

MFS HIGH INCOME MUNICIPAL TRUST

Form N-CSRS

August 03, 2012

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF**

**REGISTERED MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-5754

**MFS HIGH INCOME MUNICIPAL TRUST**

(Exact name of registrant as specified in charter)

**500 Boylston Street, Boston, Massachusetts 02116**

(Address of principal executive offices) (Zip code)

**Susan S. Newton**

**Massachusetts Financial Services Company**

**500 Boylston Street**

**Boston, Massachusetts 02116**

(Name and address of agents for service)

Registrant's telephone number, including area code: (617) 954-5000

Date of fiscal year end: November 30

Date of reporting period: May 31, 2012

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**ITEM 1. REPORTS TO STOCKHOLDERS.**

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# MFS® High Income Municipal Trust

## SEMIANNUAL REPORT

*May 31, 2012*

CXE-SEM

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**MFS® HIGH INCOME MUNICIPAL TRUST**

New York Stock Exchange Symbol: **CXE**

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**NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE**

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## LETTER FROM THE CHAIRMAN AND CEO

Dear Shareholders:

World financial markets remain a venue of uncertainty. The focus has shifted most recently to the eurozone, where policymakers are attempting to develop a plan that will help debt-laden countries and prevent their woes from spreading across the region. Volatility is likely to continue as investors test the resolve of European officials to make the tough decisions needed to solve the crisis.

The U.S. economy is experiencing a period of growth. However, markets have been jittery in reaction to events in Europe and ahead of the U.S. presidential election. Voters in the United States are watching the economy closely and waiting to see if Congress agrees to cut the budget and extend the Bush administration tax cuts. Failure to do so could ultimately send the U.S. economy back into recession.

Amid this global uncertainty, managing risk becomes a top priority for investors and their advisors. At MFS® our global research platform is designed to ensure the smooth functioning

of our investment process in all business climates. Through this integrated approach, our investment staff shares ideas and evaluates opportunities across geographies, across both fundamental and quantitative disciplines, and across companies' entire capital structure. We employ this uniquely collaborative approach to build better insights for our clients.

Additionally, we have a team of quantitative analysts that measures and assesses the risk profiles of our portfolios and securities on an ongoing basis. The chief investment risk officer, who oversees the team, reports directly to the firm's president and chief investment officer so that the risk associated with each portfolio can be assessed objectively and independently of the portfolio management team.

We, like our investors, are mindful of the many economic challenges faced at the local, national, and international levels. It is in times such as these that we want to emphasize the merits of maintaining a long-term view, adhering to basic investing principles such as asset allocation and diversification, and working closely with investment advisors to research and identify appropriate investment opportunities.

Respectfully,

**Robert J. Manning**

*Chairman and Chief Executive Officer*

*MFS Investment Management®*

*July 17, 2012*

The opinions expressed in this letter are subject to change, may not be relied upon for investment advice, and no forecasts can be guaranteed.

**Table of Contents****PORTFOLIO COMPOSITION****Portfolio structure by market value****Top five industries reflecting equivalent exposure of derivative positions (i)**

Healthcare Revenue – Hospitals	22.6%
Healthcare Revenue – Long Term Care	10.8%
Water & Sewer Utility Revenue	6.7%
Universities – Colleges	6.1%
U.S. Treasury Securities (j)	(14.0)%

**Portfolio structure reflecting equivalent exposure of derivative positions (i)(j)****Composition including fixed income credit quality (a)(i)**

AAA	5.2%
AA	24.1%
A	16.6%
BBB	24.3%
BB	5.3%
B	5.8%
CCC	0.5%
CC (o)	0.0%
Not Rated (j)	3.0%
Cash & Other	15.2%

**Portfolio facts (i)**

Average Duration (d)	12.5
Average Effective Maturity (m)	19.6 yrs.

(a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). All ratings are subject to change. Not Rated includes fixed income securities, including fixed income futures, which have not been rated by any rating agency. Cash & Other includes cash, other assets less liabilities, offsets to derivative positions, and short-term securities. The fund may not hold all of these instruments. The fund is not rated by these agencies.

(d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value due to the interest rate move.

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*Portfolio Composition continued*

- (i) For purposes of this presentation, the components include the market value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. The bond component will include any accrued interest amounts. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than market value. Where the fund holds convertible bonds, these are treated as part of the equity portion of the portfolio.
  
  - (j) For the purpose of managing the fund's duration, the fund holds short treasury futures with a bond equivalent exposure of (14.0)%, which reduce the fund's interest rate exposure but not its credit exposure.
  
  - (m) In determining an instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.
  
  - (o) Less than 0.1%.
- Percentages are based on net assets, including the value of auction preferred shares, as of 5/31/12.

The portfolio is actively managed and current holdings may be different.

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## PORTFOLIO MANAGERS PROFILES

Gary Lasman Investment Officer of MFS; employed in the investment management area of MFS since 2002. Portfolio Manager of the fund since June 2007.

Geoffrey Schechter Investment Officer of MFS; employed in the investment management area of MFS since 1993. Portfolio Manager of the fund since June 2007.

## OTHER NOTES

The fund's shares may trade at a discount or premium to net asset value. Shareholders do not have the right to cause the fund to repurchase their shares at net asset value. When fund shares trade at a premium, buyers pay more than the net asset value of underlying fund shares, and shares purchased at a premium would receive less than the amount paid for them in the event of the fund's liquidation. As a result, the total return that is calculated based on the net asset value and New York Stock Exchange price can be different.

The fund's monthly distributions may include a return of capital to shareholders to the extent that distributions are in excess of the fund's net investment income and net capital gains, determined in accordance with federal income tax regulations. Distributions that are treated for federal income tax purposes as a return of capital will reduce each shareholder's basis in his or her shares and, to the extent the return of capital exceeds such basis, will be treated as gain to the shareholder from a sale of shares. Returns of shareholder capital have the effect of reducing the fund's assets and increasing the fund's expense ratio.

In accordance with Section 23(c) of the Investment Company Act of 1940, the fund hereby gives notice that it may from time to time repurchase common and/or preferred shares of the fund in the open market at the option of the Board of Trustees and on such terms as the Trustees shall determine.



**Table of Contents****PORTFOLIO OF INVESTMENTS**

5/31/12 (unaudited)

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

<b>Municipal Bonds - 155.2%</b>		
<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>Airport Revenue - 5.0%</b>		
Denver, CO, City & County Airport, B, ETM, 6.125%, 2025 (c)	\$ 2,840,000	\$ 2,848,122
Denver, CO, City & County Airport, C, ETM, 6.125%, 2025 (c)	2,280,000	3,108,667
Houston, TX, Airport System Rev., B, 5%, 2026	210,000	240,267
Houston, TX, Airport System Rev., Subordinate Lien, A, 5%, 2031	195,000	211,199
Port Authority NY & NJ, Special Obligation Rev. (JFK International Air Terminal LLC), 6%, 2036	315,000	357,783
Port Authority NY & NJ, Special Obligation Rev. (JFK International Air Terminal LLC), 6%, 2042	360,000	408,344
San Jose, CA, Airport Rev., A-2, 5.25%, 2034	960,000	1,048,444
		\$ 8,222,826
<b>General Obligations - General Purpose - 4.8%</b>		
Chicago, IL, Metropolitan Water Reclamation District-Greater Chicago, C, 5%, 2030	\$ 1,000,000	\$ 1,157,829
Commonwealth of Puerto Rico, Public Improvement, A, 5.5%, 2039	2,570,000	2,680,946
Las Vegas Valley, NV, Water District, C, 5%, 2029	1,175,000	1,332,202
Luzerne County, PA, AGM, 6.75%, 2023	570,000	672,786
State of California, 5.25%, 2028	425,000	489,178
State of California, 5.25%, 2030	1,005,000	1,147,016
State of Hawaii, DZ, 5%, 2031	255,000	298,451
		\$ 7,778,408
<b>General Obligations - Improvement - 0.1%</b>		
Guam Government, A, 7%, 2039	\$ 110,000	\$ 122,088
<b>General Obligations - Schools - 1.0%</b>		
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2031	\$ 350,000	\$ 155,220
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2032	355,000	149,119
Beverly Hills, CA, Unified School District (Election of 2008), Capital Appreciation, 0%, 2033	715,000	283,546
Chicago, IL, Board of Education, A, 5%, 2041	130,000	141,896
Los Angeles, CA, Unified School District, D, 5%, 2034	210,000	233,046
San Jacinto, TX, Community College District, 5.125%, 2038	550,000	597,524
		\$ 1,560,351

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Healthcare Revenue - Hospitals - 35.6%</b>		
Allegheny County, PA, Hospital Development Authority Rev. (University of Pittsburgh Medical Center), A , 5.375%, 2029	\$ 560,000	\$ 622,479
Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), A , 5%, 2028	565,000	476,097
Allegheny County, PA, Hospital Development Authority Rev. (West Penn Allegheny Health), A , 5.375%, 2040	835,000	685,201
Brunswick, GA, Hospital Authority Rev. (Glynn-Brunswick Memorial Hospital), 5.625%, 2034	220,000	241,208
Butler County, OH, Hospital Facilities Rev. (UC Health), 5.5%, 2040	750,000	803,063
Butler County, OH, Hospital Facilities Rev. (UC Health), 5.75%, 2040	165,000	179,535
California Health Facilities Financing Authority Rev. (St. Joseph Health System), A , 5.75%, 2039	125,000	140,071
California Health Facilities Financing Authority Rev. (Sutter Health), A , 5%, 2042	1,000,000	1,045,300
California Health Facilities Financing Authority Rev. (Sutter Health), B , 5.875%, 2031	835,000	1,000,831
California Statewide Communities Development Authority Rev. (Catholic Healthcare West), K , ASSD GTY, 5.5%, 2041	1,545,000	1,628,631
California Statewide Communities Development Authority Rev. (Kaiser Permanente), A , 5%, 2042	460,000	498,589
Cullman County, AL, Health Care Authority (Cullman Regional Medical Center), A , 6.75%, 2029	75,000	77,585
Delaware County, PA, Authority Rev. (Mercy Health Corp.), ETM, 6%, 2016 (c)	835,000	938,148
Delaware County, PA, Authority Rev. (Mercy Health Corp.), ETM, 6%, 2026 (c)	1,000,000	1,139,410
Gallia County, OH, Hospital Facilities Rev. (Holzer Health Systems), A , 8%, 2042	1,195,000	1,253,830
Harris County, TX, Health Facilities Development Corp., Hospital Rev. (Memorial Hermann Healthcare Systems), B , 7.25%, 2035	235,000	291,926
Idaho Health Facilities Authority Rev. (IHC Hospitals, Inc.), ETM, 6.65%, 2021 (c)	1,750,000	2,406,478
Illinois Finance Authority Rev. (Kewanee Hospital), 5.1%, 2031	510,000	492,997
Illinois Finance Authority Rev. (Provena Health), A , 7.75%, 2034	620,000	793,991
Illinois Finance Authority Rev. (Silver Cross Hospital & Medical Centers), 6.875%, 2038	615,000	701,438
Indiana Health & Educational Facilities Finance Authority Rev. (Sisters of St. Francis Health Services, Inc.), E , AGM, 5.25%, 2041	145,000	153,584
Indiana Health & Educational Facilities Finance Authority, Hospital Rev. (Clarian Health), A , 5%, 2039	2,255,000	2,336,315
Indiana Health & Educational Facilities Finance Authority, Hospital Rev. (Community Foundation of Northwest Indiana), 5.5%, 2037	1,220,000	1,287,966

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Healthcare Revenue - Hospitals - continued</b>		
Indiana Health & Educational Financing Authority Rev. (Community Foundation of Northwest Indiana ), A , 6%, 2034	\$ 575,000	\$ 600,645
Jefferson Parish, LA, Hospital Service District No. 2 (East Jefferson General Hospital), 6.25%, 2031	380,000	434,549
Jefferson Parish, LA, Hospital Service District No. 2 (East Jefferson General Hospital), 6.375%, 2041	240,000	274,745
Johnson City, TN, Health & Educational Facilities Board Hospital Rev. (Mountain States Health Alliance), A , 5.5%, 2031	1,455,000	1,540,147
Johnson City, TN, Health & Educational Facilities Board Hospital Rev. (Mountain States Health Alliance), A , 5.5%, 2036	535,000	560,156
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Baptist Healthcare System), A , 5.375%, 2024	375,000	429,551
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Baptist Healthcare System), A , 5.625%, 2027	125,000	143,418
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Owensboro Medical Health System), A , 6.375%, 2040	735,000	850,101
Knox County, IN, Economic Development Rev. (Good Samaritan Hospital), A , 5%, 2037	65,000	68,610
Knox County, IN, Economic Development Rev. (Good Samaritan Hospital), A , 5%, 2042	130,000	136,689
Lake County, OH, Hospital Facilities Rev. (Lake Hospital Systems, Inc.), 5.625%, 2029	565,000	603,708
Laramie County, WY, Hospital Rev. (Cheyenne Regional Medical Center Project), 5%, 2032	50,000	53,986
Laramie County, WY, Hospital Rev. (Cheyenne Regional Medical Center Project), 5%, 2037	125,000	134,090
Laramie County, WY, Hospital Rev. (Cheyenne Regional Medical Center Project), 5%, 2042	250,000	269,343
Louisiana Public Facilities Authority Hospital Rev. (Lake Charles Memorial Hospital), 6.375%, 2034	1,125,000	1,174,196
Louisville & Jefferson County, KY, Metro Government Health Facilities Rev. (Jewish Hospital & St. Mary s Healthcare), 6.125%, 2018 (c)	1,685,000	2,137,423
Louisville & Jefferson County, KY, Metropolitan Government Healthcare Systems Rev. (Norton Healthcare, Inc.), 5.25%, 2036	420,000	437,577
Lufkin, TX, Health Facilities Development Corp. Rev. (Memorial Health System), 5.5%, 2037	75,000	76,045
Martin County, FL, Health Facilities Authority Rev. (Martin Memorial Medical Center), 5.5%, 2042	380,000	401,770
Maryland Health & Higher Educational Facilities Authority Rev. (Anne Arundel Health System, Inc.), A , 6.75%, 2039	945,000	1,142,486
Massachusetts Development Finance Agency Rev. (Tufts Medical Center), I , 7.25%, 2032	555,000	668,675

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Healthcare Revenue - Hospitals - continued		
Massachusetts Health & Educational Facilities Authority Rev. (Jordan Hospital), E , 6.75%, 2033	\$ 500,000	\$ 510,695
Massachusetts Health & Educational Facilities Authority Rev. (Saints Memorial Medical Center), A , 6%, 2023	325,000	318,650
Michigan Finance Authority Rev. (Trinity Health Corp.), 5%, 2035	1,250,000	1,371,688
Monroe County, PA, Hospital Authority Rev. (Pocono Medical Center), A , 5%, 2032	65,000	68,747
Monroe County, PA, Hospital Authority Rev. (Pocono Medical Center), A , 5%, 2041	45,000	46,769
Montgomery, AL, Medical Clinic Board Health Care Facility Rev. (Jackson Hospital & Clinic), 5.25%, 2031	155,000	158,253
Montgomery, AL, Medical Clinic Board Health Care Facility Rev. (Jackson Hospital & Clinic), 5.25%, 2036	800,000	811,304
New Hampshire Business Finance Authority Rev. (Elliot Hospital Obligated Group), A , 6%, 2027	745,000	836,710
New Hampshire Health & Education Facilities Authority Rev. (Catholic Medical Center), A , 6.125%, 2032	50,000	50,553
New Hampshire Health & Education Facilities Authority Rev. (Memorial Hospital at Conway), 5.25%, 2036	800,000	792,456
New Hanover County, NC, Hospital Rev., AGM, 5.125%, 2031	1,130,000	1,236,197
New Jersey Health Care Facilities, Financing Authority Rev. (St. Peter s University Hospital), 5.75%, 2037	700,000	742,959
New Mexico Hospital Equipment Loan Council, Hospital Rev. (Rehoboth McKinley Christian Hospital), A , 5%, 2017	315,000	310,874
New York Dormitory Authority Rev., Non-State Supported Debt (Bronx-Lebanon Hospital Center), LOC, 6.5%, 2030	245,000	294,669
New York Dormitory Authority Rev., Non-State Supported Debt (Bronx-Lebanon Hospital Center), LOC, 6.25%, 2035	150,000	174,516
Norman, OK, Regional Hospital Authority Rev., 5%, 2027	195,000	196,862
Norman, OK, Regional Hospital Authority Rev., 5.375%, 2029	115,000	116,663
Norman, OK, Regional Hospital Authority Rev., 5.375%, 2036	305,000	306,061
North Carolina Medical Care Commission (Stanly Health Services, Inc.), 6.375%, 2029	1,915,000	1,922,028
Olympia, WA, Healthcare Facilities Authority Rev. (Catholic Health Initiatives), D , 6.375%, 2036	1,405,000	1,713,229
Palomar Pomerado Health Care District, CA, COP, 6.75%, 2039	1,125,000	1,239,683
Rhode Island Health & Educational Building Corp. Rev., Hospital Financing (Lifespan Obligated Group), A , ASSD GTY, 7%, 2039	840,000	987,008
Royal Oak, MI, Hospital Finance Authority Rev. (William Beaumont Hospital), 8.25%, 2039	660,000	849,255
Salida, CO, Hospital District Rev., 5.25%, 2036	892,000	898,440

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Healthcare Revenue - Hospitals - continued		
Skagit County, WA, Public Hospital District No. 001 Rev. (Skagit Valley Hospital), 5.75%, 2032	\$ 120,000	\$ 126,389
South Carolina Jobs & Economic Development Authority (Bon Secours-Venice Healthcare Corp.), 5.5%, 2023	1,370,000	1,395,838
South Dakota Health & Educational Facilities Authority Rev. (Avera Health), A, 5%, 2042	135,000	144,123
South Lake County, FL, Hospital District Rev. (South Lake Hospital), 6.375%, 2034	500,000	516,285
South Lake County, FL, Hospital District Rev. (South Lake Hospital), A, 6%, 2029	175,000	194,822
South Lake County, FL, Hospital District Rev. (South Lake Hospital), A, 6.25%, 2039	100,000	110,546
Sullivan County, TN, Health, Educational & Housing Facilities Board Hospital Rev. (Wellmont Health Systems Project), C, 5.25%, 2036	225,000	233,010
Sumner County, TN, Health, Educational & Housing Facilities Board Rev. (Sumner Regional Health Systems, Inc.), A, 5.5%, 2046 (a)(d)	475,000	5,938
Tampa, FL, Hospital Rev. (H. Lee Moffitt Cancer Center), A, 5.75%, 2029	2,000,000	2,003,080
Tyler, TX, Health Facilities Development Corp. (East Texas Medical Center), A, 5.25%, 2032	290,000	294,341
Tyler, TX, Health Facilities Development Corp. (East Texas Medical Center), A, 5.375%, 2037	235,000	239,564
Washington Health Care Facilities Authority Rev. (Multicare Health Systems), B, ASSD GTY, 6%, 2039	560,000	626,046
Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), 6.4%, 2033	525,000	541,312
Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), A, 5%, 2026	250,000	277,588
Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), A, 5%, 2028	75,000	82,055
Wisconsin Health & Educational Facilities Authority Rev. (Fort Healthcare, Inc.), 5.75%, 2029	1,000,000	1,060,470
Wisconsin Health & Educational Facilities Authority Rev. (Meritor Hospital), A, 5.5%, 2031	920,000	1,018,863
Wisconsin Health & Educational Facilities Authority Rev. (Meritor Hospital), A, 6%, 2041	605,000	690,015
Wisconsin Health & Educational Facilities Authority Rev. (Wheaton Franciscan Services), 5.25%, 2034	865,000	902,922
Wisconsin Health & Educational Facilities Authority Rev. (Wheaton Franciscan Services), A, 5.25%, 2025	500,000	508,885
		\$ 58,258,944

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Healthcare Revenue - Long Term Care - 16.9%		
Abilene, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement Systems, Inc.), A, 5.9%, 2025	\$ 964,000	\$ 738,212
Abilene, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement Systems, Inc.), A, 7%, 2033	500,000	383,005
Bucks County, PA, Industrial Development Authority Retirement Community Rev. (Ann's Choice, Inc.), A, 6.125%, 2025	1,000,000	1,011,940
Bucks County, PA, Industrial Development Authority Rev. (Lutheran Community Telford Center), 5.75%, 2027	120,000	121,386
Bucks County, PA, Industrial Development Authority Rev. (Lutheran Community Telford Center), 5.75%, 2037	155,000	151,996
Chester County, PA, Industrial Development Authority Rev. (RHA Nursing Home), 8.5%, 2032	1,445,000	1,451,040
Colorado Health Facilities Authority Rev. (American Baptist Homes), A, 5.9%, 2037	530,000	490,812
Colorado Health Facilities Authority Rev. (Covenant Retirement Communities, Inc.), 5%, 2035	1,400,000	1,388,520
Columbus, GA, Housing Authority Rev. (Calvary Community, Inc.), 7%, 2019	340,000	340,010
Cumberland County, PA, Municipal Authority Rev. (Diakon Lutheran Social Ministries), 6.125%, 2029	890,000	984,785
Fulton County, GA, Residential Care Facilities, Elderly Authority Rev. (Canterbury Court), A, 6.125%, 2034	750,000	739,035
Hawaii Department of Budget & Finance, Special Purpose Rev. (15 Craigsides Project), A, 8.75%, 2029	105,000	123,437
Hawaii Department of Budget & Finance, Special Purpose Rev. (15 Craigsides Project), A, 9%, 2044	180,000	212,504
Houston, TX, Health Facilities Development Corp. (Buckingham Senior Living Community), A, 7.125%, 2014 (c)	500,000	560,775
Howard County, MD, Retirement Facilities Rev. (Vantage House Corp.), A, 5.25%, 2033	250,000	224,568
Illinois Finance Authority Rev. (Evangelical Retirement Homes of Greater Chicago, Inc.), 7.25%, 2045	1,050,000	1,117,841
Illinois Finance Authority Rev. (Hoosier Care, Inc.), A, 7.125%, 2034	1,095,000	1,095,055
Illinois Finance Authority Rev. (Smith Village), A, 6.25%, 2035	1,250,000	1,208,225
Illinois Health Facilities Authority Rev. (Smith Crossing), A, 7%, 2032	725,000	731,271
Indiana Health Facilities Financing Authority Rev. (Hoosier Care, Inc.), A, 7.125%, 2034	150,000	150,008
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives), B, 5.75%, 2018	365,000	365,325
Iowa Finance Authority, Health Care Facilities Rev. (Care Initiatives), B, 5.75%, 2028	1,475,000	1,475,428

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Healthcare Revenue - Long Term Care - continued		
La Verne, CA, COP (Brethren Hillcrest Homes), B , 6.625%, 2025	\$ 690,000	\$ 706,208
Marion, IA, Health Care Facilities Rev., First Mortgage (AHF/Kentucky-Iowa, Inc.), 8%, 2029	514,000	523,946
Massachusetts Development Finance Agency Rev. (Adventcare), A , 6.75%, 2037	895,000	915,433
Massachusetts Development Finance Agency Rev. (Alliance Health of Brockton, Inc.), A , 7.1%, 2032	1,145,000	1,144,828
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A-1 , 6.25%, 2031	168,995	139,485
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A-1 , 6.25%, 2039	42,309	33,015
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A-2 , 5.5%, 2046	11,291	7,676
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), Capital Appreciation, B , 0%, 2056	56,165	684
Massachusetts Development Finance Agency Rev. (Loomis Communities, Inc.), A , 5.625%, 2015	245,000	245,265
Massachusetts Development Finance Agency Rev. (Loomis Communities, Inc.), A , 6.9%, 2032	100,000	102,103
Massachusetts Development Finance Agency Rev. (The Groves in Lincoln), A , 7.75%, 2039	100,000	75,071
Massachusetts Development Finance Agency Rev. (The Groves in Lincoln), A , 7.875%, 2044	150,000	112,611
Metropolitan Government of Nashville & Davidson County, TN, Health & Educational Facilities Board, First Mortgage, 8.5%, 2029	1,063,000	1,070,037
Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.125%, 2028	250,000	252,745
Montgomery County, PA, Industrial Development Authority Rev. (Whitemarsh Continuing Care), 6.25%, 2035	750,000	756,840
New Jersey Economic Development Authority Rev. (Lions Gate), A , 5.75%, 2025	205,000	207,575
New Jersey Economic Development Authority Rev. (Lions Gate), A , 5.875%, 2037	830,000	826,215
New Jersey Economic Development Authority Rev. (Seabrook Village, Inc.), 5.25%, 2026	50,000	50,136
Norfolk, VA, Redevelopment & Housing Authority Rev. (Fort Norfolk Retirement Community), A , 6.125%, 2035	140,000	140,500
Pell City, AL, Special Care Facilities, Financing Authority Rev. (Noland Health Services, Inc.), 5%, 2039	225,000	235,202
Shelby County, TN, Health, Educational & Housing Facilities Board Rev. (Germantown Village), A , 7.25%, 2034	350,000	351,750

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Healthcare Revenue - Long Term Care - continued		
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), A , 6%, 2032	\$ 260,226	\$ 198,243
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), A , 6%, 2047	238,838	169,876
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), Capital Appreciation, B , 0%, 2047	102,359	3,423
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), Capital Appreciation, B , 0%, 2047	111,525	3,729
St. John s County, FL, Industrial Development Authority Rev. (Presbyterian Retirement), A , 6%, 2045	780,000	856,846
Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Air Force Village), 6.125%, 2029	65,000	71,660
Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Air Force Village), 5.125%, 2037	240,000	236,503
Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Air Force Village), 6.375%, 2044	525,000	569,394
Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Stayton at Museum Way), 8.25%, 2044	980,000	1,064,260
Tempe, AZ, Industrial Development Authority Rev. (Friendship Village), A , 6.25%, 2042	110,000	115,372
Tempe, AZ, Industrial Development Authority Rev. (Friendship Village), A , 6.25%, 2046	85,000	89,024
Travis County, TX, Health Facilities Development Corp. Rev. (Westminster Manor Health), 7%, 2030	110,000	126,160
Travis County, TX, Health Facilities Development Corp. Rev. (Westminster Manor Health), 7.125%, 2040	165,000	187,237
Washington County, PA, Industrial Development Authority Rev., First Mortgage (AHF/Central Project), 8.5%, 2029	1,059,000	1,064,676
		\$ 27,718,906
Healthcare Revenue - Other - 0.4%		
Massachusetts Health & Educational Facilities Authority Rev. (Civic Investments, Inc.), A , 9%, 2012 (c)	\$ 600,000	\$ 636,594
Industrial Revenue - Airlines - 3.2%		
Clayton County, GA, Development Authority Special Facilities Rev. (Delta Airlines, Inc.), A , 8.75%, 2029	\$ 255,000	\$ 306,352
Clayton County, GA, Development Authority Special Facilities Rev. (Delta Airlines, Inc.), B , 9%, 2035	190,000	205,977
Denver, CO, City & County Airport Rev. (United Airlines), 5.75%, 2032	470,000	481,628
Houston, TX, Airport Systems Rev., Special Facilities (Continental Airlines, Inc.), E , 6.75%, 2029	500,000	502,310



**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Industrial Revenue - Airlines - continued</b>		
Houston, TX, Airport Systems Rev., Special Facilities (Continental Airlines, Inc.), E, 7%, 2029	\$ 250,000	\$ 251,200
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 6.25%, 2029	1,695,000	1,702,153
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 9%, 2033	750,000	806,333
New York, NY, City Industrial Development Agencies Rev. (American Airlines, Inc.), 7.75%, 2031 (d)(q)	1,005,000	1,033,673
		\$ 5,289,626
<b>Industrial Revenue - Chemicals - 0.9%</b>		
Brazos River, TX, Harbor Navigation District (Dow Chemical Co.), B-2, 4.95%, 2033	\$ 600,000	\$ 628,686
Port of Bay, TX, City Authority (Hoechst Celanese Corp.), 6.5%, 2026	840,000	840,739
		\$ 1,469,425
<b>Industrial Revenue - Environmental Services - 1.0%</b>		
California Pollution Control Financing Authority, Solid Waste Disposal Rev. (Republic Services, Inc.), B, 5.25%, 2023 (b)	\$ 270,000	\$ 309,801
California Pollution Control Financing Authority, Solid Waste Disposal Rev. (Waste Management, Inc.), C, 5.125%, 2023	845,000	922,115
Maine Finance Authority Solid Waste Disposal Rev. (Casella Waste Systems, Inc.), 6.25%, 2025 (b)	450,000	454,284
		\$ 1,686,200
<b>Industrial Revenue - Other - 2.0%</b>		
Annawan, IL, Tax Increment Rev. (Patriot Renewable Fuels LLC), 5.625%, 2018	\$ 360,000	\$ 326,794
California Statewide Communities Development Authority Facilities (Microgy Holdings Project), 9%, 2038 (a)(d)	63,113	631
Gulf Coast, TX, Industrial Development Authority Rev. (CITGO Petroleum Corp.), 8%, 2028	500,000	500,375
Houston, TX, Industrial Development Corp. (United Parcel Service, Inc.), 6%, 2023	590,000	555,220
New Jersey Economic Development Authority Rev. (GMT Realty LLC), B, 6.875%, 2037	1,500,000	1,495,485
St. Charles Parish, LA, Gulf Zone Opportunity Zone Rev. (Valero Energy Corp.), 4%, 2040 (b)	465,000	475,779
		\$ 3,354,284
<b>Industrial Revenue - Paper - 2.0%</b>		
Courtland, AL, Industrial Development Board Rev. (International Paper Co.), B, 6.25%, 2025	\$ 1,000,000	\$ 1,030,250

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Industrial Revenue - Paper - continued</b>		
Escambia County, FL, Environmental Improvement Rev. (International Paper Co.), A, 5%, 2026	\$ 1,270,000	\$ 1,270,470
Escambia County, FL, Environmental Improvement Rev. (International Paper Co.), A, 4.75%, 2030	370,000	370,122
Phenix City, AL, Industrial Development Board Environmental Improvement Rev., A (Mead Westvaco Coated Board Project), 6.35%, 2035	550,000	551,826
		\$ 3,222,668
<b>Miscellaneous Revenue - Entertainment &amp; Tourism - 1.1%</b>		
Agua Caliente Band of Cahuilla Indians, CA, Rev., 5.6%, 2013 (n)	\$ 435,000	\$ 438,893
Brooklyn, NY, Arena Local Development Corp. (Barclays Center Project), 6%, 2030	155,000	171,624
Brooklyn, NY, Arena Local Development Corp. (Barclays Center Project), 6.25%, 2040	100,000	111,303
Cow Creek Band of Umpqua Tribe of Indians, OR, C, 5.625%, 2026 (n)	800,000	707,376
Seminole Tribe, FL, Special Obligation Rev., A, 5.25%, 2027 (n)	365,000	369,022
		\$ 1,798,218
<b>Miscellaneous Revenue - Other - 3.5%</b>		
Austin, TX, Convention Center (Convention Enterprises, Inc.), A, SYNCORA, 5.25%, 2024	\$ 395,000	\$ 414,758
Capital Trust Agency, FL (Aero Syracuse LLC), 6.75%, 2032	500,000	482,630
Citizens Property Insurance Corp., FL, A-1, 5%, 2019	135,000	153,642
Citizens Property Insurance Corp., FL, A-1, 5%, 2020	875,000	994,499
Cleveland-Cuyahoga County, OH, Port Authority Rev. (Columbia National Group), 5%, 2020	540,000	529,281
Dallas, TX, Civic Center Convention Complex Rev., ASSD GTY, 5.25%, 2034	1,065,000	1,182,576
District of Columbia Rev. (American Society Hematology), 5%, 2036	65,000	69,564
District of Columbia Rev. (American Society Hematology), 5%, 2042	50,000	53,214
Massachusetts Port Authority Facilities Rev. (Conrac Project), A, 5.125%, 2041	50,000	54,204
New York Liberty Development Corp., Liberty Rev. (One Bryant Park LLC), 6.375%, 2049	685,000	772,132
New York Liberty Development Corp., Liberty Rev. (World Trade Center Project), 5%, 2044	695,000	751,476
V Lakes Utility District, MS, Water Systems Rev., 7%, 2037	300,000	289,677
		\$ 5,747,653

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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Multi-Family Housing Revenue - 5.5%</b>		
Broward County, FL, Housing Finance Authority Rev. (Chaves Lakes Apartments Ltd.), A , 7.5%, 2040	\$ 745,000	\$ 745,201
Capital Trust Agency, FL, Housing Rev. (Atlantic Housing Foundation), B , 7%, 2032 (d)(q)	735,000	327,156
Charter Mac Equity Issuer Trust, FHLMC, 6.3%, 2019 (n)	1,000,000	1,119,010
District of Columbia Housing Finance Agency (Henson Ridge), E , FHA, 5.1%, 2037	1,000,000	1,021,610
Durham, NC, Durham Housing Authority Rev. (Magnolia Pointe Apartments), 5.65%, 2038	1,369,607	1,232,564
El Paso County, TX, Housing Finance Corp. (American Housing Foundation), C , 8%, 2032	345,000	347,543
El Paso County, TX, Housing Finance Corp. (American Housing Foundation), D , 10%, 2032	375,000	377,730
MuniMae TE Bond Subsidiary LLC, 9.64%, 2050 (z)	2,000,000	1,800,020
Resolution Trust Corp., Pass-Through Certificates, 1993 , 8.5%, 2016 (z)	546,075	530,981
Texas Department of Housing & Community Affairs (Pebble Brook Apartments), FNMA, 5.5%, 2018	845,000	850,045
Wilmington, DE, Multi-Family Housing Rev. (Electra Arms Senior Associates), 6.25%, 2028	760,000	719,621
		\$ 9,071,481
<b>Parking - 0.3%</b>		
Boston, MA, Metropolitan Transit Parking Corp., Systemwide Parking Rev., 5.25%, 2036	\$ 370,000	\$ 412,036
<b>Port Revenue - 0.3%</b>		
Maryland Economic Development Corp. Rev. (Port America Chesapeake Terminal Project), B , 5.375%, 2025	\$ 125,000	\$ 135,145
Maryland Economic Development Corp. Rev. (Port America Chesapeake Terminal Project), B , 5.75%, 2035	365,000	390,780
		\$ 525,925
<b>Sales &amp; Excise Tax Revenue - 4.4%</b>		
Bolingbrook, IL, Sales Tax Rev., 6.25%, 2024	\$ 750,000	\$ 470,085
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 2029	215,000	247,216
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 2030	430,000	491,804
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 2031	80,000	91,151
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 2040	635,000	708,311
Colorado Regional Transportation District, Private Activity Rev. (Denver Transportation Partners), 6%, 2034	795,000	901,228
Colorado Regional Transportation District, Private Activity Rev. (Denver Transportation Partners), 6%, 2041	385,000	435,023

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Sales &amp; Excise Tax Revenue - continued</b>		
Massachusetts Bay Transportation Authority, Sales Tax Rev., A, 5%, 2024	\$ 1,385,000	\$ 1,742,233
Massachusetts School Building Authority, Dedicated Sales Tax Rev., AMBAC, 4.75%, 2032	845,000	913,065
Massachusetts School Building Authority, Dedicated Sales Tax Rev., B, 5%, 2032	490,000	573,374
Puerto Rico Sales Tax Financing Corp., Sales Tax Rev., C, 5.25%, 2041	45,000	48,008
Puerto Rico Sales Tax Financing Corp., Sales Tax Rev., Capital Appreciation, A, 0% to 2016, 6.75% to 2032	585,000	597,981
		\$ 7,219,479
<b>Single Family Housing - Local - 1.6%</b>		
Minneapolis & St. Paul Housing Authority Rev. (City Living), A-2, GNMA, 5%, 2038	\$ 494,990	\$ 502,385
Pittsburgh, PA, Urban Redevelopment Authority Rev., C, GNMA, 4.8%, 2028	2,000,000	2,036,740
		\$ 2,539,125
<b>Single Family Housing - State - 1.6%</b>		
Colorado Housing & Finance Authority, A, 5.5%, 2029	\$ 1,315,000	\$ 1,350,005
Iowa Finance Authority, Single Family Mortgage Rev., E, 5.4%, 2032	375,000	376,913
North Dakota Housing Finance Agency Rev., A, 4.85%, 2021	240,000	245,918
Oklahoma Housing Finance Agency Rev. (Homeownership Loan Program), C, GNMA, 5%, 2026	635,000	647,878
		\$ 2,620,714
<b>Solid Waste Revenue - 0.3%</b>		
Massachusetts Development Finance Agency, Resource Recovery Rev. (Ogden Haverhill Associates), A, 6.7%, 2014	\$ 30,000	\$ 30,208
Massachusetts Development Finance Agency, Resource Recovery Rev. (Ogden Haverhill Associates), A, 5.6%, 2019	500,000	501,415
		\$ 531,623
<b>State &amp; Local Agencies - 6.4%</b>		
California Public Works Board Lease Rev., Department of Mental Health (Coalinga), A, 5.5%, 2019	\$ 1,000,000	\$ 1,064,270
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Enhanced, A, FGIC, 5%, 2035	140,000	142,446
Guam Government Department of Education (John F. Kennedy High School), A, COP, 6.875%, 2040	375,000	406,688
Louisiana Military Department Custody Receipts, 5%, 2024	1,500,000	1,609,650
New York Metropolitan Transportation Authority, A, 5.125%, 2029	1,025,000	1,028,208

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
State & Local Agencies - continued		
New York Urban Development Corp. (University Facilities Grants), 5.875%, 2021	\$ 1,000,000	\$ 1,220,990
Newberry, SC, Investing in Children's Education (Newberry County School District Program), 5%, 2030	500,000	520,095
Philadelphia, PA, Municipal Authority Rev., 6.5%, 2034	170,000	185,186
Puerto Rico Public Finance Corp., E, ETM, 6%, 2026 (c)	1,645,000	2,339,914
Puerto Rico Public Finance Corp., E, ETM, 6%, 2026 (c)	155,000	215,951
Puerto Rico Public Finance Corp., Commonwealth Appropriations, B, 6%, 2026	285,000	329,979
Puerto Rico Public Finance Corp., Commonwealth Appropriations, B, 5.5%, 2031	415,000	446,801
Wisconsin General Fund Annual Appropriation Rev., A, 5.75%, 2033	840,000	1,016,879
		\$ 10,527,057
Student Loan Revenue - 0.7%		
Iowa Student Loan Liquidity Corp., A-2, 5.5%, 2025	\$ 260,000	\$ 289,965
Iowa Student Loan Liquidity Corp., A-2, 5.6%, 2026	260,000	290,017
Iowa Student Loan Liquidity Corp., A-2, 5.7%, 2027	25,000	27,926
Iowa Student Loan Liquidity Corp., A-2, 5.75%, 2028	475,000	529,169
		\$ 1,137,077
Tax - Other - 3.0%		
Dallas County, TX, Flood Control District, 7.25%, 2032	\$ 1,000,000	\$ 1,019,180
Hudson Yards, NY, Infrastructure Corp. Rev., A, 5%, 2047	460,000	478,685
Hudson Yards, NY, Infrastructure Corp. Rev., A, 5.75%, 2047	480,000	554,875
New Jersey Economic Development Authority Rev., 5%, 2025	170,000	189,732
New Jersey Economic Development Authority Rev., 5%, 2026	85,000	94,186
New Jersey Economic Development Authority Rev., 5%, 2028	35,000	38,414
New Jersey Economic Development Authority Rev., 5%, 2029	35,000	38,261
New York Dormitory Authority, State Personal Income Tax Rev., C, 5%, 2034	1,330,000	1,522,837
New York, NY, City Transitional Finance Authority Building Aid Rev., S-3, 5.25%, 2039	560,000	615,294
Virgin Islands Public Finance Authority Rev. (Diageo Project), A, 6.75%, 2037	255,000	295,257
		\$ 4,846,721
Tax Assessment - 6.1%		
Anne Arundel County, MD, Special Obligation (National Business Park-North Project), 6.1%, 2040	\$ 175,000	\$ 182,828
Atlanta, GA, Tax Allocation (Eastside Project), A, 5.625%, 2016	285,000	317,527
Celebration Community Development District, FL, A, 6.4%, 2034	885,000	900,762

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Tax Assessment - continued</b>		
Chicago, IL, Tax Increment Allocation (Pilsen Redevelopment), B , 6.75%, 2022	\$ 450,000	\$ 470,187
Du Page County, IL, Special Service Area No. 31 Special Tax (Monarch Landing Project), 5.625%, 2036	250,000	238,798
Heritage Harbour North Community Development District, FL, Capital Improvement Rev., 6.375%, 2038	395,000	368,748
Homestead, Community Development District, FL, Special Assessment, A , 6%, 2037	470,000	329,517
Homestead, Community Development District, FL, Special Assessment, B , 5.9%, 2013 (d)	180,000	126,466
Huntington Beach, CA, Community Facilities District, Special Tax (Grand Coast Resort), 2000-1 , 6.45%, 2031	750,000	759,135
Lincoln, CA, Special Tax (Community Facilities District ), 2003-1 , 5.9%, 2013 (c)	445,000	483,426
Lincolnshire, IL, Special Service Area No. 1 (Sedgebrook Project), 6.25%, 2034	500,000	500,880
Oakmont Grove Community Development District, FL, A , 5.4%, 2038 (a)(d)	500,000	185,000
Ohio County, WV, Commission Tax Increment Rev. (Fort Henry Centre), A , 5.85%, 2034	165,000	171,272
Orlando, FL, Special Assessment Rev. (Conroy Road Interchange Project), A , 5.8%, 2026	280,000	280,650
Plano, IL, Special Service Area No. 4 (Lakewood Springs Project Unit 5-B), 6%, 2035	1,915,000	1,850,330
San Diego, CA, Redevelopment Agency, Tax Allocation Rev., Capital Appreciation, AGM, 0%, 2022	1,910,000	1,231,816
Seven Oaks, FL, Community Development District II Special Assessment Rev., A , 5.875%, 2035	250,000	188,070
Sweetwater Creek Community Development District, FL, Capital Improvement Rev., A , 5.5%, 2038 (a)(d)	285,000	108,300
Tolomato Community Development District, FL, Special Assessment, 6.65%, 2040 (d)(q)	760,000	338,200
Tuscany Reserve Community Development District, FL, Special Assessment, B , 5.25%, 2016	235,000	213,796
West Villages Improvement District, FL, Special Assessment Rev. (Unit of Development No. 3), 5.5%, 2037 (a)(d)	710,000	305,300
Westridge, FL, Community Development District, Capital Improvement Rev., 5.8%, 2037 (a)(d)	1,210,000	459,800
		\$ 10,010,808

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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Tobacco - 8.6%</b>		
Buckeye, OH, Tobacco Settlement Financing Authority, A-2, 5.125%, 2024	\$ 2,635,000	\$ 2,108,211
Buckeye, OH, Tobacco Settlement Financing Authority, A-2, 5.875%, 2030	1,155,000	913,767
Buckeye, OH, Tobacco Settlement Financing Authority, A-2, 5.75%, 2034	635,000	483,965
Buckeye, OH, Tobacco Settlement Financing Authority, A-2, 5.875%, 2047	525,000	397,898
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., A-1, 6.25%, 2013 (c)(f)	915,000	955,297
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., A-1, 5.75%, 2047	670,000	534,426
Golden State, CA, Tobacco Securitization Corp., Tobacco Settlement Rev., Asset Backed, A-1, 5%, 2033	560,000	428,646
Illinois Railsplitter Tobacco Settlement Authority, 6%, 2028	1,710,000	1,984,301
New Jersey Tobacco Settlement Financing Corp., 1-A, 5%, 2041	4,670,000	3,621,352
Rhode Island Tobacco Settlement Authority, 6%, 2023	1,090,000	1,091,559
Suffolk, NY, Tobacco Asset Securitization Corp., Tobacco Settlement, B, 5.25%, 2037	105,000	109,052
Tobacco Securitization Authority, Minnesota Tobacco Settlement Rev., B, 5.25%, 2031	1,005,000	1,112,284
Washington Tobacco Settlement Authority Rev., 6.625%, 2032	250,000	260,185
		\$ 14,000,943
<b>Toll Roads - 5.4%</b>		
Bay Area Toll Authority, CA, Toll Bridge Rev. (San Francisco Bay Area), F1, 5%, 2034	\$ 1,850,000	\$ 2,041,031
E-470 Public Highway Authority, CO, Capital Appreciation, B, NATL, 0%, 2018	1,500,000	1,247,220
Mid-Bay Bridge Authority, FL, Springing Lien Rev., A, 7.25%, 2040	1,015,000	1,185,896
North Texas Tollway Authority Rev., 6%, 2038	970,000	1,121,010
North Texas Tollway Authority Rev. (Special Projects System), D, 5%, 2031	710,000	807,227
Triborough Bridge & Tunnel Authority Rev., NY, A, 5%, 2025	365,000	441,902
Virginia Small Business Financing Authority Rev. (Elizabeth River Crossings Opco LLC Project), 5.25%, 2032	360,000	373,680
Virginia Small Business Financing Authority Rev. (Elizabeth River Crossings Opco LLC Project), 6%, 2037	595,000	652,971
Virginia Small Business Financing Authority Rev. (Elizabeth River Crossings Opco LLC Project), 5.5%, 2042	950,000	992,541
		\$ 8,863,478

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Universities - Colleges - 9.6%</b>		
Allegheny County, PA, Higher Education Building Authority Rev. (Chatham University), A, 5%, 2030	\$ 100,000	\$ 107,544
Brevard County, FL, Industrial Development Rev. (TUFF Florida Tech LLC Project), 6.75%, 2039	685,000	753,062
California Educational Facilities Authority Rev. (Chapman University), 5%, 2031	190,000	206,500
California Educational Facilities Authority Rev. (University of Southern California), A, 5.25%, 2038	1,650,000	1,879,598
California Municipal Finance Authority Rev. (Biola University), 5.8%, 2028	100,000	109,805
California State University Rev., A, 5%, 2037	1,255,000	1,381,466
Florida Higher Educational Facilities, Financial Authority Rev. (University of Tampa Project), A, 5%, 2032	30,000	32,213
Florida Higher Educational Facilities, Financial Authority Rev. (University of Tampa Project), A, 5.25%, 2042	265,000	287,191
Florida State University Board of Governors, System Improvement Rev., 6.25%, 2030	1,500,000	1,794,195
Grand Valley, MI, State University Rev., 5.5%, 2027	175,000	195,349
Grand Valley, MI, State University Rev., 5.625%, 2029	85,000	94,381
Harris County, TX, Cultural Education Facilities Rev. (Baylor College of Medicine), D, 5.625%, 2032	330,000	340,682
Illinois Finance Authority Rev. (Illinois Institute of Technology), A, 5%, 2036	135,000	115,109
Illinois Finance Authority Rev. (Roosevelt University Project), 6.25%, 2029	590,000	646,439
Illinois Finance Authority Rev. (Roosevelt University Project), 6.5%, 2039	195,000	213,484
Illinois Finance Authority Rev. (University of Chicago), A, 5%, 2051	210,000	229,272
Massachusetts Development Finance Agency Rev. (The Broad Institute, Inc.), A, 5.25%, 2037	710,000	778,153
Massachusetts Health & Educational Facilities Authority Rev. (Simmons College), I, 8%, 2029	315,000	374,434
Massachusetts Health & Educational Facilities Authority Rev. (Suffolk University), A, 6.25%, 2030	920,000	1,064,164
Savannah, GA, Economic Development Authority Rev. (AASU Student Union LLC), ASSD GTY, 5.125%, 2039	415,000	447,382
Texas Tech University Rev., Refunding & Improvement, A, 5%, 2030	245,000	283,467
Texas Tech University Rev., Refunding & Improvement, A, 5%, 2031	110,000	126,699
Texas Tech University Rev., Refunding & Improvement, A, 5%, 2032	105,000	120,578
Texas Tech University Rev., Refunding & Improvement, A, 5%, 2037	190,000	214,945
University of Illinois Rev. (Auxiliary Facilities Systems), A, 5.125%, 2029	2,370,000	2,604,843



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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Universities - Colleges - continued</b>		
University of Southern Indiana Rev. (Student Fee), J , ASSD GTY, 5.75%, 2028	\$ 370,000	\$ 431,661
University of Southern Mississippi Educational Building Corp. Rev. (Campus Facilities Project), 5.25%, 2032	275,000	312,298
University of Southern Mississippi Educational Building Corp. Rev. (Campus Facilities Project), 5.375%, 2036	100,000	113,328
Washington Higher Education Facilities Authority Rev. (Whitworth University), 5.875%, 2034	355,000	390,248
		<b>\$ 15,648,490</b>
<b>Universities - Dormitories - 2.1%</b>		
Bowling Green, OH, Student Housing Rev. (State University Project), 5.75%, 2031	\$ 225,000	\$ 237,974
Buffalo & Erie County, NY, Industrial Land Development Corp. Rev. (Buffalo State College), A , 5.375%, 2041	250,000	271,648
California Statewide Communities Development Authority Rev. (Lancer Educational Student Housing Project), 5.625%, 2033	1,015,000	1,034,640
Illinois Finance Authority Student Housing Rev. (Northern Illinois University Project), 6.625%, 2031	785,000	889,695
Mississippi State University, Educational Building Corp., 5%, 2036	560,000	619,282
Oregon Facilities Authority, Student Housing Rev. (Southern Oregon University), ASSD GTY, 4.7%, 2033	65,000	68,026
Oregon Facilities Authority, Student Housing Rev. (Southern Oregon University), ASSD GTY, 5%, 2044	75,000	79,253
Pennsylvania Higher Educational Facilities Authority Rev. (Edinboro University Foundation), 5.8%, 2030	100,000	110,855
Pennsylvania Higher Educational Facilities Authority Rev. (Edinboro University Foundation), 6%, 2043	145,000	159,993
		<b>\$ 3,471,366</b>
<b>Universities - Secondary Schools - 0.9%</b>		
Clifton, TX, Higher Education Finance Corp. Rev. (Idea Public Schools), 5.5%, 2031	\$ 125,000	\$ 136,086
Clifton, TX, Higher Education Finance Corp. Rev. (Idea Public Schools), 5.75%, 2041	100,000	109,794
Clifton, TX, Higher Education Finance Corp. Rev. (Uplift Education), A , 6.125%, 2040	320,000	355,638
Clifton, TX, Higher Education Finance Corp. Rev. (Uplift Education), A , 6.25%, 2045	200,000	222,974
La Vernia, TX, Higher Education Finance Corp. Rev. (KIPP, Inc.), A , 6.25%, 2039	250,000	283,013
North Texas Education Finance Corp., Education Rev. (Uplift Education), A , 4.875%, 2032	85,000	87,266

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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Universities - Secondary Schools - continued</b>		
North Texas Education Finance Corp., Education Rev. (Uplift Education), A, 5.125%, 2042	\$ 215,000	\$ 222,390
		\$ 1,417,161
<b>Utilities - Cogeneration - 0.4%</b>		
Puerto Rico Industrial, Tourist, Educational, Medical & Environmental Central Facilities (Cogeneration Facilities-AES Puerto Rico Project), 6.625%, 2026	\$ 645,000	\$ 645,213
<b>Utilities - Investor Owned - 6.3%</b>		
Apache County, AZ, Industrial Development Authority, Pollution Control Rev. (Tucson Electric Power Co.), A, 4.5%, 2030	\$ 450,000	\$ 457,074
Brazos River Authority, TX, Pollution Control Rev. (TXU Electric Co. LLC), C, 6.75%, 2038	645,000	83,618
Bryant, IL, Pollution Control Rev. (Central Illinois Light Co.), 5.9%, 2023	2,575,000	2,583,601
Chula Vista, CA, Industrial Development Rev. (San Diego Gas), 5.875%, 2034	310,000	362,619
Hawaii Department of Budget & Finance Special Purpose Rev. (Hawaiian Electric Co. & Subsidiary), 6.5%, 2039	950,000	1,093,118
Massachusetts Development Finance Agency, Solid Waste Disposal Rev. (Dominion Energy Brayton), 5.75%, 2042 (b)	105,000	125,854
Mississippi Business Finance Corp., Pollution Control Rev. (Systems Energy Resources Project), 5.875%, 2022	2,000,000	2,003,920
New Hampshire Business Finance Authority, Pollution Control Rev. (Public Service of New Hampshire), B, NATL, 4.75%, 2021	250,000	262,423
Ohio Air Quality Development Authority Rev. (FirstEnergy Corp.), A, 5.7%, 2020	665,000	766,964
Owen County, KY, Waterworks System Rev. (American Water Co. Project), A, 6.25%, 2039	260,000	285,880
Pennsylvania Economic Development Financing Authority (Allegheny Energy Supply Co. LLC), 7%, 2039	765,000	877,730
Pima County, AZ, Industrial Development Authority Rev. (Tucson Electric Power Co.), 5.75%, 2029	1,295,000	1,374,461
		\$ 10,277,262
<b>Utilities - Municipal Owned - 1.2%</b>		
Long Island, NY, Power Authority, A, 5%, 2038	\$ 940,000	\$ 1,031,960
Puerto Rico Electric Power Authority, Power Rev., A, 5%, 2042	465,000	470,859
Sacramento, CA, Municipal Utility District, X, 5%, 2028	465,000	536,801
		\$ 2,039,620

**Table of Contents***Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
<b>Utilities - Other - 2.5%</b>		
California M-S-R Energy Authority Gas Rev., A, 7%, 2034	\$ 155,000	\$ 203,279
California M-S-R Energy Authority Gas Rev., A, 6.5%, 2039	650,000	804,746
Georgia Main Street Natural Gas, Inc., Gas Project Rev., A, 5.5%, 2028	430,000	485,608
Public Authority for Colorado Energy Natural Gas Purchase Rev., 6.5%, 2038	35,000	44,043
Tennessee Energy Acquisition Corp., Gas Rev., A, 5.25%, 2021	2,185,000	2,438,788
Tennessee Energy Acquisition Corp., Gas Rev., A, 5.25%, 2024	75,000	82,019
		<b>\$ 4,058,483</b>
<b>Water &amp; Sewer Utility Revenue - 10.5%</b>		
Atlanta, GA, Water & Wastewater Rev., A, 6%, 2022	\$ 465,000	\$ 572,624
Birmingham, AL, Waterworks Board Water Rev., A, ASSD GTY, 5.125%, 2034	755,000	827,850
Commonwealth of Puerto Rico Aqueduct & Sewer Authority Rev., A, 5.75%, 2037	370,000	388,149
Commonwealth of Puerto Rico Aqueduct & Sewer Authority Rev., A, 6%, 2044	160,000	170,176
DeKalb County, GA, Water & Sewer Rev., A, 5.25%, 2028	160,000	188,938
DeKalb County, GA, Water & Sewer Rev., A, 5.25%, 2029	145,000	169,810
DeKalb County, GA, Water & Sewer Rev., A, 5.25%, 2030	95,000	110,419
DeKalb County, GA, Water & Sewer Rev., A, 5.25%, 2031	20,000	23,072
DeKalb County, GA, Water & Sewer Rev., A, 5.25%, 2041	535,000	594,059
East Bay, CA, Municipal Utility District, Water System Rev., A, 5%, 2028	2,000,000	2,408,220
Guam Government Waterworks Authority, Water & Wastewater Rev., 5.875%, 2035	1,125,000	1,151,055
Houston, TX, Utility System Rev., D, 5%, 2036	550,000	624,377
King County, WA, Sewer Rev., 5%, 2040	1,765,000	1,966,810
Massachusetts Water Resources Authority, B, 5%, 2041	350,000	395,787
New Hampshire Industrial Development Authority Rev. (Pennichuck Water Works, Inc.), ETM, 7.5%, 2018 (c)	220,000	257,961
New York Environmental Facilities Corp., Clean Drinking Water Revolving Funds, 5%, 2024	265,000	320,862
New York Environmental Facilities Corp., Clean Drinking Water Revolving Funds, 5%, 2041	865,000	966,101
New York Environmental Facilities, C, 5%, 2041	1,195,000	1,353,194
New York, NY, Municipal Water Finance Authority, Water & Sewer System Rev., AA, 5%, 2034	2,510,000	2,872,394
New York, NY, Municipal Water Finance Authority, Water & Sewer Systems Rev., DD, 4.75%, 2035	1,010,000	1,088,972

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*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Water & Sewer Utility Revenue - continued		
Surprise, AZ, Municipal Property Corp., 4.9%, 2032	\$ 800,000	\$ 804,040
		\$ 17,254,870
<b>Total Municipal Bonds (Identified Cost, \$236,770,701)</b>		<b>\$ 253,985,123</b>
<b>Money Market Funds - 1.5%</b>		
MFS Institutional Money Market Portfolio, 0.13%, at Cost and Net Asset Value (v)		
	2,526,920	\$ 2,526,920
<b>Total Investments (Identified Cost, \$239,297,621)</b>		<b>\$ 256,512,043</b>
<b>Other Assets, Less Liabilities - 2.9%</b>		
		4,694,478
<b>Preferred Shares (Issued by the Fund) - (59.6)%</b>		
		(97,500,000)
<b>Net assets applicable to common shares - 100.0%</b>		<b>\$ 163,706,521</b>

(a) Non-income producing security.

(b) Mandatory tender date is earlier than stated maturity date.

(c) Refunded bond.

(d) In default. Interest and/or scheduled principal payment(s) have been missed.

(f) All or a portion of the security has been segregated as collateral for open futures contracts.

(n) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in the ordinary course of business in transactions exempt from registration, normally to qualified institutional buyers. At period end, the aggregate value of these securities was \$2,634,301 representing 1.6% of net assets applicable to common shares.

(q) Interest received was less than stated coupon rate.

(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

(z) Restricted securities are not registered under the Securities Act of 1933 and are subject to legal restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are subsequently registered. Disposal of these securities may involve time-consuming negotiations and prompt sale at an acceptable price may be difficult. The fund holds the following restricted securities:

Restricted Securities	Acquisition Date	Cost	Value
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MuniMae TE Bond Subsidiary LLC, 9.64%, 2050	5/30/00	\$2,000,000	\$1,800,020
Resolution Trust Corp., Pass-Through Certificates, 1993 , 8.5%, 2016	8/27/93	550,198	530,981
<b>Total Restricted Securities</b>			<b>\$2,331,001</b>
% of Net assets applicable to common shares			1.4%

**Table of Contents***Portfolio of Investments (unaudited) continued*

The following abbreviations are used in this report and are defined:

COP Certificate of Participation  
 ETM Escrowed to Maturity  
 LOC Letter of Credit

**Insurers**

AGM	Assured Guaranty Municipal
AMBAC	AMBAC Indemnity Corp.
ASSD GTY	Assured Guaranty Insurance Co.
FGIC	Financial Guaranty Insurance Co.
FHA	Federal Housing Administration
FHLMC	Federal Home Loan Mortgage Corp.
FNMA	Federal National Mortgage Assn.
GNMA	Government National Mortgage Assn.
NATL	National Public Finance Guarantee Corp.
SYNCORA	Syncora Guarantee Inc.

**Derivative Contracts at 5/31/12****Futures Contracts Outstanding at 5/31/12**

Description	Currency	Contracts	Value	Expiration Date	Unrealized Appreciation (Depreciation)
<b>Liability Derivatives</b>					
<b>Interest Rate Futures</b>					
U.S. Treasury Note 10 yr (Short)	USD	221	\$29,600,188	September - 2012	\$(204,508)
U.S. Treasury Note 30 yr (Short)	USD	46	6,887,063	September - 2012	(107,973)
					\$(312,481)

At May 31, 2012, the fund had liquid securities with an aggregate value of \$471,906 to cover any commitments for certain derivative contracts.

**See Notes to Financial Statements**

**Table of Contents***Financial Statements***STATEMENT OF ASSETS AND LIABILITIES**

At 5/31/12 (unaudited)

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

<b>Assets</b>	
Investments-	
Non-affiliated issuers, at value (identified cost, \$236,770,701)	\$253,985,123
Underlying affiliated funds, at cost and value	2,526,920
Total investments, at value (identified cost, \$239,297,621)	\$256,512,043
Cash	35
Receivables for	
Investments sold	1,215,874
Interest	4,109,459
Other assets	20,431
Total assets	\$261,857,842
<b>Liabilities</b>	
Payables for	
Distributions on preferred shares	\$1,161
Daily variation margin on open futures contracts	80,547
Investments purchased	465,000
Payable to affiliates	
Investment adviser	10,467
Transfer agent and dividend disbursing costs	1,004
Payable for independent Trustees' compensation	2,956
Accrued expenses and other liabilities	90,186
Total liabilities	\$651,321
<b>Preferred shares</b>	
Series T and Series W auction preferred shares (3,900 shares issued and outstanding at \$25,000 per share) at liquidation value	\$97,500,000
Net assets applicable to common shares	\$163,706,521
<b>Net assets consist of</b>	
Paid-in capital - common shares	\$217,504,568
Unrealized appreciation (depreciation) on investments	16,901,941
Accumulated net realized gain (loss) on investments	(71,670,069)
Undistributed net investment income	970,081
Net assets applicable to common shares	\$163,706,521
Preferred shares, at liquidation value (3,900 shares issued and outstanding at \$25,000 per share)	97,500,000
Net assets including preferred shares	\$261,206,521
Common shares of beneficial interest outstanding	31,461,421
Net asset value per common share (net assets of \$261,206,521 / 31,461,421 shares of beneficial interest outstanding)	\$8.30

**See Notes to Financial Statements**

**Table of Contents***Financial Statements***STATEMENT OF OPERATIONS**

Six months ended 5/31/12 (unaudited)

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

<b>Net investment income</b>	
Income	
Interest	\$7,243,675
Dividends from underlying affiliated funds	1,856
Total investment income	\$7,245,531
Expenses	
Management fee	\$960,317
Transfer agent and dividend disbursing costs	17,793
Administrative services fee	24,390
Independent Trustees' compensation	16,354
Stock exchange fee	14,001
Preferred shares service fee	51,976
Custodian fee	10,268
Shareholder communications	16,621
Audit and tax fees	38,231
Legal fees	2,226
Miscellaneous	24,293
Total expenses	\$1,176,470
Fees paid indirectly	(1,805)
Reduction of expenses by investment adviser	(23,678)
Net expenses	\$1,150,987
Net investment income	\$6,094,544
<b>Realized and unrealized gain (loss) on investments</b>	
Realized gain (loss) (identified cost basis)	
Investments	\$(1,233,468)
Futures contracts	(1,256,896)
Net realized gain (loss) on investments	\$(2,490,364)
Change in unrealized appreciation (depreciation)	
Investments	\$17,356,799
Futures contracts	(514,468)
Net unrealized gain (loss) on investments	\$16,842,331
Net realized and unrealized gain (loss) on investments	\$14,351,967
Distributions declared to preferred shareholders	\$(117,293)
Change in net assets from operations	\$20,329,218

**See Notes to Financial Statements**



**Table of Contents***Financial Statements***STATEMENTS OF CHANGES IN NET ASSETS**

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	<b>Six months ended 5/31/12 (unaudited)</b>	<b>Year ended 11/30/11</b>
<b>Change in net assets</b>		
<b>From operations</b>		
Net investment income	\$6,094,544	\$12,201,798
Net realized gain (loss) on investments	(2,490,364)	(6,080,731)
Net unrealized gain (loss) on investments	16,842,331	6,754,200
Distributions declared to preferred shareholders	(117,293)	(303,461)
Change in net assets from operations	\$20,329,218	\$12,571,806
<b>Distributions declared to common shareholders</b>		
From net investment income	\$(6,005,936)	\$(12,181,267)
Net asset value of shares issued to common shareholders in reinvestment of distributions	\$150,940	\$321,170
Total change in net assets	\$14,474,222	\$711,709
<b>Net assets applicable to common shares</b>		
At beginning of period	149,232,299	148,520,590
At end of period (including undistributed net investment income of \$970,081 and \$998,766, respectively)	\$163,706,521	\$149,232,299

**See Notes to Financial Statements**

**Table of Contents***Financial Statements***FINANCIAL HIGHLIGHTS**

The financial highlights table is intended to help you understand the fund's financial performance for the semiannual period and the past 5 fiscal years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

	Six months ended 5/31/12	2011	2010	Years ended 11/30 2009	2008	2007		
<b>(unaudited)</b>								
<b>Common Shares</b>								
Net asset value, beginning of period	\$4.75	\$4.74	\$4.68	\$3.94	\$6.00	\$6.73		
<b>Income (loss) from investment operations</b>								
Net investment income (d)	\$0.19	\$0.39	\$0.42	\$0.42	\$0.46	\$0.52(z)		
Net realized and unrealized gain (loss) on investments	0.45	0.02	0.04	0.70	(2.05)	(0.74)(z)		
Distributions declared to preferred shareholders	(0.00)(w)	(0.01)	(0.01)	(0.02)	(0.13)	(0.14)		
Total from investment operations	\$0.64	\$0.40	\$0.45	\$1.10	\$(1.72)	\$(0.36)		
<b>Less distributions declared to common shareholders</b>								
From net investment income	\$(0.19)	\$(0.39)	\$(0.39)	\$(0.36)	\$(0.34)	\$(0.37)		
Net asset value, end of period (x)	\$5.20	\$4.75	\$4.74	\$4.68	\$3.94	\$6.00		
Market value, end of period	\$5.58	\$5.03	\$5.00	\$4.75	\$3.40	\$6.00	Balance at December 31, 2011	\$ 800,250 19,469
2012 net income				624,143	624,143			
Cumulative preferred dividends				(99,271 )	(99,271 )			
Amortization of value of stock		107,882		107,882				

options

Exercise of  
employee  
stock options

47,272	18,200	18,200
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Balance at  
December

31, 2012	\$800,250	19,516,589	\$23,366,058	\$(11,787,098)	\$12,379,210
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2013 net  
income

91,097	91,097
--------	--------

Cumulative  
preferred  
dividends

(99,000 )	(99,000 )
-----------	-----------

Amortization  
of value  
of stock  
options

117,118	117,118
---------	---------

Redeemed  
preferred  
stock

(800,250)	(800,250 )
-----------	------------

Insurance  
cost of  
preferred  
stock

(24,750 )	(24,750 )
-----------	-----------

Exercise of  
employee  
stock options

68,500	39,975	39,975
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Balance at  
December

31, 2013	\$-	19,585,089	\$23,498,401	\$(11,795,001)	\$11,703,400
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2014 net  
income

1,590,196	1,590,196
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Cashless  
exercise of  
employee  
stock option

214,998
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Amortization  
of value of  
stock options

48,815	48,815
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Stock issued in exchange for payables	180,000	318,208		318,208
Exercise of employee stock options	115,000	105,230		105,230
Balance at December 31, 2014	\$-	20,095,087	\$23,970,654	\$(10,204,805) \$13,765,849

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows  
Noble Roman's, Inc. and Subsidiaries

	Year ended December 31,		
	2012	2013	2014
<b>OPERATING ACTIVITIES</b>			
Net income	\$624,143	\$91,097	\$1,590,196
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	192,012	174,241	128,265
Non-cash expense from reducing valuation of receivables	-	1,208,162	-
Deferred income taxes	753,457	568,406	1,007,526
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(195,553 )	(288,425 )	(419,166 )
Inventories	(122,392 )	123,018	(43,578 )
Prepaid expenses	(100,950 )	(92,397 )	4,344
Other assets including long-term portion of accounts receivable	147,902	(370,133 )	(1,861,460)
Increase in:			
Accounts payable and accrued expenses	205,946	308,093	263,622
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,504,565</b>	<b>1,722,062</b>	<b>669,749</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	(18,994 )	(11,958 )	(22,176 )
Assets held for resale	(7,027 )	-	-
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(26,021 )</b>	<b>(11,958 )</b>	<b>(22,176 )</b>
<b>FINANCING ACTIVITIES</b>			
Payment of cumulative preferred dividends	(99,271 )	(99,000 )	-
Payment of principal outstanding under prior bank loan	(3,575,000)	-	-
Payment of principal officer loan	(1,255,821)	-	-
Payment of principal outstanding on bank loan	(729,167 )	(1,244,375 )	(1,235,694)
Redemption of all preferred stock outstanding	-	(825,000 )	-
Payment of alternative minimum tax	(34,515 )	-	-
Proceeds from new bank loan net of closing costs	4,812,457	821,454	697,704
Proceeds from the exercise of stock options	18,200	39,975	105,230
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(863,117 )</b>	<b>(1,306,946)</b>	<b>(432,760 )</b>
<b>DISCONTINUED OPERATIONS</b>			
Payment of obligations from discontinued operations	(704,369 )	(389,725 )	(172,251 )
Increase (decrease) in cash	(88,942 )	13,433	42,562
Cash at beginning of year	233,296	144,354	157,787
Cash at end of year	\$144,354	\$157,787	\$200,349

Supplemental Schedule of Non-Cash Investing and Financing Activities:

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In 2012, an option to purchase 20,000 shares at \$.55 was exercised pursuant to the cashless exercise provision of the option and the holder received 7,272 shares of common stock.

In 2014, options to purchase 215,000 shares at \$.36, 20,000 shares at \$.83 and 40,000 shares at \$.95 were exercised pursuant to the cashless exercise provision of the options and the holders received a total of 214,998 shares of common stock.

In 2014, the Company issued 180,000 shares of common stock in exchange for \$318,000 in payables.

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements  
Noble Roman's, Inc. and Subsidiaries

Note I: Summary of Significant Accounting Policies

**Organization:** The Company sells and services franchises and/or licenses for non-traditional foodservice operations and stand-alone retail outlets under the trade names "Noble Roman's Pizza," "Tuscano's Italian Style Subs and" "Noble Roman's Take-N-Pizza". Unless the context otherwise indicates, reference to the "Company" are to Noble Roman's, Inc. and its wholly-owned subsidiaries.

**Principles of Consolidation:** The consolidated financial statements include the accounts of Noble Roman's, Inc. and its wholly-owned subsidiaries, Pizzaco, Inc. and N.R. Realty, Inc. Inter-company balances and transactions have been eliminated in consolidation.

**Inventories:** Inventories consist of food, beverage, restaurant supplies, restaurant equipment and marketing materials and are stated at the lower of cost (first-in, first-out) or market.

**Property and Equipment:** Equipment and leasehold improvements are stated at cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives ranging from five years to 12 years. Leasehold improvements are amortized over the shorter of estimated useful life or the term of the lease.

**Cash and Cash Equivalents:** Includes actual cash balance. The cash is not pledged nor are there any withdrawal restrictions.

**Advertising Costs:** The Company records advertising costs consistent with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Other Expense topic and Advertising Costs subtopic. This statement requires the Company to expense advertising production costs the first time the production material is used.

**Use of Estimates:** The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The Company records a valuation allowance in a sufficient amount to adjust the accounts receivables value, in its best judgment, to reflect the amount that the Company estimates will be collected from its total receivables. As any accounts are determined to be permanently impaired (bankruptcy, lack of contact, age of account balance, etc.), they are charged off against the valuation allowance. The Company evaluates its property and equipment and related costs periodically to assess whether any impairment indications are present, including recurring operating losses and significant adverse changes in legal factors or business climate that affect the recovery of recorded value. If any impairment of an individual asset is evident, a loss would be provided to reduce the carrying value to its estimated fair value.

**Intangible Assets:** Debt issue costs are amortized to interest expense ratably over the term of the applicable debt. The debt issue cost being amortized is \$162,833 with accumulated amortization at December 31, 2014 of \$93,707.

**Royalties, Administrative and Franchise Fees:** Royalties are generally recognized as income monthly based on a percentage of monthly sales of franchised or licensed restaurants and from audits and other inspections as they come due and payable by the franchisee. Fees from the retail products in grocery stores are recognized monthly based on the distributors' sale of those retail products to the grocery stores or grocery store distributors. Administrative fees are recognized as income monthly as earned. Initial franchise fees are recognized as income when the services for the franchised restaurant are substantially completed.





Exit or Disposal Activities Related to Discontinued Operations: The Company records exit or disposal activity for discontinued operations when management commits to an exit or disposal plan and includes those charges under results of discontinued operations, as required by the ASC “Exit or Disposal Cost Obligations” topic.

Income Taxes: The Company provides for current and deferred income tax liabilities and assets utilizing an asset and liability approach along with a valuation allowance as appropriate. The Company concluded that no valuation allowance was necessary because it is more likely than not that the Company will earn sufficient income before the expiration of its net operating loss carry-forwards to fully realize the value of the recorded deferred tax asset. As of December 31, 2014, the net operating loss carry-forward was approximately \$22.6 million which expires between the years 2018 and 2033. Management made the determination that no valuation allowance was necessary after reviewing the Company’s business plans, relevant known facts to date, recent trends, current performance and analysis of the backlog of franchises sold but not yet open.

U.S. generally accepted accounting principles require the Company to examine its tax positions for uncertain positions. Management is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities. The Company’s policy is to recognize penalties and interest as incurred in its Consolidated Statements of Operations. None were included for the years ended December 31, 2012, 2013 and 2014. The Company’s federal and various state income tax returns for 2011 through 2014 are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

Basic and Diluted Net Income Per Share: Net income per share is based on the weighted average number of common shares outstanding during the respective year. When dilutive, stock options and warrants are included as share equivalents using the treasury stock method.

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2012:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income	\$ 624,143		
Less preferred stock dividends	(99,271 )		
Earnings per share – basic	524,872	19,497,638	\$ .03
Income available to common stockholders			
Effect of dilutive securities			
Options	-	213,606	
Convertible preferred stock	99,271	366,666	
Diluted earnings per share			
Income available to common stockholders and assumed conversions	\$ 624,143	20,077,910	\$ .03

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2013:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income	\$ 91,097		
Less preferred stock dividends	(99,000 )		
Earnings per share – basic	(7,903 )	19,533,201	\$-
Loss available to common stockholders			
Effect of dilutive securities			
Options	-	939,707	
Convertible preferred stock	99,000	-	
Diluted earnings per share			
Income available to common stockholders and assumed conversions	\$ 91,097	20,472,908	\$.01

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2014:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Earnings per share – basic			
Net income	1,590,196	19,870,904	\$.08
Effect of dilutive securities			
Options	-	1,333,535	
Diluted earnings per share			
Net income	\$ 1,590,196	21,204,439	\$.07

Subsequent Events: The Company evaluated subsequent events through the date the consolidated statements were issued and filed with Form 10-K. No subsequent event required recognition or disclosure.

#### Note 2: Accounts Receivable

At December 31, 2013 and 2014, the carrying value of the Company's accounts receivable has been reduced to anticipated realizable value. As a result of this reduction of carrying value, the Company anticipates that substantially all of its net receivables reflected on the Consolidated Balance Sheets as of December 31, 2013 and 2014 will be collected. The allowance to reduce the receivables to anticipated net realizable value at December 31, 2014 was \$2.25 million.

In 2012, the Company dismissed its counterclaims against certain plaintiffs in the lawsuit related to the operations discontinued in 2008 and reduced the net realizable value by \$500,000 related to the Company's counterclaims against the plaintiffs in the lawsuit referenced above. In 2013, based on a judgment that was entered on February 13, 2014 in the lawsuit, the Company reduced the carrying value of the receivables subject to the counterclaims by \$1.1 million. Since the right to receive passive income in the form of royalties is not a part of the discontinued operations,

the adjustments to reflect these two charges were made to continuing operations.

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Note 3: Notes Payable

In May 15, 2012, the Company entered into a Credit Agreement with BMO Harris Bank, N.A. (the "Bank") for a term loan in the amount of \$5.0 million which was repayable in 48 equal monthly principal installments of approximately \$104,000 plus interest with a final payment due in May, 2016. Interest on the unpaid principal balance is payable at a rate per annum of LIBOR plus 4%. The proceeds from the term loan, net of certain fees and expenses associated with obtaining the term loan, were used to repay then-existing bank indebtedness and borrowing from an officer of the Company. In October, 2013, the Company entered into a First Amendment to the Credit Agreement (the "First Amendment") with the Bank. The First Amendment maintains the terms of the term loan, as described above, except for reducing the monthly principal payments from \$104,000 to approximately \$80,700 and extending the maturity to February, 2017. All other terms and conditions of the term loan remain the same including interest on the unpaid principal at a rate per annum of LIBOR plus 4%. The First Amendment also provided for a new term loan in the original amount of \$825,000 requiring monthly principal payments of approximately \$20,600 per month commencing in November, 2013 and continuing thereafter until the final payment in February, 2017. The term loan provides for interest on the unpaid principal balance to be paid monthly at a rate per annum of LIBOR plus 6.08%. Proceeds from term loan were used to redeem the Series B Preferred Stock. In October, 2014, the Company entered into a Second Amendment to its Credit Agreement (the "Second Amendment") with the Bank. Pursuant to the Second Amendment, the Company borrowed \$700,000 in the form of a term loan repayable in 36 equal monthly installments of principal in the amount of \$19,444 plus interest on the unpaid balance of LIBOR plus 6% per annum. The terms and conditions of the Credit Agreement were otherwise unchanged. The Company used the proceeds from the loan for additional working capital, as a result of the recent growth in the grocery store take-n-bake venue. Interest paid on the term loans in 2014 was \$156,468. The Company's obligations under the term loans are secured by the grant of a security interest in essentially all assets of the Company and a personal guaranty of an officer of up to \$2.78 million of the loans and certain restrictions apply to the Company such as a prohibition on the payment of dividends on common stock, as set forth in the Credit Agreement.

Note 4: Royalties and Fees

Approximately \$294,000, \$788,000 and \$313,000 are included in the 2012, 2013 and 2014, respectively, royalties and fees in the Consolidated Statements of Operations for initial franchise fees. Also included in royalties and fees were approximately \$81,000, \$95,000 and \$80,000 in 2012, 2013 and 2014, respectively, for equipment commissions. Most of the cost for the services required to be performed by the Company are incurred prior to the franchise fee income being recorded which is based on contractual liability for the franchisee. For the most part, the Company's ongoing royalty income is paid electronically by the Company initiating a draft on the franchisee's account by electronic withdrawal.

In conjunction with the development of Noble Roman's Pizza and Tuscano's Italian Style Subs, the Company has devised its own recipes for many of the ingredients that go into the making of its products ("Proprietary Products"). The Company contracts with various manufacturers to manufacture its Proprietary Products in accordance with the Company's recipes and formulas and to sell those products to authorized distributors at a contract price which includes an allowance for use of the Company's recipes. The manufacturing contracts also require the manufacturers to remit those allowances to the Company on a periodic basis, usually monthly. The Company recognizes those allowances in revenue as earned based on sales reports from the distributors.

There were 2,029 franchised or licensed outlets in operation on December 31, 2013 and 2,215 on December 31, 2014. During the 12-month period ended December 31, 2014, there were 242 new franchised or licensed outlets opened and 56 franchised or licensed outlets left the system. Grocery stores are accustomed to adding products for a period of time, removing them for a period of time and possibly reoffering them. Therefore, it is unknown of the 1,409 included in the December 31, 2014 count, how many grocery store licenses were actually operating.

#### Note 5: Contingent Liabilities for Leased Facilities

The Company leased its former restaurant facilities under non-cancelable lease agreements which generally had initial terms ranging from five to 20 years with extended renewal terms. These leases have been terminated or assigned to franchisees who operate them pursuant to a Noble Roman's, Inc. Franchise Agreement. The assignment passes all liability for future lease payments to the assignees, however, the Company remains contingently liable on two of the leases to the landlords in the event of default by the assignees. The leases generally required the Company or its assignees to pay all real estate taxes, insurance and maintenance costs. At December 31, 2014, contingent obligations under non-cancelable operating leases for 2015, 2016 and 2017, were approximately \$71,343, \$24,675 and none, respectively.

The Company has future obligations of \$202,785 under current operating leases as follows: due in less than one year \$143,770 and due in one to three years \$59,014.

#### Note 6: Income Taxes

The Company had a deferred tax asset, as a result of prior operating losses, of \$10.58 million at December 31, 2013 and \$9.57 million at December 31, 2014, which expires between the years 2018 and 2033. In 2012, 2013 and 2014, the Company used deferred benefits to offset its tax expense of \$753,000, \$568,000 and \$1.1 million, respectively, and tax benefits from loss on discontinued operations of \$344,000 in 2012, \$512,000 in 2013 and \$97,000 in 2014. As a result of the tax credits, the Company did not pay any income taxes in 2012, 2013 and 2014. There are no material differences between reported income tax expense or benefit and the income tax expense or benefit that would result from applying the Federal and state statutory tax rates.

#### Note 7: Common Stock

On January 13, 2014, employees exercised options for a total of 215,000 shares of common stock at a price \$.36, 20,000 shares of common stock at a price of \$.83 and 40,000 shares of common stock at a price of \$.95 in a cashless exercises and were issued a total of 214,998 shares of common stock. On February 27, 2014, an employee exercised an option for 1,000 shares of common stock at a price of \$.83 per share. On September 11, 2014, an employee exercised an option for 50,000 shares of common stock at a price of \$.95 per share and an option for 30,000 shares of common stock at a price of \$.90 per share. On October 20, 2014, an employee exercised an option for 4,000 shares of common stock at a price of \$.90 per share. On October 29, 2014, an employee exercised an option for 10,000 shares of common stock at a price of \$.83 per share. On December 1, 2014, an employee exercised an option for 20,000 shares of common stock at a price of \$.90 per share. On four different dates in 2014, the Company issued a total of 180,000 shares of common stock as payment of certain payables at an average issuance price of \$1.77 per share.

The Company has an incentive stock option plan for key employees, officers and directors. The options are generally exercisable three years after the date of grant and expire ten years after the date of grant. The option prices are the fair market value of the stock at the date of grant. At December 31, 2014, the Company had the following employee stock options outstanding:

# Common Shares Represented	Exercise Price
57,500	\$ 2.30
120,000	.36
325,000	.95
1,800,000	1.05
101,000	.90
351,000	.58
40,000	.68
270,500	1.30
330,000	1.55
40,000	1.65

As of December 31, 2014, options for 2,403,500 shares were exercisable.

The Company adopted the modified prospective method to account for stock option grants, which does not require restatement of prior periods. Under the modified prospective method, the Company is required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption, net of an estimate of expected forfeitures. Compensation expense is based on the estimated fair values of stock options determined on the date of grant and is recognized over the related vesting period, net of an estimate of expected forfeitures.

The Company estimates the fair value of its option awards on the date of grant using the Black-Scholes option pricing model. The risk-free interest rate is based on external data while all other assumptions are determined based on the Company's historical experience with stock options. The following assumptions were used for grants in 2012, 2013 and 2014:

Expected volatility	30%
Expected dividend yield	None
Expected term (in years)	5
Risk-free interest rate	1.62% to 2.64%

The following table sets forth the number of options outstanding as of December 31, 2011, 2012, 2013 and 2014 and the number of options granted, exercised or forfeited during the years ended December 31, 2012, December 31, 2013 and December 31, 2014:

Balance of employee stock options outstanding as of 12/31/11	3,000,500
Stock options granted during the year ended 12/31/12	401,000
Stock options exercised during the year ended 12/31/12	(60,000 )

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Stock options forfeited during the year ended 12/31/12	(75,000 )
Balance of employee stock options outstanding as of 12/31/12	3,266,500
Stock options granted during the year ended 12/31/13	273,000
Stock options exercised during the year ended 12/31/13	68,500
Stock options forfeited during the year ended 12/31/13	13,500
Balance of employee stock options outstanding as of 12/31/13	3,457,500
Stock options granted during the year ended 12/31/14	370,000
Stock options exercised during the year ended 12/31/14	(390,000 )
Stock options forfeited during the year ended 12/31/14	(2,500 )
Balance of employee stock options outstanding as of 12/31/14	3,435,000

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The following table sets forth the number of non-vested options outstanding as of December 31, 2011, 2012, 2013 and 2014, and the number of stock options granted, vested and forfeited during the years ended December 31, 2012, 2013 and 2014.

Balance of employee non-vested stock options outstanding as of 12/31/11	2,461,000
Stock options granted during the year ended 12/31/12	401,000
Stock options vested during the year ended 12/31/12	(600,000 )
Stock options forfeited during the year ended 12/31/12	(75,000 )
Balance of employee non-vested stock options outstanding as of 12/31/12	2,187,000
Stock options granted during the year ended 12/31/13	273,000
Stock options vested during the year ended 12/31/13	(1,031,000)
Stock options forfeited during the year ended 12/31/13	(12,500 )
Balance of employee non-vested stock options outstanding as of 12/31/13	1,416,500
Stock options granted during the year ended 12/31/14	370,000
Stock options vested during the year ended 12/31/14	(755,000 )
Stock options forfeited during the year ended 12/31/14	-
Balance of employee non-vested stock options outstanding as of 12/31/14	1,031,500

During 2014, employee stock options were granted for 370,000 shares, options for 390,000 shares were exercised and options for 2,500 shares were forfeited. At December 31, 2014, the weighted average grant date fair value of non-vested options was \$1.12 per share and the weighted average grant date fair value of vested options was \$1.03 per share. The weighted average grant date fair value of employee stock options granted during 2012 was \$.59, during 2013 was \$1.30 and during 2014 was \$1.56. Total compensation cost recognized for share-based payment arrangements was \$107,882 with a tax benefit of \$42,732 in 2012, \$117,118 with a tax benefit of \$46,390 in 2013, and \$48,815 with a tax benefit of \$18,935 in 2014. As of December 31, 2014, total compensation cost related to non-vested options was \$122,000, which will be recognized as compensation cost over the next six to 30 months. No cash was used to settle equity instruments under share-based payment arrangements.

#### Note 8: Statements of Financial Accounting Standards

The Company does not believe that the recently issued Statements of Financial Accounting Standards will have any material impact on the Company's Consolidated Statements of Operations or its Consolidated Balance Sheets.

#### Note 9: Loss from Discontinued Operations

The Company made the decision in 1999 to discontinue operations of its full-service restaurants and made the decision in late 2008 to discontinue the business of operating traditional quick service restaurants, which had been acquired from struggling franchisees and later sold to new franchisees. As a result, the Company charged off or dramatically lowered the carrying value of all receivables related to the traditional restaurants and accrued future estimated expenses related to the estimated cost to prosecute a lawsuit related to those discontinued operations. The ongoing right to receive passive income in the form of royalties is not a part of the discontinued segment.



A full-service restaurant that was closed in conjunction with the business activity discontinued in 1999 was sublet to an unrelated party. In late 2008, the Company lost that sub-tenant and the building was severely damaged by a tornado. As a result, the Company incurred additional cost related to the 1999 discontinued operations as well as the ones that were discontinued in 2008.

The Company reported a net loss from discontinued operations of \$525,000 in 2012. This consisted of \$110,000 in legal and other costs relating to the restaurant that was closed in conjunction with the business activity discontinued in 1999 discussed above. The primary reason for this additional loss was the insurance company's denial of all except a small portion of the Company's claim for damages from the tornado. In addition, the Company accrued an additional loss of \$415,000 for legal and other costs of a lawsuit related to the operations discontinued in 2008.

The Company reported a net loss on discontinued operations of \$780,000 in 2013. This consisted of \$178,000 in legal and settlement costs through the expiration of the lease relating to the restaurant that was closed in conjunction with the business activity discontinued in 1999 discussed above. In addition, the Company incurred \$147,000 for legal and other costs of its lawsuit related to the operations discontinued in 2008, and wrote off \$257,000 in receivables of which \$123,000 were from various distributors and \$199,000 in obsolete support materials and other costs, all related to the operations discontinued in 2008.

The Company reported a net loss on discontinued operations of \$154,000 in 2014. This consisted of \$9,600 in legal and settlement costs through the expiration of the lease relating to the restaurant that was closed in conjunction with the business activity discontinued in 1999 discussed above. In addition, the Company incurred \$139,600 for legal and other costs related to the operations discontinued in 2008, and wrote off \$4,300 in receivables related to the operations discontinued in 2008.

#### Note 10: Contingencies

The Company, from time to time, is or may become involved in various litigation or regulatory proceedings arising out of its normal business operations.

Currently, there are no such pending proceedings which the Company considers to be material.

#### Note 11: Certain Relationships and Related Transactions

The following is a summary of transactions to which the Company and certain officers and directors of the Company are a party or have a financial interest. The Board of Directors of the Company has adopted a policy that all transactions between the Company and its officers, directors, principal shareholders and other affiliates must be approved by a majority of the Company's disinterested directors, and be conducted on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

Jeffrey R. Gaither, a Director, is Managing Partner of Bose McKinney & Evans, LLP, a law firm that performs legal services for the Company. The Company paid Bose McKinney for services rendered in the approximate amount of \$382,000, \$200,000 and \$320,000 in 2012, 2013 and 2014, respectively.

## Note 12: Unaudited Quarterly Financial Information

2014	Quarter Ended			
	December 31	September 30	June 30	March 31
	(in thousands, except per share data)			
Total revenue	\$ 1,807	\$ 2,107	\$ 2,089	\$ 1,912
Operating income	550	857	855	777
Net income before income taxes from continuing operations	501	813	808	727
Net income from continuing operations	303	499	503	439
Loss from discontinued operations	154	-	-	-
Net income	149	499	503	439
Net income from continuing operations per common share				
Basic	.02	.03	.03	.02
Diluted	.01	.02	.02	.02
Net income per common share				
Basic	.01	.03	.03	.02
Diluted	.01	.02	.02	.02

2013	Quarter Ended			
	December 31	September 30	June 30	March 31
	(in thousands, except per share data)			
Total revenue	\$ 1,717	\$ 1,933	\$ 1,987	\$ 1,891
Operating income	547	752	805	746
Net income (loss) before income taxes from continuing operations	(712 )	705	754	693
Net income (loss) from continuing operations	(430 )	427	456	418
Loss from discontinued operations	780	-	-	-
Net income (loss)	(1,210 )	427	456	418
Net income (loss) from continuing operations per common share				
Basic	(.02 )	.02	.02	.02
Diluted	(.02 )	.02	.02	.02
Net income (loss) per common share				
Basic	(.06 )	.02	.02	.02
Diluted	(.06 )	.02	.02	.02

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of  
NOBLE ROMAN'S, INC. AND SUBSIDIARIES  
Indianapolis, Indiana

We have audited the accompanying consolidated balance sheets of NOBLE ROMAN'S, INC. AND SUBSIDIARIES, as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NOBLE ROMAN'S, INC. AND SUBSIDIARIES, as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ Somerset CPA's, P.C.

Indianapolis, Indiana  
March 12, 2015

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States generally accepted accounting principles ("GAAP") and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of applicable limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Public Company Accounting Oversight Board's Auditing Standard No. 5 defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A deficiency in internal control over reporting 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 misstatements on a timely basis.

Our management, including Paul W. Mobley, the Company's Executive Chairman of the Board and Chief Financial Officer and A. Scott Mobley, the Company's President and Chief Executive Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014. Our management has concluded that the Company's internal controls over financial reporting are effective.

There have been no changes in internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In May 2013, the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") released an updated version of its Internal Control - Integrated Framework ("2013 Framework"), Initially issued in 1992, the original framework ("1992 Framework") provided guidance to organizations to design, implement and evaluate the effectiveness of internal control concepts and simplify their use and application. The 2013 Framework is intended to improve upon systems of internal control over external financial reporting by formalizing the principles embedded in the 1992 Framework, incorporating business and operating environment changes and increasing the framework ease of use and application. The 1992 Framework remained available until December 15, 2014, after which it was superseded by the 2013 Framework. As of December 31, 2014, the Company transitioned to the 2013 Framework. The Company did not experience significant changes to its internal control over financial reporting as a result from the transition to the 2013 Framework.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

#### Management's Evaluation of Disclosure Controls and Procedures

Based on their evaluation, as of the end of the period covered by this report, Paul W. Mobley, the Company's Executive Chairman of the Board and Chief Financial Officer and A.Scott Mobley, the company's President and Chief Executive Officer, have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective.

#### ITEM 9B. OTHER INFORMATION

None.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE

Information concerning this item is included under captions "Election of Directors", "Section 16(a) Beneficial Ownership Reporting Compliance," and "Corporate Governance" in our Proxy Statement for our 2015 Annual Meeting of Shareholders (the "2015 Proxy Statement") and is incorporated herein by reference.

#### ITEM 11. EXECUTIVE COMPENSATION

Information concerning this item is included under the captions "Executive Compensation", "Director Compensation" and "Compensation Committee Interlocks and Insider Participation" in the 2015 Proxy Statement and is incorporated herein by reference.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning this item is included in Item 5 of this report under the caption “Equity Compensation Plan Information” and under the caption “Security Ownership of Certain Beneficial Owners and Management” in the 2015 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information concerning this item is included under the caption “Corporate Governance” in the 2015 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information concerning this item is included under the caption “Independent Auditors’ Fees” in the 2015 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of Noble Roman's, Inc. and Subsidiaries are included in Item 8:

Consolidated Balance Sheets - December 31, 2013 and 2014	Page 25
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Consolidated Statements of Operations - years ended December 31, 2012, 2013 and 2014	26
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Consolidated Statements of Changes in Stockholders' Equity - years ended December 31, 2012, 2013 and 2014	27
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Consolidated Statements of Cash Flows - years ended December 31, 2012, 2013 and 2014	28
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Notes to Consolidated Financial Statements	29
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Report of Independent Registered Accounting Firm. – Somerset CPAs, P.C.	38
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## Exhibits

Exhibit Number	Description
3.1	Amended Articles of Incorporation of the Registrant, filed as an exhibit to the Registrant's Amendment No. 1 to the Post Effective Amendment No. 2 to Registration Statement on Form S-1 filed July 1, 1985 (SEC File No.2-84150), is incorporated herein by reference.
3.2	Amended and Restated By-Laws of the Registrant, as currently in effect, filed as an exhibit to the Registrant's Form 8-K filed December 23, 2009, is incorporated herein by reference.
3.3	Articles of Amendment of the Articles of Incorporation of the Registrant effective February 18, 1992 filed as an exhibit to the Registrant's Registration Statement on Form SB-2 (SEC File No. 33-66850), ordered effective on October 26, 1993, is incorporated herein by reference.
3.4	Articles of Amendment of the Articles of Incorporation of the Registrant effective May 11, 2000, filed as Annex A and Annex B to the Registrant's Proxy Statement on Schedule 14A filed March 28, 2000, is incorporated herein by reference.
3.5	Articles of Amendment of the Articles of Incorporation of the Registrant effective April 16, 2001 filed as Exhibit 3.4 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
3.6	Articles of Amendment of the Articles of Incorporation of the Registrant effective August 23, 2005, filed as Exhibit 3.1 to the Registrant's current report on Form 8-K filed August 29, 2005, is incorporated herein by reference.
4.1	Specimen Common Stock Certificates filed as an exhibit to the Registrant's Registration Statement on Form S-18 filed October 22, 1982 and ordered effective on December 14, 1982 (SEC File No. 2-79963C), is incorporated herein by reference.
10.1	Employment Agreement with Paul W. Mobley dated January 2, 1999 filed as Exhibit 10.1 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
10.2	Employment Agreement with A. Scott Mobley dated January 2, 1999 filed as Exhibit 10.2 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
10.3	Credit Agreement with BMO Harris Bank, N.A., dated May 25, 2012, filed as Exhibit 10.17 to the Registrant's quarterly report on Form 10-Q filed on August 13, 2012, is incorporated herein by reference.
10.4	First Amendment to Credit Agreement with BMO Harris Bank, N.A. dated October 31, 2013, filed as Exhibit 10.4 to the Registrant's annual report on Form 10-K for the year ended December 31, 2013, is incorporated herein by reference.
10.5	Promissory Note (Term Loan) with BMO Harris Bank, N.A. dated October 31, 2013, filed as Exhibit 10.5 to the Registrant's annual report on Form 10-K for the year ended December 31, 2013 is incorporated herein by reference.
10.6	Promissory Note (Term Loan II) with BMO Harris Bank, N.A. dated October 31, 2013, filed as Exhibit 10.6 to the Registrant's annual report on Form 10-K for the year ended December 31, 2013 is incorporated herein by reference.
10.7	Second Amendment to Credit Agreement with BMO Harris Bank, N.A. dated October 15, 2014, filed herewith.
10.8	Promissory Note with BMO Harris Bank, N.A. dated October 15, 2014, filed herewith.



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21.1	Subsidiaries of the Registrant filed in the Registrant's Registration Statement on Form SB-2 (SEC File No. 33-66850) ordered effective on October 26, 1993, is incorporated herein by reference.
31.1	C.E.O. Certification under Rule 13a-14(a)/15d-14(a)
31.2	C.F.O. Certification under Rule 13a-14(a)/15d-14(a)
32.1	C.E.O. Certification under Section 1350
32.2	C.F.O. Certification under Section 1350
101	Interactive Financial Data

SIGNATURES

In accordance with of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOBLE ROMAN'S, INC.

March 12, 2015

By: /s/ A. Scott Mobley  
A. Scott Mobley  
President and Chief Executive  
Officer

March 12, 2015

By: /s/ Paul W. Mobley  
Paul W. Mobley  
Executive Chairman, Chief Financial  
Officer and Principal Accounting Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 12, 2015

/s/ Paul W. Mobley  
Paul W. Mobley  
Executive Chairman of the Board, Chief  
Financial Officer and Director

March 12, 2015

/s/ A. Scott Mobley  
A. Scott Mobley  
President, Chief Executive Officer and  
Director

March 12, 2015

/s/ Douglas H. Coape-Arnold  
Douglas H. Coape-Arnold  
Director

March 12, 2015

/s/ Jeffrey R. Gaither  
Jeffrey R. Gaither  
Director