Mississippi Home Corporation

Independent Auditor's Reports and Combined Financial Statements

June 30, 2021 and 2020

Mississippi Home Corporation

June 30, 2021 and 2020

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Independent Auditor's Report

Board of Directors
Mississippi Home Corporation
Jackson, Mississippi

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Mississippi Home Corporation ("the Corporation"), an instrumentality of the State of Mississippi, as of and for the years ended June 30, 2021 and 2020, and the related notes to the combined financial statements, which collectively comprise the Corporation's basic combined financial statements as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 Corporation'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2021 and 2020, and the respective changes in its financial position and its cash flows for the years 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 and pension information listed in the table of contents be presented to supplement the basic combined financial statements. Such information, although not part of the basic combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 combined financial statements and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic combined financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

BKD, LLP

Jackson, Mississippi
October 13, 2021

Mississippi Home Corporation
Management's Discussion and Analysis
Years Ended June 30, 2021 and 2020

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, 2021 and 2020. 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 statements of net position include 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 statements of revenues, expenses and changes in net position. These statements measure the activities of the Corporation's operations and can be used to determine whether the Corporation has successfully recovered all of its costs through its services provided.

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

2021 Financial Highlights

- Total assets and deferred outflows of resources increased $292.3 million, or 50.8 percent
- Total liabilities and deferred inflow of resources increased $294.4 million, or 62.7 percent
- Cash and investments increased $290.3 million, or 55.5 percent
- Bonds payable increased $49.9 million, or 12.9 percent
- Total net position decreased $2.1 million, or 2.0 percent, including a $4.7 million decrease in the fair value of investments
- Total operating revenues (excluding fair value adjustments) increased $10.0 million, or 24.4 percent
- Total operating expenses increased $10.6 million, or 28.3 percent
- Interest income increased $0.2 million, or 1.0 percent
- Interest expense increased $0.8 million, or 7.7 percent
- Grant fund revenues increased $10.9 million, or 61.5 percent

Mississippi Home Corporation
Management's Discussion and Analysis
Years Ended June 30, 2021 and 2020

- Grant fund expenses increased $10.7 million, or 69.0 percent
- Operating income (excluding fair value adjustments) decreased $0.7 million, or 20.1 percent

The following table summarizes the changes in the Corporation's assets and deferred outflows of resources, liabilities and deferred inflow of resources and net position that occurred during the year ended June 30, 2021:

	2021	2020	Change Dollars	Change %
Cash and cash equivalents				
Restricted	$ 283,068,974	$ 50,304,439	$ 232,764,535	462.7%
Unrestricted	6,322,734	5,826,278	496,456	8.5%
Investments, at fair value	524,402,339	467,328,860	57,073,479	12.2%
Mortgage loans, net	41,248,342	40,595,022	653,320	1.6%
Other assets	9,574,287	8,818,212	756,075	8.6%
Total assets	864,616,676	572,872,811	291,743,865	50.9%
Deferred outflows of resources	3,205,010	2,633,281	571,729	21.7%
Total assets and deferred outflows of resources	$ 867,821,686	$ 575,506,092	$ 292,315,594	50.8%
Bonds payable, net	$ 438,271,096	$ 388,327,313	$ 49,943,783	12.9%
Notes payable	1,329,215	1,400,111	(70,896)	-5.1%
Low income housing tax credit program unearned revenues	22,684,589	22,736,951	(52,362)	-0.2%
Grant fund unearned revenues	283,698,556	42,127,829	241,570,727	573.4%
Net pension liability	11,843,931	10,275,647	1,568,284	15.3%
All other liabilities	6,050,036	4,451,137	1,598,899	35.9%
Total liabilities	763,877,423	469,318,988	294,558,435	62.8%
Deferred inflow of resources	-	123,481	(123,481)	-100.0%
Total liabilities and deferred inflow of resources	$ 763,877,423	$ 469,442,469	$ 294,434,954	62.7%
Net investments in capital assets	$ 1,290,692	$ 1,325,965	$ (35,273)	-2.7%
Restricted net position	83,371,014	83,522,163	(151,149)	-0.2%
Unrestricted net position	19,282,557	21,215,495	(1,932,938)	-9.1%
Total net position	$ 103,944,263	$ 106,063,623	$ (2,119,360)	-2.0%

The following table summarizes the changes in the Corporation's operating revenues and expenses, before fair value adjustments, for the fiscal years ended June 30, 2021 and 2020:

	2021	2020	Change Dollars	Change %
Interest on mortgage-backed securities	$ 16,150,545	$ 15,113,173	$ 1,037,372	6.9%
Interest on cash and other investments	862,704	1,674,612	(811,908)	-48.5%
Interest on mortgage loans	382,325	428,461	(46,136)	-10.8%
Low income housing tax credit program	2,736,578	3,672,474	(935,896)	-25.5%
Grant fund revenues	28,632,687	17,731,480	10,901,207	61.5%
Program fees	1,187,569	1,714,638	(527,069)	-30.7%
Other income	763,622	420,398	343,224	81.6%
Total operating revenues	50,716,030	40,755,236	9,960,794	24.4%
Interest expense	11,760,441	10,918,390	842,051	7.7%
Bond issuance costs	1,453,218	1,956,700	(503,482)	-25.7%
Salaries and related benefits	6,290,183	6,010,123	280,060	4.7%
Grant fund expenses	26,274,228	15,549,600	10,724,628	69.0%
Program expenses	231,832	528,852	(297,020)	-56.2%
All other expenses	2,107,671	2,540,366	(432,695)	-17.0%
Total operating expenses	48,117,573	37,504,031	10,613,542	28.3%
Operating income before fair value adjustments	$ 2,598,457	$ 3,251,205	$ (652,748)	-20.1%

The Corporation reported total assets and deferred outflows of resources of $867.8 million at June 30, 2021. This represented an increase of $292.3 million compared to June 30, 2020. Total liabilities and deferred inflow of resources for the same period increased $294.4 million, while total net position decreased $2.1 million.

Cash and cash equivalents increased $233.3 million to $289.4 million at June 30, 2021, compared to June 30, 2020. The increase was due primarily to cash related to the Treasury Emergency Rental Assistance Program and Homeowner Assistance Fund.

Investments increased $57.1 million to $524.4 million at June 30, 2021, compared to June 30, 2020. The increase was the result of two factors:

- Scheduled payments and prepayments of mortgage-backed securities in the Mortgage Revenue Bond program as a result of homeowners refinancing their mortgages, as well as loans being purchased out of the mortgage-backed securities due to loan restructurings; offset by

- The purchase of $108.7 million in mortgage-backed securities under the Corporation's open indenture.

The increase in deferred outflows of resources of $0.6 million in 2021 is primarily related to pension allocation adjustments.

The increase in total liabilities of $294.6 million in 2021 was attributable primarily to:

- A net increase in bonds payable of $49.9 million resulting from the following factors:
    - Issuance of the Series 2020B and 2021A revenue bonds
    - Calls resulting from the mortgage-backed securities prepayments
- An increase in grant fund unearned revenues of $241.6 million due to funds received from awarding agencies pending use for program and administrative expenses.

Total operating revenues before fair value adjustments for fiscal year 2021 were $50.7 million, compared to $40.8 million for fiscal year 2020. The increase in operating revenues was attributable primarily to an increase in "flow-through" revenues of $10.9 million from the Corporation's management of federal grant programs.

Total operating expenses were $48.1 million in fiscal year 2021, up from $37.5 million in fiscal year 2020. The increase in operating expenses was attributable primarily to an increase in "flow-through" expenses of $10.7 million from the Corporation's management of federal grant programs.

As a result of the above factors, operating income before fair value adjustments was $2.6 million in 2021, compared to $3.3 million in 2020.

2020 Financial Highlights

- Total assets and deferred outflows of resources increased $99.9 million, or 21.0 percent
- Total liabilities and deferred inflow of resources increased $86.0 million, or 22.4 percent
- Cash and investments increased $96.6 million, or 22.6 percent
- Bonds payable increased $76.0 million, or 24.3 percent
- Total net position increased $13.9 million, or 15.1 percent, including a $10.6 million increase in the fair value of investments
- Total operating revenues (excluding fair value adjustments) increased $7.0 million, or 20.7 percent
- Total operating expenses increased $5.7 million, or 18.1 percent
- Interest income increased $2.9 million, or 20.4 percent
- Interest expense increased $2.6 million, or 30.5 percent
- Grant fund revenues increased $2.9 million, or 19.7 percent
- Grant fund expenses increased $2.4 million, or 18.6 percent
- Operating income (excluding fair value adjustments) increased $1.2 million, or 62.0 percent

Mississippi Home Corporation
Management's Discussion and Analysis
Years Ended June 30, 2021 and 2020

The following table summarizes the changes in the Corporation's assets and deferred outflows of resources, liabilities and deferred inflow of resources and net position that occurred during the year ended June 30, 2020:

	2020	2019	Change Dollars	Change %
Cash and cash equivalents				
Restricted	$ 50,304,439	$ 51,484,601	$ (1,180,162)	-2.3%
Unrestricted	5,826,278	8,649,557	(2,823,279)	-32.6%
Investments, at fair value	467,328,860	366,686,509	100,642,351	27.4%
Mortgage loans receivable, net	40,595,022	38,145,665	2,449,357	6.4%
Other assets	8,818,212	8,178,852	639,360	7.8%
Total assets	572,872,811	473,145,184	99,727,627	21.1%
Deferred outflows of resources	2,633,281	2,420,520	212,761	8.8%
Total assets and deferred outflow of resources	$ 575,506,092	$ 475,565,704	$ 99,940,388	21.0%
Bonds payable, net	$ 388,327,313	$ 312,301,517	$ 76,025,796	24.3%
Notes payable	1,400,111	1,470,356	(70,245)	-4.8%
Low income housing tax credit program unearned revenues	22,736,951	21,826,938	910,013	4.2%
Grant fund unearned revenues	42,127,829	34,229,691	7,898,138	23.1%
Net pension liability	10,275,647	9,281,198	994,449	10.7%
All other liabilities	4,451,137	4,058,326	392,811	9.7%
Total liabilities	469,318,988	383,168,026	86,150,962	22.5%
Deferred inflow of resources	123,481	228,748	(105,267)	-46.0%
Total liabilities and deferred inflow of resources	$ 469,442,469	$ 383,396,774	$ 86,045,695	22.4%
Net investments in capital assets	$ 1,325,965	$ 1,487,977	$ (162,012)	-10.9%
Restricted net position	83,522,163	64,890,918	18,631,245	28.7%
Unrestricted net position	21,215,495	25,790,035	(4,574,540)	-17.7%
Total net position	$ 106,063,623	$ 92,168,930	$ 13,894,693	15.1%

The following table summarizes the changes in the Corporation's operating revenues and expenses, before fair value adjustments, for the fiscal years ended June 30, 2020 and 2019.

	2020	2019	Change Dollars	Change %
Interest on mortgage-backed securities	$ 15,113,173	$ 12,060,018	$ 3,053,155	25.3%
Interest on cash and other investments	1,674,612	1,846,793	(172,181)	-9.3%
Interest on mortgage loans	428,461	390,884	37,577	9.6%
Low income housing tax credits	3,672,474	2,915,030	757,444	26.0%
Grant fund revenues	17,731,480	14,814,843	2,916,637	19.7%
Program fees	1,714,638	1,248,780	465,858	37.3%
All other income	420,398	498,784	(78,386)	-15.7%
Total operating revenues	40,755,236	33,775,132	6,980,104	20.7%
Interest expense	10,918,390	8,366,933	2,551,457	30.5%
Bond issuance costs	1,956,700	1,552,885	403,815	26.0%
Salaries and related benefits	6,010,123	5,455,020	555,103	10.2%
Grant fund expenses	15,549,600	13,115,124	2,434,476	18.6%
Program expenses	528,852	506,666	22,186	4.4%
All other expenses	2,540,366	2,771,254	(230,888)	-8.3%
Total operating expenses	37,504,031	31,767,882	5,736,149	18.1%
Operating income before fair value adjustments	$ 3,251,205	$ 2,007,250	$ 1,243,955	62.0%

The Corporation reported total assets and deferred outflows of resources of $575.5 million at June 30, 2020. This represented an increase of $99.9 million compared to June 30, 2019. Total liabilities and deferred inflow of resources for the same period increased $86.0 million, while total net position increased $13.9 million.

Cash and cash equivalents decreased $4.0 million to $56.1 million at June 30, 2020, compared to June 30, 2019. The net decrease was due primarily to a decrease in cash equivalents to fund up front down payment assistance related to an increase in mortgage revenue bond activity and an increase in cash related to the Hardest Hit Fund.

Investments increased $100.6 million to $467.3 million at June 30, 2020, compared to June 30, 2019. The increase was the result of two factors:

- The purchase of $119.5 million in mortgage-backed securities under the Corporation's open indenture; and

- Scheduled payments and prepayments of mortgage-backed securities in the Mortgage Revenue Bond program as a result of homeowners refinancing their mortgages, as well as loans being purchased out of the mortgage-backed securities due to loan restructurings.

The decrease in deferred outflows of resources of $0.2 million in 2020 is primarily related to pension allocation adjustments.

The increase in total liabilities of $86.2 million in 2020 was attributable primarily to:

- A net increase in bonds payable of $76.0 million resulting from the following factors:
  - Calls resulting from the mortgage-backed securities prepayments; offset by
  - Issuance of the Series 2019B and 2020A revenue bonds; and

- An increase in grant fund unearned revenues of $7.9 million due to funds received from awarding agencies pending use for program and administrative expenses.

Total operating revenues before fair value adjustments for fiscal year 2020 were $40.8 million, compared to $33.8 million for fiscal year 2019. The increase in operating revenues was attributable primarily to two factors:

- An increase in interest income of $2.9 million, which resulted from an overall higher level of earning assets; and

- An increase in "flow-through" revenues of $2.9 million from the Corporation's management of federal grant programs.

Total operating expenses were $37.5 million in fiscal year 2020, up from $31.8 million in fiscal year 2019. The increase in operating expenses was attributable primarily to two factors:

- An increase in interest expense of $2.6 million, which resulted from a higher level of bonds payable; and

- An increase in "flow-through" expenses of $2.4 million from the Corporation's management of federal grant programs.

As a result of the above factors, operating income before fair value adjustments was $3.3 million in 2020, compared to $2.0 million in 2019.

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, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 6,322,734	$ 5,826,278
Restricted cash and cash equivalents	12,649,603	10,494,941
Accrued interest receivable	1,675,204	1,636,146
Total current assets	20,647,541	17,957,365
Noncurrent Assets		
Restricted cash and cash equivalents	270,419,371	39,809,498
Investments, at fair value	524,402,339	467,328,860
Mortgage loans receivable, net of allowance for loan losses of $1,137,623 in 2021 and $1,137,760 in 2020	41,248,342	40,595,022
Other assets	7,899,083	7,182,066
Total noncurrent assets	843,969,135	554,915,446
Total assets	864,616,676	572,872,811
Deferred Outflows of Resources		
Deferred amount on refunding	1,277,451	1,515,503
Deferred pension outflow	1,927,559	1,117,778
Total deferred outflows of resources	3,205,010	2,633,281
Total assets and deferred outflows of resources	$ 867,821,686	$ 575,506,092
Liabilities		
Current Liabilities		
Bonds payable, net	$ 11,666,101	$ 9,580,401
Notes payable	71,608	70,899
Accrued interest payable	1,014,359	945,867
Total current liabilities	12,752,068	10,597,167
Noncurrent Liabilities		
Bonds payable, net	426,604,995	378,746,912
Notes payable	1,257,607	1,329,212
Low income housing tax credit program unearned revenues	22,684,589	22,736,951
Grant fund unearned revenues	283,698,556	42,127,829
Net pension liability	11,843,931	10,275,647
Other liabilities and accrued expenses	5,035,677	3,505,270
Total noncurrent liabilities	751,125,355	458,721,821
Total liabilities	763,877,423	469,318,988
Deferred Inflow of Resources		
Deferred pension inflow	-	123,481
Total deferred inflow of resources	-	123,481
Total liabilities and deferred inflow of resources	$ 763,877,423	$ 469,442,469
Net Position		
Net investments in capital assets	$ 1,290,692	$ 1,325,965
Restricted	83,371,014	83,522,163
Unrestricted	19,282,557	21,215,495
Total net position	$ 103,944,263	$ 106,063,623

Mississippi Home Corporation

Combined Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Interest income		
Cash and cash equivalents	$ 27,440	$ 663,296
Mortgage-backed securities	16,150,545	15,113,173
Other investments	835,264	1,011,316
Mortgage loans	382,325	428,461
Total interest income	17,395,574	17,216,246
Net increase (decrease) in fair value of investments	(4,717,817)	10,643,488
Low income housing tax credit program	2,736,578	3,672,474
Grant fund revenues	28,632,687	17,731,480
Program fees	1,187,569	1,714,638
Other income	763,622	420,398
Total operating revenues	45,998,213	51,398,724
Operating Expenses		
Interest expense	11,760,441	10,918,390
Bond issuance costs	1,453,218	1,956,700
Salaries and related benefits	6,290,183	6,010,123
Grant fund expenses	26,274,228	15,549,600
Provision for mortgage loan losses	26,455	282,352
Program expenses	231,832	528,852
Other	2,081,216	2,258,014
Total operating expenses	48,117,573	37,504,031
Operating income (loss)	(2,119,360)	13,894,693
Net Position, Beginning of Year	106,063,623	92,168,930
Net Position, End of Year	$ 103,944,263	$ 106,063,623

Mississippi Home Corporation
Combined Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Loan principal payments received	$ 3,577,588	$ 2,509,760
Loan interest payments received	390,380	426,691
Loan disbursements	(1,727,320)	(3,260,342)
Payments to employees	(5,626,644)	(5,466,951)
Grant funds expended	(26,274,228)	(15,565,089)
Payments to vendors	(319,641)	(2,420,662)
Fee income received	3,546,454	5,868,655
Grant funds received	267,118,955	23,252,375
Other income received	1,029,965	850,205
Net cash provided by operating activities	241,715,509	6,194,642
Cash flows from noncapital financing activities		
Proceeds from issuance of bonds	99,997,662	131,347,569
Principal repayment of bonds	(49,553,713)	(55,127,564)
Principal repayment of notes	(70,896)	(70,245)
Interest paid	(11,954,062)	(10,784,791)
Bond issuance costs paid	(1,453,218)	(1,956,700)
Net cash provided by noncapital financing activities	36,965,773	63,408,269
Cash flows from capital and related financing activities		
Property and equipment additions	(191,676)	(125,101)
Proceeds from sale of property and equipment	72,144	22,200
Net cash used in capital and related financing activities	(119,532)	(102,901)
Cash flows from investing activities		
Purchase of investments	(121,871,625)	(168,406,554)
Redemption of investments	58,803,801	77,906,347
Interest received on investments	17,767,065	16,744,613
Proceeds from sale of real estate owned	-	252,143
Net cash used in investing activities	(45,300,759)	(73,503,451)
Net increase (decrease) in cash and cash equivalents	233,260,991	(4,003,441)
Cash and cash equivalents, beginning of year	56,130,717	60,134,158
Cash and cash equivalents, end of year	$ 289,391,708	$ 56,130,717

Mississippi Home Corporation

Combined Statements of Cash Flows (Continued)

Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Cash and Cash Equivalents to the Combined Statements of Net Position		
Current cash and cash equivalents	$ 6,322,734	$ 5,826,278
Current restricted cash and cash equivalents	12,649,603	10,494,941
Noncurrent restricted cash and cash equivalents	270,419,371	39,809,498
Total cash and cash equivalents	$ 289,391,708	$ 56,130,717
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	$ (2,119,360)	$ 13,894,693
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Interest paid	11,954,062	10,784,791
Bond issuance costs paid	1,453,218	1,956,700
Amortization of bond premium	(500,166)	(194,209)
Amortization of investment premium	809,119	234,612
Amortization of bond refunding	238,052	201,454
Net (increase) decrease in fair value of investments	4,717,817	(10,643,488)
Realized loss on investments	97,508	13,933
Gain on sale of fixed assets	(54,584)	(22,200)
Interest received on investments	(17,767,065)	(16,744,613)
Changes in assets and liabilities		
(Increase) decrease in mortgage loans receivable, net	(653,320)	(2,449,357)
(Increase) decrease in accrued interest receivable	(39,058)	(251,070)
(Increase) decrease in other assets	(173,000)	(262,533)
(Increase) decrease in deferred pension outflow	(809,781)	(414,215)
Increase (decrease) in deferred pension inflow	(123,481)	(105,267)
Increase (decrease) in accrued interest payable	68,492	126,354
Increase (decrease) in low income housing tax credit program unearned revenues	(52,362)	910,013
Increase (decrease) in grant fund unearned revenues	241,570,727	7,898,138
Increase (decrease) in net pension liability	1,568,284	994,449
Increase (decrease) in other liabilities and accrued expenses	1,530,407	266,457
Total adjustments	243,834,869	(7,700,051)
Net cash provided by operating activities	$ 241,715,509	$ 6,194,642

Note 1: Organization and Summary of Significant Accounting Policies

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

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

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

Accounting Method

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

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

Net Position

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

Classification of Revenues

The Corporation recognizes revenues as follows:

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

Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

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

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

Restricted cash equivalents consist substantially of: proceeds from the sales of bonds pending the purchase of Government National Mortgage Association ("Ginnie Mae") mortgage-backed securities, Federal National Mortgage Association ("Fannie Mae") mortgage-backed securities and Federal Home Loan Mortgage Corporation ("Freddie Mac") participation certificates (collectively, Mortgage-Backed Securities); proceeds from the issuance of notes payable; and principal and interest payments of the Mortgage-Backed Securities. These funds are 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 are readily convertible into cash at the discretion of the Corporation. Money market investments and other highly liquid investments with no stated maturity are considered cash equivalents and are reported at amortized cost.

Mortgage Loans Receivable, Mortgage-Backed Securities and Investments

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

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

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

Allowance for Losses on Mortgage Loans

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

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

Management believes that the allowance is adequate. While management uses available information to recognize losses on mortgage loans, future additions to the allowance may be necessary based on changes in economic conditions. The provision for mortgage loan losses totaled $26,455 and $282,352 in 2021 and 2020, respectively.

Deferred Losses on Refunding, Discounts and Premiums

Costs related to the issuance of bonds are expensed in the respective bond issues. During the years ended June 30, 2021 and 2020, $1,453,218 and $1,956,700 of issuance costs were expensed, respectively.

Deferred losses on refundings result from a difference between the acquisition price and the net carrying amount of the old debt and are amortized using the effective interest rate method over the shorter of the life of the old debt or the new debt. During the years ended June 30, 2021 and 2020, no refunding losses were deferred.

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

Grant Fund Unearned Revenues

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

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

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. As provided in Governmental Accounting Standards Board (GASB), the net position liability is required to be measured as of a date no earlier than the end of the Corporation's prior fiscal year (the measurement date). The Corporation has elected to utilize actuarial information as of the beginning of the period in accordance with the available elections under GASB 68, consistently applied from period to period. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Program Fees

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

Income Taxes

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

Fair Value of Financial Instruments

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

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

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

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

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

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

	2021			
	Fair Value Measurements Using			
	Fair Value at June 30, 2021	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments				
U.S. Government agency securities	$ 11,903,784	$ -	$ 11,903,784	$ -
Municipal debt securities	9,002,115	-	9,002,115	-
Mortgage-backed securities	501,629,037	-	501,629,037	-
Collateralized mortgage obligations	822,060	-	822,060	-
Other asset-backed securities	46,987	-	46,987	-
Commercial agreements	998,356	-	998,356	-
	$ 524,402,339	$ -	$ 524,402,339	$ -

	2020			
		Fair Value Measurements Using		
	Fair Value at June 30, 2020	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments				
U.S. Government agency securities	$ 9,479,005	$ -	$ 9,479,005	$ -
Municipal debt securities	11,289,955	-	11,289,955	-
Mortgage-backed securities	441,325,612	-	441,325,612	-
Collateralized mortgage obligations	3,133,721	-	3,133,721	-
Other asset-backed securities	1,084,097	-	1,084,097	-
Commercial agreements	1,016,470	-	1,016,470	-
	$ 467,328,860	$ -	$ 467,328,860	$ -

The valuation technique used to measure fair value for the items in the tables above is 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, 2021, Mortgage-Backed Securities are pledged under the applicable trust indenture. The Corporation is restricted under various trust indentures from selling Mortgage-Backed Securities at a value which would impair its ability to service the bonds to which those certificates are specifically pledged.

Use of Estimates

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

Change in Accounting Principles

Effective July 1, 2020, the Corporation adopted GASB 84, *Fiduciary Activities* and GASB 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB No. 14 and No 84, and a supersession of GASB No. 32.* These standards clarify whether a government has a fiduciary responsibility and is required to present a fiduciary fund financial statement. The adoption of these standards did not result in the identification of any fiduciary activities for the Corporation nor in the previously reported net position.

Note 2: Cash Equivalents and Investments

At June 30, 2021, the carrying amount of the Corporation's cash and cash equivalents was $289,391,708, and the bank balance was $289,444,587. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $289,444,587 bank balance, $5,448,392 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 $283,996,195, $275,535,612 related to Treasury Programs (Hardest Hit Fund, Emergency Rental Assistance Program and Homeowner Assistance 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. The Emergency Rental Assistance Program and Homeowner Assistance Fund are programs created by the U.S. Treasury to provide funding for State Housing Finance Authorities to develop locally-tailored rental, mortgage and utility payment solutions in areas that have been hit hard by the COVID-19 pandemic.

At June 30, 2020, the carrying amount of the Corporation's cash and cash equivalents was $56,130,717, and the bank balance was $56,391,499. The differences between the carrying amount and bank balance were the result of transactions in transit. Of the $56,391,499 bank balance, $6,808,985 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 $49,582,514, $44,798,629 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, 2021 and 2020 follows:

	2021		2020	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
U.S. Government agency securities	$ 11,903,784	$ 11,678,328	$ 9,479,005	$ 9,204,250
Municipal debt securities	9,002,115	8,750,884	11,289,955	11,007,645
Mortgage-backed securities	501,629,037	486,452,340	441,325,612	421,512,801
Collateralized mortgage obligations	822,060	819,861	3,133,721	3,149,528
Other asset-backed securities	46,987	45,449	1,084,097	1,081,342
Commercial agreements	998,356	960,000	1,016,470	960,000
	$ 524,402,339	$ 508,706,862	$ 467,328,860	$ 446,915,566

At June 30, 2021, 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	$ 11,903,784	$ 999,986	$ 3,818,494	$ 6,811,401	$ 273,903
Municipal debt securities	9,002,115	2,306,595	2,080,431	4,615,089	-
Mortgage-backed securities	501,629,037	1,516,050	5,150,443	7,709,855	487,252,689
Collateralized mortgage obligations	822,060	-	2,295	502,409	317,356
Other asset-backed securities	46,987	-	-	-	46,987
Commercial agreements	998,356	-	998,356	-	-
	$ 524,402,339	$ 4,822,631	$ 12,050,019	$ 19,638,754	$ 487,890,935

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, 2021, the Corporation's investments in certain Municipal Debt Securities of $3,648,124 and Other Asset-Backed Securities of $46,987 were unrated. The Corporation's remaining investments are rated by Moody's Investor Service or Standard and Poor's as follows:

Investment Type	Rating	Estimated Value
U.S. Government agency securities	Aaa	$ 11,903,784
Municipal debt securities	Aa	5,353,991
Mortgage-backed securities	Aaa	501,629,037
Collateralized mortgage obligations	Aaa	822,060
Commercial agreements	Aaa	998,356
		$ 520,707,228

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, 2021, the Corporation held Ginnie Mae investments (rated Aaa) with a fair value of $455,540,812 and Fannie Mae investments (rated Aaa) with a fair value of $43,987,922, which represent approximately 95 percent of the Corporation's total investment holdings. Ginnie Mae investments are a direct obligation of the U.S. Government and backed by the full faith and credit of the U.S. Government.

Note 3: Mortgage Loans Receivable

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

- Real estate mortgage loans are secured by personal residences and payable in periodic installments. As of June 30, 2021 and 2020, $9,274,916 and $10,510,311, 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, 2021 and 2020, $33,111,049 and $31,222,471, respectively, of real estate construction loans were outstanding.

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

Note 4: Bonds and Notes Payable

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

	Mortgage Revenue Bonds, Net	Notes Payable
Balance at July 1, 2019	$ 312,301,517	$ 1,470,356
Proceeds from issuance	131,347,569	-
Principal repayments	(55,127,564)	(70,245)
Premium amortization	(194,209)	-
Balance at June 30, 2020	388,327,313	1,400,111
Proceeds from issuance	99,997,662	-
Principal repayments	(49,553,713)	(70,896)
Premium amortization	(500,166)	-
Balance at June 30, 2021	$ 438,271,096	$ 1,329,215

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

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, 2021, the Corporation has complied with all bond covenants.

Bonds and notes payable of the Corporation follow:

Issue	Rates (%)	Final Maturity	June 30, 2021	June 30, 2020
2002 Lease Purchase	–	10/01/2007	$ 600,401	$ 600,401
			600,401	600,401
2009 Resolution				
2013A	2.75	12/01/2032	9,037,239	10,974,276
2015A	3.05	12/01/2034	11,248,119	16,444,795
2016A	1.50 - 3.625	12/01/2045	28,752,944	31,804,970
2017A	1.65 - 4.00	12/01/2046	33,021,915	36,397,552
2017D	2.45 - 4.00	12/01/2043	25,465,065	28,382,737
2018A	2.20 - 4.00	12/01/2044	30,518,327	37,186,928
2019A	1.85 - 4.00	12/01/2048	46,229,695	58,826,232
2019B	1.25 - 3.50	12/01/2049	64,097,649	66,544,499
2020A	0.95 - 3.75	06/01/2049	60,769,216	64,329,834
2020B	0.20 - 3.25	12/01/2050	49,457,040	-
2021B	1.20 - 5.00	12/01/2050	49,836,874	-
			408,434,083	350,891,823
2009 NIBP Resolution				
2009B-2	2.32	12/01/2041	26,850,000	32,550,000
2011A	3.45 - 3.90	06/01/2025	2,386,612	4,285,089
			29,236,612	36,835,089
Total bonds payable, net			$ 438,271,096	$ 388,327,313

Notes Payable Description	Rates (%)	Final Maturity	June 30, 2021	June 30, 2020
USDA Rural Development	1.00%	05/05/2038	$ 1,329,215	$ 1,400,111

A summary of debt service requirements through 2026 and in five-year increments thereafter is as follows:

Year Ending June 30,	Principal	Interest
2022	$ 11,737,709	$ 12,052,783
2023	11,233,283	11,825,568
2024	12,573,098	11,595,560
2025	11,322,884	11,302,337
2026	13,552,220	11,036,455

Five-Year Increments Ending June 30,	Principal	Interest
2027 - 2031	$ 60,858,987	$ 50,509,134
2032 - 2036	90,120,358	40,856,882
2037 - 2041	56,500,551	31,772,330
2042 - 2046	75,940,004	20,963,957
2047 - 2051	95,761,217	10,043,200

Note 5: Excess Earnings

For all of the tax-exempt Mortgage Revenue Bond issues, federal tax regulations limit the interest margin that the Corporation (as a tax-exempt entity) may earn. These regulations require that earnings on the investment of bond proceeds, which exceed interest paid on the bonds by a predetermined amount (defined in the regulations and subject to certain adjustments), must be rebated or remitted to the Internal Revenue Service (“IRS”). The Corporation determined that the rebate liability due to the IRS (recorded in other liabilities and accrued expenses) was $0 in both 2021 and 2020. The Corporation expects to meet the spending requirements on substantially all of the outstanding issues.

Note 6: Mortgage Revenue Bond and Smart Solution Programs

The Corporation’s Mortgage Revenue Bond (“MRB”) and the Smart Solution Program provide loans to qualified borrowers for purchases of the borrower’s primary residence. To qualify, borrowers must be within income limits, and their homes must meet purchase price limits. The limits for the 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 may call the bonds.

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

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 two down payment assistance programs are:

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

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, 2021 and 2020, $600,401 bonds payable were outstanding under this program (see *Note 4*).

Note 12: Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

Contributions

PERS members are required to contribute 9.00 percent of their annual covered salary, and the Corporation is required to contribute at an actuarially determined rate. The current rate contributed by the Corporation is 17.40 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 $730,466 and $708,860 for the years ended June 30, 2021 and 2020, respectively.

Net Pension Liability

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

- Report of the Annual GASB Statement No. 68 – *Required Information for the Employers Participating in PERS* – Prepared as of June 30, 2020 and 2019
- Schedule of Employer Allocations and Schedule of Collective Pension Amounts – PERS – June 30, 2020 and 2019

Accordingly, this note reflects financial information related to the measurement periods ended June 30, 2020 and 2019. 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, 2021 and 2020, the Corporation reported a liability of $11,843,931 and $10,275,647, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Corporation's proportion of the net pension liability was based on a projection of the Corporation's long-term share of contributions to the pension plan relative to the projected contributions of all participating PERS members, actuarially determined. At June 30, 2020 and 2019, the Corporation's proportion was 0.061181 percent and 0.058411 percent, respectively, which was an increase of 0.00277 percent and an increase of 0.002611 percent, respectively, from its proportion measured as of June 30, 2019 and 2018.

For the years ended June 30, 2021 and 2020, the Corporation recognized pension expense of $1,365,489 and $1,183,826, respectively, which is included in salaries and related benefits. At June 30, 2021 and 2020, the Corporation reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 102,808	$ -
Changes of assumptions	66,255	-
Net difference between projected and actual earnings on pension plan investments	486,503	-
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	541,527	-
Corporation contributions subsequent to the measurement date	730,466	-
	$ 1,927,559	$ -

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 6,079	$ 11,060
Changes of assumptions	100,743	-
Net difference between projected and actual earnings on pension plan investments	-	112,421
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	302,096	-
Corporation contributions subsequent to the measurement date	708,860	-
	$ 1,117,778	$ 123,481

The Corporation reported $730,466 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as an expense in pension expense as follows:

Year Ending June 30	
2022	$ 272,510
2023	449,134
2024	318,682
2025	156,767
	$ 1,197,093

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 - 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	June 30, 2020	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic equity	27%	4.90%
International equity	22%	4.75%
Global equity	12%	5.00%
Debt securities	20%	0.50%
Real estate	10%	4.00%
Private equity	8%	6.25%
Cash equivalents	1%	0.00%
	100%	

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 - 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments. For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions are based on the experience investigation for the four-year period ending June 30, 2018.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	June 30, 2019	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic equity	27%	4.90%
International equity	22%	4.75%
Global equity	12%	5.00%
Debt securities	20%	1.50%
Real estate	10%	4.00%
Private equity	8%	6.25%
Cash equivalents	1%	0.25%
	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent at June 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and that contributions from the Corporation will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Corporation's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Corporation's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 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%)
Corporation's proportionate share of the net pension liability	$ 15,330,513	$ 11,843,931	$ 8,966,099

Plan Fiduciary Net Position

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

Note 13: Deferred Compensation Plan

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

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

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

Note 14: Conduit Issues

The Corporation has issued certain conduit multi-family housing revenue bonds, the proceeds of which were made available to various developers for rental housing. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers. Loan and corresponding debt service payments are guaranteed by irrevocable direct-pay letters of credit. The faith and credit of the Corporation is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Corporation's combined financial statements.

Note 15: Subsequent Events

The Corporation has evaluated, for consideration of recognition or disclosure, subsequent events that have occurred through October 13, 2021, the date of issuance of its combined financial statements, and has determined that no significant events, other than that mentioned below, occurred after June 30, 2021, but prior to the issuance of these combined financial statements that could have a material impact on its combined financial statements.

On July 14, 2021, the Corporation issued $97,095,000 in Single Family Mortgage Revenue Bonds. These bonds have maturity dates from December 1, 2021 to June 1, 2051, and bear interest rates from 1.30 percent to 5.00 percent.

Note 16: COVID-19

As a result of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Company. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Supplementary Schedules

Mississippi Home Corporation
Combining Schedule of Net Position
June 30, 2021

	1995CD Program	1995IJ Program	2002 Lease Purchase Program	2009 Resolution	2009 NIBP Resolution	Total Bond Program
Assets						
Current Assets						
Cash and cash equivalents	$ —	$ —	$ —	$ —	$ —	$ —
Restricted cash and cash equivalents	—	—	576,190	11,279,431	793,982	12,649,603
Accrued interest receivable	1,467	1,391	—	1,395,062	74,640	1,472,560
Total current assets	1,467	1,391	576,190	12,674,493	868,622	14,122,163
Noncurrent Assets						
Restricted cash and cash equivalents	175	220	—	9,102,706	726,809	9,829,910
Investments, at fair value	236,587	237,812	—	456,680,363	30,723,612	487,878,374
Mortgage loans receivable, net	—	—	—	—	—	—
Other assets	—	—	—	81,506	3,758	85,264
Due (to) from other funds	—	—	—	—	—	—
Total noncurrent assets	236,762	238,032	—	465,864,575	31,454,179	497,793,548
Total assets	238,229	239,423	576,190	478,539,068	32,322,801	511,915,711
Deferred Outflows of Resources						
Deferred amount on refunding	—	—	—	1,277,451	—	1,277,451
Deferred pension outflow	—	—	—	—	—	—
Total deferred outflows of resources	—	—	—	1,277,451	—	1,277,451
Total assets and deferred outflows of resources	$ 238,229	$ 239,423	$ 576,190	$ 479,816,519	$ 32,322,801	$ 513,193,162
Liabilities						
Current Liabilities						
Bonds payable, net	$ —	$ —	$ 600,401	$ 10,330,700	$ 735,000	$ 11,666,101
Notes payable	—	—	—	—	—	—
Accrued interest payable	—	—	—	948,731	58,982	1,007,713
Total current liabilities	—	—	600,401	11,279,431	793,982	12,673,814
Noncurrent Liabilities						
Bonds payable, net	—	—	—	398,103,383	28,501,612	426,604,995
Notes payable	—	—	—	—	—	—
Low income housing tax credit program unearned revenues	—	—	—	—	—	—
Grant fund unearned revenues	—	—	—	—	—	—
Net pension liability	—	—	—	—	—	—
Other liabilities and accrued expenses	175	220	—	49,032	5,479	54,906
Total noncurrent liabilities	175	220	—	398,152,415	28,507,091	426,659,901
Total liabilities	175	220	600,401	409,431,846	29,301,073	439,333,715
Total liabilities and deferred inflow of resources	$ 175	$ 220	$ 600,401	$ 409,431,846	$ 29,301,073	$ 439,333,715
Net Position						
Net investments in capital assets	$ —	$ —	$ —	$ —	$ —	$ —
Restricted	238,054	239,203	(24,211)	70,384,673	3,021,728	73,859,447
Unrestricted	—	—	—	—	—	—
Total net position	$ 238,054	$ 239,203	$ (24,211)	$ 70,384,673	$ 3,021,728	$ 73,859,447

Mississippi Home Corporation
Combining Schedule of Net Position (Continued)
June 30, 2021

	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Assets					
Current Assets					
Cash and cash equivalents	$ —	$ 561,293	$ 5,761,441	$ —	$ 6,322,734
Restricted cash and cash equivalents	—	—	—	—	12,649,603
Accrued interest receivable	—	4,950	185,996	11,698	1,675,204
Total current assets	—	566,243	5,947,437	11,698	20,647,541
Noncurrent Assets					
Restricted cash and cash equivalents	2,686,316	—	256,586,342	1,316,803	270,419,371
Investments, at fair value	—	—	36,523,965	—	524,402,339
Mortgage loans receivable, net	—	1,528,937	35,913,510	3,805,895	41,248,342
Other assets	—	—	4,184,538	3,629,281	7,899,083
Due (to) from other funds	27,071	—	(24,823)	(2,248)	—
Total noncurrent assets	2,713,387	1,528,937	333,183,532	8,749,731	843,969,135
Total assets	2,713,387	2,095,180	339,130,969	8,761,429	864,616,676
Deferred Outflows of Resources					
Deferred amount on refunding	—	—	—	—	1,277,451
Deferred pension outflow	—	—	1,927,559	—	1,927,559
Total deferred outflows of resources	—	—	1,927,559	—	3,205,010
Total assets and deferred outflows of resources	$ 2,713,387	$ 2,095,180	$ 341,058,528	$ 8,761,429	$ 867,821,686
Liabilities					
Current Liabilities					
Bonds payable, net	$ —	$ —	$ —	$ —	$ 11,666,101
Notes payable	—	—	71,608	—	71,608
Accrued interest payable	—	—	6,646	—	1,014,359
Total current liabilities	—	—	78,254	—	12,752,068
Noncurrent Liabilities					
Bonds payable, net	—	—	—	—	426,604,995
Notes payable	—	—	1,257,607	—	1,257,607
Low income housing tax credit program unearned revenues	—	—	22,684,589	—	22,684,589
Grant fund unearned revenues	—	—	283,698,556	—	283,698,556
Net pension liability	—	—	11,843,931	—	11,843,931
Other liabilities and accrued expenses	1,947,586	4,086	3,013,436	15,663	5,035,677
Total noncurrent liabilities	1,947,586	4,086	322,498,119	15,663	751,125,355
Total liabilities	1,947,586	4,086	322,576,373	15,663	763,877,423
Total liabilities and deferred inflow of resources	$ 1,947,586	$ 4,086	$ 322,576,373	$ 15,663	$ 763,877,423
Net Position					
Net investments in capital assets	$ —	$ —	$ 1,290,692	$ —	$ 1,290,692
Restricted	765,801	—	—	8,745,766	83,371,014
Unrestricted	—	2,091,094	17,191,463	—	19,282,557
Total net position	$ 765,801	$ 2,091,094	$ 18,482,155	$ 8,745,766	$ 103,944,263

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021

	1995CD Program	1995IJ Program	2002 Lease Purchase Program	2009 Resolution	2009 NIBP Resolution	Total Bond Program
Operating Revenues						
Interest income						
Cash and cash equivalents	$ 2	$ 2	$ 116	$ 10,706	$ 286	$ 11,112
Mortgage-backed securities	18,188	15,860	—	15,128,338	988,159	16,150,545
Other investments	—	—	—	—	—	—
Mortgage loans	—	—	—	—	—	—
Total interest income	18,190	15,862	116	15,139,044	988,445	16,161,657
Net decrease in fair value of investments	(6,020)	(6,583)	—	(3,528,923)	(873,788)	(4,415,314)
Low income housing tax credit program	—	—	—	—	—	—
Grant fund revenues	—	—	—	—	—	—
Program fees	—	—	—	—	—	—
Other income	—	—	—	448,000	—	448,000
Total operating revenues	12,170	9,279	116	12,058,121	114,657	12,194,343
Operating Expenses						
Interest expense	—	—	—	10,961,823	784,968	11,746,791
Bond issuance costs	—	—	—	1,453,218	—	1,453,218
Salaries and related benefits	—	—	—	—	—	—
Grant fund expenses	—	—	—	—	—	—
Provision for (reversal of) mortgage loan losses	—	—	—	—	—	—
Program expenses	—	—	—	—	—	—
Other	—	—	—	243,104	17,700	260,804
Total operating expenses	—	—	—	12,658,145	802,668	13,460,813
Operating income (loss)	12,170	9,279	116	(600,024)	(688,011)	(1,266,470)
Transfers in (out)	(93,023)	(91,826)	—	946,472	(55,496)	706,127
Net Position, Beginning of Year	318,907	321,750	(24,327)	70,038,225	3,765,235	74,419,790
Net Position, End of Year	$ 238,054	$ 239,203	$ (24,211)	$ 70,384,673	$ 3,021,728	$ 73,859,447

Mississippi Home Corporation
Combining Schedule of Revenues, Expenses and Changes in Net Position (Continued)
Year Ended June 30, 2021

	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Operating Revenues					
Interest income					
Cash and cash equivalents	$ 2,885	$ 1,337	$ 10,158	$ 1,948	$ 27,440
Mortgage-backed securities	—	—	—	—	16,150,545
Other investments	479	—	834,785	—	835,264
Mortgage loans	8,014	79,512	110,772	184,027	382,325
Total interest income	11,378	80,849	955,715	185,975	17,395,574
Net decrease in fair value of investments	—	—	(302,503)	—	(4,717,817)
Low income housing tax credit program	—	—	2,736,578	—	2,736,578
Grant fund revenues	—	—	28,632,687	—	28,632,687
Program fees	—	—	1,187,569	—	1,187,569
Other income	35	231	275,225	40,131	763,622
Total operating revenues	11,413	81,080	33,485,271	226,106	45,998,213
Operating Expenses					
Interest expense	—	—	13,650	—	11,760,441
Bond issuance costs	—	—	—	—	1,453,218
Salaries and related benefits	—	—	6,290,183	—	6,290,183
Grant fund expenses	—	—	26,274,228	—	26,274,228
Provision for (reversal of) mortgage loan losses	(64,264)	46,576	171,321	(127,178)	26,455
Program expenses	—	—	231,832	—	231,832
Other	4,892	9,355	1,793,036	13,129	2,081,216
Total operating expenses	(59,372)	55,931	34,774,250	(114,049)	48,117,573
Operating income (loss)	70,785	25,149	(1,288,979)	340,155	(2,119,360)
Transfers in (out)	(1,746)	(495,796)	(208,585)	—	—
Net Position, Beginning of Year	696,762	2,561,741	19,979,719	8,405,611	106,063,623
Net Position, End of Year	$ 765,801	$ 2,091,094	$ 18,482,155	$ 8,745,766	$ 103,944,263

Mississippi Home Corporation
Combining Schedule of Cash Flows
Year Ended June 30, 2021

	1995CD Program	1995IJ Program	2002 Lease Purchase Program	2009 Resolution	2009 NIBP Resolution	Total Bond Program
Cash flows from operating activities						
Loan principal payments received	$ —	$ —	$ —	$ —	$ —	$ —
Loan interest payments received	—	—	—	—	—	—
Loan disbursements	—	—	—	—	—	—
Payments to employees	—	—	—	—	—	—
Grant funds expended	—	—	—	—	—	—
Payments to vendors	(2,286)	(3,085)	—	(250,692)	(21,818)	(277,881)
Fee income received	—	—	—	—	—	—
Grant funds received	—	—	—	—	—	—
Other income received	—	—	—	448,000	—	448,000
Net cash provided by (used in) operating activities	(2,286)	(3,085)	—	197,308	(21,818)	170,119
Cash flows from noncapital financing activities						
Proceeds from issuance of bonds	—	—	—	99,997,662	—	99,997,662
Principal repayment of bonds	—	—	—	(41,968,713)	(7,585,000)	(49,553,713)
Principal repayment of notes	—	—	—	—	—	—
Interest paid	—	—	—	(11,124,725)	(815,332)	(11,940,057)
Bond issuance costs paid	—	—	—	(1,453,218)	—	(1,453,218)
Due (from) to other programs	—	—	—	—	—	—
Net cash provided by (used in) noncapital financing activities	—	—	—	45,451,006	(8,400,332)	37,050,674
Cash flows from capital and related financing activities						
Property and equipment additions	—	—	—	—	—	—
Proceeds from sale of property and equipment	—	—	—	—	—	—
Net cash provided by (used in) capital and related financing activities	—	—	—	—	—	—
Cash flows from investing activities:						
Purchase of investments	—	—	—	(114,401,672)	—	(114,401,672)
Redemption of investments	74,350	75,495	—	42,423,306	7,795,863	50,369,014
Interest received on investments	20,916	19,342	116	15,817,582	1,008,063	16,866,019
Net cash provided by (used in) investing activities	95,266	94,837	116	(56,160,784)	8,803,926	(47,166,639)
Transfers	(93,023)	(91,826)	—	946,472	(55,496)	706,127
Net increase (decrease) in cash and cash equivalents	(43)	(74)	116	(9,565,998)	326,280	(9,239,719)
Cash and cash equivalents, beginning of year	218	294	576,074	29,948,135	1,194,511	31,719,232
Cash and cash equivalents, end of year	$ 175	$ 220	$ 576,190	$ 20,382,137	$ 1,520,791	$ 22,479,513

Mississippi Home Corporation
Combining Schedule of Cash Flows (Continued)
Year Ended June 30, 2021

	HB530 Program	Down Payment Assistance Program	General Corporate Fund	Mississippi Affordable Housing Development Fund	Total
Cash flows from operating activities					
Loan principal payments received	$ 716,915	$ 609,683	$ 493,044	$ 1,757,946	$ 3,577,588
Loan interest payments received	9,810	82,712	109,065	188,793	390,380
Loan disbursements	(181,366)	—	(699,690)	(846,264)	(1,727,320)
Payments to employees	—	—	(5,626,644)	—	(5,626,644)
Grant funds expended	—	—	(26,274,228)	—	(26,274,228)
Payments to vendors	133,452	(10,757)	(146,515)	(17,940)	(319,641)
Fee income received	—	230	3,545,677	547	3,546,454
Grant funds received	—	—	267,118,955	—	267,118,955
Other income received	35	1,337	578,645	1,948	1,029,965
Net cash provided by (used in) operating activities	678,846	683,205	239,098,309	1,085,030	241,715,509
Cash flows from noncapital financing activities					
Proceeds from issuance of bonds	—	—	—	—	99,997,662
Principal repayment of bonds	—	—	—	—	(49,553,713)
Principal repayment of notes	—	—	(70,896)	—	(70,896)
Interest paid	—	—	(14,005)	—	(11,954,062)
Bond issuance costs paid	—	—	—	—	(1,453,218)
Due (from) to other programs	1,821	—	(2,382)	561	—
Net cash provided by (used in) noncapital financing activities	1,821	—	(87,283)	561	36,965,773
Cash flows from capital and related financing activities					
Property and equipment additions	—	—	(196,676)	5,000	(191,676)
Proceeds from sale of property and equipment	—	—	15,000	57,144	72,144
Net cash provided by (used in) capital and related financing activities	—	—	(181,676)	62,144	(119,532)
Cash flows from investing activities					
Purchase of investments	—	—	(7,100,054)	(369,899)	(121,871,625)
Redemption of investments	479	—	8,434,308	—	58,803,801
Interest received on investments	2,885	—	898,161	—	17,767,065
Net cash provided by (used in) investing activities	3,364	—	2,232,415	(369,899)	(45,300,759)
Transfers	(1,746)	(495,796)	(208,585)	—	—
Net increase (decrease) in cash and cash equivalents	682,285	187,409	240,853,180	777,836	233,260,991
Cash and cash equivalents, beginning of year	2,004,031	373,884	21,494,603	538,967	56,130,717
Cash and cash equivalents, end of year	$ 2,686,316	$ 561,293	$ 262,347,783	$ 1,316,803	$ 289,391,708

Mississippi Home Corporation
Combining Schedule of Cash Flows (Continued)
Year Ended June 30, 2021

	1995CD Program	1995IJ Program	2002 Lease Purchase Program	2009 Resolution	2009 NIBP Resolution	Total Bond Program
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	$ 12,170	$ 9,279	$ 116	$ (600,024)	$ (688,011)	$ (1,266,470)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Interest paid	—	—	—	11,124,725	815,332	11,940,057
Bond issuance costs paid	—	—	—	1,453,218	—	1,453,218
Amortization of bond premium	—	—	—	(486,688)	(13,478)	(500,166)
Amortization of investment (discount) premium	—	—	—	771,406	—	771,406
Amortization of bond refunding	—	—	—	238,052	—	238,052
Net decrease in fair value of investments	6,020	6,583	—	3,528,923	873,788	4,415,314
Realized loss on investments	—	—	—	—	—	—
Gain on sale of fixed assets	—	—	—	—	—	—
Interest received on investments	(20,916)	(19,342)	(116)	(15,817,582)	(1,008,063)	(16,866,019)
Changes in assets and liabilities						
(Increase) decrease in mortgage loans receivable, net	—	—	—	—	—	—
(Increase) decrease in accrued interest receivable	483	468	—	(92,868)	19,619	(72,298)
(Increase) decrease in other assets	—	—	—	(14,578)	1,027	(13,551)
(Increase) decrease in deferred pension outflow	—	—	—	—	—	—
Increase (decrease) in accrued interest payable	—	—	—	85,732	(16,886)	68,846
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	(43)	(73)	—	6,992	(5,146)	1,730
Increase (decrease) in net pension liability	—	—	—	—	—	—
Increase (decrease) in deferred pension inflow	—	—	—	—	—	—
Total adjustments	(14,456)	(12,364)	(116)	797,332	666,193	1,436,589
Net cash provided by (used in) operating activities	$ (2,286)	$ (3,085)	$ —	$ 197,308	$ (21,818)	$ 170,119

Mississippi Home Corporation
Combining Schedule of Cash Flows (Continued)
Year Ended June 30, 2021

	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)	$ 70,785	$ 25,149	$ (1,288,979)	$ 340,155	$ (2,119,360)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Interest paid	—	—	14,005	—	11,954,062
Bond issuance costs paid	—	—	—	—	1,453,218
Amortization of bond premium	—	—	—	—	(500,166)
Amortization of investment (discount) premium	(479)	—	38,192	—	809,119
Amortization of bond refunding	—	—	—	—	238,052
Net decrease in fair value of investments	—	—	302,503	—	4,717,817
Realized loss on investments	—	—	97,508	—	97,508
Gain on sale of fixed assets	—	—	(15,000)	(39,584)	(54,584)
Interest received on investments	(2,885)	—	(898,161)	—	(17,767,065)
Changes in assets and liabilities					
(Increase) decrease in mortgage loans receivable, net	471,286	655,092	(2,557,705)	778,007	(653,320)
(Increase) decrease in accrued interest receivable	1,797	3,200	23,477	4,766	(39,058)
(Increase) decrease in other assets	—	—	(159,449)	—	(173,000)
(Increase) decrease in deferred pension outflow	—	—	(809,781)	—	(809,781)
Increase (decrease) in accrued interest payable	—	—	(354)	—	68,492
Increase (decrease) in low income housing tax credit program unearned revenues	—	—	(52,362)	—	(52,362)
Increase (decrease) in grant fund unearned revenues	—	—	241,570,727	—	241,570,727
Increase (decrease) in other liabilities and accrued expenses	138,342	(236)	1,388,885	1,686	1,530,407
Increase (decrease) in net pension liability	—	—	1,568,284	—	1,568,284
Increase (decrease) in deferred pension inflow	—	—	(123,481)	—	(123,481)
Total adjustments	608,061	658,056	240,387,288	744,875	243,834,869
Net cash provided by (used in) operating activities	$ 678,846	$ 683,205	$ 239,098,309	$ 1,085,030	$ 241,715,509

Mississippi Home Corporation
Schedule of Employer Contributions and the Proportionate Share of the Net Pension Liability
PERS Pension Plan
Year Ended June 30, 2021

MISSISSIPPI HOME CORPORATION
Schedule of Employer Contributions and the Proportionate Share of the Net Pension Liability
PERS Pension Plan
June 30, 2021

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required employer contribution	$ 730,466	$ 708,860	$ 599,151	$ 561,233	$ 569,264	$ 555,561	$ 517,835	$ 528,197	$ 446,164	$ 356,526
Contributions in relation to the statutorily required contributions	(730,466)	(708,860)	(599,151)	(561,233)	(569,264)	(555,561)	(517,835)	(528,197)	(446,164)	(356,526)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 4,198,079	$ 4,073,906	$ 3,804,137	$ 3,563,384	$ 3,614,376	$ 3,527,365	$ 3,287,839	$ 3,353,630	$ 3,128,780	$ 2,858,759
Contributions as a percentage of covered-employee payroll	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%	15.75%	14.26%	12.47%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
This schedule reflects the information provided by PERS. No other years were available.

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

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

See Notes to Supplementary Schedule

Mississippi Home Corporation
Notes to Supplementary Schedules
Year Ended June 30, 2021

Changes of assumptions

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

- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Changes in benefit provisions

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

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors
Mississippi Home Corporation
Jackson, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the combined financial statements of Mississippi Home Corporation ("the Corporation"), which comprise the combined statement of net position as of June 30, 2021, and the related combined statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined 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 Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Jackson, Mississippi
October 13, 2021