MISSISSIPPI HOME CORPORATION

Audited Financial Statements
Years Ended June 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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 3 through 11 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 32 through 44 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 11, 2017, 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 the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Horne LLP

Ridgeland, Mississippi
October 11, 2017

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, 2017 and 2016. 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 – 2017

- Total assets and deferred outflows of resources decreased $9.6 million or 2.2 percent
- Total liabilities and deferred inflows of resources decreased $1.9 million or 0.6 percent
- Cash and investments decreased $10.6 million or 2.7 percent
- Bonds payable decreased $11.1 million or 4.0 percent
- Total net position decreased $7.6 million or 7.6 percent, including a $9.7 million decrease in the fair value of investments
- Total operating revenues (excluding fair value adjustments) decreased $2.9 million or 5.5 percent
- Total operating expenses decreased $2.0 million or 4.1 percent
- Interest income decreased $2.4 million or 14.2 percent
- Interest expense decreased $3.2 million or 25.9 percent
- Grant fund revenues decreased $0.6 million or 2.0 percent
- Grant fund expenses decreased $0.9 million or 3.2 percent
- Operating income (excluding fair value adjustments) decreased $0.9 million or 29.7 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, 2017:

			Change	
	2017	2016	Dollars	%
Cash and cash equivalents:				
Restricted	$ 51,684,924	$ 24,046,149	$ 27,638,775	114.9%
Unrestricted	2,612,869	3,570,963	(958,094)	-26.8%
Investments, at fair value	326,076,718	363,403,467	(37,326,749)	-10.3%
Mortgage loans, net	38,461,831	38,399,951	61,880	0.2%
Other assets	7,582,521	7,591,979	(9,458)	-0.1%
Total assets	426,418,863	437,012,509	(10,593,646)	-2.4%
Deferred outflow of resources	4,177,945	3,157,538	1,020,407	32.3%
Total assets and deferred outflow of resources	$ 430,596,808	$ 440,170,047	$ (9,573,239)	-2.2%
Bonds payable, net	$ 267,649,869	$ 278,752,117	$ (11,102,248)	-4.0%
Notes payable	1,608,663	1,676,877	(68,214)	-4.1%
Low income housing tax credit program unearned revenues	20,765,940	20,695,305	70,635	0.3%
Grant fund unearned revenues	33,688,940	27,231,310	6,457,630	23.7%
Net pension liability	9,849,201	8,135,098	1,714,103	21.1%
All other liabilities	3,640,498	2,453,436	1,187,062	48.4%
Total liabilities	337,203,111	338,944,143	(1,741,032)	-0.5%
Deferred inflow of resources	26,172	218,496	(192,324)	-88.0%
Total liabilities and deferred inflow of resources	$ 337,229,283	$ 339,162,639	$ (1,933,356)	-0.6%
Net investments in capital assets	$ 1,835,960	$ 1,980,421	$ (144,461)	-7.3%
Restricted net position	65,499,517	71,878,792	(6,379,275)	-8.9%
Unrestricted net position	26,032,048	27,148,195	(1,116,147)	-4.1%
Total net position	$ 93,367,525	$ 101,007,408	$ (7,639,883)	-7.6%

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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, 2017:

			Change	
	2017	**2016**	**Dollars**	**%**
Interest on mortgage-backed Securities	$ 13,050,398	$ 15,340,725	$ (2,290,327)	-14.9%
Interest on cash and other investments	1,033,873	1,084,175	(50,302)	-4.6%
Interest on mortgage loans	442,752	497,002	(54,250)	-10.9%
Low income housing tax credits	2,401,341	2,372,702	28,639	1.2%
Grant fund revenues	28,142,379	28,722,874	(580,495)	-2.0%
Program fees	3,071,159	2,995,821	75,338	2.5%
All other revenues	687,558	678,318	9,240	1.4%
Total operating revenues	48,829,460	51,691,617	(2,862,157)	-5.5%
Interest expense	9,247,303	12,476,889	(3,229,586)	-25.9%
Bond issuance costs	1,374,361	-	1,374,361	100.0%
Salaries and benefits	5,567,149	4,904,914	662,235	13.5%
Grant fund expenses	26,343,952	27,225,332	(881,380)	-3.2%
Program expenses	2,119,564	1,453,971	665,593	45.8%
All other expenses	2,092,170	2,666,365	(574,195)	-21.5%
Total operating expenses	46,744,499	48,727,471	(1,982,972)	-4.1%
Operating income before fair value adjustments	$ 2,084,961	$ 2,964,146	$ (879,185)	-29.7%

The Corporation reported total assets and deferred outflow of resources of $430.6 million at June 30, 2017. This represented a decrease of $9.6 million compared to June 30, 2016. Total liabilities and deferred inflow of resources for the same period decreased $1.9 million while total net position decreased $7.6 million.

Cash and cash equivalents increased $26.7 million to $54.3 million at June 30, 2017 compared to June 30, 2016. The increase was due primarily to the issuance of the 2017ABC series revenue bonds.

Investments decreased $37.3 million to $326.1 million at June 30, 2017 compared to June 30, 2016. 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 restructuring.

The increase in deferred outflow of resources of $1.0 million in 2017 was attributable primarily to:

- Deferred pension outflow allocation adjustments; and
- Deferred amount on refunding associated with the refunding of the 2006D, 2006E, 2007A, 2007C, 2007D and 2007E series revenue bonds.

The decrease in total liabilities of $1.7 million in 2017 was attributable primarily to:

- A net decrease in bonds payable of $11.1 million resulting from the following factors:
  - Calls resulting from the mortgage-backed securities prepayments; offset by
  - Issuance of the 2016ABC and 2017ABC series revenue bonds; offset by
- An increase in grant fund unearned revenues of $6.5 million due to funds received from awarding agencies pending use for program and administrative expenses; and
- An increase in net pension liability of $1.7 million due to allocation adjustments.

The decrease in deferred inflow of resources of $0.2 million in 2017 is primarily related to pension allocation adjustments.

Total operating revenues before fair value adjustments for fiscal year 2017 were $48.8 million compared to $51.7 million for fiscal year 2016. The decrease in operating revenues was attributable primarily to:

- A decrease in interest income of $2.4 million which resulted from an overall lower level of earning assets, and
- A decrease in "flow-through" revenues of $0.6 million from the Corporation's management of federal grant programs.

Total operating expenses were $46.7 million in fiscal year 2017, down from $48.7 million in fiscal year 2016. The decrease in operating expenses was attributable primarily to the net of two factors:

- A decrease in interest expense of $3.2 million which resulted from a lower level of bonds payable; offset by
- An increase in bond issuance costs of $1.4 million for the issuance of the 2016ABC and 2017ABC series revenue bonds.

As a result of the above factors, operating income before fair value adjustments was $2.1 million in 2017 compared to $3.0 million in 2016.

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

Financial Highlights – Continued

- 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

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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, 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:

	2016	2015	Change Dollars	Change %
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.

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, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents		
Cash	$ 1,666,608	$ 1,530,103
Restricted cash	7,883,454	3,578,911
Cash equivalents	946,261	2,040,860
Restricted cash equivalents	43,801,470	20,467,238
Total cash and cash equivalents	54,297,793	27,617,112
Accrued interest receivable	1,287,148	1,454,643
Total current assets	55,584,941	29,071,755
Noncurrent assets:		
Investments, at fair value	326,076,718	363,403,467
Mortgage loans receivable, net of allowance for loan losses of $1,420,832 in 2017 and $1,806,423 in 2016	38,461,831	38,399,951
Other assets	6,295,373	6,137,336
Total noncurrent assets	370,833,922	407,940,754
Total assets	426,418,863	437,012,509
DEFERRED OUTFLOW OF RESOURCES		
Deferred amount on refunding	1,985,959	1,697,401
Deferred pension outflow	2,191,986	1,460,137
Total deferred outflow of resources	4,177,945	3,157,538
Total assets and deferred outflow of resources	$ 430,596,808	$ 440,170,047
LIABILITIES		
Current liabilities:		
Bonds payable, net	$ 4,160,401	$ 3,170,401
Notes payable	68,813	68,131
Accrued interest payable	667,649	857,649
Total current liabilities	4,896,863	4,096,181
Noncurrent liabilities:		
Bonds payable, net	263,489,468	275,581,716
Notes payable	1,539,850	1,608,746
Low income housing tax credit program unearned revenues	20,765,940	20,695,305
Grant fund unearned revenues	33,688,940	27,231,310
Net pension liability	9,849,201	8,135,098
Other liabilities and accrued expenses	2,972,849	1,595,787
Total noncurrent liabilities	332,306,248	334,847,962
Total liabilities	337,203,111	338,944,143
DEFERRED INFLOW OF RESOURCES		
Deferred pension inflow	26,172	218,496
Total deferred inflow of resources	26,172	218,496
Total liabilities and deferred inflow of resources	$ 337,229,283	$ 339,162,639
NET POSITION		
Net investments in capital assets	$ 1,835,960	$ 1,980,421
Restricted	65,499,517	71,878,792
Unrestricted	26,032,048	27,148,195
Total net position	$ 93,367,525	$ 101,007,408

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, 2017 and 2016

	2017	2016
Operating revenues:		
Interest income:		
Cash and cash equivalents	$ 48,762	$ 15,751
Mortgage-backed securities	13,050,398	15,340,725
Other investments	985,111	1,068,424
Mortgage loans	442,752	497,002
Total interest income	14,527,023	16,921,902
Net decrease in fair value of investments	(9,724,844)	(3,066,853)
Low income housing tax credit program	2,401,341	2,372,702
Grant fund revenues	28,142,379	28,722,874
Program fees	3,071,159	2,995,821
Other income	687,558	678,318
Total operating revenues	39,104,616	48,624,764
Operating expenses:		
Interest expense	9,247,303	12,476,889
Bond issuance costs	1,374,361	-
Salaries and related benefits	5,567,149	4,904,914
Grant fund expenses	26,343,952	27,225,332
(Reversal of) provision for mortgage loan losses	(234,343)	239,525
Program expenses	2,119,564	1,453,971
Other	2,326,513	2,426,840
Total operating expenses	46,744,499	48,727,471
Operating loss	(7,639,883)	(102,707)
Net position, beginning of year	101,007,408	101,110,115
Net position, end of year	$ 93,367,525	$ 101,007,408

See accompanying notes to combined financial statements.

MISSISSIPPI HOME CORPORATION
Combined Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Loan principal payments received	$ 2,976,071	$ 2,240,268
Loan interest payments received	452,784	499,949
Loan disbursements	(2,870,683)	(2,129,065)
Payments to employees	(4,765,707)	(4,610,404)
Down payment assistance disbursements	(1,172,468)	(1,125,327)
Grant funds expended	(25,510,453)	(27,732,704)
Payments to vendors	(1,594,950)	(2,689,020)
Fee income received	5,305,181	4,911,844
Grant funds received	33,303,437	28,617,393
Other income received	941,273	991,785
Net cash provided by (used in) operating activities	7,064,485	(1,025,281)
Cash flows from noncapital financing activities:		
Proceeds from issuance of bonds	85,824,519	-
Proceeds from issuance of notes	6,835,000	-
Principal repayment of bonds	(96,911,513)	(109,453,728)
Principal repayment of notes	(6,903,214)	(67,289)
Reaquisition costs paid on bond refunding	(403,882)	(1,107,137)
Interest paid	(9,337,234)	(12,522,125)
Bond issuance costs paid	(1,274,858)	(67,076)
Net cash used in noncapital financing activities	(22,171,182)	(123,217,355)
Cash flows from capital and related financing activities:		
Property and equipment additions	(200,032)	(260,578)
Net cash used in capital and related financing activities	(200,032)	(260,578)
Cash flows from investing activities:		
Purchase of investments	(38,448,975)	(15,975,197)
Redemption of investments	65,787,499	71,879,276
Interest received on investments	14,373,886	16,771,828
Proceeds from sale of real estate owned	275,000	79,500
Net cash provided by investing activities	41,987,410	72,755,407
Net increase (decrease) in cash and cash equivalents	26,680,681	(51,747,807)
Cash and cash equivalents, beginning of year	27,617,112	79,364,919
Cash and cash equivalents, end of year	$ 54,297,793	$ 27,617,112
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	$ (7,639,883)	$ (102,707)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Interest paid	9,337,234	12,522,125
Bond issuance costs paid	1,274,858	67,076
Amortization of bond premium	(15,254)	(31,042)
Amortization of investment premium	128,911	126,976
Amortization of bond refunding	115,324	239,483
Net decrease in fair value of investments	9,724,844	3,066,853
Realized loss on investments	45,367	43,765
Interest received on investments	(14,373,886)	(16,771,828)
Changes in assets and liabilities:		
(Increase) decrease in mortgage loans receivable, net	(61,880)	246,647
Decrease in accrued interest receivable	167,495	235,610
Increase in other assets	(143,901)	(171,110)
Decrease in accrued interest payable	(190,000)	(253,678)
Increase (decrease) in low income housing tax credit unearned revenues	70,635	(147,549)
Increase (decrease) in grant fund unearned revenues	6,457,629	(45,038)
Decrease in deferred gains	-	(13,299)
Increase (decrease) in other liabilities and accrued expenses	2,166,992	(37,565)
Total adjustments	14,704,368	(922,574)
Net cash provided by (used in) operating activities	$ 7,064,485	$ (1,025,281)

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.

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).

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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. Money market investments and other highly liquid investments with no stated maturity are considered cash equivalents and are reported at amortized cost.

Mortgage Loans Receivable, Mortgage-Backed Securities and Investments

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

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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

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

Allowance for Losses on Mortgage Loans

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

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

Management believes that the allowance is adequate. While management uses available information to recognize losses on mortgage loans, future additions to the allowance may be necessary based on changes in economic conditions. The (reversal of) provision for mortgage loan losses totaled $(234,343) and $239,525 in 2017 and 2016, 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, 2017 and 2016, $1,374,361 and $-0- 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, 2017 and 2016, $403,882 and $1,107,137 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.

Fair Value of Financial Instruments

As required by GASB 72, *Fair Value and Measurement Application*, investments are reported at fair value. Fair value is described as an exit price. GASB 72 requires the Corporation to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. This standard requires 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

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

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

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

		Fair Value Measurements Using		
	Fair Value at June 30, 2017	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	$ 19,265,340	$ -	$ 19,265,340	$ -
Corporate debt securities	1,484,437	-	1,484,437	-
Municipal debt securities	8,980,556	-	8,980,556	-
Mortgage-backed securities	291,530,788	-	291,530,788	-
Collateralized mortgage obligations	3,068,964	-	3,068,964	-
Other asset-backed securities	163,033	-	163,033	-
Commercial agreements	1,583,600	-	1,583,600	-
	$ 326,076,718	$ -	$ 326,076,718	$ -

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 matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

Loans and bonds are valued at their carrying amounts, which approximate fair value, due to the structured financing characteristics of the Corporation's bond issues. Mortgage rates on loans originated, and subsequently securitized into Mortgage-Backed Securities from bond proceeds, are based directly on the bond rates established at the time of issuance. For bonds issued through June 30, 2017, 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. Continued

Use of Estimates

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

Note 2. Cash Equivalents and Investments

At June 30, 2017, the carrying amount of the Corporation's cash and cash equivalents was $54,297,793, and the bank balance was $54,731,455. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $54,731,455 bank balance, $8,271,682 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 $46,459,773, $43,796,035 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, 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.

A summary of the estimated fair value and amortized cost of investments as of June 30, 2017 and 2016 follows:

	2017		2016	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
U. S. Government agency securities	$ 19,265,340	$ 19,274,963	$ 16,843,135	$ 16,732,072
Corporate debt securities	1,484,437	1,476,324	3,055,046	2,991,008
Municipal debt securities	8,980,556	8,946,096	9,052,060	8,817,407
Mortgage-backed securities	291,530,788	274,599,867	328,820,472	302,632,733
Collateralized mortgage obligations	3,068,964	3,149,932	3,393,714	3,390,061
Other asset-backed securities	163,033	162,755	197,263	198,562
Commercial agreements	1,583,600	1,575,000	2,041,777	2,025,000
	$ 326,076,718	$ 309,184,937	$ 363,403,467	$ 336,786,843

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

At June 30, 2017, 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	$ 19,265,340	$ -	$ 15,680,972	$ 3,584,368	$ -
Corporate debt securities	1,484,437	1,174,892	309,545	-	-
Municipal debt securities	8,980,556	-	8,114,947	865,609	-
Mortgage-backed securities	291,530,788	1,384,300	2,498,872	1,633,876	286,013,740
Collateralized mortgage obligations	3,068,964	-	-	126,224	2,942,740
Other asset-backed securities	163,033	-	-	-	163,033
Commercial agreements	1,583,600	450,731	1,132,869	-	-
	$ 326,076,718	$ 3,009,923	$ 27,737,205	$ 6,210,077	$ 289,119,513

Interest Rate Risk

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

Credit Risk

Investments for each bond issue are those permitted by the various bond indentures and bond resolutions adopted by the Corporation. As of June 30, 2017, the Corporation's investments in certain Municipal Debt Securities of $2,369,783 and Other Asset-Backed Securities of $54,698 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	$ 19,265,340
Corporate debt securities	Aaa	464,130
Corporate debt securities	Aa	511,226
Corporate debt securities	A	509,081
Municipal debt securities	Aa	6,610,773
Mortgage-backed securities	Aaa	291,530,788
Collateralized mortgage obligations	Aaa	3,068,964
Other asset-backed securities	Baa	99,056
Other asset-backed securities	Ba	9,279
Commercial agreements	Aaa	1,583,600
		$ 323,652,237

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. Continued

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, 2017, the Corporation held GNMA investments (rated Aaa) with a fair value of $258,089,803 and FNMA investments (rated Aaa) with a fair value of $32,432,091 which represent approximately 89 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.

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, 2017 and 2016, $10,336,812 and $10,209,259, 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, 2017 and, 2016, $29,545,851 and $29,997,115, respectively of real estate construction loans were outstanding.

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

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, 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
Proceeds from issuance	85,824,519	6,835,000
Principal repayments	(96,911,513)	(6,903,214)
Premium amortization	(15,254)	-
Balance at June 30, 2017	$ 267,649,869	$ 1,608,663

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.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Bonds and Notes Payable

On November 30, 2016, the Corporation issued $20.0 million of mortgage revenue bonds and $21.3 million of mortgage revenue refunding bonds. On December 1, 2016, $21.3 million was used to refund the outstanding 2006D, 2006E and 2007A series revenue bonds.

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

Proceeds required to refund old debt	$	22,711,100
Less: net carrying value of old debt		(22,430,000)
Deferred amount on refunding	$	281,100

The deferred loss on refunding of debt is included in deferred outflows of resources in the Combined Statement of Net Position.

On June 14, 2017, the Corporation issued $25.0 million of mortgage revenue bonds and $18.9 million of mortgage revenue refunding bonds. On June 14, 2017, the $18.9 million was used to refund the outstanding 2007C, 2007D and 2007E series revenue bonds.

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

Proceeds required to refund old debt	$	21,882,782
Less: net carrying value of old debt		(21,760,000)
Deferred amount on refunding	$	122,782

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, 2017, the Corporation has complied with all bond covenants.

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Note 4. Continued

Bonds and notes payable of the Corporation follow:

Issue	Rates (%)	Final Maturity	June 30, 2017	June 30, 2016
2002 Lease Purchase	-	10/01/2007	$ 600,401	$ 600,401
2006D[1]	5.00	12/01/2038	-	11,315,000
2006E[1]	4.50	06/01/2039	-	4,850,000
2007A[1]	4.05 – 5.50	12/01/2038	-	8,945,000
2007B	4.20 – 5.38	12/01/2038	14,030,000	16,360,000
2007C[2]	4.00 – 5.60	12/01/2038	-	12,060,000
2007D[2]	4.35 – 6.10	12/01/2038	-	8,090,000
2007E[2]	4.35 – 5.85	12/01/2038	-	8,295,000
2008A	3.90 – 5.625	12/01/2039	5,625,000	6,590,000
2008B	4.50 – 6.75	12/01/2039	3,710,000	5,090,000
			23,965,401	82,195,401
2009 Resolution				
2009A	5.00	12/01/2039	2,400,000	6,255,000
2013A	2.75	12/01/2032	18,434,061	22,041,431
2015A	3.05	12/01/2034	39,120,608	48,389,751
2016A	1.00– 3.625	12/01/2045	40,546,092	-
2017A	1.00 – 4.00	12/01/2046	44,327,318	-
			144,828,079	76,686,182
2009 NIBP Resolution				
2009B-1	3.06	12/01/2041	24,040,000	29,120,000
2009B-2	2.32	12/01/2041	46,220,000	53,200,000
2010A	2.75 – 4.55	12/01/2031	17,015,000	22,290,000
2011A	2.50 – 4.50	06/01/2025	11,581,389	15,260,534
			98,856,389	119,870,534
Total bonds payable, net			$ 267,649,869	$ 278,752,117

[1] - Refunded on December 1, 2016.
[2] - Refunded on June 14, 2017.

Notes Payable Description	Rates (%)	Final Maturity	June 30, 2017	June 30, 2016
USDA Rural Development	1.00	05/05/2038	$ 1,608,663	$ 1,676,877

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. Continued

A summary of debt service requirements through 2022 and in five-year increments thereafter is as follows:

Year Ending June 30,	Principal	Interest
2018	$ 4,229,214	$ 8,521,025
2019	5,105,000	8,417,023
2020	4,070,000	8,309,181
2021	3,880,000	8,216,465
2022	3,710,000	8,131,647

Five-Year Increments Ending June 30,	Principal	Interest
2023 – 2027	$ 26,850,000	$ 38,331,389
2028 – 2032	21,510,000	34,878,685
2033 – 2037	77,649,669	24,254,928
2038 – 2042	103,742,331	14,366,165
2043 – 2047	18,512,318	3,042,000

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 2017 and 2016. The Corporation expects to meet the spending requirements on substantially all of the outstanding issues.

Note 6. Mortgage Revenue Bond and Smart Solution Programs

The Corporation's Mortgage Revenue Bond ("MRB") and the Smart Solution program provide loans to qualified borrowers for purchases of the borrower's primary residence. To qualify, borrowers must be within 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.

Note 6. Continued

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 (MDA) in 1995 and $5,991,893 in proceeds obtained directly from the State in 1996. The Corporation is responsible for all aspects of the program, including developing lending criteria, establishing interest rates and loan approval, servicing and reporting. Principal, interest and late fee payments are required to be returned to the program for use in granting new loans. Costs incurred by the Corporation for administering the program are not reimbursed to the Corporation.

Note 8. House Bill 530 Program

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

Note 9. Low Income Housing Tax Credit Program

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

NOTES TO COMBINED FINANCIAL STATEMENTS

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, 2017 and 2016, $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 $-0- and $189,902,000 at June 30, 2017 and 2016, respectively.

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

Note 13. Continued

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 $569,264 and $555,561 for the years ended June 30, 2017 and 2016, respectively.

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, 2016 and 2015
- Schedule of Employer Allocations and Schedule of Collective Pension Amounts – Public Employees' Retirement System of Mississippi – June 30, 2016 and 2015

Accordingly, this note reflects financial information related to the measurement periods ended June 30, 2016 and 2015. 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, 2017, the Corporation reported a liability of $9,849,201 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Continued

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, 2016, the Corporation's proportion was 0.055139 percent which was an increase of .002512 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Corporation recognized pension expense of $1,359,194, which is included in salaries and related benefits. At June 30, 2017, 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	$ 274,720	$ -
Changes of assumptions	464,312	26,172
Net difference between projected and actual earnings on pension plan investments	667,235	-
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	216,455	-
Corporation contributions subsequent to the measurement date	569,264	-
Total	$ 2,191,986	$ 26,172

The Corporation reported $569,264 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, 2017. 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:	
2018	$ 463,164
2019	292,677
2020	619,279
2021	221,430
2022	-
Thereafter	-
Total	$ 1,596,550

Actuarial Assumptions

The total pension liability in the June 30, 2016 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 including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Note 13. Continued

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

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

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	$12,628,885	$9,849,201	$7,542,966

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. Continued

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.

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, 2017 and 2016, $140,041,576 and $166,418,252, 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 11, 2017, the date of issuance of its financial statements, and has determined that no significant events occurred after June 30, 2017 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, 2017

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2006D Program	2006E Program
ASSETS								
Current assets:								
Cash and cash equivalents								
Cash	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Restricted cash	–	–	–	–	–	–	–	–
Cash equivalents	–	–	–	–	–	–	–	–
Restricted cash equivalents	393	526	242	217	118	553,838	–	–
Total cash and cash equivalents	393	526	242	217	118	553,838	–	–
Accrued interest receivable	3,559	3,347	–	–	–	–	–	–
Total current assets	3,952	3,873	242	217	118	553,838	–	–
Noncurrent assets:								
Investments, at fair value	583,455	580,663	–	–	–	–	–	–
Mortgage loans receivable, net	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–
Due (to) from other funds	–	–	–	–	–	–	–	–
Total noncurrent assets	583,455	580,663	–	–	–	–	–	–
Total assets	587,407	584,536	242	217	118	553,838	–	–
DEFERRED OUTFLOW OF RESOURCES								
Deferred amount on refunding	–	–	–	–	–	–	–	–
Deferred pension outflow	–	–	–	–	–	–	–	–
Total deferred outflow of resources	–	–	–	–	–	–	–	–
Total assets and deferred outflow of resources	$ 587,407	$ 584,536	$ 242	$ 217	$ 118	$ 553,838	$ –	$ –
LIABILITIES								
Current liabilities:								
Bonds payable, net	$ –	$ –	$ –	$ –	$ –	$ 600,401	$ –	$ –
Notes payable	–	–	–	–	–	–	–	–
Accrued interest payable	–	–	–	–	–	–	–	–
Total current liabilities	–	–	–	–	–	600,401	–	–
Noncurrent liabilities:								
Bonds payable, net	–	–	–	–	–	–	–	–
Notes payable	–	–	–	–	–	–	–	–
Low income housing tax credit program unearned revenues	–	–	–	–	–	–	–	–
Grant fund unearned revenues	–	–	–	–	–	–	–	–
Net pension liability	–	–	–	–	–	–	–	–
Other liabilities and accrued expenses	4,711	4,844	–	–	–	–	–	–
Total noncurrent liabilities	4,711	4,844	–	–	–	–	–	–
Total liabilities	4,711	4,844	–	–	–	600,401	–	–
DEFERRED INFLOW OF RESOURCES								
Deferred pension inflow	–	–	–	–	–	–	–	–
Total deferred inflow of resources	–	–	–	–	–	–	–	–
Total liabilities and deferred inflow of resources	$ 4,711	$ 4,844	$ –	$ –	$ –	$ 600,401	$ –	$ –
NET POSITION								
Net investments in capital assets	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Restricted	582,696	579,692	242	217	118	(46,563)	–	–
Unrestricted	–	–	–	–	–	–	–	–
Total net position	$ 582,696	$ 579,692	$ 242	$ 217	$ 118	$ (46,563)	$ –	$ –

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2017

	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	–	–	–	–	–	–	–	1,712,041	–
Cash equivalents	–	–	–	–	–	–	–	–	–
Restricted cash equivalents	–	3,073,100	–	–	–	642,152	739,828	29,009,603	3,060,708
Total cash and cash equivalents	–	3,073,100	–	–	–	642,152	739,828	30,721,644	3,060,708
Accrued interest receivable	–	73,912	–	–	–	25,254	19,277	614,752	295,529
Total current assets	–	3,147,012	–	–	–	667,406	759,105	31,336,396	3,356,237
Noncurrent assets:									
Investments, at fair value	–	17,073,802	–	–	–	5,967,847	4,080,136	154,034,614	102,054,708
Mortgage loans receivable, net	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	17,776	12,681
Due (to) from other funds	–	–	–	–	–	–	–	(139,436)	–
Total noncurrent assets	–	17,073,802	–	–	–	5,967,847	4,080,136	153,912,954	102,067,389
Total assets	–	20,220,814	–	–	–	6,635,253	4,839,241	185,249,350	105,423,626
DEFERRED OUTFLOW OF RESOURCES									
Deferred amount on refunding	–	–	–	–	–	–	–	1,985,959	–
Deferred pension outflow	–	–	–	–	–	–	–	–	–
Total deferred outflow of resources	–	–	–	–	–	–	–	1,985,959	–
Total assets and deferred outflow of resources	$ –	$ 20,220,814	$ –	$ –	$ –	$ 6,635,253	$ 4,839,241	$ 187,235,309	$ 105,423,626
LIABILITIES									
Current liabilities:									
Bonds payable, net	$ –	$ 130,000	$ –	$ –	$ –	$ 30,000	$ 80,000	$ 1,545,000	$ 1,775,000
Notes payable	–	–	–	–	–	–	–	–	–
Accrued interest payable	–	56,893	–	–	–	25,476	18,592	313,374	245,316
Total current liabilities	–	186,893	–	–	–	55,476	98,592	1,858,374	2,020,316
Noncurrent liabilities:									
Bonds payable, net	–	13,900,000	–	–	–	5,595,000	3,630,000	143,283,079	97,081,389
Notes payable	–	–	–	–	–	–	–	–	–
Low income housing									
tax credit program unearned revenues	–	–	–	–	–	–	–	–	–
Grant fund unearned revenues	–	–	–	–	–	–	–	–	–
Net pension liability	–	–	–	–	–	–	–	–	–
Other liabilities and accrued expenses	–	4,318	–	–	–	4,318	4,318	609,894	12,264
Total noncurrent liabilities	–	13,904,318	–	–	–	5,599,318	3,634,318	143,892,973	97,093,653
Total liabilities	–	14,091,211	–	–	–	5,654,794	3,732,910	145,751,347	99,113,969
DEFERRED INFLOW OF RESOURCES									
Deferred pension inflow	–	–	–	–	–	–	–	–	–
Total deferred inflow of resources	–	–	–	–	–	–	–	–	–
Total liabilities and deferred inflow of resources	$ –	$ 14,091,211	$ –	$ –	$ –	$ 5,654,794	$ 3,732,910	$ 145,751,347	$ 99,113,969
NET POSITION									
Net investments in capital assets	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Restricted	–	6,129,603	–	–	–	980,459	1,106,331	41,483,962	6,309,657
Unrestricted	–	–	–	–	–	–	–	–	–
Total net position	$ –	$ 6,129,603	$ –	$ –	$ –	$ 980,459	$ 1,106,331	$ 41,483,962	$ 6,309,657

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2017

	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	$ –	$ –	$ 639,878	$ 1,026,730	$ –	$ 1,666,608
Restricted cash	1,712,041	1,467,696	–	3,898,524	805,193	7,883,454
Cash equivalents	–	–	–	946,261	–	946,261
Restricted cash equivalents	37,080,725	–	–	6,720,745	–	43,801,470
Total cash and cash equivalents	38,792,766	1,467,696	639,878	12,592,260	805,193	54,297,793
Accrued interest receivable	1,035,630	239	5,552	230,675	15,052	1,287,148
Total current assets	39,828,396	1,467,935	645,430	12,822,935	820,245	55,584,941
Noncurrent assets:						
Investments, at fair value	284,375,225	–	–	41,701,493	–	326,076,718
Mortgage loans receivable, net	–	56,924	1,677,945	32,036,147	4,690,815	38,461,831
Other assets	30,457	–	–	3,746,755	2,518,161	6,295,373
Due (to) from other funds	(139,436)	36,399	–	104,723	(1,686)	–
Total noncurrent assets	284,266,246	93,323	1,677,945	77,589,118	7,207,290	370,833,922
Total assets	324,094,642	1,561,258	2,323,375	90,412,053	8,027,535	426,418,863
DEFERRED OUTFLOW OF RESOURCES						
Deferred amount on refunding	1,985,959	–	–	–	–	1,985,959
Deferred pension outflow	–	–	–	2,191,986	–	2,191,986
Total deferred outflow of resources	1,985,959	–	–	2,191,986	–	4,177,945
Total assets and deferred outflow of resources	$ 326,080,601	$ 1,561,258	$ 2,323,375	$ 92,604,039	$ 8,027,535	$ 430,596,808
LIABILITIES						
Current liabilities:						
Bonds payable, net	$ 4,160,401	$ –	$ –	$ –	$ –	$ 4,160,401
Notes payable	–	–	–	68,813	–	68,813
Accrued interest payable	659,651	–	–	7,998	–	667,649
Total current liabilities	4,820,052	–	–	76,811	–	4,896,863
Noncurrent liabilities:						
Bonds payable, net	263,489,468	–	–	–	–	263,489,468
Notes payable	–	–	–	1,539,850	–	1,539,850
Low income housing tax credit program unearned revenues	–	–	–	20,765,940	–	20,765,940
Grant fund unearned revenues	–	–	–	33,688,940	–	33,688,940
Net pension liability	–	–	–	9,849,201	–	9,849,201
Other liabilities and accrued expenses	644,667	1,190,931	4,318	1,108,174	24,759	2,972,849
Total noncurrent liabilities	264,134,135	1,190,931	4,318	66,952,105	24,759	332,306,248
Total liabilities	268,954,187	1,190,931	4,318	67,028,916	24,759	337,203,111
DEFERRED INFLOW OF RESOURCES						
Deferred pension inflow	–	–	–	26,172	–	26,172
Total deferred inflow of resources	–	–	–	26,172	–	26,172
Total liabilities and deferred inflow of resources	$ 268,954,187	$ 1,190,931	$ 4,318	$ 67,055,088	$ 24,759	$ 337,229,283
NET POSITION						
Net investments in capital assets	$ –	$ –	$ –	$ 1,835,960	$ –	$ 1,835,960
Restricted	57,126,414	370,327	–	–	8,002,776	65,499,517
Unrestricted	–	–	2,319,057	23,712,991	–	26,032,048
Total net position	$ 57,126,414	$ 370,327	$ 2,319,057	$ 25,548,951	$ 8,002,776	$ 93,367,525

Mississippi Home Corporation

Combining Schedule of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2017

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2006D Program	2006E Program
Operating revenues:								
Interest income:								
Cash and cash equivalents	$ 30	$ 41	$ —	$ —	$ —	$ 1,024	$ 342	$ 171
Mortgage-backed securities	41,281	37,445	—	—	—	—	238,615	91,223
Other investments	—	—	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—	—	—
Total interest income	41,311	37,486	—	—	—	1,024	238,957	91,394
Net increase (decrease) in fair value of investments	(33,120)	(40,186)	—	—	—	—	(94,217)	(88,215)
Low income housing tax credit program	—	—	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—	—	—
Program fees	—	—	—	—	—	—	—	—
Other income	—	—	—	—	—	—	—	—
Total operating revenues	8,191	(2,700)	—	—	—	1,024	144,740	3,179
Operating expenses:								
Interest expense	—	—	—	—	—	—	219,604	84,956
Bond issuance costs	—	—	—	—	—	—	—	—
Salaries and related benefits	—	—	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—	—	—
Provision for mortgage loan losses	—	—	—	—	—	—	—	—
Program expenses	—	—	—	—	—	—	—	—
Other	4,318	4,318	—	—	—	—	7,110	6,230
Total operating expenses	4,318	4,318	—	—	—	—	226,714	91,186
Operating income (loss)	3,873	(7,018)	—	—	—	1,024	(81,974)	(88,007)
Transfers in (out)	(177,246)	(223,997)	(44)	(20)	(12)	—	(1,719,412)	(469,700)
Net position, beginning of year	756,069	810,707	286	237	130	(47,587)	1,801,386	557,707
Net position, end of year	$ 582,696	$ 579,692	$ 242	$ 217	$ 118	$ (46,563)	$ —	$ —

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	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	$ 349	$ 5,786	$ 1,717	$ 1,162	$ 1,650	$ 1,046	$ 1,491	$ 17,751	$ 7,353
Mortgage-backed securities	186,216	950,477	540,546	367,534	420,015	328,253	265,837	5,690,227	3,812,459
Other investments	–	–	–	–	–	–	–	–	–
Mortgage loans	–	–	–	–	–	–	–	–	–
Total interest income	186,565	956,263	542,263	368,696	421,665	329,299	267,328	5,707,978	3,819,812
Net increase (decrease) in fair value of investments	(86,293)	(533,880)	(265,653)	(335,754)	(340,691)	(181,260)	(291,665)	(3,057,484)	(3,734,691)
Low income housing tax credit program	–	–	–	–	–	–	–	–	–
Grant fund revenues	–	–	–	–	–	–	–	–	–
Program fees	–	–	–	–	–	–	–	–	–
Other income	–	–	–	–	–	–	–	–	–
Total operating revenues	100,272	422,383	276,610	32,942	80,974	148,039	(24,337)	2,650,494	85,121
Operating expenses:									
Interest expense	179,433	743,996	514,679	346,853	383,290	327,217	260,205	2,952,149	3,207,146
Bond issuance costs	–	–	–	–	–	–	–	1,374,361	–
Salaries and related benefits	–	–	–	–	–	–	–	–	–
Grant fund expenses	–	–	–	–	–	–	–	–	–
Provision for mortgage loan losses	–	–	–	–	–	–	–	–	–
Program expenses	–	–	–	–	–	–	–	–	–
Other	6,865	10,133	9,996	8,780	8,993	7,380	6,866	56,206	51,066
Total operating expenses	186,298	754,129	524,675	355,633	392,283	334,597	267,071	4,382,716	3,258,212
Operating income (loss)	(86,026)	(331,746)	(248,065)	(322,691)	(311,309)	(186,558)	(291,408)	(1,732,222)	(3,173,091)
Transfers in (out)	(1,189,932)	(56,320)	(1,616,243)	(1,571,930)	(1,707,669)	(1,947)	(3,725)	9,067,227	(203,288)
Net position, beginning of year	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
Net position, end of year	$ –	$ 6,129,603	$ –	$ –	$ –	$ 980,459	$ 1,106,331	$ 41,483,962	$ 6,309,657

Mississippi Home Corporation

Combining Schedule of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2017

	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	$ 39,913	$ –	$ 534	$ 7,724	$ 591	$ 48,762
Mortgage-backed securities	12,970,128	–	–	80,270	–	13,050,398
Other investments	–	–	–	985,111	–	985,111
Mortgage loans	–	8,970	81,704	132,832	219,246	442,752
Total interest income	13,010,041	8,970	82,238	1,205,937	219,837	14,527,023
Net increase (decrease) in fair value of investments	(9,083,109)	–	–	(641,735)	–	(9,724,844)
Low income housing tax credit program	–	–	–	2,401,341	–	2,401,341
Grant fund revenues	–	–	–	28,142,379	–	28,142,379
Program fees	–	–	–	3,071,159	–	3,071,159
Other income	–	342	5,712	664,666	16,838	687,558
Total operating revenues	3,926,932	9,312	87,950	34,843,747	236,675	39,104,616
Operating expenses:						
Interest expense	9,219,528	–	–	27,775	–	9,247,303
Bond issuance costs	1,374,361	–	–	–	–	1,374,361
Salaries and related benefits	–	–	–	5,567,149	–	5,567,149
Grant fund expenses	–	–	–	26,343,952	–	26,343,952
Provision for mortgage loan losses	–	(25,751)	(21,083)	(140,625)	(46,884)	(234,343)
Program expenses	–	–	–	2,119,564	–	2,119,564
Other	188,261	6,026	11,559	2,043,576	77,091	2,326,513
Total operating expenses	10,782,150	(19,725)	(9,524)	35,961,391	30,207	46,744,499
Operating income (loss)	(6,855,218)	29,037	97,474	(1,117,644)	206,468	(7,639,883)
Transfers in (out)	125,742	110,736	(436,040)	195,602	3,960	–
Net position, beginning of year	63,855,890	230,554	2,657,623	26,470,993	7,792,348	101,007,408
Net position, end of year	$ 57,126,414	$ 370,327	$ 2,319,057	$ 25,548,951	$ 8,002,776	$ 93,367,525

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2017

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2006D Program	2006E 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	(9,018)	(11,266)	–	–	–	–	(11,071)	(10,189)
Fee income received	–	–	–	–	–	–	–	–
Grant funds received	–	–	–	–	–	–	–	–
Other income received	–	–	–	–	–	–	–	–
Net cash provided by (used in) operating activities	(9,018)	(11,266)	–	–	–	–	(11,071)	(10,189)
Cash flows from noncapital financing activities:								
Proceeds from issuance of bonds	–	–	–	–	–	–	–	–
Proceeds from issuance of notes	–	–	–	–	–	–	–	–
Principal repayment of bonds	–	–	–	–	–	–	(11,315,000)	(4,850,000)
Principal repayment of notes	–	–	–	–	–	–	–	–
Reacquistion costs paid on bond refunding	–	–	–	–	–	–	–	–
Interest paid	–	–	–	–	–	–	(266,750)	(103,144)
Bond issuance costs paid	–	–	–	–	–	–	–	–
Due (from) to other programs	–	–	–	–	–	–	–	–
Net cash provided by (used in) noncapital financing activities	–	–	–	–	–	–	(11,581,750)	(4,953,144)
Cash flows from capital and related financing activities:								
Property and equipment additions	–	–	–	–	–	–	–	–
Net cash provided by (used in) capital and related financing activities	–	–	–	–	–	–	–	–
Cash flows from investing activities:								
Purchase of investments	–	–	–	–	–	–	–	–
Redemption of investments	138,992	189,296	–	–	–	–	12,373,448	4,934,532
Interest received on investments	47,183	45,783	–	–	–	1,024	290,524	110,592
Proceeds from sale of real estate owned	–	–	–	–	–	–	–	–
Net cash provided by (used in) investing activities	186,175	235,079	–	–	–	1,024	12,663,972	5,045,124
Transfers	(177,246)	(223,997)	(44)	(20)	(12)	–	(1,719,412)	(469,700)
Net increase (decrease) in cash and cash equivalents	(89)	(184)	(44)	(20)	(12)	1,024	(648,261)	(387,909)
Cash and cash equivalents, beginning of year	482	710	286	237	130	552,814	648,261	387,909
Cash and cash equivalents, end of year	$ 393	$ 526	$ 242	$ 217	$ 118	$ 553,838	$ –	$ –

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2017

	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	(10,825)	(9,775)	(13,956)	(12,740)	(12,953)	(7,022)	(6,508)	424,528	(48,137)
Fee income received	–	–	–	–	–	–	–	–	–
Grant funds received	–	–	–	–	–	–	–	–	–
Other income received		–	–	–	–	–	–	–	–
Net cash provided by (used in) operating activities	(10,825)	(9,775)	(13,956)	(12,740)	(12,953)	(7,022)	(6,508)	424,528	(48,137)
Cash flows from noncapital financing activities:									
Proceeds from issuance of bonds	–	–	–	–	–	–	–	85,824,519	–
Proceeds from issuance of notes	–	–	–	–	–	–	–	–	–
Principal repayment of bonds	(8,945,000)	(2,330,000)	(12,060,000)	(8,090,000)	(8,295,000)	(965,000)	(1,380,000)	(17,676,513)	(21,005,000)
Principal repayment of notes	–	–	–	–	–	–	–	–	–
Reacquistion costs paid on bond refunding	–	–	–	–	–	–	–	(403,882)	–
Interest paid	(216,319)	(753,957)	(565,375)	(383,773)	(421,544)	(331,537)	(266,971)	(2,729,127)	(3,270,622)
Bond issuance costs paid	–	–	–	–	–	–	–	(1,274,858)	–
Due (from) to other programs	–	–	–	–	–	–	–	139,436	–
Net cash provided by (used in) noncapital financing activities	(9,161,319)	(3,083,957)	(12,625,375)	(8,473,773)	(8,716,544)	(1,296,537)	(1,646,971)	63,879,575	(24,275,622)
Cash flows from capital and related financing activities:									
Property and equipment additions	–	–	–	–	–	–	–	–	–
Net cash provided by (used in) capital and related financing activities	–	–	–	–	–	–	–	–	–
Cash flows from investing activities:									
Purchase of investments	–	–	–	–	–	–	–	(19,735,539)	–
Redemption of investments	9,462,402	2,146,882	12,497,566	8,476,591	9,225,906	995,220	1,318,855	(31,506,698)	18,144,882
Interest received on investments	224,798	966,563	594,184	407,262	464,681	333,944	274,252	5,543,251	3,874,926
Proceeds from sale of real estate owned	–	–	–	–	–	–	–	–	–
Net cash provided by (used in) investing activities	9,687,200	3,113,445	13,091,750	8,883,853	9,690,587	1,329,164	1,593,107	(45,698,986)	22,019,808
Transfers	(1,189,932)	(56,320)	(1,616,243)	(1,571,930)	(1,707,669)	(1,947)	(3,725)	9,067,227	(203,288)
Net increase (decrease) in cash and cash equivalents	(674,876)	(36,607)	(1,163,824)	(1,174,590)	(746,579)	23,658	(64,097)	27,672,344	(2,507,239)
Cash and cash equivalents, beginning of year	674,876	3,109,707	1,163,824	1,174,590	746,579	618,494	803,925	3,049,300	5,567,947
Cash and cash equivalents, end of year	$ –	$ 3,073,100	$ –	$ –	$ –	$ 642,152	$ 739,828	$ 30,721,644	$ 3,060,708

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2017

	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	$ –	$ 321,379	$ 464,259	$ 1,209,772	$ 980,661	$ 2,976,071
Loan interest payments received	–	9,195	83,641	137,526	222,422	452,784
Loan disbursements	–	(106,776)	(340,087)	(1,437,984)	(985,836)	(2,870,683)
Payments to employees	–	–	–	(4,765,707)	–	(4,765,707)
Down payment assistance disbursements	–	–	–	(1,172,468)	–	(1,172,468)
Grant funds expended	–	–	–	(25,510,453)	–	(25,510,453)
Payments to vendors	261,068	208,821	(13,272)	(2,004,446)	(47,121)	(1,594,950)
Fee income received	–	–	5,702	5,282,643	16,836	5,305,181
Grant funds received	–	–	–	33,303,437	–	33,303,437
Other income received	–	341	544	939,797	591	941,273
Net cash provided by (used in) operating activities	261,068	432,960	200,787	5,982,117	187,553	7,064,485
Cash flows from noncapital financing activities:						
Proceeds from issuance of bonds	85,824,519	–	–	–	–	85,824,519
Proceeds from issuance of notes	–	–	–	6,835,000	–	6,835,000
Principal repayment of bonds	(96,911,513)	–	–	–	–	(96,911,513)
Principal repayment of notes	–			(6,903,214)		(6,903,214)
Reacquistion costs paid on bond refunding	(403,882)	–	–	–	–	(403,882)
Interest paid	(9,309,119)	–	–	(28,115)	–	(9,337,234)
Bond issuance costs paid	(1,274,858)	–	–	–	–	(1,274,858)
Due (from) to other programs	139,436	1,188	–	(140,624)	–	–
Net cash provided by (used in) noncapital financing activities	(21,935,417)	1,188	–	(236,953)	–	(22,171,182)
Cash flows from capital and related financing activities:						
Property and equipment additions	–	–	–	(200,032)	–	(200,032)
Net cash provided by (used in) capital and related financing activities	–	–	–	(200,032)	–	(200,032)
Cash flows from investing activities:						
Purchase of investments	(19,735,539)	–	–	(18,624,333)	(89,103)	(38,448,975)
Redemption of investments	48,397,874	–	–	17,389,625	–	65,787,499
Interest received on investments	13,178,967	–	–	1,194,919	–	14,373,886
Proceeds from sale of real estate owned	–	–	–	–	275,000	275,000
Net cash provided by (used in) investing activities	41,841,302	–	–	(39,789)	185,897	41,987,410
Transfers	125,742	110,736	(436,040)	195,602	3,960	–
Net increase (decrease) in cash and cash equivalents	20,292,695	544,884	(235,253)	5,700,945	377,410	26,680,681
Cash and cash equivalents, beginning of year	18,500,071	922,812	875,131	6,891,315	427,783	27,617,112
Cash and cash equivalents, end of year	$ 38,792,766	$ 1,467,696	$ 639,878	$ 12,592,260	$ 805,193	$ 54,297,793

See independent auditor's report.

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2017

	1995CD Program	1995IJ Program	1997D Program	1997H Program	1998A Program	2002 Lease Purchase Program	2006D Program	2006E Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	$ 3,873	$ (7,018)	$ —	$ —	$ —	$ 1,024	$ (81,974)	$ (88,007)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Interest paid	—	—	—	—	—	—	266,750	103,144
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	33,120	40,186	—	—	—	—	94,217	88,215
Realized (gain) loss on investments	—	—	—	—	—	—	—	—
Interest received on investments	(47,183)	(45,783)	—	—	—	(1,024)	(290,524)	(110,592)
Changes in assets and liabilities:								
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	903	1,175	—	—	—	—	51,566	19,198
(Increase) decrease in other assets	—	—	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	—	—	—	—	—		(47,146)	(18,187)
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund unearned revenues	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	269	174	—	—	—	—	(3,960)	(3,960)
Total adjustments	(12,891)	(4,248)	—	—	—	(1,024)	70,903	77,818
Net cash provided by (used in) operating activities	$ (9,018)	$ (11,266)	$ —	$ —	$ —	$ —	$ (11,071)	$ (10,189)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2017

	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)	$ (86,026)	$ (331,746)	$ (248,065)	$ (322,691)	$ (311,309)	$ (186,558)	$ (291,408)	$ (1,732,222)	$ (3,173,091)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Interest paid	216,319	753,957	565,375	383,773	421,544	331,537	266,971	2,729,127	3,270,622
Bond issuance costs paid	—	—	—	—	—	—	—	1,274,858	—
Amortization of bond discount (premium)	—	—	—	—	—	—	—	(6,109)	(9,145)
Amortization of investment (discount) premium	—	—	—	—	—	—	—	13,177	—
Amortization of bond refunding	—	—	—	—	—	—	—	115,324	—
Net (increase) decrease in fair value of investments	86,293	533,880	265,653	335,754	340,691	181,260	291,665	3,057,484	3,734,691
Realized (gain) loss on investments	—	—	—	—	—	—	—	—	—
Interest received on investments	(224,798)	(966,563)	(594,184)	(407,262)	(464,681)	(333,944)	(274,252)	(5,543,251)	(3,874,926)
Changes in assets and liabilities:									
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	38,233	10,300	51,921	38,566	43,016	4,645	6,924	(177,905)	55,114
(Increase) decrease in other assets	—	—	—	—	—	—	—	(17,775)	2,835
Increase (decrease) in accrued interest payable	(36,886)	(9,961)	(50,696)	(36,920)	(38,254)	(4,320)	(6,766)	113,806	(54,331)
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in grant fund unearned revenues	—	—	—	—	—	—	—	—	—
Increase (decrease) in other liabilities and accrued expenses	(3,960)	358	(3,960)	(3,960)	(3,960)	358	358	598,014	94
Total adjustments	75,201	321,971	234,109	309,951	298,356	179,536	284,900	2,156,750	3,124,954
Net cash provided by (used in) operating activities	$ (10,825)	$ (9,775)	$ (13,956)	$ (12,740)	$ (12,953)	$ (7,022)	$ (6,508)	$ 424,528	$ (48,137)

Mississippi Home Corporation
Combining Schedule of Cash Flows
For the Year Ended June 30, 2017

	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)	$ (6,855,218)	$ 29,037	$ 97,474	$ (1,117,644)	$ 206,468	$ (7,639,883)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Interest paid	9,309,119	–	–	28,115	–	9,337,234
Bond issuance costs paid	1,274,858	–	–	–	–	1,274,858
Amortization of bond discount (premium)	(15,254)	–	–	–	–	(15,254)
Amortization of investment (discount) premium	13,177	–	–	115,734	–	128,911
Amortization of bond refunding	115,324	–	–	–	–	115,324
Net (increase) decrease in fair value of investments	9,083,109	–	–	641,735	–	9,724,844
Realized (gain) loss on investments	–	–	–	45,367	–	45,367
Interest received on investments	(13,178,967)	–	–	(1,194,919)	–	(14,373,886)
Changes in assets and liabilities:						
(Increase) decrease in mortgage loans receivable, net	–	188,852	101,017	(295,266)	(56,483)	(61,880)
(Increase) decrease in accrued interest receivable	143,656	225	1,938	18,499	3,177	167,495
(Increase) decrease in other assets	(14,940)	–	–	(173,461)	44,500	(143,901)
Increase (decrease) in accrued interest payable	(189,661)	–	–	(339)	–	(190,000)
Increase (decrease) in low income housing tax credit program unearned revenues	–	–	–	70,635	–	70,635
Increase (decrease) in grant fund unearned revenues	–	–	–	6,457,629	–	6,457,629
Increase (decrease) in other liabilities and accrued expenses	575,865	214,846	358	1,386,032	(10,109)	2,166,992
Total adjustments	7,116,286	403,923	103,313	7,099,761	(18,915)	14,704,368
Net cash provided by (used in) operating activities	$ 261,068	$ 432,960	$ 200,787	$ 5,982,117	$ 187,553	$ 7,064,485

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, 2017

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statutorily required employer contribution	$ 569,264	$ 555,561	$ 517,835	$ 528,197	$ 446,164	$ 356,526	$ 323,912	$ 300,528	$ 279,303	$ 262,890
Contributions in relation to the statutorily required contributions	(569,264)	(555,561)	(517,835)	(528,197)	(446,164)	(356,526)	(323,912)	(300,528)	(279,303)	(262,890)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 3,614,376	$ 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
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%	15.75%	14.26%	12.47%	12.00%	12.00%	11.85%	11.85%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

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

	2016	2015	2014
Proportion of the net pension liability (asset)	0.055139%	0.052627%	0.054883%
Proportionate share of the net pension liability (asset)	$ 9,849,201	$ 8,135,098	$ 6,661,791
Covered-employee payroll	$ 3,527,365	$ 3,287,839	$ 3,353,630
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279%	247%	199%
Plan fiduciary net position as a percentage of the total pension liability	57%	62%	67%

* 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

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

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.

In 2016 the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

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, 2017, 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 11, 2017.

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 11, 2017