MISSISSIPPI HOME CORPORATION

Audited Financial Statements

Years Ended June 30, 2016 and 2015

CONTENTS

HORNE
CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mississippi Home Corporation

Report on the Financial Statements

We have audited the accompanying combined financial statements of the business-type activities of Mississippi Home Corporation (the "Corporation") (an instrumentality of the State of Mississippi) as of June 30, 2016 and 2015, and the related notes to the combined financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation as of June 30, 2016 and 2015, and the respective changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary schedules presented on pages 36 through 49 are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2016, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Horne LLP

Ridgeland, Mississippi
October 12, 2016

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, 2016 and 2015. This MD&A should be read in conjunction with the accompanying basic combined financial statements and notes thereto, as well as our independent auditor's report thereon.

Required Basic Financial Statements

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

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

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

Financial Highlights – 2016

- Total assets and deferred outflows of resources decreased $109.7 million or 19.9 percent
- Total liabilities and deferred inflows of resources decreased $109.6 million or 24.4 percent
- Cash and investments decreased $111.2 million or 22.1 percent
- Bonds payable decreased $109.5 million or 28.2 percent
- Total net position decreased $0.1 million or 0.1 percent, including a $3.1 million decrease in the fair value of investments
- Total operating revenues (excluding fair value adjustments) increased $1.1 million or 2.1 percent
- Total operating expenses decreased $1.0 million or 2.1 percent
- Low income housing tax credit program revenues increased $0.7 million or 43.2 percent
- Interest income decreased $3.1 million or 15.6 percent
- Interest expense decreased $2.9 million or 18.6 percent
- Grant fund revenues increased $1.4 million or 5.3 percent

- Grant fund expenses increased $1.3 million or 5.2 percent
- Operating income (excluding fair value adjustments) increased $2.1 million or 249.9 percent

The following table summarizes the changes in the Corporation's assets, liabilities, and net position that occurred during the fiscal year ended June 30, 2016:

	2016	2015	Change Dollars	Change %
Cash and cash equivalents:				
Restricted	$ 24,046,149	$ 77,430,027	$ (53,383,878)	-68.9%
Unrestricted	3,570,963	1,934,892	1,636,071	84.6%
Investments, at fair value	363,403,467	422,900,430	(59,496,963)	-14.1%
Mortgage loans, net	38,399,951	38,646,598	(246,647)	-0.6%
Other assets	7,591,979	7,120,109	471,870	6.6%
Total assets	437,012,509	548,032,056	(111,019,547)	-20.3%
Deferred outflow of resources	3,157,538	1,827,731	1,329,807	72.8%
Total assets and deferred outflow of resources	$ 440,170,047	$ 549,859,787	$ (109,689,740)	-19.9%
Bonds payable, net	$ 278,752,117	$ 388,236,887	$ (109,484,770)	-28.2%
Notes payable	1,676,877	1,744,166	(67,289)	-3.9%
Low income housing tax credit program unearned revenues	20,695,305	20,842,854	(147,549)	-0.7%
Grant fund unearned revenues	27,231,310	27,293,120	(61,810)	-0.2%
Net pension liability	8,135,098	6,661,791	1,473,307	22.1%
All other liabilities	2,453,436	2,991,879	(538,443)	-18.0%
Total liabilities	338,944,143	447,770,697	(108,826,554)	-24.3%
Deferred inflow of resources	218,496	978,975	(760,479)	-77.7%
Total liabilities and deferred inflow of resources	$ 339,162,639	$ 448,749,672	$ (109,587,033)	-24.4%
Net investments in capital assets	$ 1,980,421	$ 2,091,420	$ (110,999)	-5.3%
Restricted net position	71,878,792	73,387,916	(1,509,124)	-2.1%
Unrestricted net position	27,148,195	25,630,779	1,517,416	5.9%
Total net position	$ 101,007,408	$ 101,110,115	$ (102,707)	-0.1%

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The following table summarizes the changes in the Corporation's operating revenues and expenses, before fair value adjustments, for the fiscal year ended June 30, 2016:

			Change	
	2016	**2015**	**Dollars**	**%**
Interest on mortgage-backed Securities	$ 15,340,725	$ 18,382,909	$ (3,042,184)	-16.5%
Interest on cash and other investments	1,084,175	1,156,697	(72,522)	-6.3%
Interest on mortgage loans	497,002	521,325	(24,323)	-4.7%
Low income housing tax credits	2,372,702	1,657,118	715,584	43.2%
Grant fund revenues	28,722,874	27,284,577	1,438,297	5.3%
Program fees	2,995,821	1,061,698	1,934,123	182.2%
All other revenues	678,318	551,314	127,004	23.0%
Total operating revenues	51,691,617	50,615,638	1,075,979	2.1%
Interest expense	12,476,889	15,329,242	(2,852,353)	-18.6%
Bond issuance costs	-	763,919	(763,919)	-100.0%
Salaries and benefits	4,904,914	4,400,287	504,627	11.5%
Grant fund expenses	27,225,332	25,883,297	1,342,035	5.2%
Program expenses	1,453,971	606,807	847,164	139.6%
All other expenses	2,666,365	2,784,862	(118,497)	-4.3%
Total operating expenses	48,727,471	49,768,414	(1,040,943)	-2.1%
Operating income before fair value adjustments	$ 2,964,146	$ 847,224	$ 2,116,922	249.9%

The Corporation reported total assets and deferred outflow of resources of $440.2 million at June 30, 2016. This represented a decrease of $109.7 million compared to June 30, 2015. Total liabilities and deferred inflow of resources for the same period decreased $109.6 million while total net position decreased $0.1 million.

Cash and cash equivalents decreased $51.7 million to $27.6 million at June 30, 2016 compared to June 30, 2015. The decrease was due primarily to the refunding of the 2005C, 2006A, 2006B and 2006C series revenue bonds.

Investments decreased $59.5 million to $363.4 million at June 30, 2016 compared to June 30, 2015. The decrease was the result of scheduled payments and prepayments of mortgage-backed securities in the mortgage revenue bond program as a result of homeowners refinancing their mortgages as well as loans being purchased out of the mortgage-backed securities due to loan restructurings.

The increase in deferred outflow of resources of $1.3 million in 2016 was attributable primarily to:

- Deferred pension outflow allocation adjustments; and
- Deferred amount on refunding associated with the refunding of the 2005C, 2006A, 2006B and 2006C series revenue bonds.

The decrease in total liabilities of $108.8 million in 2016 was attributable primarily to:

- A net decrease in bonds payable of $109.5 million resulting from the following factors:
    - Calls resulting from the mortgage-backed securities prepayments; and
    - Refunding of the 2005C, 2006A, 2006B and 2006C series revenue bonds; offset by
- An increase in net pension liability of $1.5 million due to allocation adjustments.

The decrease in deferred inflow of resources of $0.8 million in 2016 is primarily related to pension allocation adjustments.

Total operating revenues before fair value adjustments for fiscal year 2016 were $51.7 million compared to $50.6 million for fiscal year 2015. The increase in operating revenues was attributable primarily to the net of three factors:

- A decrease in interest income of $3.1 million which resulted from an overall lower level of earning assets; offset by
- An increase in "flow-through" revenues of $1.4 million from the Corporation's management of federal grant programs, and
- An increase in program fees of $1.9 million.

Total operating expenses were $48.7 million in fiscal year 2016, down from $49.8 million in fiscal year 2015. The decrease in operating expenses was attributable primarily to the net of three factors:

- A decrease in interest expense of $2.9 million which resulted from a lower level of bonds payable; offset by
- An increase in "flow-through" expenses of $1.3 million from the Corporation's management of federal grant programs; and
- An increase in program expenses of $0.8 million.

As a result of the above factors, operating income before fair value adjustments was $3.0 million in 2016 compared to $0.8 million in 2015.

Financial Highlights – 2015

- Total assets and deferred outflows of resources decreased $32.1 million or 5.5 percent
- Total liabilities and deferred inflows of resources decreased $23.2 million or 4.9 percent
- Cash and investments decreased $34.1 million or 6.4 percent
- Bonds payable decreased $31.0 million or 7.4 percent
- Total net position decreased $9.0 million or 8.1 percent, including a $3.2 million decrease in the fair value of investments
- Total operating revenues (excluding fair value adjustments) decreased $0.5 million or 0.9 percent
- Total operating expenses increased $2.0 million or 4.1 percent
- Low income housing tax credit program revenues decreased $1.4 million or 46.1 percent
- Interest income decreased $3.9 million or 16.1 percent
- Interest expense decreased $3.8 million or 20.0 percent
- Grant fund revenues increased $4.5 million or 17.5 percent
- Grant fund expenses increased $4.1 million or 19.1 percent
- Operating income (excluding fair value adjustments) decreased $2.4 million or 74.1 percent

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

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

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

			Change	
	2015	**2014**	**Dollars**	**%**
Interest on mortgage-backed securities	$ 18,382,909	$ 22,088,847	$ (3,705,938)	-16.8%
Interest on cash and other investments	1,156,697	1,292,716	(136,019)	-10.5%
Interest on mortgage loans	521,325	542,177	(20,852)	-3.8%
Low income housing tax credits	1,657,118	3,074,057	(1,416,939)	-46.1%
Gain on sale of mortgage-backed Securities	-	19,345	(19,345)	-100.0%
Grant fund revenues	27,284,577	23,227,238	4,507,339	17.5%
All other revenues	1,613,012	820,843	792,169	96.5%
Total operating revenues	50,615,638	51,065,223	(449,585)	-0.9%
Interest expense	15,329,242	19,153,341	(3,824,099)	-20.0%
Bond issuance costs	763,919	-	763,919	100.0%
Salaries and benefits	4,400,287	4,466,708	(66,421)	-1.5%
Grant fund expenses	25,883,297	21,740,572	4,142,725	19.1%
All other expenses	3,391,669	2,433,450	958,219	39.4%
Total operating expenses	49,768,414	47,794,071	1,974,343	4.1%
Operating income before fair value adjustments	$ 847,224	$ 3,271,152	$ (2,423,928)	-74.1%

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

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

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

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

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

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

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

Total operating revenues before fair value adjustments for fiscal year 2015 were $50.6 million compared to $51.1 million for fiscal year 2014. The decrease in operating revenues was attributable primarily to the net of two factors:

- A decrease in interest income of $3.9 million which resulted from an overall lower level of income producing assets; offset by
- An increase in "flow-through" revenues of $4.5 million from the Corporation's management of federal grant programs.

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

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

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

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, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents		
Cash	$ 1,530,103	$ 1,444,170
Restricted cash	3,578,911	52,872,888
Cash equivalents	2,040,860	490,722
Restricted cash equivalents	20,467,238	24,557,139
Total cash and cash equivalents	27,617,112	79,364,919
Accrued interest receivable	1,454,643	1,690,253
Total current assets	29,071,755	81,055,172
Noncurrent assets:		
Investments, at fair value	363,403,467	422,900,430
Mortgage loans receivable, net of allowance for loan losses of $1,806,423 in 2016 and $1,821,272 in 2015	38,399,951	38,646,598
Other assets	6,137,336	5,429,856
Total noncurrent assets	407,940,754	466,976,884
Total assets	437,012,509	548,032,056
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on refunding	1,697,401	829,747
Deferred pension outflow	1,460,137	997,984
Total deferred outflow of resources	3,157,538	1,827,731
Total assets and deferred outflow of resources	$ 440,170,047	$ 549,859,787
LIABILITIES		
Current liabilities:		
Bonds payable, net	$ 3,170,401	$ 56,030,401
Notes payable	68,131	68,197
Accrued interest payable	857,649	1,111,327
Total current liabilities	4,096,181	57,209,925
Noncurrent liabilities:		
Bonds payable, net	275,581,716	332,206,486
Notes payable	1,608,746	1,675,969
Low income housing tax credit program unearned revenues	20,695,305	20,842,854
Grant fund unearned revenues	27,231,310	27,293,120
Net pension liability	8,135,098	6,661,791
Other liabilities and accrued expenses	1,595,787	1,880,552
Total noncurrent liabilities	334,847,962	390,560,772
Total liabilities	338,944,143	447,770,697
DEFERRED INFLOW OF RESOURCES		
Interest rate swap	-	13,299
Deferred pension inflow	218,496	965,676
Total deferred inflow of resources	218,496	978,975
Total liabilities and deferred inflow of resources	$ 339,162,639	$ 448,749,672
NET POSITION		
Net investments in capital assets	$ 1,980,421	$ 2,091,420
Restricted	71,878,792	73,387,916
Unrestricted	27,148,195	25,630,779
Total net position	$ 101,007,408	$ 101,110,115

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION

Combined Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2016 and 2015

	2016	2015
Operating revenues:		
Interest income:		
Cash and cash equivalents	$ 15,751	$ 11,839
Mortgage-backed securities	15,340,725	18,382,909
Other investments	1,068,424	1,144,858
Mortgage loans	497,002	521,325
Total interest income	16,921,902	20,060,931
Net decrease in fair value of investments	(3,066,853)	(3,246,147)
Low income housing tax credit program	2,372,702	1,657,118
Grant fund revenues	28,722,874	27,284,577
Program fees	2,995,821	1,061,698
Other income	678,318	551,314
Total operating revenues	48,624,764	47,369,491
Operating expenses:		
Interest expense	12,476,889	15,329,242
Bond issuance costs	-	763,919
Salaries and related benefits	4,904,914	4,400,287
Grant fund expenses	27,225,332	25,883,297
Provision for mortgage loan losses	239,525	565,386
Program expenses	1,453,971	606,807
Other	2,426,840	2,219,476
Total operating expenses	48,727,471	49,768,414
Operating loss	(102,707)	(2,398,923)
Net position, beginning of year	101,110,115	103,509,038
Net position, end of year	$ 101,007,408	$ 101,110,115

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION
Combined Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Loan principal payments received	$ 2,240,268	$ 2,009,690
Loan interest payments received	499,949	523,640
Loan disbursements	(2,129,065)	(4,152,618)
Payments to employees	(4,610,404)	(4,354,179)
Down payment assistance disbursements	(1,125,327)	(389,446)
Grant funds expended	(27,732,704)	(24,371,712)
Payments to vendors	(2,689,020)	(1,708,061)
Fee income received	4,911,844	1,730,729
Grant funds received	28,617,393	27,111,678
Other income received	991,785	875,009
Net cash used in operating activities	(1,025,281)	(2,725,270)
Cash flows from noncapital financing activities:		
Proceeds from issuance of bonds	-	58,000,000
Principal repayment of bonds	(109,453,728)	(88,992,446)
Principal repayment of notes	(67,289)	(149,558)
Reaquisition costs paid on bond refunding	(1,107,137)	(31,740)
Interest paid	(12,522,125)	(15,576,183)
Bond issuance costs paid	(67,076)	(651,343)
Net cash used in noncapital financing activities	(123,217,355)	(47,401,270)
Cash flows from capital and related financing activities:		
Property and equipment additions	(260,578)	(523,594)
Proceeds from sale of property and equipment	79,500	31,021
Net cash used in capital and related financing activities	(181,078)	(492,573)
Cash flows from investing activities:		
Purchase of investments	(15,975,197)	(30,903,790)
Redemption of investments	71,879,276	103,476,289
Interest received on investments	16,771,828	19,929,456
Net cash provided by investing activities	72,675,907	92,501,955
Net (decrease) increase in cash and cash equivalents	(51,747,807)	41,882,842
Cash and cash equivalents, beginning of year	79,364,919	37,482,077
Cash and cash equivalents, end of year	$ 27,617,112	$ 79,364,919
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (102,707)	$ (2,398,923)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Interest paid	12,522,125	15,576,183
Bond issuance costs paid	67,076	651,343
Amortization of bond premium	(31,042)	(31,658)
Amortization of investment premium	126,976	117,250
Amortization of bond refunding	239,483	122,130
Net decrease in fair value of investments	3,066,853	3,246,147
Realized loss on investments	43,765	65,543
Interest received on investments	(16,771,828)	(19,929,456)
Changes in assets and liabilities:		
Decrease (increase) in mortgage loans receivable, net	246,647	(2,001,691)
Decrease in accrued interest receivable	235,610	294,744
(Increase) decrease in other assets	(171,110)	1,125,267
Decrease in accrued interest payable	(253,678)	(337,411)
Decrease in low income housing tax credit unearned revenues	(147,549)	(665,501)
(Decrease) increase in grant fund unearned revenues	(45,038)	1,168,523
Decrease in deferred gains	(13,299)	(13,299)
(Decrease) increase in other liabilities and accrued expenses	(37,565)	285,539
Total adjustments	(922,574)	(326,347)
Net cash used in operating activities	$ (1,025,281)	$ (2,725,270)

See accompanying notes to combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

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

Members of the Board of Directors of the Corporation (the "Board") are appointed by the Governor and the Lieutenant Governor of the State. The appointed members serve six-year staggered terms and cannot be removed without cause. The Board controls the appointment of the Executive Director, who is responsible for the staffing of the Corporation. The State assumes no responsibility for the Corporation's day-to-day operations. The Board is solely responsible for reviewing, approving and revising the Corporation's budget. The State is not responsible for financing any 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 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 activities of the Mortgage Revenue Bond Program, the Down Payment Assistance Program, the Mississippi Affordable Housing Development Program, the House Bill 530 Program and the General Corporate Fund. Since the assets and net position of each program are generally restricted, aggregating the accounts of the separate programs does not indicate that the assets and net position are available in any manner other than that provided for in the bond resolutions or other agreements of the separate programs. All material inter-fund balances and transactions have been eliminated in the combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Net Position

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

Classification of Revenues

The Corporation recognizes revenues as follows:

- Interest income is calculated based on the individual interest-earning asset and recognized when earned.
- Net increase (decrease) in fair value of investments represents the difference between the fair value and net book value of the investments.
- Grant fund revenues represent the various state and federal funds received for the reimbursement of costs incurred. Certain federal and state grants are for the purchase of goods and services, and therefore are deemed to be exchange transactions. Accordingly, such grant revenues are recognized as goods are provided or services are rendered.

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

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

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

Restricted cash equivalents consist substantially of: proceeds from the sales of bonds pending the purchase of Government National Mortgage Association ("GNMA") mortgage-backed securities ("GNMA securities" or "GNMA certificates"), Federal National Mortgage Association mortgage-backed securities ("Fannie Mae Securities") and Federal Home Loan Corporation participation certificates (collectively, "Mortgage-Backed Securities"); proceeds from the issuance of notes payable; and principal and interest payments of the Mortgage-Backed Securities. These funds are held in money market accounts and U.S. Treasury Bills. The indentures of the respective mortgage purchase programs stipulate that these funds may be used only for the acquisition of Mortgage-Backed Securities or the early redemption of the respective mortgage revenue program bonds outstanding. These instruments are considered cash equivalents because they have no stated maturity and are readily convertible into cash at the discretion of the Corporation.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Mortgage Loans Receivable, Mortgage-Backed Securities and Investments

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

Allowance for Losses on Mortgage Loans

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

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

Management believes that the allowance is adequate. While management uses available information to recognize losses on mortgage loans, future additions to the allowance may be necessary based on changes in economic conditions. The provision for mortgage loan losses totaled $239,525 and $565,386 in 2016 and 2015, respectively.

Deferred Losses on Refunding, Discounts and Premiums

Costs related to the issuance of bonds are expensed in the respective bond issues. During the year ended June 30, 2016 and 2015, $-0- and $763,919 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 year ended June 30, 2016 and 2015, $1,107,137 and $31,740 of 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Fair Value of Financial Instruments

GASB ASC Section I50.105, defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Loans and bonds are valued at their carrying amounts, which approximate fair value, due to the structured financing characteristics of the Corporation's bond issues. Mortgage rates on loans originated, and subsequently securitized into Mortgage-Backed Securities from bond proceeds, are based directly on the bond rates established at the time of issuance. For bonds issued through June 30, 2016, 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.

Newly effective accounting standards establish a hierarchy for financial assets and liabilities recorded at fair value. These standards require an entity 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Assets and liabilities measured at fair value on a recurring basis are summarized below:

		Fair Value Measurements Using		
	Fair Value at June 30, 2016	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments:				
U. S. Government agency securities	$ 16,843,135	$ -	$ 16,843,135	$ -
Corporate debt securities	3,055,046	-	3,055,046	-
Municipal debt securities	9,052,060	-	9,052,060	-
Mortgage-backed securities	328,820,472	-	328,820,472	-
Collateralized mortgage obligations	3,393,714	3,393,714	-	-
Other asset-backed securities	197,263	-	197,263	-
Commercial agreements	2,041,777	-	2,041,777	-
	$ 363,403,467	$ 3,393,714	$ 360,009,753	$ -

The valuation techniques used to measure fair value for the items in the table above are as follows:

- Investments – The fair value of securities available-for-sale are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or 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).

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.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Cash Equivalents and Investments

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

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

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

At June 30, 2016, the carrying amount of the Corporation's cash and cash equivalents was $27,617,112, and the bank balance was $28,010,405. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $28,010,405 bank balance, $5,496,285 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 $22,514,120, $20,467,835 was invested in U.S. Obligations related to the Hardest Hit Fund and the Mortgage Revenue Bond Program. The Hardest Hit Fund is a program created by the U.S. Treasury to provide funding for state Housing Finance Authorities to develop locally-tailored foreclosure prevention solutions in areas that have been hit hard by high unemployment and home price declines.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

A summary of the estimated fair value and amortized cost of investments as of June 30, 2016 and 2015 follows:

	2016		2015	
	Estimated Fair Value	**Amortized Cost**	**Estimated Fair Value**	**Amortized Cost**
U. S. Government agency securities	$ 16,843,135	$ 16,732,072	$ 18,542,710	$ 18,522,893
Corporate debt securities	3,055,046	2,991,008	3,634,484	3,502,274
Municipal debt securities	9,052,060	8,817,407	7,240,490	7,203,350
Mortgage-backed securities	328,820,472	302,632,733	386,427,309	356,775,073
Collateralized mortgage obligations	3,393,714	3,390,061	4,981,616	5,039,072
Other asset-backed securities	197,263	198,562	246,221	245,160
Commercial agreements	2,041,777	2,025,000	1,827,600	1,824,947
	$ 363,403,467	$ 336,786,843	$ 422,900,430	$ 393,112,769

At June 30, 2016, 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	$ 16,843,135	$ -	$ 13,131,231	$ 3,711,904	$ -
Corporate debt securities	3,055,046	1,529,215	1,525,831	-	-
Municipal debt securities	9,052,060	60,181	6,178,835	2,813,044	-
Mortgage-backed securities	328,820,472	3,934	1,439,266	2,995,498	324,381,774
Collateralized mortgage obligations	3,393,714	-	45,133	177,382	3,171,199
Other asset-backed securities	197,263	-	-	-	197,263
Commercial agreements	2,041,777	450,314	1,591,463	-	-
	$ 363,403,467	$ 2,043,644	$ 23,911,759	$ 9,697,828	$ 327,750,236

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.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

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, 2016, the Corporation's investments in certain Municipal Debt Securities and Other Asset-Backed Securities 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 Fair Value
U.S. Government agency securities	Aaa	$ 16,843,136
Corporate debt securities	Aaa	460,234
Corporate debt securities	Aa	535,372
Corporate debt securities	A	1,546,570
Corporate debt securities	Baa	512,870
Municipal debt securities	Aa	6,531,318
Mortgage-backed securities	Aaa	328,820,472
Collateralized mortgage obligations	Aaa	3,393,714
Other asset-backed securities	Baa	124,683
Other asset-backed securities	B	9,570
Commercial agreements	Aaa	2,041,777
		$ 360,819,716

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, 2016, the Corporation held GNMA investments (rated Aaa) with a fair value of $289,247,683 and FNMA investments (rated Aaa) with a fair value of $39,542,304 which represent approximately 90 percent of the Corporation's total investment holdings. GNMA investments are a direct obligation of the US Government and backed by the full faith and credit of the US Government.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. Mortgage Loans Receivable

Mortgage loans receivable is comprised of real estate mortgage loans and real estate construction loans. Real estate mortgage loans are secured by personal residences and payable in periodic installments. As of June 30, 2016 and 2015, $10,209,259 and $10,349,844, 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, 2016 and, 2015, $29,997,115 and $30,118,026, respectively of real estate construction loans were outstanding.

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

Note 4. Bonds and Notes Payable

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

	Mortgage Revenue Bonds, net	Notes Payable
Balance at June 30, 2014	$ 419,260,991	$ 1,893,724
Proceeds from issuance	58,000,000	-
Principal repayments	(88,992,446)	(149,558)
Premium amortization	(31,658)	-
Balance at June 30, 2015	388,236,887	1,744,166
Principal repayments	(109,453,728)	(67,289)
Premium amortization	(31,042)	-
Balance at June 30, 2016	$ 278,752,117	$ 1,676,877

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

On June 30, 2015, the Corporation issued $58.0 million of revenue refunding bonds. Of the $58.0 million, $7.9 million was used to advance refund the outstanding 2005B series revenue bonds. On December 1, 2015, the remaining $50.1 million was used to refund the outstanding 2005C, 2006A, 2006B and 2006C series revenue bonds.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

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

Proceeds required to refund old debt	$	50,052,137
Less: net carrying value of old debt		(48,945,000)
Deferred amount on refunding	$	1,107,137

The deferred loss on refunding of debt is included in deferred outflows of resources in the Combined Statement 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, 2016, the Corporation has complied with all bond covenants.

Bonds and notes payable of the Corporation follow:

Issue	Rates (%)	Final Maturity	June 30, 2016	June 30, 2015
2002 Lease Purchase	–	10/01/2007	$ 600,401	$ 600,401
2005C*	4.88	12/01/2037	–	8,135,000
2006A*	4.65 – 4.75	12/01/2038	–	17,290,000
2006B*	4.85 – 4.90	12/01/2038	–	10,180,000
2006C*	4.80 – 4.90	12/01/2038	–	16,875,000
2006D	5.00	12/01/2038	11,315,000	13,835,000
2006E	4.50	06/01/2039	4,850,000	5,525,000
2007A	4.05 – 5.50	12/01/2038	8,945,000	10,900,000
2007B	4.10 – 5.38	12/01/2038	16,360,000	20,000,000
2007C	4.00 – 5.60	12/01/2038	12,060,000	14,455,000
2007D	4.35 – 6.10	12/01/2038	8,090,000	9,970,000
2007E	4.35 – 5.85	12/01/2038	8,295,000	10,305,000
2008A	3.75 – 5.625	12/01/2039	6,590,000	8,360,000
2008B	4.35 – 6.75	12/01/2039	5,090,000	6,025,000
			82,195,401	152,455,401

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

Issue	Rates (%)	Final Maturity	June 30, 2016	June 30, 2015
2009 Resolution				
2009A	3.30 – 5.40	12/01/2040	6,255,000	11,130,000
2013A	2.75	12/01/2032	22,041,431	26,129,910
2015A	3.05	12/01/2034	48,389,751	58,000,000
			76,686,182	95,259,910
2009 NIBP Resolution				
2009B-1	3.06	12/01/2041	29,120,000	34,110,000
2009B-2	2.32	12/01/2041	53,200,000	59,380,000
2010A	2.30 – 4.55	12/01/2031	22,290,000	27,920,000
2011A	2.125 – 4.50	06/01/2025	15,260,534	19,111,576
			119,870,534	140,521,576
Total bonds payable, net			$ 278,752,117	$ 388,236,887

*Refunded on December 1, 2015.

Notes Payable Description	Rates (%)	Final Maturity	June 30, 2016	June 30, 2015
USDA Rural Development	1.00	05/05/2038	$ 1,676,877	$ 1,744,166

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

A summary of debt service requirements through 2021 and in five-year increments thereafter is as follows:

Year Ending June 30,	Principal	Interest
2017	$ 3,238,532	$ 10,188,921
2018	2,555,000	10,115,916
2019	3,780,000	10,007,322
2020	2,215,000	9,904,274
2021	2,030,000	9,829,659

Five-Year Increments Ending June 30,	Principal	Interest
2022 – 2026	$ 19,365,000	$ 47,351,179
2027 – 2031	6,450,000	44,096,395
2032 – 2036	90,301,182	35,146,379
2037 – 2041	68,003,745	19,615,023
2042 – 2046	82,490,535	1,062,656

Note 5. Excess Earnings

For all of the tax-exempt Mortgage Revenue Bond issues, federal tax regulations limit the interest margin that the Corporation (as a tax-exempt entity) may earn. These regulations require that earnings on the investment of bond proceeds which exceed interest paid on the bonds by a predetermined amount (defined in the regulations and subject to certain adjustments) must be rebated or remitted to the Internal Revenue Service (the "IRS"). The Corporation determined that the rebate liability due to the IRS (recorded in other liabilities and accrued expenses) was $-0- in 2016 and 2015. The Corporation expects to meet the spending requirements on substantially all of the outstanding issues.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. Mortgage Revenue Bond and Smart Solution Programs

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

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

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

Note 7. Mississippi Affordable Housing Development Program

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

Note 8. House Bill 530 Program

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

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 9. Low Income Housing Tax Credit Program

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

Note 10. Down Payment Assistance Program

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

Note 11. Lease Purchase Revenue Bond Program

During the year ended June 30, 2007, management elected to terminate the Corporation's Lease Purchase Revenue Bond Program. At June 30, 2016 and 2015, $600,401 bonds payable were outstanding under this program. (see Note 4).

Note 12. Bond Defeasances

The Corporation defeases various bond issues by creating separate irrevocable trust funds. New debt is issued and the proceeds are used to purchase U.S. Government securities that are placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the Corporation's combined statements of net position. The bonds that have been defeased totaled approximately $189,902,000 and $178,166,000 at June 30, 2016 and 2015, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00 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 15.75 percent of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State Legislature. Combined contributions are expected to finance the 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 $555,561 and $517,835 for the years ended June 30, 2016 and June 30, 2015, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Continued

Net Pension Liability

In 2015, the Corporation adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, that improved accounting and financial reporting by state and local governments for pensions. The following detailed note disclosures and supplementary information include descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability required by the standard.

The Corporation relied on the following reports published by the Public Employees' Retirement System of Mississippi ("PERS") in December of each year:

- Report of the Annual GASB Statement No. 68 – Required Information for the Employers Participating in the Public Employees' Retirement System of Mississippi – Prepared as of June 30, 2015 and 2014
- Schedule of Employer Allocations and Schedule of Collective Pension Amounts – Public Employees' Retirement System of Mississippi – June 30, 2015 and 2014

Accordingly, this note reflects financial information related to the measurement periods ended June 30, 2015 and 2014. 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, 2016, the Corporation reported a liability of $8,135,098 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2015, the Corporation's proportion was 0.052627 percent which was a decrease of 0.002256 percent from its proportion measured as of June 30, 2014.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Continued

For the year ended June 30, 2016, the Corporation recognized pension expense of $819,535, which is included in salaries and related benefits. At June 30, 2016, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 188,998	$ -
Changes of assumptions	700,811	-
Net difference between projected and actual earnings on pension plan investments	-	218,496
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	14,767	-
Corporation contributions subsequent to the measurement date	555,561	-
Total	$ 1,460,137	$ 218,496

The Corporation reported $555,561 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a contra-expense in pension expense as follows:

Year ended June 30:	
2017	$ 256,626
2018	218,966
2019	23,695
2020	186,795
2021	-
Thereafter	-
Total	$ 686,082

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Continued

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 19.00 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2016, with males set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

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

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Continued

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Company will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Company's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Company's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Company's proportionate share of the net pension liability	$10,722,802	$8,135,098	$5,987,784

Plan Fiduciary Net Position

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

Note 14. Deferred Compensation Plan

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 14. Continued

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

Note 15. Conduit Issues

The Corporation has issued certain conduit multi-family housing revenue bonds, the proceeds of which were made available to various developers for rental housing. As of June 30, 2016 and 2015, $166,418,252 and $186,210,865, respectively, of these bonds were outstanding. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers.

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

Note 16. Subsequent Events

The Company has evaluated, for consideration of recognition or disclosure, subsequent events that have occurred through October 5, 2016, the date of issuance of its financial statements, and has determined that no significant events occurred after June 30, 2016 but prior to the issuance of these financial statements that could have a material impact on its financial statements.

SUPPLEMENTARY SCHEDULES

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2016

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program
ASSETS											
Current assets:											
Cash and cash equivalents:											
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	—	—	—	—	—	—	—	—
Cash equivalents	—	—	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	482	710	286	237	130	552,814	—	—	—	—	648,261
Total cash and cash equivalents	482	710	286	237	130	552,814	—	—	—	—	648,261
Accrued interest receivable	4,463	4,522	—	—	—	—	—	—	—	—	51,566
Total current assets	4,945	5,232	286	237	130	552,814	—	—	—	—	699,827
Noncurrent assets:											
Investments, at fair value	755,566	810,144	—	—	—	—	—	—	—	—	12,467,665
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—	—	—
Due (to) from other funds	—	—	—	—	—	—	—	—	—	—	—
Total noncurrent assets	755,566	810,144	—	—	—	—	—	—	—	—	12,467,665
Total assets	760,511	815,376	286	237	130	552,814	—	—	—	—	13,167,492
DEFERRED OUTFLOW OF RESOURCES											
Deferred amount on refunding	—	—	—	—	—	—	—	—	—	—	—
Deferred pension outflow	—	—	—	—	—	—	—	—	—	—	—
Total deferred outflow of resources	—	—	—	—	—	—	—	—	—	—	—
Total assets and deferred outflow of resources	$ 760,511	$ 815,376	$ 286	$ 237	$ 130	$ 552,814	$ —	$ —	$ —	$ —	$ 13,167,492
LIABILITIES											
Current liabilities:											
Bonds payable, net	$ —	$ —	$ —	$ —	$ —	$ 600,401	$ —	$ —	$ —	$ —	$ —
Notes payable	—	—	—	—	—	—	—	—	—	—	—
Accrued interest payable	—	—	—	—	—	—	—	—	—	—	47,146
Total current liabilities	—	—	—	—	—	600,401	—	—	—	—	47,146
Noncurrent liabilities:											
Bonds payable, net	—	—	—	—	—	—	—	—	—	—	11,315,000
Notes payable	—	—	—	—	—	—	—	—	—	—	—
Low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—	—	—	—
Grant fund unearned revenues	—	—	—	—	—	—	—	—	—	—	—
Net pension liability	—	—	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	4,442	4,669	—	—	—	—	—	—	—	—	3,960
Total noncurrent liabilities	4,442	4,669	—	—	—	—	—	—	—	—	11,318,960
Total liabilities	4,442	4,669	—	—	—	600,401	—	—	—	—	11,366,106
DEFERRED INFLOW OF RESOURCES											
Deferred pension inflow	—	—	—	—	—	—	—	—	—	—	—
Total deferred inflow of resources	—	—	—	—	—	—	—	—	—	—	—
Total liabilities and deferred inflow of resources	$ 4,442	$ 4,669	$ —	$ —	$ —	$ 600,401	$ —	$ —	$ —	$ —	$ 11,366,106
NET POSITION											
Net investments in capital assets	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted	756,069	810,707	286	237	130	(47,587)	—	—	—	—	1,801,386
Unrestricted	—	—	—	—	—	—	—	—	—	—	—
Total net position	$ 756,069	$ 810,707	$ 286	$ 237	$ 130	$ (47,587)	$ —	$ —	$ —	$ —	$ 1,801,386

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2016

	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
ASSETS										
Current assets:										
Cash and cash equivalents:										
Cash	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash	—	—	—	—	—	—	—	—	—	—
Cash equivalents	—	—	—	—	—	—	—	—	—	—
Restricted cash equivalents	387,909	674,876	3,109,707	1,163,824	1,174,590	746,579	618,494	803,925	3,049,300	5,567,947
Total cash and cash equivalents	387,909	674,876	3,109,707	1,163,824	1,174,590	746,579	618,494	803,925	3,049,300	5,567,947
Accrued interest receivable	19,198	38,233	84,212	51,922	38,566	43,016	29,899	26,201	436,847	350,642
Total current assets	407,107	713,109	3,193,919	1,215,746	1,213,156	789,595	648,393	830,126	3,486,147	5,918,589
Noncurrent assets:										
Investments, at fair value	5,022,748	9,548,695	19,754,564	12,763,218	8,812,345	9,566,597	7,144,328	5,690,656	105,863,039	123,934,281
Mortgage loans receivable, net	—	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—	15,516
Due (to) from other funds	—	—	—	—	—	—	—	—	—	—
Total noncurrent assets	5,022,748	9,548,695	19,754,564	12,763,218	8,812,345	9,566,597	7,144,328	5,690,656	105,863,039	123,949,797
Total assets	5,429,855	10,261,804	22,948,483	13,978,964	10,025,501	10,356,192	7,792,721	6,520,782	109,349,186	129,868,386
DEFERRED OUTFLOW OF RESOURCES										
Deferred amount on refunding	—	—	—	—	—	—	—	—	1,697,401	—
Deferred pension outflow	—	—	—	—	—	—	—	—	—	—
Total deferred outflow of resources	—	—	—	—	—	—	—	—	1,697,401	—
Total assets and deferred outflow of resources	$ 5,429,855	$ 10,261,804	$ 22,948,483	$ 13,978,964	$ 10,025,501	$ 10,356,192	$ 7,792,721	$ 6,520,782	$ 111,046,587	$ 129,868,386
LIABILITIES										
Current liabilities:										
Bonds payable, net	$ —	$ 55,000	$ 130,000	$ 80,000	$ 65,000	$ 30,000	$ 40,000	$ 110,000	$ 30,000	$ 2,030,000
Notes payable	—	—	—	—	—	—	—	—	—	—
Accrued interest payable	18,188	36,886	66,854	50,696	36,920	38,254	29,797	25,358	199,568	299,645
Total current liabilities	18,188	91,886	196,854	130,696	101,920	68,254	69,797	135,358	229,568	2,329,645
Noncurrent liabilities:										
Bonds payable, net	4,850,000	8,890,000	16,230,000	11,980,000	8,025,000	8,265,000	6,550,000	4,980,000	76,656,182	117,840,534
Notes payable	—	—	—	—	—	—	—	—	—	—
Low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—	—	—
Grant fund unearned revenues	—	—	—	—	—	—	—	—	—	—
Net pension liability	—	—	—	—	—	—	—	—	—	—
Other liabilities and accrued expenses	3,960	3,960	3,960	3,960	3,960	3,960	3,960	3,960	11,880	12,171
Total noncurrent liabilities	4,853,960	8,893,960	16,233,960	11,983,960	8,028,960	8,268,960	6,553,960	4,983,960	76,668,062	117,852,705
Total liabilities	4,872,148	8,985,846	16,430,814	12,114,656	8,130,880	8,337,214	6,623,757	5,119,318	76,897,630	120,182,350
DEFERRED INFLOW OF RESOURCES										
Deferred pension inflow	—	—	—	—	—	—	—	—	—	—
Total deferred inflow of resources	—	—	—	—	—	—	—	—	—	—
Total liabilities and deferred inflow of resources	$ 4,872,148	$ 8,985,846	$ 16,430,814	$ 12,114,656	$ 8,130,880	$ 8,337,214	$ 6,623,757	$ 5,119,318	$ 76,897,630	$ 120,182,350
NET POSITION										
Net investments in capital assets	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Restricted	557,707	1,275,958	6,517,669	1,864,308	1,894,621	2,018,978	1,168,964	1,401,464	34,148,957	9,686,036
Unrestricted	—	—	—	—	—	—	—	—	—	—
Total net position	$ 557,707	$ 1,275,958	$ 6,517,669	$ 1,864,308	$ 1,894,621	$ 2,018,978	$ 1,168,964	$ 1,401,464	$ 34,148,957	$ 9,686,036

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2016

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents:						
Cash	$ —	$ —	$ 875,131	$ 654,972	$ —	$ 1,530,103
Restricted cash	—	922,812	—	2,228,316	427,783	3,578,911
Cash equivalents	—	—	—	2,040,860	—	2,040,860
Restricted cash equivalents	18,500,071	—	—	1,967,167	—	20,467,238
Total cash and cash equivalents	18,500,071	922,812	875,131	6,891,315	427,783	27,617,112
Accrued interest receivable	1,179,287	464	7,489	249,174	18,229	1,454,643
Total current assets	19,679,358	923,276	882,620	7,140,489	446,012	29,071,755
Noncurrent assets:						
Investments, at fair value	322,133,846	—	—	41,269,621	—	363,403,467
Mortgage loans receivable, net	—	245,776	1,778,963	31,740,880	4,634,332	38,399,951
Other assets	15,516	—	—	3,373,262	2,748,558	6,137,336
Due (to) from other funds	—	37,587	—	(35,901)	(1,686)	—
Total noncurrent assets	322,149,362	283,363	1,778,963	76,347,862	7,381,204	407,940,754
Total assets	341,828,720	1,206,639	2,661,583	83,488,351	7,827,216	437,012,509
DEFERRED OUTFLOW OF RESOURCES						
Deferred amount on refunding	1,697,401	—	—	—	—	1,697,401
Deferred pension outflow	—	—	—	1,460,137	—	1,460,137
Total deferred outflow of resources	1,697,401	—	—	1,460,137	—	3,157,538
Total assets and deferred outflow of resources	$ 343,526,121	$ 1,206,639	$ 2,661,583	$ 84,948,488	$ 7,827,216	$ 440,170,047
LIABILITIES						
Current liabilities:						
Bonds payable, net	$ 3,170,401	$ —	$ —	$ —	$ —	$ 3,170,401
Notes payable	—	—	—	68,131	—	68,131
Accrued interest payable	849,312	—	—	8,337	—	857,649
Total current liabilities	4,019,713	—	—	76,468	—	4,096,181
Noncurrent liabilities:						
Bonds payable, net	275,581,716	—	—	—	—	275,581,716
Notes payable	—	—	—	1,608,746	—	1,608,746
Low income housing tax credit program unearned revenues	—	—	—	20,695,305	—	20,695,305
Grant fund unearned revenues	—	—	—	27,231,310	—	27,231,310
Net pension liability	—	—	—	8,135,098	—	8,135,098
Other liabilities and accrued expenses	68,802	976,085	3,960	512,072	34,868	1,595,787
Total noncurrent liabilities	275,650,518	976,085	3,960	58,182,531	34,868	334,847,962
Total liabilities	279,670,231	976,085	3,960	58,258,999	34,868	338,944,143
DEFERRED INFLOW OF RESOURCES						
Deferred pension inflow	—	—	—	218,496	—	218,496
Total deferred inflow of resources	—	—	—	218,496	—	218,496
Total liabilities and deferred inflow of resources	$ 279,670,231	$ 976,085	$ 3,960	$ 58,477,495	$ 34,868	$ 339,162,639
NET POSITION						
Net investments in capital assets	$ —	$ —	$ —	$ 1,980,421	$ —	$ 1,980,421
Restricted	63,855,890	230,554	—	—	7,792,348	71,878,792
Unrestricted	—	—	2,657,623	24,490,572	—	27,148,195
Total net position	$ 63,855,890	$ 230,554	$ 2,657,623	$ 26,470,993	$ 7,792,348	$ 101,007,408

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program
Operating revenues:											
Interest income:											
Cash and cash equivalents	$ 12	$ 11	$ —	$ —	$ —	$ 472	$ 123	$ 279	$ 156	$ 251	$ 592
Mortgage-backed securities	50,739	47,775	—	—	—	—	162,151	349,986	196,303	353,424	686,656
Other investments	—	—	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—	—
Total interest income	50,751	47,786	—	—	—	472	162,274	350,265	196,459	353,675	687,248
Net increase (decrease) in fair value of investments	(10,737)	(7,149)	—	—	—	—	(97,356)	(207,303)	(123,009)	(237,132)	(424,786)
Low income housing tax credit program	—	—	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—	—	—
Program fees	—	—	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—	—	—
Total operating revenues	40,014	40,637	—	—	—	472	64,918	142,962	73,450	116,543	262,462
Operating expenses:											
Interest expense	—	—	—	—	—	—	158,173	323,213	192,283	327,384	629,146
Salaries and related benefits	—	—	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—	—	—	—	—	—	—
Program expenses	—	—	—	—	—	—	—	—	—	—	—
Other	3,960	3,960	—	—	—	—	5,210	5,210	5,210	5,210	8,963
Total operating expenses	3,960	3,960	—	—	—	—	163,383	328,423	197,493	332,594	638,109
Operating income (loss)	36,054	36,677	—	—	—	472	(98,465)	(185,461)	(124,043)	(216,051)	(375,647)
Transfers in (out)	(131,092)	(106,161)	(45)	(33)	(14)	—	(801,629)	(1,972,975)	(1,081,059)	(2,406,334)	(53,205)
Net position, beginning of year	851,107	880,191	331	270	144	(48,059)	900,094	2,158,436	1,205,102	2,622,385	2,230,238
Net position, end of year	$ 756,069	$ 810,707	$ 286	$ 237	$ 130	$ (47,587)	$ —	$ —	$ —	$ —	$ 1,801,386

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Operating revenues:										
Interest income:										
Cash and cash equivalents	$ 269	$ 690	$ 2,847	$ 855	$ 107	$ 857	$ 612	$ 710	$ 2,790	$ 3,908
Mortgage-backed securities	253,110	502,605	1,089,584	687,902	522,657	558,226	401,817	350,692	4,540,763	4,586,335
Other investments	—	—	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—	—	—
Total interest income	253,379	503,295	1,092,431	688,757	522,764	559,083	402,429	351,402	4,543,553	4,590,243
Net increase (decrease) in fair value of investments	(118,524)	(303,412)	(407,596)	(396,329)	(266,140)	(275,551)	(320,056)	(158,631)	(1,844,712)	1,818,453
Low income housing tax credit program	—	—	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—	—	—
Program fees	—	—	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—	—	—
Total operating revenues	134,855	199,883	684,835	292,428	256,624	283,532	82,373	192,771	2,698,841	6,408,696
Operating expenses:										
Interest expense	235,087	491,216	885,854	662,456	492,095	510,596	401,086	336,666	2,960,424	3,852,774
Salaries and related benefits	—	—	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—	—	—	—	—	—
Program expenses	—	—	—	—	—	—	—	—	—	—
Other	6,772	8,159	13,280	9,093	7,851	7,952	7,441	6,901	36,310	58,025
Total operating expenses	241,859	499,375	899,134	671,549	499,946	518,548	408,527	343,567	2,996,734	3,910,799
Operating income (loss)	(107,004)	(299,492)	(214,299)	(379,121)	(243,322)	(235,016)	(326,154)	(150,796)	(297,893)	2,497,897
Transfers in (out)	(20,834)	(24,129)	(66,881)	(34,314)	(22,446)	(28,057)	(4,331)	(6,476)	6,307,427	(244,326)
Net position, beginning of year	685,545	1,599,579	6,798,849	2,277,743	2,160,389	2,282,051	1,499,449	1,558,736	28,139,423	7,432,465
Net position, end of year	$ 557,707	$ 1,275,958	$ 6,517,669	$ 1,864,308	$ 1,894,621	$ 2,018,978	$ 1,168,964	$ 1,401,464	$ 34,148,957	$ 9,686,036

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Operating revenues:						
Interest income:						
Cash and cash equivalents	$ 15,541	$ —	$ 10	$ 196	$ 4	$ 15,751
Mortgage-backed securities	15,340,725	—	—	—	—	15,340,725
Other investments	—	—	—	1,068,424	—	1,068,424
Mortgage loans	—	6,161	95,857	155,456	239,528	497,002
Total interest income	15,356,266	6,161	95,867	1,224,076	239,532	16,921,902
Net increase (decrease) in fair value of investments	(3,379,970)	—	—	313,117	—	(3,066,853)
Low income housing tax credit program	—	—	—	2,372,702	—	2,372,702
Grant fund revenues	—	—	—	28,722,874	—	28,722,874
Program fees	—	—	—	2,995,821	—	2,995,821
Other income	—	191	6,522	658,463	13,142	678,318
Total operating revenues	11,976,296	6,352	102,389	36,287,053	252,674	48,624,764
Operating expenses:						
Interest expense	12,458,453	—	—	18,436	—	12,476,889
Salaries and related benefits	—	—	—	4,904,914	—	4,904,914
Grant fund expenses	—	—	—	27,225,332	—	27,225,332
Provision for mortgage loan losses	—	9,144	(19,934)	53,959	196,356	239,525
Program expenses	—	—	—	1,453,971	—	1,453,971
Other	199,507	5,176	15,108	2,020,553	186,496	2,426,840
Total operating expenses	12,657,960	14,320	(4,826)	35,677,165	382,852	48,727,471
Operating income (loss)	(681,664)	(7,968)	107,215	609,888	(130,178)	(102,707)
Transfers in (out)	(696,914)	3,800	3,800	685,514	3,800	—
Net position, beginning of year	65,234,468	234,722	2,546,608	25,175,591	7,918,726	101,110,115
Net position, end of year	$ 63,855,890	$ 230,554	$ 2,657,623	$ 26,470,993	$ 7,792,348	$ 101,007,408

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2016

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program
Cash flows from operating activities:											
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—	—	—
Down payment assistance disbursements	—	—	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—	—	—
Payments to vendors	(9,968)	(12,727)	—	—	—	—	(9,010)	4,870	(9,010)	(9,010)	(8,803)
Fee income received	—	—	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(9,968)	(12,727)	—	—	—	—	(9,010)	4,870	(9,010)	(9,010)	(8,803)
Cash flows from noncapital financing activities:											
Principal repayment of bonds	—	—	—	—	—	—	(8,135,000)	(17,290,000)	(10,180,000)	(16,875,000)	(2,520,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—	—	—
Reacquistion costs paid on bond refunding	—	—	—	—	—	—	—	—	—	—	—
Interest paid	—	—	—	—	—	—	(191,255)	(390,604)	(233,470)	(395,964)	(639,646)
Bond issuance costs paid	—	—	—	—	—	—	—	—	—	—	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	—	—	—	—	—	—	(8,326,255)	(17,680,604)	(10,413,470)	(17,270,964)	(3,159,646)
Cash flows from capital and related financing activities:											
Property and equipment additions	—	—	—	—	—	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:											
Purchase of investments	—	—	—	—	—	—	—	—	—	—	—
Redemption of investments	83,664	61,993	—	—	—	—	8,441,343	18,305,131	10,500,725	18,413,097	2,585,895
Interest received on investments	57,339	56,813	—	—	—	472	195,397	407,037	237,334	427,440	699,078
Net cash provided by (used in) investing activities	141,003	118,806	—	—	—	472	8,636,740	18,712,168	10,738,059	18,840,537	3,284,973
Transfers	(131,092)	(106,161)	(45)	(33)	(14)	—	(801,629)	(1,972,975)	(1,081,059)	(2,406,334)	(53,205)
Net increase (decrease) in cash and cash equivalents	(57)	(82)	(45)	(33)	(14)	472	(500,154)	(936,541)	(765,480)	(845,771)	63,319
Cash and cash equivalents, beginning of year	539	792	331	270	144	552,342	500,154	936,541	765,480	845,771	584,942
Cash and cash equivalents, end of year	$ 482	$ 710	$ 286	$ 237	$ 130	$ 552,814	$ —	$ —	$ —	$ —	$ 648,261

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2016

	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Cash flows from operating activities:										
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—	—	—	—	—
Down payment assistance disbursements	—	—	—	—	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—	—	—	—	—
Payments to vendors	(6,612)	(7,999)	(10,437)	(8,933)	(7,691)	(7,792)	(7,281)	(6,741)	(347,105)	(55,501)
Fee income received	—	—	—	—	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—	—	—	—	—
Other income received	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	(6,612)	(7,999)	(10,437)	(8,933)	(7,691)	(7,792)	(7,281)	(6,741)	(347,105)	(55,501)
Cash flows from noncapital financing activities:										
Principal repayment of bonds	(675,000)	(1,955,000)	(3,640,000)	(2,395,000)	(1,880,000)	(2,010,000)	(1,770,000)	(935,000)	(18,573,728)	(20,620,000)
Principal repayment of notes	—	—	—	—	—	—	—	—	—	—
Reacquistion costs paid on bond refunding	—	—	—	—	—	—	—	—	(1,107,137)	—
Interest paid	(237,619)	(500,022)	(901,251)	(673,174)	(501,401)	(520,012)	(408,345)	(341,150)	(2,632,424)	(3,937,013)
Bond issuance costs paid	—	—	—	—	—	—	—	—	(67,076)	—
Due (from) to other programs	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	(912,619)	(2,455,022)	(4,541,251)	(3,068,174)	(2,381,401)	(2,530,012)	(2,178,345)	(1,276,150)	(22,380,365)	(24,557,013)
Cash flows from capital and related financing activities:										
Property and equipment additions	—	—	—	—	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—	—	—	—	—
Cash flows from investing activities:										
Purchase of investments	—	—	—	—	—	—	—	—	—	—
Redemption of investments	904,709	1,710,343	3,231,472	2,605,900	1,841,854	1,522,803	1,835,795	1,032,729	(38,837,925)	21,095,839
Interest received on investments	257,172	510,907	1,107,232	700,523	531,766	566,827	410,968	356,799	4,419,597	4,657,914
Net cash provided by (used in) investing activities	1,161,881	2,221,250	4,338,704	3,306,423	2,373,620	2,089,630	2,246,763	1,389,528	(34,418,328)	25,753,753
Transfers	(20,834)	(24,129)	(66,881)	(34,314)	(22,446)	(28,057)	(4,331)	(6,476)	6,307,427	(244,326)
Net increase (decrease) in cash and cash equivalents	221,816	(265,900)	(279,865)	195,002	(37,918)	(476,231)	56,806	100,161	(50,838,371)	896,913
Cash and cash equivalents, beginning of year	166,093	940,776	3,389,572	968,822	1,212,508	1,222,810	561,688	703,764	53,887,671	4,671,034
Cash and cash equivalents, end of year	$ 387,909	$ 674,876	$ 3,109,707	$ 1,163,824	$ 1,174,590	$ 746,579	$ 618,494	$ 803,925	$ 3,049,300	$ 5,567,947

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2016

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Cash flows from operating activities:						
Loan principal payments received	$ —	$ 292,800	$ 436,897	$ 582,409	$ 928,162	$ 2,240,268
Loan interest payments received	—	6,365	96,281	154,678	242,625	499,949
Loan disbursements	—	(369,002)	(531,756)	(574,741)	(653,566)	(2,129,065)
Payments to employees	—	—	—	(4,610,404)	—	(4,610,404)
Down payment assistance disbursements	—	—	—	(1,125,327)	—	(1,125,327)
Grant funds expended	—	—	—	(27,732,704)	—	(27,732,704)
Payments to vendors	(519,750)	169,205	(16,398)	(2,097,430)	(224,647)	(2,689,020)
Fee income received	—	—	6,523	4,892,179	13,142	4,911,844
Grant funds received	—	—	—	28,617,393	—	28,617,393
Other income received	—	190	9	991,582	4	991,785
Net cash provided by (used in) operating activities	(519,750)	99,558	(8,444)	(902,365)	305,720	(1,025,281)
Cash flows from noncapital financing activities:						
Principal repayment of bonds	(109,453,728)	—	—	—	—	(109,453,728)
Principal repayment of notes	—			(67,289)		(67,289)
Reacquistion costs paid on bond refunding	(1,107,137)	—	—	—	—	(1,107,137)
Interest paid	(12,503,350)	—	—	(18,775)	—	(12,522,125)
Bond issuance costs paid	(67,076)	—	—	—	—	(67,076)
Due (from) to other programs	—	1,761	—	(1,761)	—	—
Net cash provided by (used in) noncapital financing activities	(123,131,291)	1,761	—	(87,825)	—	(123,217,355)
Cash flows from capital and related financing activities:						
Property and equipment additions	—	—	—	(260,578)	—	(260,578)
Proceeds from sale of property and equipment	—	—	—	—	79,500	79,500
Net cash provided by (used in) capital and related financing activities	—	—	—	(260,578)	79,500	(181,078)
Cash flows from investing activities:						
Purchase of investments	—	—	—	(15,619,905)	(355,292)	(15,975,197)
Redemption of investments	55,335,367	—	—	16,543,909	—	71,879,276
Interest received on investments	15,600,615	—	—	1,171,213	—	16,771,828
Net cash provided by (used in) investing activities	70,935,982	—	—	2,095,217	(355,292)	72,675,907
Transfers	(696,914)	3,800	3,800	685,514	3,800	—
Net increase (decrease) in cash and cash equivalents	(53,411,973)	105,119	(4,644)	1,529,963	33,728	(51,747,807)
Cash and cash equivalents, beginning of year	71,912,044	817,693	879,775	5,361,352	394,055	79,364,919
Cash and cash equivalents, end of year	$ 18,500,071	$ 922,812	$ 875,131	$ 6,891,315	$ 427,783	$ 27,617,112

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2016

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2005C Program	2006A Program	2006B Program	2006C Program	2006D Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:											
Operating income (loss)	$ 36,054	$ 36,677	$ —	$ —	$ —	$ 472	$ (98,465)	$ (185,461)	$ (124,043)	$ (216,051)	$ (375,647)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:											
Interest paid	—	—	—	—	—	—	191,255	390,604	233,470	395,964	639,646
Bond issuance costs paid	—	—	—	—	—	—	—	—	—	—	—
Amortization of bond discount (premium)	—	—	—	—	—	—	—	—	—	—	—
Amortization of investment (discount) premium	—	—	—	—	—	—	—	—	—	—	—
Amortization of bond refunding	—	—	—	—	—	—	—	—	—	—	—
Net (increase) decrease in fair value of investments	10,737	7,149	—	—	—	—	97,356	207,303	123,009	237,132	424,786
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—	—	—
Interest received on investments	(57,339)	(56,813)	—	—	—	(472)	(195,397)	(407,037)	(237,334)	(427,440)	(699,078)
Changes in assets and liabilities:											
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	544	384	—	—	—	—	33,123	70,652	40,875	73,765	11,830
(Increase) decrease in other assets	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	—	—	—	—	—		(33,082)	(67,391)	(41,187)	(68,580)	(10,500)
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund unearned revenues	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	36	(124)	—	—	—	—	(3,800)	(3,800)	(3,800)	(3,800)	160
Total adjustments	(46,022)	(49,404)	—	—	—	(472)	89,455	190,331	115,033	207,041	366,844
Net cash provided by (used in) operating activities	$ (9,968)	$ (12,727)	$ —	$ —	$ —	$ —	$ (9,010)	$ 4,870	$ (9,010)	$ (9,010)	$ (8,803)

See independent auditors' report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2016

	2006E Program	2007A Program	2007B Program	2007C Program	2007D Program	2007E Program	2008A Program	2008B Program	2009 Resolution	2009 NIBP Resolution
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	$ (107,004)	$ (299,492)	$ (214,299)	$ (379,121)	$ (243,322)	$ (235,016)	$ (326,154)	$ (150,796)	$ (297,893)	$ 2,497,897
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Interest paid	237,619	500,022	901,251	673,174	501,401	520,012	408,345	341,150	2,632,424	3,937,013
Bond issuance costs paid	—	—	—	—	—	—	—	—	67,076	—
Amortization of bond discount (premium)	—	—	—	—	—	—	—	—	—	(31,042)
Amortization of investment (discount) premium	—	—	—	—	—	—	—	—	17,968	—
Amortization of bond refunding	—	—	—	—	—	—	—	—	239,483	—
Net (increase) decrease in fair value of investments	118,524	303,412	407,596	396,329	266,140	275,551	320,056	158,631	1,844,712	(1,818,453)
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—	—
Interest received on investments	(257,172)	(510,907)	(1,107,232)	(700,523)	(531,766)	(566,827)	(410,968)	(356,799)	(4,419,597)	(4,657,914)
Changes in assets and liabilities:										
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	3,792	7,612	14,801	11,766	9,002	7,745	8,539	5,396	(141,925)	67,671
(Increase) decrease in other assets	—	—	2,683	—	—	—	—	—	7,250	2,805
Increase (decrease) in accrued interest payable	(2,531)	(8,806)	(15,397)	(10,718)	(9,306)	(9,417)	(7,259)	(4,483)	88,518	(53,197)
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund unearned revenues	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in deferred gains	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	160	160	160	160	160	160	160	160	(385,121)	(281)
Total adjustments	100,392	291,493	203,862	370,188	235,631	227,224	318,873	144,055	(49,212)	(2,553,398)
Net cash provided by (used in) operating activities	$ (6,612)	$ (7,999)	$ (10,437)	$ (8,933)	$ (7,691)	$ (7,792)	$ (7,281)	$ (6,741)	$ (347,105)	$ (55,501)

See independent auditors' report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2016

	Total Bond Program	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (681,664)	$ (7,968)	$ 107,215	$ 609,888	$ (130,178)	$ (102,707)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Interest paid	12,503,350	—	—	18,775	—	12,522,125
Bond issuance costs paid	67,076	—	—	—	—	67,076
Amortization of bond discount (premium)	(31,042)	—	—	—	—	(31,042)
Amortization of investment (discount) premium	17,968	—	—	109,008	—	126,976
Amortization of bond refunding	239,483					239,483
Net (increase) decrease in fair value of investments	3,379,970	—	—	(313,117)	—	3,066,853
Realized (gain) loss on investments	—	—	—	43,765	—	43,765
Interest received on investments	(15,600,615)	—	—	(1,171,213)	—	(16,771,828)
Changes in assets and liabilities:						
(Increase) decrease in mortgage loans receivable, net	—	(67,060)	(116,245)	176,696	253,256	246,647
(Increase) decrease in accrued interest receivable	225,572	205	426	6,308	3,099	235,610
(Increase) decrease in other assets	12,738	—	—	(357,894)	174,046	(171,110)
Increase (decrease) in accrued interest payable	(253,336)	—	—	(342)	—	(253,678)
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	(147,549)	—	(147,549)
Increase (decrease) in grant fund unearned revenues	—	—	—	(45,038)	—	(45,038)
Increase (decrease) in deferred gains	—	—	—	(13,299)	—	(13,299)
Increase (decrease) in other liabilities and accrued expenses	(399,250)	174,381	160	181,647	5,497	(37,565)
Total adjustments	161,914	107,526	(115,659)	(1,512,253)	435,898	(922,574)
Net cash provided by (used in) operating activities	$ (519,750)	$ 99,558	$ (8,444)	$ (902,365)	$ 305,720	$ (1,025,281)

See independent auditors' report.

MISSISSIPPI HOME CORPORATION
Schedule of Employer Contributions and the Proportionate Share of the Net Pension Liability
PERS Pension Plan
June 30, 2016

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required employer contribution	$ 555,561	$ 517,835	$ 528,197	$ 446,164	$ 356,526	$ 323,912	$ 300,528	$ 279,303	$ 262,890	$ 225,895
Contributions in relation to the statutorily required contributions	(555,561)	(517,835)	(528,197)	(446,164)	(356,526)	(323,912)	(300,528)	(279,303)	(262,890)	(225,895)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 3,527,365	$ 3,287,839	$ 3,353,630	$ 3,128,780	$ 2,858,759	$ 2,699,263	$ 2,504,382	$ 2,356,974	$ 2,218,504	$ 1,999,144
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	14.26%	12.47%	12.00%	12.00%	11.85%	11.85%	11.30%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

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

	2015	2014	2013
Proportion of the net pension liability (asset)	0.052627%	0.054883%	0.051191%
Proportionate share of the net pension liability (asset)	$ 8,135,098	$ 6,661,791	$ 7,092,993
Covered-employee payroll	$ 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	247%	199%	227%
Plan fiduciary net position as a percentage of the total pension liability	62%	67%	61%

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

See independent auditor's report.

NOTES TO SUPPLEMENTARY SCHEDULE

Changes of benefit terms

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

Changes of assumptions

In 2015 and later, 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. In 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. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

HORNE
CPAs & BUSINESS ADVISORS

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

The Board of Directors of
Mississippi Home Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mississippi Home Corporation (the "Corporation"), a governmental instrumentality of the State of Mississippi, which comprise the combined statements of net position as of June 30, 2016, and the related combined statements of revenue, expenses and changes in net position and cash flows for the years then ended and the related notes to the financial statements and have issued our report thereon dated October 12, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Horne LLP

Ridgeland, Mississippi
October 12, 2016