total assets	98,888	117,474	594,800	657,744,157	658,555,319
Deferred Outflows of Resources					
Deferred amount on refunding	—	—	—	430,562	430,562
Deferred pension outflow	—	—	—	—	—
Total deferred outflows of resources	—	—	—	430,562	430,562
Total assets and deferred outflows of resources	$ 98,888	$ 117,474	$ 594,800	$ 658,174,719	$ 658,985,881
Liabilities					
Current Liabilities					
Bonds payable, net	$ —	$ —	$ 600,401	$ 17,350,044	$ 17,950,445
Notes payable	—	—	—	—	—
Accrued interest payable	—	—	—	1,736,791	1,736,791
Total current liabilities	—	—	600,401	19,086,835	19,687,236
Noncurrent Liabilities					
Bonds payable, net	—	—	—	642,827,543	642,827,543
Notes payable	—	—	—	—	—
Low income housing tax credit program unearned revenues	—	—	—	—	—
Grant fund unearned revenues	—	—	—	—	—
Net pension liability	—	—	—	—	—
Other liabilities and accrued expenses	—	—	—	64,335	64,335
Total noncurrent liabilities	—	—	—	642,891,878	642,891,878
Total liabilities	—	—	600,401	661,978,713	662,579,114
Deferred Inflow of Resources					
Deferred pension inflow	—	—	—	—	—
Total deferred inflow of resources	—	—	—	—	—
Total liabilities and deferred inflow of resources	$ —	$ —	$ 600,401	$ 661,978,713	$ 662,579,114
Net Position					
Net investments in capital assets	$ —	$ —	$ —	$ —	$ —
Restricted	98,888	117,474	(5,601)	(3,803,994)	(3,593,233)
Unrestricted	—	—	—	—	—
Total net position	$ 98,888	$ 117,474	$ (5,601)	$ (3,803,994)	$ (3,593,233)

Mississippi Home Corporation
Combining Schedule of Net Position (Continued)
June 30, 2023

	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Assets					
Current Assets					
Cash and cash equivalents	$ —	$ 904,043	$ 11,612,061	$ —	$ 12,516,104
Restricted cash and cash equivalents	—	—	—	—	15,283,642
Accrued interest receivable	435	2,544	166,115	8,725	2,301,461
Total current assets	435	906,587	11,778,176	8,725	30,101,207
Noncurrent Assets					
Restricted cash and cash equivalents	2,271,854	—	61,568,517	2,826,318	97,252,780
Investments, at fair value	—	—	32,132,180	—	641,517,107
Mortgage loans receivable, net	171,295	674,176	40,545,083	2,752,395	45,183,817
Other assets	—	—	3,407,667	3,500,817	7,044,633
Due (to) from other funds	26,846	—	(24,598)	(2,248)	—
Total noncurrent assets	2,469,995	674,176	137,628,849	9,077,282	790,998,337
Total assets	2,470,430	1,580,763	149,407,025	9,086,007	821,099,544
Deferred Outflows of Resources					
Deferred amount on refunding	—	—	—	—	430,562
Deferred pension outflow	—	—	2,120,915	—	2,120,915
Total deferred outflows of resources	—	—	2,120,915	—	2,551,477
Total assets and deferred outflows of resources	$ 2,470,430	$ 1,580,763	$ 151,527,940	$ 9,086,007	$ 823,651,021
Liabilities					
Current Liabilities					
Bonds payable, net	$ —	$ —	$ —	$ —	$ 17,950,445
Notes payable	—	—	134,464	—	134,464
Accrued interest payable	—	—	6,520	—	1,743,311
Total current liabilities	—	—	140,984	—	19,828,220
Noncurrent Liabilities					
Bonds payable, net	—	—	—	—	642,827,543
Notes payable	—	—	1,586,462	—	1,586,462
Low income housing tax credit program unearned revenues	—	—	24,136,485	—	24,136,485
Grant fund unearned revenues	—	—	95,239,950	—	95,239,950
Net pension liability	—	—	12,721,306	—	12,721,306
Other liabilities and accrued expenses	1,662,609	4,289	2,648,872	5,529	4,385,634
Total noncurrent liabilities	1,662,609	4,289	136,333,075	5,529	780,897,380
Total liabilities	1,662,609	4,289	136,474,059	5,529	800,725,600
Deferred Inflow of Resources					
Deferred pension inflow	—	—	—	—	—
Total deferred inflow of resources	—	—	—	—	—
Total liabilities and deferred inflow of resources	$ 1,662,609	$ 4,289	$ 136,474,059	$ 5,529	$ 800,725,600
Net Position					
Net investments in capital assets	$ —	$ —	$ 1,670,913	$ —	$ 1,670,913
Restricted	807,821	—	—	9,080,478	6,295,066
Unrestricted	—	1,576,474	13,382,968	—	14,959,442
Total net position	$ 807,821	$ 1,576,474	$ 15,053,881	$ 9,080,478	$ 22,925,421

Mississippi Home Corporation

Combining Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2023

	1995CD Program	1995IJ Program	2002 Lease Purchase Program	2009 Resolution	Total Bond Program
Operating Revenues					
Interest income					
Cash and cash equivalents	$ 245	$ 232	$ 18,288	$ 2,267,511	$ 2,286,276
Mortgage-backed securities	8,675	8,844	—	20,100,352	20,117,871
Other investments	—	—	—	—	—
Mortgage loans	—	—	—	—	—
Total interest income	8,920	9,076	18,288	22,367,863	22,404,147
Net decrease in fair value of investments	(3,294)	(4,649)	—	(29,818,185)	(29,826,128)
Low income housing tax credit program	—	—	—	—	—
Grant fund revenues	—	—	—	—	—
Program fees	—	—	—	—	—
Other income	—	—	—	826,000	826,000
Total operating revenues	5,626	4,427	18,288	(6,624,322)	(6,595,981)
Operating Expenses					
Interest expense	—	—	—	16,216,196	16,216,196
Bond issuance costs	—	—	—	2,417,468	2,417,468
Salaries and related benefits	—	—	—	—	—
Grant fund expenses	—	—	—	—	—
Provision for (reversal of) mortgage loan losses	—	—	—	3,132	3,132
Program expenses	—	—	—	—	—
Other	—	—	—	368,131	368,131
Total operating expenses	—	—	—	19,004,927	19,004,927
Operating Income (Loss)	5,626	4,427	18,288	(25,629,249)	(25,600,908)
Transfers in (out)	(71,668)	(66,626)	—	(961,591)	(1,099,885)
Net Position, Beginning of Year	164,930	179,673	(23,889)	22,786,846	23,107,560
Net Position, End of Year	$ 98,888	$ 117,474	$ (5,601)	$ (3,803,994)	$ (3,593,233)

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position (Continued)
Year Ended June 30, 2023

	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Operating Revenues					
Interest income					
Cash and cash equivalents	$ 5,065	$ 15,483	$ 168,373	$ 47,610	$ 2,522,807
Mortgage-backed securities	—	—	—	—	20,117,871
Other investments	60,853	—	1,034,387	—	1,095,240
Mortgage loans	4,401	40,234	148,291	124,311	317,237
Total interest income	70,319	55,717	1,351,051	171,921	24,053,155
Net decrease in fair value of investments	—	—	(1,084,942)	—	(30,911,070)
Low income housing tax credit program	—	—	3,770,298	—	3,770,298
Grant fund revenues	—	—	127,958,819	—	127,958,819
Program fees	—	—	53,478	—	53,478
Other income	3	47	641,887	76,986	1,544,923
Total operating revenues	70,322	55,764	132,690,591	248,907	126,469,603
Operating Expenses					
Interest expense	—	—	19,737	—	16,235,933
Bond issuance costs	—	—	—	—	2,417,468
Salaries and related benefits	—	—	6,481,994	—	6,481,994
Grant fund expenses	—	—	125,865,992	—	125,865,992
Provision for (reversal of) mortgage loan losses	23,359	(29,402)	143,602	33,847	174,538
Program expenses	—	—	—	—	—
Other	4,739	8,963	2,308,361	33,836	2,724,030
Total operating expenses	28,098	(20,439)	134,819,686	67,683	153,899,955
Operating Income (Loss)	42,224	76,203	(2,129,095)	181,224	(27,430,352)
Transfers in (out)	762	3,836	1,091,449	3,838	—
Net Position, Beginning of Year	764,835	1,496,435	16,091,527	8,895,416	50,355,773
Net Position, End of Year	$ 807,821	$ 1,576,474	$ 15,053,881	$ 9,080,478	$ 22,925,421

Mississippi Home Corporation
Combining Schedule of Cash Flows
Year Ended June 30, 2023

	1995CD Program	1995IJ Program	2002 Lease Purchase Program	2009 Resolution	Total Bond Program
Cash flows from operating activities:					
Loan principal payments received	$ —	$ —	$ —	$ 6,000	$ 6,000
Loan interest payments received	—	—	—	—	—
Loan disbursements	—	—	—	(1,050,000)	(1,050,000)
Payments to employees	—	—	—	—	—
Grant funds expended	—	—	—	—	—
Payments from (to) vendors	(1,186)	(1,763)	—	(381,961)	(384,910)
Fee income received	—	—	—	—	—
Grant funds received	—	—	—	—	—
Other income received	—	—	—	826,000	826,000
Net cash provided by (used in) operating activities	(1,186)	(1,763)	—	(599,961)	(602,910)
Cash flows from noncapital financing activities:					
Proceeds from issuance of bonds	—	—	—	169,997,652	169,997,652
Proceeds from issuance of notes	—	—	—	—	—
Principal repayment of bonds	—	—	—	(43,270,110)	(43,270,110)
Principal repayment of notes	—	—	—	—	—
Interest paid	—	—	—	(17,800,378)	(17,800,378)
Bond issuance costs paid	—	—	—	(2,417,468)	(2,417,468)
Due (from) to other programs	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	—	—	—	106,509,696	106,509,696
Cash flows from capital and related financing activities:					
Property and equipment additions	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—
Net cash used in capital and related financing activities	—	—	—	—	—
Cash flows from investing activities:					
Purchase of investments	—	—	—	(165,341,266)	(165,341,266)
Redemption of investments	62,300	57,140	—	44,329,172	44,448,612
Interest received on investments	10,511	11,193	18,288	23,338,548	23,378,540
Proceeds from sale of real estate owned	—	—	—	—	—
Net cash provided by (used in) investing activities	72,811	68,333	18,288	(97,673,546)	(97,514,114)
Transfers	(71,668)	(66,626)	—	(961,591)	(1,099,885)
Net increase (decrease) in cash and cash equivalents	(43)	(56)	18,288	7,274,598	7,292,787
Cash and cash equivalents, beginning of year	128	173	576,512	38,000,133	38,576,946
Cash and cash equivalents, end of year	$ 85	$ 117	$ 594,800	$ 45,274,731	$ 45,869,733

Mississippi Home Corporation
Combining Schedule of Cash Flows (Continued)
Year Ended June 30, 2023

	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Cash flows from operating activities:					
Loan principal payments received	$ 70,000	$ 345,065	$ 472,756	$ 704,577	$ 1,598,398
Loan interest payments received	3,966	41,147	148,506	126,438	320,057
Loan disbursements	(264,654)	—	(218,179)	(31,916)	(1,564,749)
Payments to employees	—	—	(5,857,919)	—	(5,857,919)
Grant funds expended	—	—	(125,865,992)	—	(125,865,992)
Payments from (to) vendors	(383,466)	(9,337)	5,003,849	(45,306)	4,180,830
Fee income received	—	47	4,997,813	881	4,998,741
Grant funds received	—	—	43,638,508	—	43,638,508
Other income received	3	15,483	1,190,156	59,110	2,090,752
Net cash provided by (used in) operating activities	(574,151)	392,405	(76,490,502)	813,784	(76,461,374)
Cash flows from noncapital financing activities:					
Proceeds from issuance of bonds	—	—	—	—	169,997,652
Proceeds from issuance of notes	—	—	—	—	—
Principal repayment of bonds	—	—	—	—	(43,270,110)
Principal repayment of notes	—	—	(132,888)	—	(132,888)
Interest paid	—	—	(20,164)	—	(17,820,542)
Bond issuance costs paid	—	—	—	—	(2,417,468)
Due (from) to other programs	225	—	(225)	—	—
Net cash provided by (used in) noncapital financing activities	225	—	(153,277)	—	106,356,644
Cash flows from capital and related financing activities:					
Property and equipment additions	—	—	(68,615)	—	(68,615)
Proceeds from sale of property and equipment	—	—	27,000	—	27,000
Net cash used in capital and related financing activities	—	—	(41,615)	—	(41,615)
Cash flows from investing activities:					
Purchase of investments	—	—	(6,496,028)	(4,750)	(171,842,044)
Redemption of investments	60,853	—	5,654,836	—	50,164,301
Interest received on investments	5,064	—	830,691	—	24,214,295
Proceeds from sale of real estate owned	—	—	—	163,265	163,265
Net cash provided by (used in) investing activities	65,917	—	(10,501)	158,515	(97,300,183)
Transfers	762	3,836	1,091,449	3,838	—
Net increase (decrease) in cash and cash equivalents	(507,247)	396,241	(75,604,446)	976,137	(67,446,528)
Cash and cash equivalents, beginning of year	2,779,101	507,802	148,785,024	1,850,181	192,499,054
Cash and cash equivalents, end of year	$ 2,271,854	$ 904,043	$ 73,180,578	$ 2,826,318	$ 125,052,526

Mississippi Home Corporation
Combining Schedule of Cash Flows (Continued)
Year Ended June 30, 2023

	1995CD Program	1995IJ Program	2002 Lease Purchase Program	2009 Resolution	Total Bond Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	$ 5,626	$ 4,427	$ 18,288	$ (25,629,249)	$ (25,600,908)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Interest paid	—	—	—	17,800,378	17,800,378
Bond issuance costs paid	—	—	—	2,417,468	2,417,468
Amortization of bond premium	—	—	—	(2,418,155)	(2,418,155)
Amortization of bond discount	—	—	—	1,959	1,959
Amortization of investment premium	—	—	—	1,525,994	1,525,994
Amortization of bond refunding	—	—	—	315,579	315,579
Net decrease in fair value of investments	3,294	4,649	—	29,818,185	29,826,128
Realized loss on investments	—	—	—	—	—
Gain on sale of fixed assets	—	—	—	—	—
Interest received on investments	(10,511)	(11,193)	(18,288)	(23,338,548)	(23,378,540)
Changes in assets and liabilities					
(Increase) decrease in mortgage loans receivable, net	—	—	—	(1,040,868)	(1,040,868)
(Increase) decrease in accrued interest receivable	405	354	—	(555,308)	(554,549)
(Increase) decrease in other assets	—	—	—	(28,284)	(28,284)
(Increase) decrease in deferred pension outflow	—	—	—	—	—
Increase (decrease) in accrued interest payable	—	—	—	516,434	516,434
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	—	—
Increase (decrease) in grant fund unearned revenues	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	—	—	—	14,454	14,454
Increase (decrease) in net pension liability	—	—	—	—	—
Increase (decrease) in deferred pension inflow	—	—	—	—	—
Total adjustments	(6,812)	(6,190)	(18,288)	25,029,288	24,997,998
Net cash provided by (used in) operating activities	$ (1,186)	$ (1,763)	$ —	$ (599,961)	$ (602,910)

Mississippi Home Corporation
Combining Schedule of Cash Flows (Continued)
Year Ended June 30, 2023

	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)	$ 42,224	$ 76,203	$ (2,129,095)	$ 181,224	$ (27,430,352)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Interest paid	—	—	20,164	—	17,820,542
Bond issuance costs paid	—	—	—	—	2,417,468
Amortization of bond premium	—	—	—	—	(2,418,155)
Amortization of bond discount	—	—	—	—	1,959
Amortization of investment premium	(60,853)	—	(196,653)	—	1,268,488
Amortization of bond refunding	—	—	—	—	315,579
Net decrease in fair value of investments	—	—	1,084,942	—	30,911,070
Realized loss on investments	—	—	10,368	—	10,368
Gain on sale of fixed assets	—	—	(27,000)	(64,605)	(91,605)
Interest received on investments	(5,064)	—	(830,691)	—	(24,214,295)
Changes in assets and liabilities					
(Increase) decrease in mortgage loans receivable, net	(171,295)	314,838	(1,070,977)	704,846	(1,263,456)
(Increase) decrease in accrued interest receivable	(435)	912	(6,827)	2,127	(558,772)
(Increase) decrease in other assets	—	—	10,366,593	—	10,338,309
(Increase) decrease in deferred pension outflow	—	—	63,396	—	63,396
Increase (decrease) in accrued interest payable	—	—	(427)	—	516,007
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	715,797	—	715,797
Increase (decrease) in grant fund unearned revenues	—	—	(83,791,123)	—	(83,791,123)
Increase (decrease) in other liabilities and accrued expenses	(378,728)	452	(1,277,588)	(9,808)	(1,651,218)
Increase (decrease) in net pension liability	—	—	3,389,086	—	3,389,086
Increase (decrease) in deferred pension inflow	—	—	(2,810,467)	—	(2,810,467)
Total adjustments	(616,375)	316,202	(74,361,407)	632,560	(49,031,022)
Net cash provided by (used in) operating activities	$ (574,151)	$ 392,405	$ (76,490,502)	$ 813,784	$ (76,461,374)

Mississippi Home Corporation
Schedule of Employer Contributions and the Proportionate Share of the Net Pension Liability
PERS Pension Plan
Year Ended June 30, 2023

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required employer contribution	$ 745,732	$ 740,317	$ 730,466	$ 708,860	$ 599,151	$ 561,233	$ 569,264	$ 555,561	$ 517,835	$ 528,197
Contributions in relation to the statutorily required contributions	(745,732)	(740,317)	(730,466)	(708,860)	(599,151)	(561,233)	(569,264)	(555,561)	(517,835)	(528,197)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 4,285,813	$ 4,254,773	$ 4,198,079	$ 4,073,906	$ 3,804,137	$ 3,563,384	$ 3,614,376	$ 3,527,365	$ 3,287,839	$ 3,353,630
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

This schedule reflects the information provided by PERS.

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	0.061803%	0.063139%	0.061181%	0.058411%	0.055800%	0.056342%	0.055139%	0.052627%	0.054883%	0.051191%
Proportionate share of the net pension liability (asset)	$ 12,721,306	$ 9,332,220	$ 11,843,931	$ 10,275,647	$ 9,281,198	$ 9,365,953	$ 9,849,201	$ 8,135,098	$ 6,661,791	$ 7,092,993
Covered-employee payroll	$ 4,254,773	$ 4,198,079	$ 4,073,906	$ 3,804,137	$ 3,563,384	$ 3,614,376	$ 3,527,365	$ 3,287,839	$ 3,353,630	$ 3,128,780
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	299%	222%	291%	270%	260%	259%	279%	247%	199%	227%
Plan fiduciary net position as a percentage of the total pension liability	60%	70%	59%	62%	63%	61%	57%	62%	67%	61%

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

See Notes to Supplementary Schedules

Mississippi Home Corporation
Notes to Supplementary Schedules
Year Ended June 30, 2023

Changes of assumptions

- 2021
    - The expectation of retired life mortality was changed to PubS.H-2010(B) Retiree Table with the following adjustments. For males, 95% of male rates from up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.
    - The price inflation assumption was reduced from 2.75% to 2.40%.
    - The wage inflation assumption was reduced from 3.00% to 2.65%.
    - The investment rate of return was reduced from 7.75% to 7.55%
- 2019
    - The expectation of retired life mortality was changed to PubS.H-2010(B) Retiree Table with the following adjustments. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvement in life expectancy.
    - The expectation of disabled mortality was changed to Pub T.H.-2010 Disabled Retiree Table for disabled retirees with the following adjustments. For males, 137% of male rates at all ages. For females, 115% for female rates at all ages. Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
    - The price inflation assumption was reduced from 3.00% to 2.75%.
    - The wage inflation assumption was reduced from 3.25% to 3.00%.
    - Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
    - The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.
- 2017
    - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB TO 2022. Small adjustments were also made to the Mortality Table for disabled lives.
    - The wage inflation assumption was reduced from 3.75% to 3.25%.
    - Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
    - The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.
- 2016
    - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.
- 2015
    - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Changes in benefit provisions

- 2016
  - Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by *The Wall Street Journal* on December 31 of each preceding year, with a minimum rate of one percent and a maximum rate of five percent.

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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*

Independent Auditor's Report

Board of Directors
Mississippi Home Corporation
Jackson, Mississippi

We have audited, 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, the combined financial statements of Mississippi Home Corporation (the "Corporation"), which comprise the combined statement of net position as of June 30, 2023, and the related combined statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated November 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined 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 Corporation's combined financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's combined 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 combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Jackson, Mississippi
November 8, 2023