
New Mexico Finance Authority
(A Component Unit of the State of New Mexico)

*Financial Statements, Supplemental Information,
Independent Auditor's Report and Single Audit
June 30, 2016 and 2015*



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New Mexico Finance Authority

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New Mexico Finance Authority

Official Roster

Year Ended June 30, 2016

Governing Board

John E. McDermott, Chair
William Fulginiti, Vice Chair
David Martin, Secretary
Katherine Ulibarri, Treasurer
Steve Kopelman, Member
Ryan Flynn, Member
Dorothy “Duffy” Rodriguez, Member
Jon Barela, Member
Blake Curtis, Member
Terry White, Member

Chief Executive Officer

Robert P. Coalter

Chief Financial Officer

Vacant

Independent Auditor's Report

Governing Board
New Mexico Finance Authority
and
Mr. Timothy Keller
New Mexico Office of the State Auditor
Santa Fe, NM

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Finance Authority (the "Authority"), a component unit of the State of New Mexico, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal regulations (CFR) Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The vendor schedule listed in the table of contents as other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "REDW LLC". The signature is stylized, with the "R" being particularly large and the "LLC" written in a cursive-like font.

Albuquerque, New Mexico
November 16, 2016

New Mexico Finance Authority

Management's Discussion and Analysis

June 30, 2016 and 2015

Overview of the Financial Statements

The financial statements of New Mexico Finance Authority (the "Authority") have been prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's basic financial statements are comprised of the following:

- ♦ The *Statement of Net Position* presents information on the assets and liabilities of the Authority, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position serve as a useful indicator of whether financial position is improving or deteriorating.
- ♦ The *Statement of Revenues, Expenses and Changes in Net Position* present information reflecting changes in the net position of the Authority during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.
- ♦ The *Statement of Cash Flows* reports the cash flows from operating activities, noncapital financing activities, capital and related financing activities and investing activities, and the resulting change in cash and cash equivalents during the fiscal year.

The accompanying notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following the financial statements.

Financial Highlights

- ♦ The Authority's overall financial position improved slightly from June 30, 2015 to June 30, 2016. The key indicator is total net position which increased by \$5.6 million or 1.1%.
- ♦ Unrestricted cash decreased \$6.2 million or 28.7%. Restricted cash increased by \$21.8 million or 19.2%. Restricted investments increased by \$52.0 million or 18.6%.
- ♦ The total assets of NMFA increased by \$136.5 million or 8.0% as compared against the prior fiscal year. Various reasons account for the increase in assets, which are discussed by management below. The most significant were additional PPRF loan closings and cash generated from additional bonds issuances.
- ♦ Loans receivable increased by \$82.9 million or 7.0% from previous year.
- ♦ Intergovernmental receivables decreased by \$16.0 million or 15.1%, primarily as a result of debt payments received in fiscal year 2016.
- ♦ Bonds payable increased by \$57.5 million or 5.4% in 2016, the result of issuing of \$241.7 million in new bonds, principal payments on outstanding bonds of \$168.5 million, and amortization of bond premium of \$15.7 million.
- ♦ Undisbursed loan proceeds increased by \$63.7 million or 88.5% during fiscal year 2016 due to the timing of a bond issuance at the end of the fiscal year.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

- ♦ Appropriation revenue decreased by \$4.0 million in fiscal year 2016, representing a decrease of 10.8% from fiscal year 2015. The reduction resulted from lower metro court and health sciences appropriations.
- ♦ The Authority experienced a \$3.9 million or 120.5% increase in administrative and processing fees revenue from \$3.2 million in 2015 to \$7.0 million in 2016. This increase is mainly a result of an exit fee received by Finance New Mexico of \$3.4 million in FY 2016.
- ♦ Expenses increased 15.8% from \$108.7 million in 2015 to \$125.9 million in 2016, representing an increase of \$17.2 million. Bond interest expense increased by \$8.0 million or 21.1% mostly to additional bonds outstanding. Loan refinancing pass-through expense increased by \$12.5 million due to a greater amount of refinanced loans with associated bond premiums passed through to the borrower.
- ♦ Grant revenue and corresponding activity decreased 11.6% or \$7.4 million as the Authority experienced decreased grant activity within the Colonias and Drinking Water programs during the year. This includes federal grant revenues and transfers from the State of New Mexico.
- ♦ Reversions and transfers increased 319.5% or \$14.6 million as the Authority transferred \$10.5 million to the New Mexico Economic Development Department for projects pursuant to the Local Economic Development Act. Additionally, the Authority transferred \$5.0 million to the New Mexico Economic Development Department of the existing award of \$13.2 million from United States Treasury State Small Business Credit Initiative Program.

Statement of Net Position

The following presents condensed, combined statements of net position as of June 30, 2016, 2015, and 2014. The table also includes the dollar and percentage change from June 30, 2015 to June 30, 2016.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Assets					
Cash and equivalents					
Unrestricted	\$ 15,433,532	\$ 21,656,317	\$ (6,222,785)	-28.7%	\$ 19,792,613
Restricted	135,135,587	113,366,876	21,768,711	19.2%	112,880,142
Investments – restricted	332,151,402	280,161,230	51,990,172	18.6%	183,692,467
Loans receivable, net of allowance	1,261,656,387	1,178,795,528	82,860,859	7.0%	1,179,166,365
Intergovernmental receivables	90,088,299	106,092,483	(16,004,184)	-15.1%	118,148,921
Other receivables	9,586,224	7,798,937	1,787,287	22.9%	10,258,000
Capital assets	278,916	4,867	274,049	5630.8%	104,378
Other assets	19,500	19,500	-	0.0%	19,500
Total assets	1,844,349,847	1,707,895,738	136,454,109	8.0%	1,624,062,386
Deferred Outflows of Resources					
Deferred loss on refunding	823,233	184,242	638,991	346.8%	1,191,181
Total deferred outflows of resources	823,233	184,242	638,991	346.8%	1,191,181
Liabilities					
Bonds payable, net	1,114,448,718	1,056,903,674	57,545,044	5.4%	1,048,141,351
Undisbursed loan proceeds	135,624,986	71,940,001	63,684,985	88.5%	28,744,630
Advanced loan payments	83,008,008	74,332,049	8,675,959	11.7%	72,189,707
Accounts payable, accrued payroll and compensated absences	815,948	643,540	172,408	26.8%	657,934
Line of credit	-	-	-	-100.0%	12,006,298
Other liabilities	4,057,878	4,254,194	(196,316)	-4.6%	4,200,346
Total liabilities	1,337,955,538	1,208,073,458	129,882,080	10.8%	1,165,940,266
Deferred Inflows of Resources					
Deferred gain on refunding	1,575,177	-	1,575,177	100.0%	-
Total deferred inflows of resources	1,575,177	-	1,575,177	100.0%	-
Net Position					
Invested in capital assets	278,916	4,867	274,049	5630.8%	104,378
Restricted for program commitments	495,576,466	483,282,743	12,293,723	2.5%	445,061,112
Unrestricted	9,786,983	16,718,912	(6,931,929)	-41.5%	14,147,811
Total net position	\$ 505,642,365	\$ 500,006,522	\$ 5,635,843	1.1%	\$ 459,313,301

Assets

During FY 2016, Loans receivable increased by \$82.9 million or 7.0%. New loans made during the year totaled \$199.1 million while loan payments received were \$116.3 million.

It should be noted that the Statement of Net Position reflects the implementation of GASB 72, which increased investments reported as of June 30, 2016 by \$1.3 million. See Note 3 in the notes to the financial statements for more information regarding the disclosures of investments.

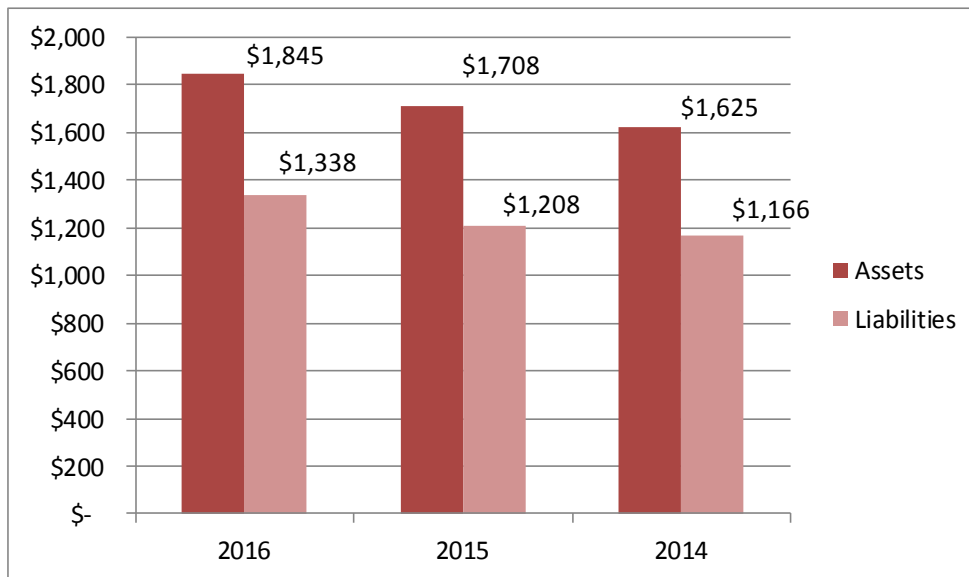
New Mexico Finance Authority Management's Discussion and Analysis June 30, 2016 and 2015

Total cash and investments increased 16.3% from \$415.2 million in 2015 to \$482.7 million in fiscal year 2016 due primarily to timing of a bond closing at the end of the fiscal year.

Liabilities

During FY 2016, bonds payable increased by \$57.5 million resulting from the issuance of \$241.7 million in new bonds, principal payments and defeasances on outstanding bonds of \$168.5 million, and amortization of bond premium of \$15.7 million. Undisbursed loan proceeds increased by \$63.7 million in FY2016 due to a bond issuance occurring close to the fiscal year end. Advanced loan payments experienced an \$8.7 million or 11.7% increase from fiscal year 2015.

The following chart indicates the ratio of assets to liabilities (in millions):



New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

Statement of Revenue, Expenses and Changes in Net Position

The following table presents the condensed combined statement of revenue, expenses and changes in net position for 2016, 2015, and 2014 fiscal years. The table includes the net change in amount and percentages from the 2015 to 2016 fiscal year.

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Operating Revenues					
Administrative and processing fees	\$ 7,049,654	\$ 3,197,684	\$ 3,851,970	>100%	\$ 3,589,843
Interest on loans	51,736,376	48,645,757	3,090,619	6.4%	48,723,703
Interest on investments	<u>2,195,762</u>	<u>925,910</u>	<u>1,269,852</u>	<u>>100%</u>	<u>488,741</u>
Total operating revenues	<u>60,981,792</u>	<u>52,769,351</u>	<u>8,212,441</u>	<u>15.6%</u>	<u>52,802,287</u>
Expenses					
Grants to others	47,888,370	54,240,349	(6,351,979)	-11.7%	50,824,441
Bond interest expense	45,756,067	37,761,525	7,994,542	21.2%	51,356,270
Loan refinancing pass-through	21,455,228	8,945,997	12,509,231	139.8%	2,962,977
Salaries and benefits	4,515,210	4,361,363	153,847	3.5%	4,284,392
Other operating costs	2,466,954	1,632,550	834,404	51.1%	1,757,243
Professional services	2,389,037	2,146,157	242,880	11.3%	2,189,377
Bond issuance costs	1,018,535	1,243,632	(225,097)	-18.1%	674,398
Interest expense	296,138	489,859	(193,721)	-39.5%	298,359
Administrative fees	87,289	134,365	(47,076)	-35.0%	189,383
Provision for loan losses	2,241	(2,370,845)	2,373,086	-100.1%	(822,108)
Depreciation expense	<u>2,193</u>	<u>102,187</u>	<u>(99,994)</u>	<u>-97.9%</u>	<u>116,394</u>
Total operating expenses	<u>125,877,262</u>	<u>108,687,139</u>	<u>17,190,123</u>	<u>15.8%</u>	<u>113,831,126</u>
Net operating loss	<u>(64,895,470)</u>	<u>(55,917,788)</u>	<u>(8,977,682)</u>	<u>16.1%</u>	<u>(61,028,839)</u>
Nonoperating Revenues (Expenses)					
Appropriation revenue	33,127,879	37,157,026	(4,029,147)	-10.8%	43,086,860
Grant revenue	56,602,986	64,031,220	(7,428,234)	-11.6%	55,224,996
Reversions and transfers	<u>(19,199,552)</u>	<u>(4,577,237)</u>	<u>(14,622,315)</u>	<u>>100%</u>	<u>(3,931,693)</u>
	<u>70,531,313</u>	<u>96,611,009</u>	<u>(26,079,696)</u>	<u>-27.0%</u>	<u>94,380,163</u>
Increase in net position	5,635,843	40,693,221	(35,057,378)	-86.2%	33,351,324
Net position, beginning of year, as restated	<u>500,006,522</u>	<u>459,313,301</u>	<u>40,693,221</u>		<u>425,961,977</u>
Net position, end of year	<u>\$ 505,642,365</u>	<u>\$ 500,006,522</u>	<u>\$ 5,635,843</u>	<u>1.1%</u>	<u>\$ 459,313,301</u>

Operating revenue increased to \$61.0 million or 15.6% in 2016. Administrative and processing fees increased by \$3.9 million or a 120.5% increase in administrative and processing fees revenue from \$3.2 million in 2015 to \$7.0 million in 2016. This increase is mainly a result of an exit fee received by Finance New Mexico of \$3.4 million in FY 2016. During FY 2016, interest on loans increased by \$3.1 million or 6.4% due to increased loan activity. Interest on investments increased by 137.1% as compared to 2015 due to the implementation of GASB 72 and increased return on investments.

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

Overall operating costs increased \$17.2 million or 15.8% mainly due to increased debt service interest expense of \$8.0 million associated with additional bonds outstanding. Additionally, refinanced loans with correlating bond premiums increased during FY2016. As a result, loan refinancing pass-through expenses increased by \$12.5 million.

Grant revenue and corresponding activity decreased 11.6% or \$7.4 million as the Authority experienced decreased grant activity within the Colonias and Drinking Water programs. During FY 2016, appropriation revenue decreased by \$4.0 million, representing a decrease of 10.8% from fiscal year 2015. The reduction is a result of reduced metro court and health sciences appropriations. Reversions and transfers increased 319.5% or \$14.6 million as the Authority transferred \$10.5 million to New Mexico Economic Development Department for projects pursuant to Local Economic Development Act. Additionally, the Authority transferred \$5.0 million to New Mexico Economic Development Department of the existing award of \$13.2 million from United States Treasury State Small Business Credit Initiative Program to the Authority's financial statements.

Long-Term Debt

The Authority's long-term debt consists of outstanding bond issues related to the various programs administered by the Authority. At the end of fiscal year 2016, the total amount outstanding was \$1.1 billion (excluding the \$1.3 billion in GRIP bonds which are administered by, but are not a direct liability of the Authority). More detailed information about the Authority's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, the Authority issued \$241.7 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Programs

The Authority accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The Public Project Revolving Fund (PPRF) is highlighted in the following discussion due to the significance of the program to the Authority's financial statements.

Public Project Revolving Fund

The Authority, established in 1992, was designed as a vehicle to administer the PPRF. The mission of the PPRF is to coordinate planning and financing of state and local public projects with borrowers who could not, on their own, access the bond market on a cost-effective basis. Qualified entities, including without limitation counties, municipalities and school districts, are eligible to borrow from the PPRF. Since 1993, the PPRF has made 1,295 loans totaling \$2.75 billion.

New Mexico Finance Authority

Management's Discussion and Analysis

June 30, 2016 and 2015

The PPRF makes loans of less than \$5 million from funds on hand. The Authority's cash is replenished at a later date by "packaging" the loans as collateral and selling tax-exempt bonds. Loans larger than \$5 million are funded through simultaneous closings with a reimbursement bond issue, ensuring a precise matching of loan and bond interest rates.

The Authority operates, in many respects, in the same manner as a bank or other lending institution. Infrastructure finance agencies similar to the Authority are often called "bond banks." Financial statements for the PPRF are presented in the following pages in a format similar to that employed by commercial banking organizations.

Public Project Revolving Fund

Statements of Net Position

June 30,

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Assets					
Cash and equivalents					
Unrestricted	\$ 15,433,532	\$ 21,129,169	\$ (5,695,637)	-27.0%	\$ 18,662,427
Restricted	84,062,466	74,239,292	9,823,174	13.2%	86,535,872
Restricted investments	281,248,545	231,414,125	49,834,420	21.5%	122,591,262
Accounts receivable and other	8,428,979	6,462,198	1,966,781	30.4%	8,794,009
Loans receivable, net of allowance	1,136,108,419	1,058,275,504	77,832,915	7.4%	1,081,631,189
Due from the State of New Mexico	87,790,000	96,135,000	(8,345,000)	-8.7%	104,525,000
Capital assets	244,840	(29,209)	274,049	-938.2%	70,302
Other assets	14,147,904	7,824,918	6,322,986	80.8%	9,353,716
Total assets	1,627,464,685	1,495,450,997	132,013,688	8.8%	1,432,163,777
Deferred Outflows of Resources					
Deferred loss on refunding	823,233	184,242	638,991	346.8%	1,191,181
Total deferred outflows of resources	823,233	184,242	638,991	346.8%	1,191,181
Liabilities					
Accounts payable and accrued payroll liabilities	5,505,656	1,445,741	4,059,915	280.8%	2,751,301
Undisbursed loan proceeds	135,562,894	71,877,909	63,684,985	88.6%	28,682,538
Borrowers' debt service and reserve deposits	86,097,863	77,563,762	8,534,101	11.0%	86,969,969
Bonds payable, net	1,113,198,718	1,048,093,351	65,105,367	6.2%	1,036,144,409
Total liabilities	1,340,365,131	1,198,980,763	141,384,368	11.8%	1,154,548,217
Deferred Inflows of Resources					
Deferred gain on refunding	1,575,177	-	1,575,177	100.0%	-
Total deferred inflows of resources	1,575,177	-	1,575,177	100.0%	-
Net Position					
Invested in capital assets	244,840	(29,209)	274,049	-938.2%	70,302
Restricted for program commitments	270,669,238	276,556,622	(5,887,384)	-2.1%	262,175,614
Unrestricted	15,433,532	20,127,063	(4,693,531)	-23.3%	16,560,825
Total net position	\$ 286,347,610	\$ 296,654,476	\$ (10,306,866)	-3.5%	\$ 278,806,741

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

Loan Volume

	FY2016	FY2015	Since Inception
Amount of loans made	\$236.9 million	\$149.2 million	\$2.75 billion
Number of loans made	67	49	1,295
Average loan size	\$3.6 million	\$3.0 million	\$2.1 million
Refunding Loans (included above)	\$110.2 million	\$88.9 million	

Public Project Revolving Fund
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30,

	2016	2015	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2014
Interest Income					
Loans	\$ 49,650,131	\$ 46,430,667	\$ 3,219,464	6.9%	\$ 46,548,780
Investments	1,472,865	504,597	968,268	191.9%	245,422
Total interest income	51,122,996	46,935,264	4,187,732	8.9%	46,794,202
Interest Expense					
Bonds	45,991,088	37,375,570	8,615,518	23.1%	50,809,365
Loan refinancing pass-through	21,455,228	8,945,997	12,509,231	139.8%	2,962,977
Short-term borrowing	190,972	359,592	(168,620)	-46.9%	144,082
Total interest expense	67,637,288	46,681,159	20,956,129	44.9%	53,916,424
Net Interest Income (Loss)					
Interest income (loss) less interest expense	(16,630,378)	254,105	(16,884,483)	-6644.7%	(7,122,222)
Provision for loan losses	58,043	62,215	(4,172)	-6.7%	1,900,656
Net interest loss after provision for loan losses	(16,572,335)	316,320	(16,888,655)	-5339.1%	(5,221,566)
Noninterest Income					
Loan administration fees	1,928,785	1,819,441	109,344	6.0%	1,451,116
Appropriation revenues	28,619,027	24,267,401	4,351,626	17.9%	29,091,277
Total noninterest income	30,547,812	26,086,842	4,460,970	17.1%	30,542,393
Noninterest Expense					
Salaries and benefits	2,358,936	2,322,032	36,904	1.6%	2,179,170
Professional services	982,975	1,048,599	(65,624)	-6.3%	970,669
Bond issuance costs	1,018,535	1,243,632	(225,097)	-18.1%	674,398
Other	1,811,861	908,102	903,759	99.5%	1,561,926
Total noninterest expense	6,172,307	5,522,365	649,942	11.8%	5,386,163
Excess of revenues over expenditures	7,803,170	20,880,797	(13,077,627)	-62.6%	19,934,664
Transfers to other funds or agencies	(18,110,036)	(3,033,062)	(15,076,974)	497.1%	(11,320,043)
Increase (decrease) in net position	(10,306,866)	17,847,735	(28,154,601)	-157.7%	8,614,621
Net position, beginning of year, as restated	296,654,476	278,806,741	17,847,735	6.4%	270,192,120
Net position, end of year	\$ 286,347,610	\$ 296,654,476	\$ (10,306,866)	-3.5%	\$ 278,806,741

New Mexico Finance Authority

Management's Discussion and Analysis

June 30, 2016 and 2015

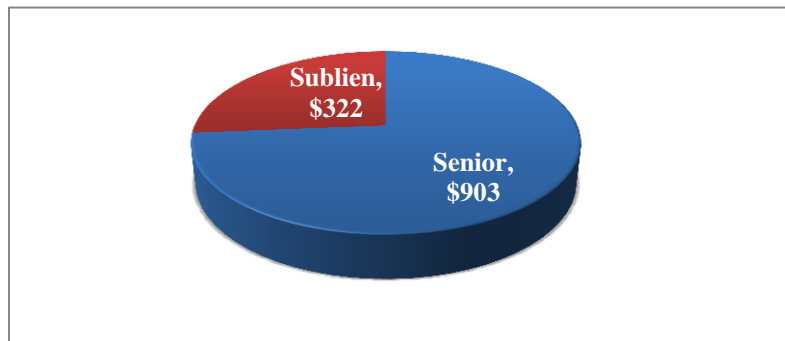
Net Interest Income

As a not-for-profit lender, the Authority attempts to pass on to its borrowers the same rates paid on the bonds issued to provide loaned funds. Therefore, in its planning and management processes, the Authority attempts to achieve a zero net interest income in the PPRF. In fiscal year 2016, the PPRF had net interest loss of \$16.5 million, compared to income of \$300 thousand in 2015. This is a result of market conditions in which the Authority exercised their early call bond provisions and issued new bonds associated with certain loans. Where the saving on refinancing was passed-through to the borrowers. A major part of the resulting loss, of \$16.5 million, is the loan refinancing pass-through expense of \$21.5 million during fiscal year 2016.

PPRF Indentures

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of Fiscal Year 2016, there were 664 loans totaling \$1.225 billion outstanding; 74% of those loans are subject to the Senior Lien Indenture and 26% of those loans are subject to the Subordinate Lien Indenture. This is an increase of 6.0% from \$1.156 billion in 2015 primarily as a result of increased bond issuances and loan closings to take advantage of historically low interest rates and to match assets with liabilities.

(In millions)



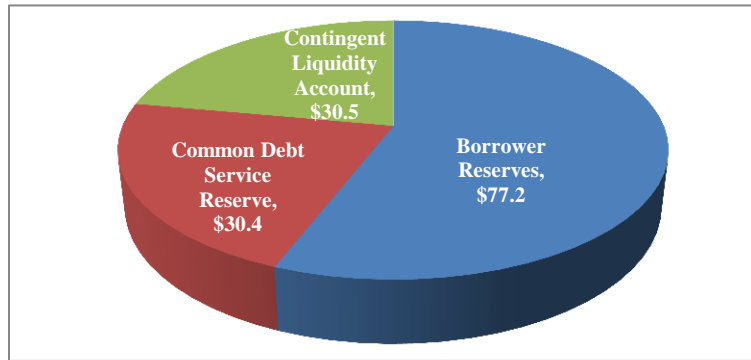
As of October 25, 2016, the Senior Lien is rated AAA and the Subordinate Lien is rated AA by Standard & Poor's and as of October 27, 2016, the Senior Lien is rated Aa1 by Moody's and the Subordinate Lien is rated Aa2. In order to maintain these ratings, the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve, Contingent Liquidity Account, and pooled borrower debt service reserve. The Common Debt Service Reserve is subject to the General Indenture of Trust for the Senior Lien, borrower reserves are pledged to the individual loans, and the Contingent Liquidity Account is considered to be held outside the General and Subordinated Indentures of Trust.

New Mexico Finance Authority

Management's Discussion and Analysis

June 30, 2016 and 2015

**As of June 30, 2016
(In millions)**



Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of municipalities for services rendered to customers such as water, sewer, and solid waste collection. 75% of GGRT collections are appropriated to the PPRF. The Authority's share of GGRT collections was \$28.1 million in 2016, a \$1.6 million increase from the \$26.5 million received in 2015. The GGRT funds are used:

- ♦ As a credit enhancement for the PPRF bonds. In the event of defaults on loans, GGRT funds can be used to make up for any shortfall in funds available for bond payments.
- ♦ To fund loans to borrowers, especially smaller loans which the Authority may choose to not reimburse in a bond issue.
- ♦ To pay operating expenses of the PPRF.

Other Programs

The PPRF accounts for a large portion of total Authority activity. At June 30, 2016, the relationships were as follows:

	<u>PPRF</u>	<u>Total Authority</u>	<u>% PPRF</u>
Total assets	\$1.6 billion	\$1.8 billion	88%
Net position	\$286.3 million	\$505.6 million	57%
Revenues	\$81.7million	\$94.1 million	87%

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2016 and 2015

There are 23 other programs administered by the Authority, some of which are loan programs and some of which are grant programs. These include the Drinking Water Revolving Loan Fund, Colonias Infrastructure Fund, and economic development programs such as New Market Tax Credits.

The Drinking Water Revolving Loan Fund program experienced a decrease in grant revenues and expenses in Fiscal Year 2016. This decrease was due to the slower rate of requisitions on grant subsidies awarded for qualifying drinking water facility projects in New Mexico. The Authority saw an offsetting increase in the Colonias Infrastructure program grant activity in Fiscal Year 2016. This increase reflected the fact that the program saw an increased number of projects being approved during 2016. As a relatively new program created through the Colonias Infrastructure Act taking effect July 1, 2011, the number of approved projects increases as more funding is available.

Since 2010, a for-profit limited liability company operated by the Authority was awarded a total of \$201 million allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, the Authority provides federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the State. Prior to 2016, the Authority made twelve awards totaling \$151.3 million. During Fiscal Year 2016, the Authority made additional awards of \$7.75 million. The tax credits have no impact on the financial statements of the Authority as they are held by Finance New Mexico, LLC (FNMLLC). The Authority does incur certain expenses to administer the program and fees charged to applicants and recipients of the credits, which are minimal. In Fiscal Year 2016, the Authority received \$3.4 million in an Exit Fee from one of the New Market Tax Credit projects. This income was a one-time event upon the termination of one New Market Tax Credit project. Future exit fees are anticipated.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Substantial additional information is available on the Authority's website at www.nmfa.net. If you have any questions about this report or need additional financial information, contact:

New Mexico Finance Authority (NMFA)
207 Shelby Street
Santa Fe, New Mexico 87501

Financial Statements

New Mexico Finance Authority
Statements of Net Position
June 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	\$ 15,433,532	\$ 21,656,317
Restricted	135,135,587	113,366,876
Interest receivable	8,505,073	6,657,501
Grants and other receivables	890,213	950,402
Prepaid rent	19,500	19,500
Administrative fees receivable	190,938	191,034
Loans receivable, net of allowance	96,915,456	96,135,492
Intergovernmental receivables	6,213,814	6,499,184
Total current assets	263,304,113	245,476,306
Noncurrent assets		
Restricted investments	332,151,402	280,161,230
Loans receivable, net of allowance	1,164,740,931	1,082,660,036
Intergovernmental receivables	83,874,485	99,593,299
Capital assets, net of accumulated depreciation	278,916	4,867
Total assets	1,844,349,847	1,707,895,738
Deferred Outflows of Resources		
Deferred loss on refunding	823,233	184,242
Total deferred outflows of resources	823,233	184,242
Liabilities		
Current liabilities		
Accounts payable	307,297	244,901
Accrued payroll	176,438	112,716
Compensated absences	332,213	285,923
Bond interest payable	3,525,287	3,482,270
Undisbursed loan proceeds	135,624,986	71,940,001
Advanced loan payments	83,008,008	74,332,049
Bonds payable, net	78,040,000	75,943,000
Other liabilities	532,591	771,924
Total current liabilities	301,546,820	227,112,784
Noncurrent liabilities		
Bonds payable	1,036,408,718	980,960,674
Total liabilities	1,337,955,538	1,208,073,458
Deferred Inflows of Resources		
Deferred gain on refunding	1,575,177	-
Total deferred inflows of resources	1,575,177	-
Net Position		
Net investment in capital assets	278,916	4,867
Restricted for program commitments	495,576,466	483,282,743
Unrestricted	9,786,983	16,718,912
Total net position	\$ 505,642,365	\$ 500,006,522

The accompanying notes are an integral part of these financial statements.

New Mexico Finance Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30

	2016	2015
Operating Revenues		
Interest on loans	\$ 51,736,376	\$ 48,645,757
Administrative fees revenue	7,049,654	3,197,684
Interest on investments	2,195,762	925,910
Total operating revenues	<u>60,981,792</u>	<u>52,769,351</u>
Operating Expenses		
Grants to others	47,888,370	54,240,349
Bond interest expense	45,756,067	37,761,525
Loan refinancing pass-through	21,455,228	8,945,997
Salaries and benefits	4,515,210	4,361,363
Other operating costs	2,466,954	1,632,550
Professional services	2,389,037	2,146,157
Bond issuance costs	1,018,535	1,243,632
Interest expense	296,138	489,859
Administrative fees	87,289	134,365
Provision for loan losses	2,241	(2,370,845)
Depreciation expense	2,193	102,187
Total operating expenses	<u>125,877,262</u>	<u>108,687,139</u>
Net operating loss	<u>(64,895,470)</u>	<u>(55,917,788)</u>
Nonoperating Revenues (Expenses)		
Appropriation revenue	33,127,879	37,157,026
Federal grant revenue	14,255,306	24,735,441
Transfers from the State of New Mexico	42,347,680	39,295,779
Transfers to the State of New Mexico	<u>(19,199,552)</u>	<u>(4,577,237)</u>
Increase in net position	5,635,843	40,693,221
Net position, beginning of year	<u>500,006,522</u>	<u>459,313,301</u>
Net position, end of year	<u><u>\$ 505,642,365</u></u>	<u><u>\$ 500,006,522</u></u>

The accompanying notes are an integral part of these financial statements.

New Mexico Finance Authority
Statements of Cash Flows
For the Years Ended June 30

	2016	2015
Cash flows from operating activities		
Cash paid for employee services	\$ (3,687,143)	\$ (4,327,704)
Cash paid to vendors for services	(5,991,584)	(3,221,411)
Intergovernmental payments received	79,524,184	12,056,839
Loans payments received	124,937,795	154,100,150
Loans funded	(199,124,937)	(104,764,054)
Grants to local governments	(47,888,370)	(54,240,349)
Cash received from federal government for revolving loan funds	14,255,306	24,735,441
Interest on loans	49,888,804	49,419,453
Proceeds from line of credit	-	30,573,802
Payments of line of credit	-	(42,580,100)
Administrative fees received	7,049,750	3,083,524
Net cash provided by operating activities	<u>18,963,805</u>	<u>64,835,591</u>
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	33,127,879	37,157,026
Cash transfers from the State of New Mexico	42,347,680	39,356,801
Cash transfers to the State of New Mexico	(19,199,552)	(4,638,259)
Proceeds from the sale of bonds, including premiums	241,738,642	186,584,472
Payment of bonds	(168,518,000)	(162,345,000)
Bond issuance costs	(1,018,535)	(1,243,632)
Bond interest expense paid	(60,370,113)	(52,865,038)
Loan refinancing pass-through to borrowers	(21,455,228)	(8,945,997)
Net cash provided by (used in) noncapital financing activities	<u>46,652,773</u>	<u>33,060,373</u>
Cash flows from investing activities		
Purchase of investments	(54,851,115)	(113,028,816)
Sale of investments	3,507,809	16,557,380
Interest received on investments	1,548,894	925,910
Capital assets	(276,240)	-
Net cash used in investing activities	<u>(50,070,652)</u>	<u>(95,545,526)</u>
Net increase (decrease) in cash and cash equivalents	15,545,926	2,350,438
Cash and cash equivalents, beginning of year	<u>135,023,193</u>	<u>132,672,755</u>
Cash and cash equivalents, end of year	<u><u>\$ 150,569,119</u></u>	<u><u>\$ 135,023,193</u></u>
Reconciliation of cash and cash equivalents		
Unrestricted cash and cash equivalents	\$ 15,433,532	\$ 21,656,317
Restricted cash and cash equivalents	<u>135,135,587</u>	<u>113,366,876</u>
Total cash and cash equivalents	<u><u>\$ 150,569,119</u></u>	<u><u>\$ 135,023,193</u></u>

The accompanying notes are an integral part of these financial statements.

New Mexico Finance Authority
Statements of Cash Flows — continued
For the Years Ended June 30

	2016	2015
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	\$ (64,895,470)	\$ (55,917,788)
Adjustments to change in net position		
Depreciation	2,191	102,187
Amortization on bond premiums	(15,675,598)	(15,203,907)
Provision for loan losses	2,241	(62,215)
Interest on investments	(2,195,762)	(925,909)
Bond interest paid	61,042,768	53,093,380
Loan refinancing pass-through to borrowers	21,455,228	8,945,997
Bond issuance costs	1,018,535	1,243,632
Cash received from federal grants	14,255,306	24,735,441
Interest expense	296,138	361,913
Changes in assets and liabilities		
Interest receivable	(1,847,572)	773,911
Grants and other receivable	60,189	1,698,434
Due from other funds	-	1,279,769
Administrative fees receivable	96	(13,282)
Loans receivable, net of allowance	(82,852,689)	433,052
Intergovernmental receivables	16,004,184	12,056,438
Accounts payable	62,396	(48,053)
Accrued payroll	63,722	21,176
Compensated absences	46,290	12,483
Due to other funds	-	(930,230)
Undisbursed loan proceeds	63,684,986	43,195,373
Advanced loan payments	8,675,959	2,142,342
Notes payable	-	(349,547)
Line of credit	-	(12,006,298)
Other liabilities	(239,333)	197,292
Net cash provided by operating activities	<u>\$ 18,963,805</u>	<u>\$ 64,835,591</u>

The accompanying notes are an integral part of these financial statements.

New Mexico Finance Authority
Agency Funds – Statement of Assets and Liabilities
For the Years Ended June 30

	2016	2015
Assets		
Cash held by Trustee		
Program funds	\$ 56,595,544	\$ 88,409,455
Expense funds	-	85,820
Revenue funds	1,046,820	474,191
Rebate fund	-	1,540,906
Bond reserve funds	476,169	506,879
Total assets	<u>\$ 58,118,533</u>	<u>\$ 91,017,251</u>
Liabilities		
Accounts payable	\$ -	\$ 1,626,726
Debt service payable	1,522,990	981,070
Program funds held for the NM Department of Transportation	56,595,543	88,409,455
Total liabilities	<u>\$ 58,118,533</u>	<u>\$ 91,017,251</u>

The accompanying notes are an integral part of these financial statements.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

1) Nature of Organization

The New Mexico Finance Authority (the “Authority”), a component unit of the State of New Mexico (the “State”), is a public body politic and corporate, separate and apart from the state constituting a governmental instrumentality, organized and existing pursuant to the New Mexico Finance Authority Act (the “Act”) created by the Laws of 1992 Chapter 61, as amended. The Authority has broad powers to provide financing for an array of infrastructure and economic development projects. The Authority also provides for long-term planning and assessment of state and local capital needs and improves cooperation among the executive and legislative branches of state government and local governments in financing public projects.

The Authority’s governing board is composed of eleven members including the Secretary of the Department of Finance and Administration; the Secretary of Economic Development; the Secretary of Energy, Minerals and Natural Resources; and the Secretary of the Environment Department. The Executive Director of the New Mexico Municipal League and the Executive Director of the New Mexico Association of Counties are ex-officio members of the Authority with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the Authority Board, whose membership must include the Chief Financial Officer of an institution of higher education and four other members who are residents of the State. The appointed members serve at the pleasure of the Governor.

The Authority issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving Loan Fund Program (PPRF). The PPRF provides low cost financing to local government entities for a variety of infrastructure projects throughout the State. The PPRF Program receives 75 percent of the Governmental Gross Receipts Tax of the State of New Mexico pursuant to section 7-1-6.1 NMSA, 1978, and may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the New Mexico Finance Authority Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, proceeds and covenants of which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and the Authority. The Authority may also serve as conduit issuer of revenue bonds for other governmental agencies.

The Authority manages the Drinking Water State Revolving Loan Program (DWRLF) and the Water Trust Board Program (WTB).

The DWSRF provides low cost financing for the construction of and improvements to drinking water facilities throughout New Mexico in order to protect drinking water quality and public health. This program is funded through a federal capitalization grant where the Environmental Protection Agency (EPA) and the State cost share 83.33% and 16.67%, respectively, all approved budget period costs.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

The WTB program provides grant and interest free loans to support water projects which support water use efficiency, resource conservation and protection and fair distribution and allocation of water.

Other significant programs administered by the Authority include:

- ♦ The Local Transportation Infrastructure Projects Program provides for grants and low-cost financial assistance for local governments transportation projects which are not eligible for federal funding and funding for which have not been set by the existing Local Government Road Fund.
- ♦ The Economic Development Program provides comprehensive financing tools to stimulate economic development projects statewide.
- ♦ The New Markets Tax Credit Program, whereby the Authority acts as the managing member in FNMLLC, a for-profit limited liability company which receives allocations of federal tax credits under Section 45D of the Internal Revenue Code.
- ♦ The Primary Care Capital Program is a revolving loan program which provides financial assistance to rural primary care health clinics for infrastructure, construction and capital equipment purchases. These loans provide 20 percent annual loan forgiveness if the borrower agrees to a contract-for-services to provide medical care free or at reduced prices to sick and indigent clients.
- ♦ The Water and Wastewater Project Grant Program provides grant funding for water and wastewater system projects authorized by legislation.
- ♦ The Local Government Planning Grant Program provides grants to qualified entities on a per project basis for water and wastewater related studies, long-term water management plans and economic development plans.
- ♦ The State Capital Improvement Financing accounts for the issuance of revenue bonds the proceeds of which were used to finance capital improvements to a state facility located adjacent to the State Capitol.
- ♦ The UNM Health Sciences administers the financing of several capital projects for UNM Health Sciences Center. The Authority issued bonds, secured by authorized distributions of cigarette excise taxes, for the purpose of designing, constructing, equipping and furnishing additions and improvements to the University of New Mexico Hospital and the Cancer Research and Treatment Center.
- ♦ The Colonias Infrastructure Act appropriates to the Authority 5% of the senior lien severance tax bond proceeds for loans and grants to certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, roads and housing.
- ♦ Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, the Authority received \$13.2 million of federal State Small Business Credit Initiative funds in 2011 to help increase the flow of capital to small businesses by mitigating bank risk. The Authority uses the funds to

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation.

The Authority is not subject to the supervision or control of any other board, bureau, department or agency of the State, except as specifically provided in the Act. Bonds and other obligations issued by the Authority under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The New Mexico Finance Authority Oversight Committee was created by the Act and was appointed by the Legislative Council Service to provide legislative oversight.

The financial statements include the accounts of the Authority and its blended component unit, FNMLLC. All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 16.

2) Summary of Significant Accounting Policies

Accounting Principles

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and funds. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

Basis of Presentation

The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of the Authority's activities, except those in which the Authority acts as an agent, are reported as an enterprise fund. Enterprise funds are used for activities for which a fee is charged to external users for goods and services.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing financial services in connection with on-going operations. Primary operating revenues includes financing income and fees charged to program borrowers. Operating expenses include interest expense, program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Nonoperating items consist primarily of governmental gross receipts and other tax distributions reported as appropriations, grant revenue, and transfers-out for excess distributions and reversions of prior year appropriated revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. When restricted resources meet the criteria to be available for use and unrestricted resources are also available, it is the

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

Authority's policy to use restricted resources first. Expenses are recorded when they are incurred. Expenses charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

Agency Funds

Agency Funds are used to report resources held by the Authority in a purely custodial capacity. These funds result from transactions associated with the Authority acting as fiscal agent for the New Mexico Department of Transportation (the "Department") on several of the Department's bond transactions. The amounts reported as agency funds do not belong to the Authority and are held in separate accounts on the Authority's books in the name of the Department. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

Cash, Cash Equivalents and Investments

The Authority considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on deposit with Wells Fargo Bank and the Bank of Albuquerque which also acts as bond trustee. Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment are invested in certain allowable securities.

In fiscal year 2016, NMFA implemented GASB No.72, Fair Value Measurement and Application. Fair value is the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement provides guidance for determining a fair value measurement for financial reporting purposes. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Accounts Receivable

Accounts receivable consists of payments due from governmental entities, administrative fees due from projects, and other receivables arising from the normal course of operations.

Loans Receivable

Loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on nonaccrual status because they are insured, guaranteed, or collateralized.

The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from the current estimates. These estimates are reviewed periodically and any necessary adjustments are reported in income in the period they become known.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

Intergovernmental Receivables

Intergovernmental receivables consist of amounts due from the State based on legislated appropriation of specified taxes for repayment of certain bonds issued by the Authority on behalf of State entities. The related statute directs the Authority to issue bonds and make proceeds available to specified State entities to fund various projects. The statute appropriates a portion of existing taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered collectable.

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays individually exceeding \$5,000 that significantly extend the useful life of an asset are capitalized.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used, based on estimated useful lives ranging from three to seven years.

Deferred Outflows/Inflows of Resources

The statement of net position, where applicable, includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as revenues in future periods.

Bond Discounts and Premiums

Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Loan Refinancing Pass-Through

Loan refinancing pass-through expenses are bond premiums associated with certain refinanced loans passed through by The Authority to the respective borrowers. The refinanced loans were associated with certain bond premiums which reduced the outstanding principal of the associated loans. The reductions resulted in a loan refinancing pass-through expenses to The Authority. For the fiscal years 2016 and 2015, loan refinancing pass-through expenses were \$21,455,228 and \$8,945,997, respectively.

Compensated Absences

Full-time employees with ten years or less employment with the Authority are entitled to fifteen days' annual vacation leave. Employees with more than ten years' service receive twenty days annual vacation leave. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2016 and 2015

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five (25%) of their current hourly rate of accumulated unpaid sick leave up to 320 hours. Part-time employees accrue vacation leave and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the PPRF operating fund. Historically, the year-end balances are used within one-year thus the compensated absence liability will be recorded as a current liability.

Undisbursed Loan Proceeds

Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The accounts, in the majority, represent loans of the PPRF program.

Net Position

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted, based on the following:

Net investment in capital assets is intended to reflect the portion of net position which is associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Authority has no capital asset related debt.

Restricted net position has third-party (statutory, bond covenant or granting agency) limitations on their use. When there is an option, the Authority spends restricted resources first.

The following program restricting statutes, bond covenants:

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
Child Care	24-24-4.0 NMSA 1978
Cig Tax	6-21-6.10 NMSA 1978; Bond Purchase Agreement
DWSRF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
Primary Care	24-1C-4 NMSA 1978
Local Road	6-21-6.8 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
UNM Health	6-21-6.7 NMSA 1978
State Capitol	Laws 1997, Ch. 178; Bond Resolution
State Office	6-21C-5, NMSA 1978; Bond Resolution
Equipment Loan	6-21-6 NMSA 1978

New Mexico Finance Authority
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Water Trust Board	72-4A-9 NMSA 1978
WWWGF	6-21-6.3 NMSA 1978
Emerg Drought	Executive Order 2002-19, Executive Order 2012-006
LGPF	6-21-6.4 NMSA 1978
Econ Development	6-25-1 NMSA 1978
Local Transport	6-21-6.12 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement
Colonias	6-30-1.0 NMSA 1978
Bio Mass	Laws 2006, Ch. 111, Sec. 55(2)

Unrestricted net position represents net position not otherwise classified as invested in capital assets or restricted net position.

Income Taxes

The Authority is a tax-exempt, quasi-governmental organization under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Authority is subject to other Internal Revenue Code sections relating to the tax-exempt status of the bonds issued by the Authority.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Budget

The Authority's budget represents a financial plan, not a legal constraint, therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

Reclassification

Certain comparative amounts in the statement of revenues, expenses and changes in net position have been reclassified to conform with the current year's presentation.

Recently Issued Accounting Standards

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73). The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The

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Authority has not completed the process of evaluating the impact of GASB 73 on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74). The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 74 on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Authority has not completed the process of evaluating the impact of GASB 75 on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 76 on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB 77). The objective is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The Authority has not completed the process of evaluating the impact of GASB 77 on its financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*—an amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statements presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 80 on its financial statements.

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3) Cash and Cash Equivalents and Investments

The Authority follows GASB No. 40, *Deposit and Investment Risk Disclosures*. This statement requires the disclosure of applicable interest rate, credit, custodial credit, concentration of credit and foreign currency risks.

Investments conform to the provisions of the Statements of Investment Policies, Objectives and Guidelines dated October 24, 2013. The investment policy applies to all of the Authority's funds; including funds the Authority may manage for others, except for those funds where trust indentures, bond resolutions, or other documents or agreements control the investment of funds. This policy is the Authority's master investment policy and may be amended or supplemented as applied to specific categories of funds by adoption of addenda by the Authority's Board applicable to specific categories of the Authority funds.

Except where prohibited by statute, trust indenture, or other controlling authority, the Authority consolidates cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to the various funds based on their respective participation. The primary objectives, in order of priority, of the Authority's investment activity shall be safety, liquidity and yield.

Investments shall be undertaken in a manner that seeks to ensure the preservation and principal in the overall portfolio while mitigating credit risk and interest rate risk.

The Authority has Primary Care Capital Program funds invested in the New Mexico State Treasurer's Office investment pool. State law (Section 8-6-3 NMSA 1978) requires investments of these funds be managed by the New Mexico State Treasurer's Office.

Credit Risk

The Authority minimizes credit risk (the risk of loss due to the failure of securities issuer or backer) by limiting investments, prequalifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority will do business and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The New Mexico State Treasurer pools are not rated.

FNMLLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, FNMLLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2016 and 2015.

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Interest Rate Risk

The Authority minimizes interest rate risk (the risk that the market value of securities in the portfolio will decline due to changes in market interest rates) by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market prior to maturity and by investing operating funds primarily in short-term securities limiting the average maturity of the portfolio.

For the Primary Care Capital program funds invested in the New Mexico State Treasurer's Office investment pool, the New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal years ended June 30, 2016 and 2015.

State General Fund Investment Pool

The Authority, as required by Section 24-1C-4, NMSA 1978, administers the Primary Care Capital Fund (PCC Fund), which was created as a revolving fund in the State Treasurer's Office (STO). PCC Funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of state agencies, and as of the end of fiscal year 2016 totaled \$927,896, representing less than 1% of total Authority funds.

It is important to note that all other funds of the Authority, including Public Project Revolving Funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and are secured in accordance with the Authority's Investment Policy.

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Permitted Investments

As provided in Sections 6-21-6 and 6-21-2 of the Act, money pledged for or securing payment of bonds issued by the Authority shall be deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the investment policy:

	Description	Maximum Percentage of Authority Funds ¹
A	Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
B	U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
C	SEC-registered money market funds with total assets at time of deposit in excess of \$100,000,000 ²	100%
E	Certificates of deposits and bank deposits ³	20%
F	Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
G	Bonds or notes issued by any municipality, county or school district of the State	10%
H	Overnight repurchase agreements ⁴	25%
I	Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements) ¹	N/A
J	State Treasurer's Short-Term Investment Fund	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of the Authority may be invested in a GIC or flexible repurchase agreement without regard to the investment allocation ranges set forth in the investment policy, if the GIC or repurchase agreement provides for disbursement upon request of the Authority in amounts necessary to meet expense requirements for the bonds or other obligations.

¹ Limits do not apply to cash invested by trustee per bond indenture.

² Money markets must be rated AAA by Standards & Poor or Aaa by Moody and in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.

³ Interest bearing certificates of deposit or bank deposits must be in banks having a branch location in New Mexico, and all principal and interest must be fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in A) and B) above, registered in the name of the Authority and held by a third party safe-keeping agent, or collateralized as required by 6.10.16 NMSA at 102% of the value of the deposit that is not FDIC insured.

⁴ Investment contracts and repurchase agreements investments must be fully secured by obligations described in A) and B) above with all collateral held by an independent third party safekeeping agent.

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Cash and equivalents at June 30, 2016 and 2015 were as follows:

Description	Balance at June 30, 2016	Rated	Percentage of Authority Funds ¹
Bank deposits	\$ 279,043	N/A	<1%
Finance New Mexico LLC cash equivalents	4,471,961	N/A	<1%
Wells Fargo deposit account	428,167	N/A	<1%
Wells Fargo Repurchase agreement -fully secured ²	271,882	N/A	<1%
Government money market funds	144,190,170	AAA	30%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	<u>927,896</u>	N/A	<1%
Total cash and equivalents	<u>\$ 150,569,119</u>		
Cash held in agency fund	<u>\$ 58,118,533³</u>		

Description	Balance at June 30, 2015	Rated	Percentage of Authority Funds ⁴
Bank deposits, collateralized, at the Bank of Albuquerque in the name of the State Treasurer	\$ -	N/A	<1%
Finance NM LLC cash accounts	657,456	N/A	<1%
Wells Fargo deposit account	307,072	N/A	<1%
Wells Fargo Repurchase agreement -fully secured ⁵	374,361	N/A	<1%
Government money market funds	<u>133,684,304</u>	AAA	32%
Total cash and equivalents	<u>\$ 135,023,193</u>		
Cash held in agency fund	<u>\$ 91,017,251⁶</u>		

Maturity Restrictions

It is the policy of the Authority to diversify investment maturities based on cash flow requirements. Unless matched to a specific cash flow, the Authority will invest in securities maturing five years or less from date of purchase.

¹ Limits described in the “permitted investments” section above do not apply to cash invested by trustee per bond indenture.

² Wells Fargo accounts FDIC insured for \$250,000. Remaining \$317,867 as of June 30, 2015 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer’s Office.

³ All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.

⁴ Limits described in the “permitted investments” section above do not apply to cash invested by trustee per bond indenture.

⁵ Wells Fargo accounts FDIC insured for \$250,000. Remaining \$317,867 as of June 30, 2015 is secured by a pledge of Agency securities in the name of the State of New Mexico monitored by the New Mexico State Treasurer’s Office.

⁶ All cash held as agent by the Authority is fully collateralized by securities held in the name of the Authority.

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Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2016 and 2015 are comprised of the following:

Description	Fair Value at June 30, 2016	Average Years to Maturity	Percentage of Authority Funds
U.S. treasury notes	<u>\$ 332,151,402</u>	1.06	69%
Total restricted investments	<u>\$ 332,151,402</u>		

Description	Fair Value at June 30, 2015	Average Years to Maturity	Percentage of Authority Funds
U.S. treasury notes	\$ 224,598,139	1.36	54%
Primary Care Capital Program funds held with the State Treasurer Fund Investment Pool	529,786	1 day to 5 years	<1%
Federal Home Loan Mortgage Corporation bonds	<u>55,033,305</u>	0.50	13%
Total restricted investments	<u>\$ 280,161,230</u>		

Fair Value Measurement

NMFA's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1—Investments reflect prices quoted in active markets.

Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3—Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

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Debt, equities, and investment derivatives classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

	Fair Value	Fair Value Measurement Using Level 1 inputs	Level 2 inputs	Level 3 inputs
Debt securities				
U.S. treasury notes	<u>\$ 332,151,402</u>	<u>\$ 332,151,402</u>	<u>\$ -</u>	<u>\$ -</u>
Total debt securities	<u>\$ 332,151,402</u>	<u>\$ 332,151,402</u>	<u>\$ -</u>	<u>\$ -</u>

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2016 and 2015, respectively, were as follows:

Program Description	Term (Years)	Rates	2015	Increases	Decreases	2016
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	\$ 1,059,287,717	\$ 181,732,159	\$ 103,841,199	\$ 1,137,178,677
Drinking Water State Revolving Loans	1 to 30	0% to 4%	81,627,122	9,618,985	6,379,347	84,866,760
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	1,235,615	-	67,084	1,168,531
Primary Care Capital Fund Loans	10 to 20	3%	3,879,778	-	377,930	3,501,848
Water Projects Fund Loan Grants	10 to 20	0%	24,930,441	5,810,763	3,239,529	27,501,675
Smart Money Participation Loans	3 to 20	2% to 5%	3,852,811	-	66,757	3,786,054
Behavioral Health Care Loan	15	3%	-	-	-	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	973,309	-	61,239	912,070
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	28,000	-	28,000	-
Colinias Infrastructure Fund Loans	10 to 20	3%	1,550,806	986,461	264,999	2,272,268
SSBCI Loans	10 to 20	3%	4,527,971	976,568	1,929,210	3,575,329
Child Care Revolving Loans	8	3%	<u>13,460</u>	<u>-</u>	<u>6,542</u>	<u>6,918</u>
			1,181,907,030	199,124,936	116,261,836	1,264,770,130
Less allowance for loan losses			<u>(3,111,502)</u>	<u>-</u>	<u>2,241</u>	<u>(3,113,743)</u>
Totals			<u>\$ 1,178,795,528</u>	<u>\$ 199,124,936</u>	<u>\$ 116,264,077</u>	<u>\$ 1,261,656,387</u>

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Program Description	Term (Years)	Rates	2014	Increases	Decreases	2015
Public Projects Revolving Loan Fund	1 to 30	0% to 6%	\$ 1,082,705,619	\$ 120,023,720	\$ 143,441,622	\$ 1,059,287,717
Drinking Water State Revolving Loans	1 to 30	0% to 4%	64,933,358	20,656,717	3,962,953	81,627,122
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	2,305,678	-	1,070,063	1,235,615
Primary Care Capital Fund Loans	10 to 20	3%	3,584,307	600,000	304,529	3,879,778
Water Projects Fund Loan Grants	10 to 20	0%	21,222,996	5,808,843	2,101,398	24,930,441
Smart Money Participation Loans	3 to 20	2% to 5%	4,681,764	38,133	867,086	3,852,811
Behavioral Health Care Loan	15	3%	174,605	-	174,605	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	993,698	32,770	53,159	973,309
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	53,000	-	25,000	28,000
Colinias Infrastructure Fund Loans	10 to 20	3%	661,350	1,046,924	157,468	1,550,806
SSBCI Loans	10 to 20	3%	3,312,527	1,346,316	130,872	4,527,971
Child Care Revolving Loans	8	3%	19,810	-	6,350	13,460
			1,184,648,712	149,553,423	152,295,105	1,181,907,030
Less allowance for loan losses			(5,482,347)	-	(2,370,845)	(3,111,502)
Totals			<u>\$ 1,179,166,365</u>	<u>\$ 149,553,423</u>	<u>\$ 149,924,260</u>	<u>\$ 1,178,795,528</u>

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2016:

	Principal	Interest	Total
Fiscal year ending June 30			
2017	\$ 96,915,456	\$ 43,513,624	\$ 140,429,080
2018	96,696,964	40,975,896	137,672,860
2019	102,108,856	38,207,893	140,316,749
2020	86,306,709	34,543,226	120,849,935
2021	84,311,190	32,800,009	117,111,199
2022-2026	361,196,186	125,507,121	486,703,307
2027-2031	252,098,806	63,983,124	316,081,930
2032-2036	146,930,386	23,735,563	170,665,949
2037-2041	25,523,847	3,937,732	29,461,579
2042-2046	12,661,606	1,076,281	13,737,887
2047-2051	20,124	-	20,124
Subtotals	1,264,770,130	\$ 408,280,469	\$ 1,673,050,599
Less allowance for loan losses	(3,113,743)		
Loans receivable, net	<u>\$ 1,261,656,387</u>		

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5) Intergovernmental Receivables

The Authority has agreements with various state entities relating to the issuance of bonds. Pursuant to the underlying legislation and resolutions, the bond proceeds financed various state projects. Pursuant to the legislation, the debt service on these bonds is payable solely from revenues from the State and state entities. Intergovernmental receivables represent amounts due to the Authority under these agreements.

Intergovernmental receivables activity during the year ended June 30, 2016 and 2015, respectively, were as follows:

2016									
State Entity	Revenue Pledge	Rates	Maturity	2015	Increases	Decreases	2016	Due in One Year	
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	\$ 30,195,000	\$ -	\$ 2,390,000	\$ 27,805,000	\$	2,480,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,320,000	-	23,320,000	-		-
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	42,620,000	-	42,620,000	-		-
University of New Mexico Health Sciences Center	Cigarette excise tax	-	-	-	26,200,000	2,720,000	23,480,000		2,010,000
General Services Department - State of New Mexico	State Gross Receipts tax	-	-	-	37,320,000	815,000	36,505,000		960,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	6,895,000	-	6,895,000	-		-
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,062,483	-	764,184	2,298,299		763,814
Totals				<u>\$ 106,092,483</u>	<u>\$ 63,520,000</u>	<u>\$ 79,524,184</u>	<u>\$ 90,088,299</u>		<u>\$ 6,213,814</u>

2015									
State Entity	Revenue Pledge	Rates	Maturity	2014	Increases	Decreases	2015	Due in One Year	
Administrative Office of the Courts	Court Facilities fees	3.05% to 5.00%	6/15/2025	\$ 37,560,000	\$ -	\$ 37,560,000	\$ -	\$	-
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	-	30,685,000	490,000	30,195,000		2,390,000
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	6/15/2025	23,445,000	-	125,000	23,320,000		480,000
General Services Department - State of New Mexico	State Gross Receipts tax	4.25% to 5.00%	6/1/2036	43,520,000	-	900,000	42,620,000		945,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	4/1/2019	8,850,000	-	1,955,000	6,895,000		1,920,000
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,828,921	-	766,438	3,062,483		764,184
General Services Department - State of New Mexico	Income from Land Grant Permanent Fund	7.00%	3/15/2015	945,000	-	945,000	-		-
Totals				<u>\$ 118,148,921</u>	<u>\$ 30,685,000</u>	<u>\$ 42,741,438</u>	<u>\$ 106,092,483</u>		<u>\$ 6,499,184</u>

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The following is a summary of scheduled payments to be collected on the receivables from state entities as of June 30, 2016:

	Principal	Interest	Total
Fiscal year ending June 30			
2017	\$ 6,213,814	\$ 4,169,042	\$ 10,382,856
2018	6,310,443	3,935,947	10,246,390
2019	6,564,042	3,657,225	10,221,267
2020	6,875,000	3,334,395	10,209,395
2021	7,090,000	2,987,720	10,077,720
2022-2026	33,480,000	9,269,485	42,749,485
2027-2031	10,675,000	3,891,400	14,566,400
2032-2036	12,880,000	1,587,600	14,467,600
Intergovernmental receivables	<u>\$ 90,088,299</u>	<u>\$ 32,832,814</u>	<u>\$ 122,921,113</u>

6) Capital Assets

A summary of changes in capital assets during the fiscal year 2016 and 2015, respectively, was as follows:

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 276,240	\$ -	\$ 276,240
Capital assets being depreciated				
Furniture and fixtures	28,665	-	-	28,665
Computer hardware and software	734,293	-	-	734,293
Leasehold improvement	8,241	-	-	8,241
	<u>771,199</u>	<u>276,240</u>	<u>-</u>	<u>1,047,439</u>
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(729,426)	(2,191)	-	(731,617)
Leasehold improvement	(8,241)	-	-	(8,241)
	<u>(766,332)</u>	<u>(2,191)</u>	<u>-</u>	<u>(768,523)</u>
Net total	<u>\$ 4,867</u>	<u>\$ 274,049</u>	<u>\$ -</u>	<u>\$ 278,916</u>

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	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
Depreciable assets				
Furniture and fixtures	\$ 28,665	\$ -	\$ -	\$ 28,665
Computer hardware and software	731,618	2,675	-	734,293
Leasehold improvement	8,241	-	-	8,241
	<u>768,524</u>	<u>2,675</u>	<u>-</u>	<u>771,199</u>
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(627,240)	(102,186)	-	(729,426)
Leasehold improvement	(8,241)	-	-	(8,241)
	<u>(664,146)</u>	<u>(102,186)</u>	<u>-</u>	<u>(766,332)</u>
Net total	<u>\$ 104,378</u>	<u>\$ (99,511)</u>	<u>\$ -</u>	<u>\$ 4,867</u>

Depreciation expense for the fiscal year ending June 30, 2016 and 2015, respectively, was \$2,191 and \$102,186.

7) Bonds Payable

Bonds have been issued to provide financing for various Authority programs and are collateralized as follows:

- Loan Agreements and securities executed and delivered by governmental units in consideration for the financing of all or a portion of their respective projects by the Authority.
- Amounts held in the Agreement Reserve Accounts.
- Additional pledged loans.
- Revenues received by the Authority from the allocation of the Authority's portion of the Governmental Gross Receipts tax.
- Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include Court Facilities Fees, Cigarette Excise Tax, State Gross Receipts Tax, Workers' Compensation Fees and Income from Land Grant Permanent Fund.

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Bonds payable consist of the following at June 30, 2016 and 2015:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount	
				June 30, 2016	June 30, 2015
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt					
2005 A	3.750% to 5.000%	June 1, 2013 to June 1, 2025	\$ 19,015,000	\$ -	\$ 5,795,000
2005 B	3.500% to 4.500%	June 1, 2013 to June 1, 2020	13,500,000	-	3,490,000
2006 B	4.000% to 5.000%	June 1, 2013 to June 1, 2036	38,260,000	22,730,000	24,440,000
2006 D	4.250% to 5.000%	June 1, 2013 to June 1, 2036	56,400,000	-	44,975,000
2007 E	4.000% to 5.000%	June 1, 2013 to June 1, 2032	61,945,000	34,085,000	37,085,000
2008 A	3.250% to 5.000%	June 1, 2013 to June 1, 2038	158,965,000	119,080,000	124,400,000
2008 B	4.000% to 5.000%	June 1, 2013 to June 1, 2035	36,545,000	22,520,000	24,195,000
2008 C	3.250% to 6.000%	June 1, 2013 to June 1, 2033	29,130,000	11,490,000	19,385,000
2009 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	18,435,000	12,310,000	13,265,000
2009 C	2.500% to 5.000%	June 1, 2013 to June 1, 2029	55,810,000	41,355,000	43,630,000
2009 D-1	3.000% to 4.000%	June 1, 2013 to June 1, 2030	13,570,000	7,430,000	8,385,000
2009 D-2	1.810% to 6.070%	June 1, 2013 to June 1, 2036	38,845,000	34,890,000	35,605,000
2009 E	3.000% to 4.500%	June 1, 2013 to June 1, 2019	35,155,000	12,585,000	16,480,000
2010 A-1	2.000% to 4.500%	June 1, 2013 to June 1, 2034	13,795,000	5,670,000	13,795,000
2010 A-2	3.777% to 5.880%	June 1, 2016 to June 1, 2039	15,170,000	12,990,000	6,110,000
2010 B-1	2.000% to 5.000%	June 1, 2013 to June 1, 2035	38,610,000	23,795,000	26,035,000
2010 B-2	2.230% to 4.740%	June 1, 2013 to June 1, 2035	17,600,000	16,950,000	17,120,000
2011 A	2.000% to 4.000%	June 1, 2013 to June 1, 2016	15,375,000	-	3,270,000
2011 B-1	0.220% to 4.000%	June 1, 2013 to June 1, 2036	42,735,000	25,905,000	28,850,000
2011 B-2	2.000% to 4.450%	June 1, 2013 to June 1, 2031	14,545,000	10,630,000	11,435,000
2011 C	3.000% to 5.000%	June 1, 2013 to June 1, 2036	53,400,000	39,410,000	42,800,000
2012 A	1.500% to 5.500%	June 1, 2013 to June 1, 2038	24,340,000	20,015,000	21,265,000
2013 A	2.000% to 5.000%	June 1, 2013 to June 1, 2038	44,285,000	34,570,000	37,910,000
2013 B	2.000% to 5.000%	June 1, 2014 to June 1, 2036	16,360,000	12,925,000	14,175,000
2014 B	2.000% to 5.000%	June 1, 2016 to June 1, 2035	58,235,000	50,080,000	54,970,000
2015 B	2.250% to 5.000%	June 1, 2016 to June 1, 2045	45,325,000	42,595,000	45,325,000
2015 C	3.000% to 5.000%	June 1, 2016 to June 1, 2035	45,475,000	45,300,000	-
2016 A	2.500% to 5.000%	June 1, 2016 to June 1, 2036	52,070,000	49,170,000	-
2016 C	2.000% to 5.000%	June 1, 2016 to June 1, 2046	67,540,000	66,725,000	-
			1,140,435,000	775,205,000	724,190,000

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Bond Series	Rate	Maturities	Original Amount	Outstanding Amount	
				June 30, 2016	June 30, 2015
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt					
2005 C	3.625% to 5.000%	June 15, 2013 to June 15, 2025	50,395,000	-	-
2005 E	3.875% to 5.000%	June 15, 2013 to June 15, 2025	23,320,000	-	23,320,000
2005 F	4.000% to 5.000%	June 15, 2013 to June 15, 2025	21,950,000	-	-
2006 A	4.000% to 5.000%	June 15, 2013 to June 15, 2035	49,545,000	-	2,040,000
2006 C	4.000% to 5.000%	June 15, 2013 to June 15, 2026	39,860,000	24,330,000	26,135,000
2007 A	4.000% to 5.000%	June 15, 2013 to June 15, 2027	34,010,000	13,115,000	15,680,000
2007 B	4.000% to 5.000%	June 15, 2013 to June 15, 2034	38,475,000	20,495,000	22,340,000
2007 C	4.250% to 5.250%	June 15, 2013 to June 15, 2027	131,860,000	82,485,000	89,445,000
2013 C-1	2.000% to 4.000%	June 15, 2014 to June 15, 2028	3,745,000	2,890,000	3,050,000
2013 C-2	.950% to 5.000%	June 15, 2014 to June 15, 2029	10,550,000	8,020,000	8,520,000
2014 A-1	2.000% to 5.000%	June 15, 2014 to June 15, 2033	15,135,000	14,055,000	14,605,000
2014 A-2	.250% to 4.491%	June 15, 2014 to June 15, 2034	16,805,000	13,775,000	15,295,000
2015 A	3.000% to 5.000%	June 15, 2016 to June 15, 2035	63,390,000	59,940,000	62,355,000
2015 D	4.000% to 5.000%	June 15, 2016 to June 15, 2027	29,355,000	27,170,000	-
2016 B	5.00%	June 15, 2016 to June 15, 2035	8,950,000	7,415,000	-
			<u>537,345,000</u>	<u>273,690,000</u>	<u>282,785,000</u>
		Subtotal - PPRF Bonds	<u>1,677,780,000</u>	<u>1,048,895,000</u>	<u>1,006,975,000</u>
Pooled Equipment Certificates of Participants					
1995 A	6.30%	October 1, 2015	4,288,000	-	19,000
1996 A	5.80%	April 1, 2016	<u>1,458,000</u>	<u>-</u>	<u>9,000</u>
			<u>5,746,000</u>	<u>-</u>	<u>28,000</u>
Cigarette Tax Revenue Bonds - UNM Health Sciences Center Project					
2004A	4.0% to 5.0%	April 1, 2012 to April 1, 2019	39,035,000	-	6,895,000
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	May 1, 2012 to May 1, 2026	<u>2,500,000</u>	<u>1,250,000</u>	<u>1,375,000</u>
Total bonds outstanding			<u>\$ 1,725,061,000</u>	1,050,145,000	1,015,273,000
Add net unamortized premium				64,303,718	41,630,674
Total bonds payable, net				1,114,448,718	1,056,903,674
Less current portion of bonds payable				<u>(78,040,000)</u>	<u>(75,943,000)</u>
Noncurrent portion of bonds payable				\$ 1,036,408,718	\$ 980,960,674

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Maturities of bonds payable and interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30,			
2017	\$ 78,040,000	\$ 48,478,193	\$ 126,518,193
2018	79,640,000	45,094,935	124,734,935
2019	81,180,000	41,568,050	122,748,050
2020	71,715,000	37,981,112	109,696,112
2021	75,105,000	34,643,297	109,748,297
2022-2026	329,145,000	121,821,706	450,966,706
2027-2031	183,005,000	56,958,402	239,963,402
2032-2036	124,075,000	20,980,162	145,055,162
2037-2041	16,400,000	3,399,899	19,799,899
2042-2046	11,840,000	1,106,800	12,946,800
	1,050,145,000	<u>\$ 412,032,556</u>	<u>\$ 1,462,177,556</u>
Add unamortized premium	64,303,718		
Bonds payable, net	<u>\$ 1,114,448,718</u>		

The bonds payable activity for the fiscal years were as follows:

Activity for Fiscal Year 2016

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016	Due within One Year
Bonds payable	\$ 1,015,273,000	\$ 203,390,000	\$ (168,518,000)	\$ 1,050,145,000	\$ 78,040,000
Add unamortized premium	41,630,674	38,348,642	(15,675,598)	64,303,718	-
Total	<u>\$ 1,056,903,674</u>	<u>\$ 241,738,642</u>	<u>\$ (184,193,598)</u>	<u>\$ 1,114,448,718</u>	<u>\$ 78,040,000</u>

Activity for Fiscal Year 2015

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015	Due within One Year
Bonds payable	\$ 1,010,668,000	\$ 166,950,000	\$ (162,345,000)	\$ 1,015,273,000	\$ 75,943,000
Add unamortized premium	37,473,351	19,634,472	(15,477,149)	41,630,674	-
Total	<u>\$ 1,048,141,351</u>	<u>\$ 186,584,472</u>	<u>\$ (177,822,149)</u>	<u>\$ 1,056,903,674</u>	<u>\$ 75,943,000</u>

Current and Advance Refunding of Debt

The PPRF Revenue Refunding Bonds Senior Lien 2016C series, issued in the total par amount of \$67,540,000, refunded the outstanding portions of the PPRF Revenue Bonds Senior Lien 2006D series in the amount of \$45,045,908. The refunding resulted in debt service savings over 15 to 20 years of \$12,603,391 and a Net Present Value (NPV) savings to the State of New Mexico of \$9,337,876 for the State Building Projects.

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The PPRF Revenue Refunding Bonds Senior Lien 2016A series, issued in the total par amount of \$52,070,000 refunded the outstanding portions of the 2004A Cigarette Tax Bonds and the PPRF Revenue Bonds 2005E series in the amount of \$31,396,723. The refunding resulted in debt service savings over the remaining 10 to 15 years of \$5,505,790, converted for comparison purposes to a NPV savings of \$5,002,352.

The PPRF Refunding Revenue Bonds Subordinate Lien 2015A series, issued in the total par amount of \$63,390,000, refunded the outstanding portions of the PPRF Refunding Revenue Bonds Subordinate Lien 2005C series and PPRF Revenue Bonds Subordinate Lien 2006C series. The PPRF 2005C series bonds were originally issued to fund a loan to the Metro Courts and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The PPRF 2006A series bonds were originally issued to fund a loan to the City of Santa Fe and that loan was refunded simultaneously with the issuance of the 2015A series bonds. The purpose of the refinancing was financial savings for both bonds. The PPRF 2005C series bonds resulted in a reduction in debt service expense for Metro Courts over the remaining life of the loan of \$5,621,486 converted for comparison purposes to a NPV savings of \$4,741,519. The PPRF 2006A series bonds resulted in a reduction in debt service expense for the City of Santa Fe over the remaining life of the loan of \$5,800,337 converted for comparison purposes to a NPV savings of \$4,351,828. Portions of the PPRF 2006A bonds were used to fund other loans. In total, the PPRF 2015A series bonds produced debt service savings over the remaining life of the loan of \$16,591,573 converted for comparison purposes to a NPV savings of \$13,834,690. The NPV rate used was 2.873%, the rate calculated for IRS Arbitrage Yield purposes.

8) Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients which have not been applied as a payment against their loan as well as debt service reserve accounts funded from the loan proceeds. The Authority applies loan payments semi-annually, therefore, any payments received prior to being applied to the loan are held in an account which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was \$83,008,008 and \$74,332,049 at June 30, 2016 and 2015.

9) Line of Credit

The Authority maintains a credit facility with Wells Fargo for the PPRF which provides for a borrowing limit of up to \$100,000,000 for the purpose of obtaining necessary funding, on an interim basis, to make loans to qualified entities prior to the issuance, sale and delivery of certain Public Project Revolving Fund Revenue Bonds and to reimburse

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the Authority for such loans that have been made. The terms of the credit facility require payment in full of any outstanding balance from the proceeds of the next PPRF bond issuance. Interest is due monthly on the outstanding balance, and accrues at 70% of U.S. dollar monthly LIBOR plus 75 basis points. The LIBOR rate at June 30, 2016, was .154. The Authority pays a 15 basis point fee on the unused portion of the facility. For fiscal year ended June 30, 2016, the line of credit has no activity and the balance at year-end was zero. A summary of changes for fiscal year ended June 30, 2015 follows:

Activity for Fiscal Year 2015

	Balance June 30, 2014	Increases	Decreases	Balance, June 30, 2015	Due within One Year
PPRF line of credit	\$ 12,006,298	\$ 30,573,802	\$ (42,580,100)	\$ -	\$ -
Total	<u>\$ 12,006,298</u>	<u>\$ 30,573,802</u>	<u>\$ (42,580,100)</u>	<u>\$ -</u>	<u>\$ -</u>

10) Operating Lease Commitment

The Authority is committed under various lease agreements for office space, a vehicle, and office equipment. These leases are classified as operating leases. Lease expenditures for the years ended June 30, 2016 and 2015, were \$328,004 and \$316,250. Future minimum lease payments are as follows:

Fiscal year ending June 30

2017	\$ 368,896
2018	376,274
2019	383,800
2020	259,255
2021	-
Total	<u>\$ 1,388,225</u>

11) Retirement Plans

The Authority's retirement plan was organized under Section 408(k) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of the Authority. Each eligible employee participating in the plan must contribute 3% of their compensation. The Authority makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. The Authority also makes a 50% matching contribution on voluntary contributions. Employee contributions are 100% vested, and the Authority contributions will vest 100% to the employee over five years. The contributions are invested in various

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mutual funds selected by the employee. The Authority's contributions for this retirement plan for the year ended June 30, 2016 and 2015 were \$487,766 and \$484,916, respectively. Additionally, employee contributions for the retirement plan for the years ended June 30, 2016 and 2015, respectively, were \$151,004 and \$149,634. Substantially all full-time employees participate in this plan.

The Authority maintains a retirement plan in accordance with an "eligible deferred compensation plan" pursuant to Section 457 of the Internal Revenue Code for its Executive Director. The contributions are made regardless of the number of hours worked or the employment status on the last day of the plan year. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was in effect for the years ended June 30, 2016 and 2015.

12) Compensated Absences

The following changes occurred during the fiscal year in the compensated absences liabilities:

Balance at June 30, 2015	\$ 285,923
Additions	315,644
Deletions	<u>(269,354)</u>
Balance at June 30, 2016	<u>332,213</u>
Due within one year	<u><u>\$ 332,213</u></u>
 Balance at June 30, 2014	 \$ 273,440
Additions	201,740
Deletions	<u>(189,257)</u>
Balance at June 30, 2015	<u>285,923</u>
Due within one year	<u><u>\$ 285,923</u></u>

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13) Agency Transactions

The Authority was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately \$1.3 billion and \$1.4 billion of such bonds are outstanding at June 30, 2016 and 2015, respectively.

Debt service for the bonds is payable solely from certain revenues of the Department of Transportation. In the opinion of legal counsel, there is no claim that could be asserted against the Authority's assets for payment of debt service on the bonds; therefore, these bonds are not reflected in the Authority's financial statements. The Authority receives a biannual fee from the Department of Transportation equal to its overhead costs for management of the bond issues. The fee is recognized on a cost reimbursement basis.

14) Contingencies

Litigation

In the normal course of operations, the Authority is involved in certain litigation and arbitration proceedings involving former employee complaints and subcontractor claims. Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of the Authority.

Loan Prepayment and Bond Call Provisions

During the period 2004 to 2008, including PPRF series bonds 2004A through 2008A, loans of less than \$25,000,000 contained provisions allowing for prepayment after one year whereas the related bonds used to fund the loans contained ten-year call provisions. In the event of a loan prepayment prior to the tenth year, the Authority's bond indentures require the substitution of a loan with similar cash flow characteristics or the defeasance of the related bond.

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in the Authority earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. The Authority has other funding sources available to pay the shortfall, including the proceeds of loan payoff, reserve funds, and operating cash. Management does not believe this condition will have a material adverse impact on the financial statements. The variance in prepayment and call periods was eliminated through a Board resolution in 2008 so that this condition no longer exists after June 2018. The loans containing the shortened call provision total approximately \$97 million and the related bonds total approximately \$316 million as of June 30, 2016. Loans exercising this call provision pre-paid \$61.2 million in principal during FY2016 and \$18.6 million in FY2015. Loans exercising this call provision in the original loan

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amount of \$7.4 million reached their maturity date in FY2016 while loans in the original amount of \$22.1 million reached their maturity date in FY2015.

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, the Authority pays an annual premium to the State for the following types of insurance coverage:

- Workers' compensation insurance
- General liability insurance
- Civil rights
- Blanket property insurance
- Boiler and machinery insurance
- Auto physical damage insurance
- Crime insurance

The Authority also carries commercial insurance to cover losses to which it may be exposed related to their leased office space.

During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

15) Related Party Transactions

The Authority has issued bonds or purchased securities for several other state entities to finance the construction of certain capital projects. Representatives of two of these entities (the Secretary of the New Mexico Department of Finance and Administration and the Secretary of the New Mexico Department of Energy, Minerals and Natural Resources) are members of the Authority's Board of Directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the NM Environmental Department in which the Authority assists the Department in the administration of the State's Drinking Water federal program.

16) Finance New Mexico, LLC

The Authority has invested in and is the managing member of FNMLLC which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an

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approved Community Development Entity (CDE) that holds New Market Tax Credits (NMTC) allocation authority to be used for investment in Qualified Active Low-Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC).

The principal business objective of FNMLLC is to provide nontraditional investment capital to underserved markets and enhance the return on such investments by providing its members with new market tax credits. In general, under Section 45D of the Internal Revenue Code, a qualified investor in a CDE can receive the tax credits to be used to reduce Federal taxes.

In accordance with the operating agreement of FNMLLC, 99% of profits, losses and cash flows are allocated to the Authority, the managing member, and 1% to New Mexico Community Capital, the nonmanaging member.

In 2015, management reevaluated how to report the Authority's interest in FNMLLC for financial statement purposes. Management evaluated a number of criteria as stated in GASB Statements Number 39 and 61, amendments of GASB Statement Number 14. The basic, but not the only criterion, is FNMLLC's financial accountability to the Authority. Financial accountability is measured through the degree to which the Authority can appoint a voting majority of the governing body, impose its will, ascertain a potential financial benefit, or face a potential financial burden with regard to the potential component unit. Based on the above criterion, it was determined that the FNMLLC is a blended component unit of the Authority. As such, the Authority has consolidated the FNMLLC's financial statement amounts within the Authority's New Market Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries, for the years ended June 30, 2016 and 2015 were as follows:

	2016	2015
<u>Statements of Net Position</u>		
Assets		
Cash	\$ 4,471,961	\$ 657,456
Due from affiliates	844,694	935,345
Investment in limited liability companies	<u>14,819</u>	<u>13,506</u>
Total assets	<u>\$ 5,331,474</u>	<u>\$ 1,606,307</u>
Liabilities		
Accounts payable	\$ 90,095	\$ 59,078
Due to affiliate	<u>1,279,941</u>	<u>647,193</u>
Total liabilities	<u>1,370,036</u>	<u>706,271</u>
Net Position		
Restricted	<u>3,961,438</u>	<u>900,036</u>
Total liabilities and net position	<u>\$ 5,331,474</u>	<u>\$ 1,606,307</u>

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Notes to Financial Statements

June 30, 2016 and 2015

Statements Revenues, Expenses and Changes in Net Position

	2016	2015
Operating Income		
Interest income	\$ 372	\$ 114
Sponsor fee income	232,500	-
Exit fee	3,382,250	-
Asset management fee income	<u>666,409</u>	<u>629,603</u>
Total operating income	<u>4,281,531</u>	<u>629,717</u>
Operating Expense		
Sponsor fee expense	213,173	-
Management fee expense	584,795	372,729
Professional fees	59,900	162,460
Gross receipt tax	352,913	45,555
Miscellaneous administrative expenses	<u>9,479</u>	<u>8,972</u>
Total operating expenses	<u>1,220,260</u>	<u>589,716</u>
Net operating income	3,061,271	40,001
Nonoperating Income		
Share of income from investment in limited liability companies	<u>131</u>	<u>123</u>
Increase in net position	3,061,402	40,124
Net position, beginning of year	<u>900,036</u>	<u>859,912</u>
Net position, end of year	<u>\$ 3,961,438</u>	<u>\$ 900,036</u>

Statement of Cash Flows

	2016	2015
Cash flows from operating activities		
Increase in net position	\$ 3,061,402	\$ 40,124
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	(131)	(123)
Increase in assets		
Due from affiliate	90,651	(96,608)
Increase in liabilities		
Accounts payable	31,017	28,322
Due to affiliate	<u>632,748</u>	<u>153,255</u>
Net cash provided by operating activities	<u>3,815,687</u>	<u>124,970</u>
Cash flows from investing activities		
Investment in limited liability companies	(3,960)	-
Return of capital from limited liability companies	1,051	-
Distributions from limited liability companies	<u>1,727</u>	<u>186</u>
Net cash provided by investing activities	<u>(1,182)</u>	<u>186</u>
Net increase in cash	3,814,505	125,156
Cash, beginning of year	<u>657,456</u>	<u>532,300</u>
Cash, end of year	<u>\$ 4,471,961</u>	<u>\$ 657,456</u>

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17) Subsequent Event

On October 19, 2016, the Legislature of the State of New Mexico 52nd Legislature, 2nd Special Session enacted the transfer of \$15,500,000 from PPRF to the New Mexico State General Fund, provided that, except as otherwise provided in the Tax Administration Act, the amount transferred is from the fiscal year 2017 portion of the governmental gross receipts tax distributed to the public project revolving fund pursuant to Section 7-1-6.38 NMSA 1978 and that is not otherwise pledged for payment of obligations of the Authority.

The Authority has evaluated subsequent events through November 14, 2016, the date which the financial statements were available to be issued.

Supplementary Schedules

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Assets					
Current assets					
Cash and equivalents					
Unrestricted	\$ 15,433,532	\$ -	\$ -	\$ -	\$ -
Restricted	84,062,466	-	-	48,755	828,828
Interest receivable	8,271,551	-	1,094	-	-
Grants and other receivable	-	-	-	-	-
Due from other funds	11,602,801	-	-	-	-
Prepaid rent	19,500	-	-	-	-
Administrative fees receivable	157,428	-	-	-	-
Notes receivable	2,525,603	-	-	-	-
Loans receivable, net of allowance	88,734,330	-	-	6,917	88,806
Intergovernmental receivables	5,450,000	-	-	-	-
Total current assets	216,257,211	-	1,094	55,672	917,634
Noncurrent assets					
Restricted investments	281,248,545	-	-	-	1,438,575
Loans receivable, net of allowance	1,047,374,089	-	-	-	823,263
Intergovernmental receivables	82,340,000	-	-	-	-
Capital assets, net of accumulated depreciation	244,840	34,076	-	-	-
Total assets	1,627,464,685	34,076	1,094	55,672	3,179,472
Deferred Outflows of Resources					
Deferred loss on refunding	823,233	-	-	-	-
Total deferred outflows of resources	823,233	-	-	-	-
Liabilities					
Current liabilities					
Accounts payable	216,972	-	-	-	-
Accrued payroll	176,438	-	-	-	-
Compensated absences	332,213	-	-	-	-
Due to other funds	4,552,729	315,970	287,441	120,855	-
Bond interest payable	3,492,374	-	-	-	11,479
Undisbursed loan proceeds	135,562,894	-	-	62,092	-
Advanced loan payments	82,505,492	-	-	-	-
Notes payable	227,304	-	-	-	-
Line of credit	-	-	-	-	-
Bonds payable, net	78,040,000	-	-	-	-
Other liabilities	99,997	-	-	-	-
Total current liabilities	305,206,413	315,970	287,441	182,947	11,479
Noncurrent liabilities					
Bonds payable	1,035,158,718	-	-	-	1,250,000
Total liabilities	1,340,365,131	315,970	287,441	182,947	1,261,479
Deferred Inflows of Resources					
Deferred gain on refunding	1,575,177	-	-	-	-
Total deferred inflows of resources	1,575,177	-	-	-	-
Net Position					
Net investment in capital assets	244,840	34,076	-	-	-
Restricted for program commitments	270,669,238	-	1,094	6,917	1,917,993
Unrestricted	15,433,532	(315,970)	(287,441)	(134,192)	-
Total net position	\$ 286,347,610	\$ (281,894)	\$ (286,347)	\$ (127,275)	\$ 1,917,993

New Mexico Finance Authority
Combining Statements of Net Position – by Program
June 30, 2016

DWSRF	Primary Care	Local Road Program	New Market Tax Credits	Energy Efficiency	UNM Health Sciences	Worker's Comp Financing Program	State Capitol Imprv Financing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,011,610	1,567,278	271,832	4,548,520	-	45,870	-	162,713
226,043	6,385	-	-	-	-	-	-
-	-	-	890,213	-	-	-	-
-	-	401	422,425	-	-	-	-
-	-	-	-	-	-	-	-
29,665	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,321,364	480,138	-	-	-	-	-	-
-	-	-	-	-	763,814	-	-
20,588,682	2,053,801	272,233	5,861,158	-	809,684	-	162,713
39,139,241	-	-	-	-	-	-	-
80,713,927	3,021,710	-	-	-	-	-	-
-	-	-	-	-	1,534,485	-	-
-	-	-	-	-	-	-	-
140,441,850	5,075,511	272,233	5,861,158	-	2,344,169	-	162,713
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	90,095	-	-	230	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
224,526	516,710	-	-	1,093	-	-	-
-	-	-	-	-	21,434	-	-
-	-	-	-	-	-	-	-
485,326	17,190	-	-	-	-	-	-
-	-	-	-	-	2,298,299	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,394	-	-	423,200	-	-	-	-
719,246	533,900	-	513,295	1,093	2,319,733	230	-
-	-	-	-	-	-	-	-
719,246	533,900	-	513,295	1,093	2,319,733	230	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
139,947,130	5,058,321	271,832	4,925,437	-	24,436	-	162,713
(224,526)	(516,710)	401	422,426	(1,093)	-	(230)	-
\$ 139,722,604	\$ 4,541,611	\$ 272,233	\$ 5,347,863	\$ (1,093)	\$ 24,436	\$ (230)	\$ 162,713

	State Office Building Bonding Program	Equipment Loan Program	Water Trust Board	Water/Waste Water	Emergency Drought Water Program
Assets					
Current assets					
Cash and equivalents					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	8,627,603	-	11,448,239	546,579	110
Interest receivable	-	-	-	-	-
Grants and other receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid rent	-	-	-	-	-
Administrative fees receivable	-	-	3,845	-	-
Notes receivable	-	-	-	-	-
Loans receivable, net of allowance	-	-	1,849,907	-	-
Intergovernmental receivables	-	-	-	-	-
Total current assets	8,627,603	-	13,301,991	546,579	110
Noncurrent assets					
Restricted investments	-	-	5,259,127	-	-
Loans receivable, net of allowance	-	-	25,651,768	-	-
Intergovernmental receivables	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-
Total assets	8,627,603	-	44,212,886	546,579	110
Deferred Outflows of Resources					
Deferred loss on refunding	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Liabilities					
Current liabilities					
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Compensated absences	-	-	-	-	-
Due to other funds	-	-	1,196,755	-	-
Bond interest payable	-	-	-	-	-
Undisbursed loan proceeds	-	-	-	-	-
Advanced loan payments	-	-	-	-	-
Notes payable	-	-	-	-	-
Line of credit	-	-	-	-	-
Bonds payable, net	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total current liabilities	-	-	1,196,755	-	-
Noncurrent liabilities					
Bonds payable	-	-	-	-	-
Total liabilities	-	-	1,196,755	-	-
Deferred Inflows of Resources					
Deferred gain on refunding	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Net Position					
Invested in capital assets	-	-	-	-	-
Restricted for program commitments	8,627,603	-	43,016,131	546,579	110
Unrestricted	-	-	-	-	-
Total net position	\$ 8,627,603	\$ -	\$ 43,016,131	\$ 546,579	\$ 110

New Mexico Finance Authority
Combining Statements of Net Position – by Program — continued
June 30, 2016

Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Intra Program Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,433,532
5,479,990	476,875	174,302	1,282,913	510,409	40,695	-	135,135,587
-	-	-	-	-	-	-	8,505,073
-	-	-	-	-	-	-	890,213
-	-	2,248	-	-	-	(12,027,875)	-
-	-	-	-	-	-	-	19,500
-	-	-	-	-	-	-	190,938
-	-	-	-	-	-	(2,525,603)	-
-	173,244	-	176,636	84,114	-	-	96,915,456
-	-	-	-	-	-	-	6,213,814
5,479,990	650,119	176,550	1,459,549	594,523	40,695	(14,553,478)	263,304,113
-	1,242,196	455,471	3,368,247	-	-	-	332,151,402
-	1,748,093	-	3,219,927	2,188,154	-	-	1,164,740,931
-	-	-	-	-	-	-	83,874,485
-	-	-	-	-	-	-	278,916
5,479,990	3,640,408	632,021	8,047,723	2,782,677	40,695	(14,553,478)	1,844,349,847
-	-	-	-	-	-	-	823,233
-	-	-	-	-	-	-	823,233
-	-	-	-	-	-	-	307,297
-	-	-	-	-	-	-	176,438
-	-	-	-	-	-	-	332,213
220,334	1,239,027	-	1,126,631	2,225,804	-	(12,027,875)	-
-	-	-	-	-	-	-	3,525,287
-	-	-	-	-	-	-	135,624,986
-	-	-	-	-	-	-	83,008,008
-	-	-	-	-	-	(2,525,603)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	78,040,000
-	-	-	-	-	-	-	532,591
220,334	1,239,027	-	1,126,631	2,225,804	-	(14,553,478)	301,546,820
-	-	-	-	-	-	-	1,036,408,718
220,334	1,239,027	-	1,126,631	2,225,804	-	(14,553,478)	1,337,955,538
-	-	-	-	-	-	-	1,575,177
-	-	-	-	-	-	-	1,575,177
-	-	-	-	-	-	-	278,916
5,259,656	3,640,408	629,773	8,047,723	2,782,677	40,695	-	495,576,466
-	(1,239,027)	2,248	(1,126,631)	(2,225,804)	-	-	9,786,983
\$ 5,259,656	\$ 2,401,381	\$ 632,021	\$ 6,921,092	\$ 556,873	\$ 40,695	\$ -	\$ 505,642,365

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Assets					
Current assets					
Cash and equivalents					
Unrestricted	\$ 21,129,169	\$ -	\$ -	\$ -	\$ 481,514
Restricted	74,239,292	-	-	41,605	-
Interest receivable	6,310,708	-	-	-	-
Grants and other receivable	-	-	-	-	-
Due from other funds	4,299,300	-	-	-	-
Prepaid rent	19,500	-	-	-	-
Administrative fees receivable	151,490	-	-	-	-
Notes receivable	3,506,118	-	-	-	-
Loans receivable, net of allowance	89,113,952	-	-	13,459	67,528
Intergovernmental receivables	3,815,000	-	-	-	-
Total current assets	202,584,529	-	-	55,064	549,042
Noncurrent assets					
Restricted investments	231,414,125	-	-	-	1,421,252
Loans receivable, net of allowance	969,161,552	-	-	-	905,781
Intergovernmental receivables	92,320,000	-	-	-	-
Capital assets, net of accumulated depreciation	(29,209)	34,076	-	-	-
Total assets	1,495,450,997	34,076	-	55,064	2,876,075
Deferred Outflows of Resources					
Deferred charge on refunding	184,242	-	-	-	-
Total deferred outflows of resources	184,242	-	-	-	-
Liabilities					
Current liabilities					
Accounts payable	185,823	-	-	-	-
Accrued payroll	112,716	-	-	-	-
Compensated absences	285,923	-	-	-	-
Due to other funds	417,644	67,795	270,365	120,136	-
Bond interest payable	3,358,501	-	-	-	12,627
Undisbursed loan proceeds	71,877,909	-	-	62,092	-
Advanced loan payments	74,027,622	-	-	-	-
Notes payable	443,635	-	-	-	-
Line of credit	-	-	-	-	-
Bonds payable, net	73,870,000	-	-	-	125,000
Other liabilities	177,639	-	-	-	-
Total current liabilities	224,757,412	67,795	270,365	182,228	137,627
Noncurrent liabilities					
Bonds payable	974,223,351	-	-	-	1,250,000
Total liabilities	1,198,980,763	67,795	270,365	182,228	1,387,627
Net Position					
Net investment in capital assets	(29,209)	34,076	-	-	-
Restricted for program commitments	276,556,622	-	-	13,459	1,488,448
Unrestricted	20,127,063	(67,795)	(270,365)	(140,623)	-
Total net position	296,654,476	(33,719)	(270,365)	(127,164)	1,488,448
Total liabilities and net position	\$ 1,495,635,239	\$ 34,076	\$ -	\$ 55,064	\$ 2,876,075

New Mexico Finance Authority
Combining Statements of Net Position – by Program
June 30, 2015

DWSRF	Primary Care	Local Road Program	New Market Tax Credits	Energy Efficiency	UNM Health Sciences	Worker's Comp Financing Program	State Capitol Imprv Financing
\$ -	\$ 53	\$ -	\$ -	\$ -	\$ 45,581	\$ -	\$ -
11,873,129	635,170	270,048	708,525	-	955,678	(230)	161,689
173,347	6,829	-	-	-	165,900	-	-
-	-	-	950,402	-	-	-	-
-	-	-	911,305	-	-	-	-
-	-	-	-	-	-	-	-
27,998	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,250,106	392,835	-	-	-	-	-	-
-	-	-	-	-	2,684,184	-	-
<u>17,324,580</u>	<u>1,034,887</u>	<u>270,048</u>	<u>2,570,232</u>	<u>-</u>	<u>3,851,343</u>	<u>(230)</u>	<u>161,689</u>
34,841,434	529,786	-	-	-	-	-	-
77,612,631	3,486,943	-	-	-	-	-	-
-	-	-	-	-	7,273,299	-	-
-	-	-	-	-	-	-	-
<u>129,778,645</u>	<u>5,051,616</u>	<u>270,048</u>	<u>2,570,232</u>	<u>-</u>	<u>11,124,642</u>	<u>(230)</u>	<u>161,689</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	59,078	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
155,679	474,872	1,156	-	1,093	-	-	-
-	-	-	-	-	110,861	-	-
-	-	-	-	-	-	-	-
285,741	17,189	-	-	-	-	-	-
-	-	-	-	-	3,062,483	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,920,000	-	-
41,602	-	-	552,683	-	-	-	-
<u>483,022</u>	<u>492,061</u>	<u>1,156</u>	<u>611,761</u>	<u>1,093</u>	<u>5,093,344</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	5,487,323	-	-
<u>483,022</u>	<u>492,061</u>	<u>1,156</u>	<u>611,761</u>	<u>1,093</u>	<u>10,580,667</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
129,295,623	5,034,374	270,048	1,106,244	-	543,975	-	161,689
-	(474,819)	(1,156)	852,227	(1,093)	-	(230)	-
<u>129,295,623</u>	<u>4,559,555</u>	<u>268,892</u>	<u>1,958,471</u>	<u>(1,093)</u>	<u>543,975</u>	<u>(230)</u>	<u>161,689</u>
<u>\$ 129,778,645</u>	<u>\$ 5,051,616</u>	<u>\$ 270,048</u>	<u>\$ 2,570,232</u>	<u>\$ -</u>	<u>\$ 11,124,642</u>	<u>\$ (230)</u>	<u>\$ 161,689</u>

	State Office Building Bonding Program	Equipment Loan Program	Water Trust Board	Water/Waste Water	Emergency Drought Water Program
Assets					
Current assets					
Cash and equivalents					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	8,508,808	1,497	8,187,508	543,022	109
Interest receivable	-	717	-	-	-
Grants and other receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid rent	-	-	-	-	-
Administrative fees receivable	-	-	11,546	-	-
Notes receivable	-	-	-	-	-
Loans receivable, net of allowance	-	28,000	906,361	-	-
Intergovernmental receivables	-	-	-	-	-
Total current assets	<u>8,508,808</u>	<u>30,214</u>	<u>9,105,415</u>	<u>543,022</u>	<u>109</u>
Noncurrent assets					
Restricted investments	-	-	4,476,424	-	-
Loans receivable, net of allowance	-	-	24,024,080	-	-
Intergovernmental receivables	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-
Total assets	<u>8,508,808</u>	<u>30,214</u>	<u>37,605,919</u>	<u>543,022</u>	<u>109</u>
Deferred Outflows of Resources					
Deferred charge on refunding	-	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Compensated absences	-	-	-	-	-
Due to other funds	-	-	120,596	-	-
Bond interest payable	-	281	-	-	-
Undisbursed loan proceeds	-	-	-	-	-
Advanced loan payments	-	1,497	-	-	-
Notes payable	-	-	-	-	-
Line of credit	-	-	-	-	-
Bonds payable, net	-	28,000	-	-	-
Other liabilities	-	-	-	-	-
Total current liabilities	<u>-</u>	<u>29,778</u>	<u>120,596</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities					
Bonds payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>29,778</u>	<u>120,596</u>	<u>-</u>	<u>-</u>
Net Position					
Invested in capital assets	-	-	-	-	-
Restricted for program commitments	8,508,808	436	37,485,323	543,022	109
Unrestricted	-	-	-	-	-
Total net position	<u>8,508,808</u>	<u>436</u>	<u>37,485,323</u>	<u>543,022</u>	<u>109</u>
Total liabilities and net position	<u>\$ 8,508,808</u>	<u>\$ 30,214</u>	<u>\$ 37,605,919</u>	<u>\$ 543,022</u>	<u>\$ 109</u>

New Mexico Finance Authority
Combining Statements of Net Position – by Program — continued
June 30, 2015

Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Intra Program Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,656,317
3,804,550	385,504	624,820	2,140,580	245,111	40,461	-	113,366,876
-	-	-	-	-	-	-	6,657,501
-	-	-	-	-	-	-	950,402
-	-	2,557	-	-	-	(5,213,162)	-
-	-	-	-	-	-	-	19,500
-	-	-	-	-	-	-	191,034
-	-	-	-	-	-	(3,506,118)	-
-	166,266	-	196,985	-	-	-	96,135,492
-	-	-	-	-	-	-	6,499,184
<u>3,804,550</u>	<u>551,770</u>	<u>627,377</u>	<u>2,337,565</u>	<u>245,111</u>	<u>40,461</u>	<u>(8,719,280)</u>	<u>245,476,306</u>
-	1,138,274	-	6,339,935	-	-	-	280,161,230
-	1,813,656	-	4,104,587	1,550,806	-	-	1,082,660,036
-	-	-	-	-	-	-	99,593,299
-	-	-	-	-	-	-	4,867
<u>3,804,550</u>	<u>3,503,700</u>	<u>627,377</u>	<u>12,782,087</u>	<u>1,795,917</u>	<u>40,461</u>	<u>(8,719,280)</u>	<u>1,707,895,738</u>
-	-	-	-	-	-	-	184,242
-	-	-	-	-	-	-	184,242
-	-	-	-	-	-	-	244,901
-	-	-	-	-	-	-	112,716
-	-	-	-	-	-	-	285,923
31,861	1,203,957	-	710,826	1,637,182	-	(5,213,162)	-
-	-	-	-	-	-	-	3,482,270
-	-	-	-	-	-	-	71,940,001
-	-	-	-	-	-	-	74,332,049
-	-	-	-	-	-	(3,506,118)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	75,943,000
-	-	-	-	-	-	-	771,924
<u>31,861</u>	<u>1,203,957</u>	<u>-</u>	<u>710,826</u>	<u>1,637,182</u>	<u>-</u>	<u>(8,719,280)</u>	<u>227,112,784</u>
-	-	-	-	-	-	-	980,960,674
<u>31,861</u>	<u>1,203,957</u>	<u>-</u>	<u>710,826</u>	<u>1,637,182</u>	<u>-</u>	<u>(8,719,280)</u>	<u>1,208,073,458</u>
-	-	-	-	-	-	-	4,867
3,772,689	3,503,700	624,820	12,782,087	1,550,806	40,461	-	483,282,743
-	(1,203,957)	2,557	(710,826)	(1,392,071)	-	-	16,718,912
<u>3,772,689</u>	<u>2,299,743</u>	<u>627,377</u>	<u>12,071,261</u>	<u>158,735</u>	<u>40,461</u>	<u>-</u>	<u>500,006,522</u>
<u>\$ 3,804,550</u>	<u>\$ 3,503,700</u>	<u>\$ 627,377</u>	<u>\$ 12,782,087</u>	<u>\$ 1,795,917</u>	<u>\$ 40,461</u>	<u>\$ (8,719,280)</u>	<u>\$ 1,708,079,980</u>

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Operating Revenues					
Administrative fees revenue	\$ 1,928,785	\$ 451,992	\$ -	\$ -	\$ -
Exit fee	-	-	-	-	-
Interest on loans	49,650,131	-	1,093	310	26,453
Interest on investments	<u>1,472,865</u>	<u>-</u>	<u>-</u>	<u>299</u>	<u>15,440</u>
Total operating revenues	<u>53,051,781</u>	<u>451,992</u>	<u>1,093</u>	<u>609</u>	<u>41,893</u>
Operating Expenses					
Grants to others	500,000	-	-	-	-
Bond issuance costs	1,018,535	-	-	-	-
Administrative fees	36,931	-	-	-	-
Professional services	982,975	455,188	1,478	37	-
Salaries and benefits	2,358,936	158,111	13,037	573	-
Other operating costs	1,272,737	86,868	2,560	110	17,854
Depreciation expense	2,193	-	-	-	-
Bond interest expense	45,991,088	-	-	-	74,616
Loan refinancing pass-through	21,455,228	-	-	-	-
Provision for loan losses	58,043	-	-	-	-
Interest expense	<u>190,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>73,867,638</u>	<u>700,167</u>	<u>17,075</u>	<u>720</u>	<u>92,470</u>
Net operating income (loss)	(20,815,857)	(248,175)	(15,982)	(111)	(50,577)
Nonoperating Revenues (Expenses)					
Appropriation revenue	28,619,027	-	-	-	-
Federal grant revenue	-	-	-	-	-
Transfers from the State of New Mexico	-	-	-	-	-
Inter-fund transfers	(6,463,001)	-	-	-	480,122
Transfers to the State of New Mexico	<u>(11,647,035)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(10,306,866)	(248,175)	(15,982)	(111)	429,545
Net position, beginning of year	<u>296,654,476</u>	<u>(33,719)</u>	<u>(270,365)</u>	<u>(127,164)</u>	<u>1,488,448</u>
Net position, end of year	<u>\$ 286,347,610</u>	<u>\$ (281,894)</u>	<u>\$ (286,347)</u>	<u>\$ (127,275)</u>	<u>\$ 1,917,993</u>

New Mexico Finance Authority
Combining Statements of Revenues, Expenses and Changes in Net Position – by Program
For the Year Ended June 30, 2016

DWSRF	Primary Care	Local Road Program	New Market Tax Credits	Energy Efficiency	UNM Health Sciences	Workers Comp Financing Program
\$ 216,515	\$ -	\$ -	\$ 4,372,847	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,457,308	93,999	1,823	-	-	230,538	-
392,986	5,451	1,783	992	-	1,353	-
<u>2,066,809</u>	<u>99,450</u>	<u>3,606</u>	<u>4,373,839</u>	<u>-</u>	<u>231,891</u>	<u>-</u>
7,080,910	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	50,358	-
97,209	5,464	19	100,558	-	-	-
404,768	30,122	207	318,156	-	-	-
112,247	81,808	39	565,703	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(310,478)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	105,166	-
<u>7,695,134</u>	<u>117,394</u>	<u>265</u>	<u>984,417</u>	<u>-</u>	<u>(154,954)</u>	<u>-</u>
(5,628,325)	(17,944)	3,341	3,389,422	-	386,845	-
-	-	-	-	-	-	-
14,255,306	-	-	-	-	-	-
-	-	-	-	-	-	-
1,800,000	-	-	(30)	-	1,182,909	-
-	-	-	-	-	(2,089,293)	-
<u>10,426,981</u>	<u>(17,944)</u>	<u>3,341</u>	<u>3,389,392</u>	<u>-</u>	<u>(519,539)</u>	<u>-</u>
129,295,623	4,559,555	268,892	1,958,471	(1,093)	543,975	(230)
<u>\$ 139,722,604</u>	<u>\$ 4,541,611</u>	<u>\$ 272,233</u>	<u>\$ 5,347,863</u>	<u>\$ (1,093)</u>	<u>\$ 24,436</u>	<u>\$ (230)</u>

	State Capitol Imprv Financing	State Office Building Bonding Program	Equipment Loan Program	Water Trust Board	Water/Waste Water
Operating Revenues					
Administrative fees revenue	\$ -	\$ -	\$ -	\$ 79,515	\$ -
Exit fee	-	-	-	-	-
Interest on loans	-	-	405	-	-
Interest on investments	1,024	73,167	-	112,092	3,557
Total operating revenues	1,024	73,167	405	191,607	3,557
Operating Expenses					
Grants to others	-	-	-	26,230,366	-
Bond issuance costs	-	-	-	-	-
Administrative fees	-	-	-	-	-
Professional services	-	-	-	415,328	-
Salaries and benefits	-	-	-	526,851	-
Other operating costs	-	-	-	133,979	-
Depreciation expense	-	-	-	-	-
Bond interest expense	-	-	841	-	-
Loan refinancing pass-through	-	-	-	-	-
Provision for loan losses	-	-	-	-	-
Interest expense	-	-	-	-	-
Total operating expenses	-	-	841	27,306,524	-
Net operating income (loss)	1,024	73,167	(436)	(27,114,917)	3,557
Nonoperating Revenues (Expenses)					
Appropriation revenue	-	508,852	-	4,000,000	-
Federal grant revenue	-	-	-	-	-
Transfers from the State of New Mexico	-	-	-	28,645,725	-
Inter-fund transfers	-	-	-	-	-
Transfers to the State of New Mexico	-	(463,224)	-	-	-
Increase (decrease) in net position	1,024	118,795	(436)	5,530,808	3,557
Net position, beginning of year, as restated (Note 16)	161,689	8,508,808	436	37,485,323	543,022
Net position, end of year	<u>\$ 162,713</u>	<u>\$ 8,627,603</u>	<u>\$ -</u>	<u>\$ 43,016,131</u>	<u>\$ 546,579</u>

New Mexico Finance Authority
Combining Statements of Revenues, Expenses and Changes in Net Position – by Program — Continued
For the Year Ended June 30, 2016

Emergency Drought Water Program	Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,049,654
-	-	-	-	-	-	-	-
-	-	115,590	-	158,726	-	-	51,736,376
<u>1</u>	<u>37,042</u>	<u>12,947</u>	<u>4,953</u>	<u>59,276</u>	<u>300</u>	<u>234</u>	<u>2,195,762</u>
<u>1</u>	<u>37,042</u>	<u>128,537</u>	<u>4,953</u>	<u>218,002</u>	<u>300</u>	<u>234</u>	<u>60,981,792</u>
-	1,361,601	-	-	-	12,715,493	-	47,888,370
-	-	-	-	-	-	-	1,018,535
-	-	-	-	-	-	-	87,289
-	37,938	2,577	28	43,626	246,612	-	2,389,037
-	119,707	25,199	238	298,372	260,933	-	4,515,210
-	30,829	7,293	43	73,805	81,079	-	2,466,954
-	-	-	-	-	-	-	2,193
-	-	-	-	-	-	-	45,756,067
-	-	-	-	-	-	-	21,455,228
-	-	(8,170)	-	(47,632)	-	-	2,241
-	-	-	-	-	-	-	296,138
-	<u>1,550,075</u>	<u>26,899</u>	<u>309</u>	<u>368,171</u>	<u>13,304,117</u>	-	<u>125,877,262</u>
1	(1,513,033)	101,638	4,644	(150,169)	(13,303,817)	234	(64,895,470)
-	-	-	-	-	-	-	33,127,879
-	-	-	-	-	-	-	14,255,306
-	-	-	-	-	13,701,955	-	42,347,680
-	3,000,000	-	-	-	-	-	-
-	-	-	-	(5,000,000)	-	-	(19,199,552)
<u>1</u>	<u>1,486,967</u>	<u>101,638</u>	<u>4,644</u>	<u>(5,150,169)</u>	<u>398,138</u>	<u>234</u>	<u>5,635,843</u>
109	3,772,689	2,299,743	627,377	12,071,261	158,735	40,461	500,006,522
<u>\$ 110</u>	<u>\$ 5,259,656</u>	<u>\$ 2,401,381</u>	<u>\$ 632,021</u>	<u>\$ 6,921,092</u>	<u>\$ 556,873</u>	<u>\$ 40,695</u>	<u>\$ 505,642,365</u>

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Operating Revenues					
Administrative fees revenue	\$ 1,007,340	\$ 483,659	\$ -	\$ -	\$ -
Processing fee	812,101	-	-	-	-
Interest on loans	46,430,667	-	3,781	502	33,167
Interest on investments	<u>504,597</u>	<u>126</u>	<u>2,131</u>	<u>185</u>	<u>8,255</u>
Total operating revenues	<u>48,754,705</u>	<u>483,785</u>	<u>5,912</u>	<u>687</u>	<u>41,422</u>
Operating Expenses					
Grants to others	5,670	-	-	-	-
Bond issuance costs	1,243,632	-	-	-	-
Administrative fees	52,661	-	-	-	-
Professional services	1,048,599	155,068	(611)	42	-
Salaries and benefits	2,322,032	160,811	18,073	2,790	-
Other operating costs	747,584	73,769	481	541	15,799
Depreciation expense	102,187	-	-	-	-
Bond interest expense	37,375,570	-	-	-	81,502
Loan refinancing pass-through	8,945,997	-	-	-	-
Provision for loan losses	(62,215)	-	-	-	-
Interest expense	<u>359,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>52,141,309</u>	<u>389,648</u>	<u>17,943</u>	<u>3,373</u>	<u>97,301</u>
Net operating income (loss)	(3,386,604)	94,137	(12,031)	(2,686)	(55,879)
Nonoperating Revenues (Expenses)					
Appropriation revenue	24,267,401	-	-	-	-
Federal grant revenue	-	-	-	-	-
Transfers from the State of New Mexico	-	-	-	-	-
Inter-fund transfers	(2,739,687)	(285,846)	(341,844)	-	447,370
Transfers to the State of New Mexico	<u>(293,375)</u>	<u>(188,733)</u>	<u>(500,000)</u>	<u>-</u>	<u>58</u>
Increase (decrease) in net position	17,847,735	(380,442)	(853,875)	(2,686)	391,549
Net position, beginning of year, as restated (Note 16)	<u>278,806,741</u>	<u>346,723</u>	<u>583,510</u>	<u>(124,478)</u>	<u>1,096,899</u>
Net position, end of year	<u>\$ 296,654,476</u>	<u>\$ (33,719)</u>	<u>\$ (270,365)</u>	<u>\$ (127,164)</u>	<u>\$ 1,488,448</u>

New Mexico Finance Authority
Combining Statements of Revenues, Expenses and Changes in Net Position – by Program
For the Year Ended June 30, 2015

DWSRF	Primary Care	Local Road Program	New Market Tax Credits	Energy Efficiency	UNM Health Sciences	Workers Comp Financing Program
\$ 193,281	\$ -	\$ -	\$ 629,603	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,222,127	74,312	215	-	-	608,210	-
<u>215,604</u>	<u>4,247</u>	<u>1,892</u>	<u>476</u>	<u>-</u>	<u>380</u>	<u>1</u>
<u>1,631,012</u>	<u>78,559</u>	<u>2,107</u>	<u>630,079</u>	<u>-</u>	<u>608,590</u>	<u>1</u>
10,177,865	-	500,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	79,923	-
74,318	45,696	268	53,377	-	-	-
467,145	35,034	1,276	139,105	-	-	-
140,450	68,723	229	258,609	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	266,806	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	130,267	-
<u>10,859,778</u>	<u>149,453</u>	<u>501,773</u>	<u>451,091</u>	<u>-</u>	<u>476,996</u>	<u>-</u>
(9,228,766)	(70,894)	(499,666)	178,988	-	131,594	1
-	-	-	-	-	3,167,121	-
24,735,441	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,257	-
<u>2,485</u>	<u>(2,477)</u>	<u>2,523</u>	<u>-</u>	<u>-</u>	<u>(3,185,218)</u>	<u>-</u>
15,509,160	(73,371)	(497,143)	178,988	-	115,754	1
<u>113,786,463</u>	<u>4,632,926</u>	<u>766,035</u>	<u>1,779,483</u>	<u>(1,093)</u>	<u>428,221</u>	<u>(231)</u>
<u>\$ 129,295,623</u>	<u>\$ 4,559,555</u>	<u>\$ 268,892</u>	<u>\$ 1,958,471</u>	<u>\$ (1,093)</u>	<u>\$ 543,975</u>	<u>\$ (230)</u>

	State Capitol Imprv Financing	State Office Building Bonding Program	Equipment Loan Program	Water Trust Board	Water/Waste Water
Operating Revenues					
Administrative fees revenue	\$ -	\$ -	\$ -	\$ 71,700	\$ -
Processing fee	-	-	-	-	-
Interest on loans	(5,148)	-	1,285	-	-
Interest on investments	1,512	44,794	-	74,736	2,591
Total operating revenues	<u>(3,636)</u>	<u>44,794</u>	<u>1,285</u>	<u>146,436</u>	<u>2,591</u>
Operating Expenses					
Grants to others	-	-	-	32,657,717	-
Bond issuance costs	-	-	-	-	-
Administrative fees	1,781	-	-	-	-
Professional services	-	-	-	390,243	-
Salaries and benefits	-	-	-	482,726	-
Other operating costs	-	-	-	137,724	-
Depreciation expense	-	-	-	-	-
Bond interest expense	35,328	-	2,319	-	-
Loan refinancing pass-through	-	-	-	-	-
Provision for loan losses	-	-	-	-	-
Interest expense	-	-	-	-	-
Total operating expenses	<u>37,109</u>	<u>-</u>	<u>2,319</u>	<u>33,668,410</u>	<u>-</u>
Net operating income (loss)	(40,745)	44,794	(1,034)	(33,521,974)	2,591
Nonoperating Revenues (Expenses)					
Appropriation revenue	(247,847)	1,493,112	-	4,000,000	-
Federal grant revenue	-	-	-	-	-
Transfers from the State of New Mexico	-	-	-	29,284,340	-
Inter-fund transfers	-	(1,082,250)	-	-	-
Transfers to the State of New Mexico	-	(468,456)	-	1,966	964
Increase (decrease) in net position	<u>(288,592)</u>	<u>(12,800)</u>	<u>(1,034)</u>	<u>(235,668)</u>	<u>3,555</u>
Net position, beginning of year	<u>450,281</u>	<u>8,521,608</u>	<u>1,470</u>	<u>37,720,991</u>	<u>539,467</u>
Net position, end of year	<u>\$ 161,689</u>	<u>\$ 8,508,808</u>	<u>\$ 436</u>	<u>\$ 37,485,323</u>	<u>\$ 543,022</u>

New Mexico Finance Authority
Combining Statements of Revenues, Expenses and Changes in Net Position – by Program — continued
For the Year Ended June 30, 2015

Emergency Drought Water Program	Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,385,583
-	-	-	-	-	-	-	812,101
-	-	136,843	-	139,796	-	-	48,645,757
-	13,302	6,686	2,908	41,313	6	168	925,910
-	13,302	143,529	2,908	181,109	6	168	52,769,351
-	1,934,582	-	-	-	8,964,515	-	54,240,349
-	-	-	-	-	-	-	1,243,632
-	-	-	-	-	-	-	134,365
-	79,787	5,448	-	49,284	244,638	-	2,146,157
-	187,496	35,694	-	302,951	206,230	-	4,361,363
-	47,162	10,063	-	77,728	53,688	-	1,632,550
-	-	-	-	-	-	-	102,187
-	-	-	-	-	-	-	37,761,525
-	-	-	-	-	-	-	8,945,997
-	-	(1,872,524)	-	(436,106)	-	-	(2,370,845)
-	-	-	-	-	-	-	489,859
-	2,249,027	(1,821,319)	-	(6,143)	9,469,071	-	108,687,139
-	(2,235,725)	1,964,848	2,908	187,252	(9,469,065)	168	(55,917,788)
-	-	-	-	4,477,239	-	-	37,157,026
-	-	-	-	-	-	-	24,735,441
-	-	-	-	-	10,011,439	-	39,295,779
-	4,000,000	-	-	-	-	-	-
84	-	3,062	49,293	-	-	587	(4,577,237)
84	1,764,275	1,967,910	52,201	4,664,491	542,374	755	40,693,221
25	2,008,414	331,833	575,176	7,406,770	(383,639)	39,706	459,313,301
\$ 109	\$ 3,772,689	\$ 2,299,743	\$ 627,377	\$ 12,071,261	\$ 158,735	\$ 40,461	\$ 500,006,522

	PPRF	GRIP	Behavioral Health	Child Care
Cash flows from operating activities				
Cash paid for employee services	\$ (2,248,924)	\$ (158,111)	\$ -	\$ (1)
Cash paid to vendors for services	(5,721,052)	(293,881)	-	-
Intergovernmental payments received	71,865,000	-	-	-
Loans payments received	112,317,247	-	-	6,542
Loans funded	(181,732,159)	-	-	-
Grants to local governments	(500,000)	-	-	-
Cash received from federal government for revolving loan funds	-	-	-	-
Interest on loans	47,691,110	-	-	310
Proceeds from line of credit	-	-	-	-
Payments of line of credit	-	-	-	-
Administrative fees received	1,922,847	451,992	-	-
Net cash provided by (used in) operating activities	43,594,069	-	-	6,851
Cash flows from noncapital financing activities				
Appropriations received from the State of New Mexico	28,619,027	-	-	-
Cash transfers from the State of New Mexico	-	-	-	-
Cash transfers to the State of New Mexico	(11,647,035)	-	-	-
Intra program transfers	(5,698,817)	-	-	-
Proceeds from the sale of bonds	241,738,642	-	-	-
Payment of bonds	(161,442,001)	-	-	-
Bond issuance costs	(1,018,535)	-	-	-
Bond interest expense paid	(59,924,788)	-	-	-
Loan refinancing pass-through to borrower	(21,455,228)	-	-	-
Net cash provided by (used in) noncapital financing activities	9,171,265	-	-	-
Cash flows from investing activities				
Purchase of investments	(49,283,288)	-	-	-
Sale of investments	-	-	-	-
Interest received on investments	921,731	-	-	299
Capital assets	(276,240)	-	-	-
Net cash provided by (used in) investing activities	(48,637,797)	-	-	299
Net increase (decrease) in cash and cash equivalents	4,127,537	-	-	7,150
Cash and cash equivalents, beginning of year	95,368,461	-	-	41,605
Cash and cash equivalents, end of year	\$ 99,495,998	\$ -	\$ -	\$ 48,755
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities				
Net operating income (loss)	\$ (20,815,857)	\$ (248,175)	\$ (15,982)	\$ (111)
Adjustments to change in net position				
Depreciation	2,191	-	-	-
Amortization on bond premiums	(15,163,275)	-	-	-
Provision for loan losses	58,043	-	-	-
Interest on investments	(1,472,865)	-	-	(299)
Bond interest paid	59,953,650	-	-	-
Loan refinancing pass-through to borrowers	21,455,228	-	-	-
Bond issuance costs	1,018,535	-	-	-
Cash received from federal grants	-	-	-	-
Interest expense	190,972	-	-	-
Changes in assets and liabilities				
Interest receivable	(1,960,843)	-	(1,094)	-
Grants and other receivables	-	-	-	-
Due from other programs	(7,303,501)	-	17,076	-
Administrative fees receivable	(5,938)	-	-	-
Notes receivable	980,515	-	-	-
Loans receivable, net of allowance	(77,832,915)	-	-	6,542
Intergovernmental receivables	8,345,000	-	-	-
Accounts payable	31,149	-	-	-
Accrued payroll	63,722	-	-	-
Compensated absences	46,290	-	-	-
Due to other programs	4,135,085	248,175	-	719
Undisbursed loan proceeds	63,684,986	-	-	-
Advanced loan payments	8,477,870	-	-	-
Notes payable	(216,331)	-	-	-
Other liabilities	(77,642)	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 43,594,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,851</u>

New Mexico Finance Authority
Combining Statements of Cash Flows – by Program
For the Year Ended June 30, 2016

Cigarette Tax	DWSRF	Primary Care	Local Road Fund	New Market Tax Credits	Energy Efficiency	UNM Health Sciences	Worker's Comp Financing Program	State Capitol Imprv Financing
\$ -	\$ (404,768)	\$ (30,122)	\$ (207)	\$ (318,156)	\$ -	\$ -	\$ -	\$ -
(17,854)	(172,817)	(45,434)	(1,615)	(215,658)	-	(50,358)	230	-
-	-	-	-	-	-	7,659,184	-	-
61,240	6,646,016	377,931	1,823	-	-	-	-	-
-	(9,618,985)	-	-	-	-	-	-	-
-	(7,080,910)	-	-	-	-	-	-	-
-	14,255,306	-	-	-	-	-	-	-
26,453	1,404,612	94,443	-	-	-	396,438	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	214,848	-	-	4,372,847	-	-	-	-
<u>69,839</u>	<u>5,243,302</u>	<u>396,818</u>	<u>1</u>	<u>3,839,033</u>	<u>-</u>	<u>8,005,264</u>	<u>230</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(2,089,293)	-	-
480,122	1,800,000	-	-	(30)	-	418,725	-	-
-	-	-	-	-	-	-	-	-
(125,000)	-	-	-	-	-	(6,922,999)	-	-
-	-	-	-	-	-	-	-	-
(75,764)	-	-	-	-	-	(368,439)	-	-
-	-	-	-	-	-	-	-	-
<u>279,358</u>	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>-</u>	<u>(8,962,006)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
(14,617)	(4,223,341)	-	-	-	-	-	-	-
-	-	529,786	-	-	-	-	-	-
12,734	318,520	5,451	1,783	992	-	1,353	-	1,024
-	-	-	-	-	-	-	-	-
<u>(1,883)</u>	<u>(3,904,821)</u>	<u>535,237</u>	<u>1,783</u>	<u>992</u>	<u>-</u>	<u>1,353</u>	<u>-</u>	<u>1,024</u>
347,314	3,138,481	932,055	1,784	3,839,995	-	(955,389)	230	1,024
<u>481,514</u>	<u>11,873,129</u>	<u>635,223</u>	<u>270,048</u>	<u>708,525</u>	<u>-</u>	<u>1,001,259</u>	<u>(230)</u>	<u>161,689</u>
<u>\$ 828,828</u>	<u>\$ 15,011,610</u>	<u>\$ 1,567,278</u>	<u>\$ 271,832</u>	<u>\$ 4,548,520</u>	<u>\$ -</u>	<u>\$ 45,870</u>	<u>\$ -</u>	<u>\$ 162,713</u>
\$ (50,577)	\$ (5,628,325)	\$ (17,944)	\$ 3,341	\$ 3,389,422	\$ -	\$ 386,845	\$ -	\$ 1,024
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	(512,323)	-	-
-	-	-	-	-	-	-	-	-
(15,440)	(392,986)	(5,451)	(1,783)	(992)	-	(1,353)	-	(1,024)
74,616	-	-	-	-	-	966,029	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	14,255,306	-	-	-	-	-	-	-
-	-	-	-	-	-	105,166	-	-
-	(52,696)	444	-	-	-	165,900	-	-
-	-	-	-	60,189	-	-	-	-
-	-	-	(401)	488,880	-	-	-	-
-	(1,667)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
61,240	(3,172,554)	377,930	-	-	-	-	-	-
-	-	-	-	-	-	7,659,184	-	-
-	-	-	-	31,017	-	-	230	-
-	-	-	-	-	-	-	-	-
-	68,847	41,838	(1,156)	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	199,585	1	-	-	-	-	-	-
-	-	-	-	-	-	(764,184)	-	-
-	(32,208)	-	-	(129,483)	-	-	-	-
<u>\$ 69,839</u>	<u>\$ 5,243,302</u>	<u>\$ 396,818</u>	<u>\$ 1</u>	<u>\$ 3,839,033</u>	<u>\$ -</u>	<u>\$ 8,005,264</u>	<u>\$ 230</u>	<u>\$ -</u>

	State Office Building Bonding Program	Equipment Loan Program	Water Trust Board	Water/Waste Water
Cash flows from operating activities				
Cash paid for employee services	\$ -	\$ -	\$ (526,851)	\$ -
Cash paid to vendors for services	-	-	526,852	-
Intergovernmental payments received	-	-	-	-
Loans payments received	-	26,503	3,239,529	-
Loans funded	-	-	(5,810,763)	-
Grants to local governments	-	-	(26,230,366)	-
Cash received from federal government for revolving loan funds	-	-	-	-
Interest on loans	-	1,122	-	-
Proceeds from line of credit	-	-	-	-
Payments of line of credit	-	-	-	-
Administrative fees received	-	-	87,216	-
Net cash provided by (used in) operating activities	-	27,625	(28,714,383)	-
Cash flows from noncapital financing activities				
Appropriations received from the State of New Mexico	508,852	-	4,000,000	-
Cash transfers from the State of New Mexico	-	-	28,645,725	-
Cash transfers to the State of New Mexico	(463,224)	-	-	-
Intra program transfers	-	-	-	-
Proceeds from the sale of bonds	-	-	-	-
Payment of bonds	-	(28,000)	-	-
Bond issuance costs	-	-	-	-
Bond interest expense paid	-	(1,122)	-	-
Loan refinancing pass-through to borrower	-	-	-	-
Net cash provided by (used in) noncapital financing activities	45,628	(29,122)	32,645,725	-
Cash flows from investing activities				
Purchase of investments	-	-	(772,812)	-
Sale of investments	-	-	-	-
Interest received on investments	73,167	-	102,201	3,557
Interest received on investments	-	-	-	-
Net cash provided by (used in) investing activities	73,167	-	(670,611)	3,557
Net increase (decrease) in cash and cash equivalents	118,795	(1,497)	3,260,731	3,557
Cash and cash equivalents, beginning of year	8,508,808	1,497	8,187,508	543,022
Cash and cash equivalents, end of year	\$ 8,627,603	\$ -	\$ 11,448,239	\$ 546,579
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities				
Net operating income (loss)	\$ 73,167	\$ (436)	\$ (27,114,917)	\$ 3,557
Adjustments to change in net assets				
Depreciation	-	-	-	-
Amortization on bond premiums	-	-	-	-
Provision for loan losses	-	-	-	-
Interest on investments	(73,167)	-	(112,092)	(3,557)
Bond interest paid	-	841	-	-
Loan refinancing pass-through to borrowers	-	-	-	-
Bond issuance costs	-	-	-	-
Cash received from federal grants	-	-	-	-
Interest expense	-	-	-	-
Changes in assets and liabilities				
Interest receivable	-	717	-	-
Grants and other receivables	-	-	-	-
Due from other programs	-	-	-	-
Administrative fees receivable	-	-	7,701	-
Notes receivable	-	-	-	-
Loans receivable, net of allowance	-	28,000	(2,571,234)	-
Intergovernmental receivables	-	-	-	-
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Compensated absences	-	-	-	-
Due to other programs	-	-	1,076,159	-
Undisbursed loan proceeds	-	-	-	-
Advanced loan payments	-	(1,497)	-	-
Notes payable	-	-	-	-
Other liabilities	-	-	-	-
Net cash provided by (used in) operating activities	\$ -	\$ 27,625	\$ (28,714,383)	\$ -

New Mexico Finance Authority
Combining Statements of Cash Flows – by Program — continued
For the Year Ended June 30, 2016

Emergency Drought	Local Government Planning Fund	Economic Development Program	Local Government Transportation	SSBCI	Colonias	BioMass Dairy	Intra Program Eliminations	Total
\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ (2)	\$ -	\$ -	\$ (3,687,143)
-	-	1	-	2	-	-	-	(5,991,584)
-	-	-	-	-	-	-	-	79,524,184
-	-	66,755	-	1,929,210	264,999	-	-	124,937,795
-	-	-	-	(976,569)	(986,461)	-	-	(199,124,937)
-	(1,361,601)	-	-	-	(12,715,493)	-	-	(47,888,370)
-	-	-	-	-	-	-	-	14,255,306
-	-	115,590	-	158,726	-	-	-	49,888,804
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	7,049,750
-	(1,361,602)	182,346	-	1,111,369	(13,436,957)	-	-	18,963,805
-	-	-	-	-	-	-	-	33,127,879
-	-	-	-	-	13,701,955	-	-	42,347,680
-	-	-	-	(5,000,000)	-	-	-	(19,199,552)
-	3,000,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	241,738,642
-	-	-	-	-	-	-	-	(168,518,000)
-	-	-	-	-	-	-	-	(1,018,535)
-	-	-	-	-	-	-	-	(60,370,113)
-	-	-	-	-	-	-	-	(21,455,228)
-	3,000,000	-	-	(5,000,000)	13,701,955	-	-	46,652,773
-	-	(101,586)	(455,471)	-	-	-	-	(54,851,115)
-	-	-	-	2,978,023	-	-	-	3,507,809
1	37,042	10,611	4,953	52,941	300	234	-	1,548,894
-	-	-	-	-	-	-	-	(276,240)
1	37,042	(90,975)	(450,518)	3,030,964	300	234	-	(50,070,652)
1	1,675,440	91,371	(450,518)	(857,667)	265,298	234	-	15,545,926
109	3,804,550	385,504	624,820	2,140,580	245,111	40,461	-	135,023,193
\$ 110	\$ 5,479,990	\$ 476,875	\$ 174,302	\$ 1,282,913	\$ 510,409	\$ 40,695	\$ -	\$ 150,569,119
\$ 1	\$ (1,513,033)	\$ 101,638	\$ 4,644	\$ (150,169)	\$ (13,303,817)	\$ 234	-	\$ (64,895,470)
-	-	-	-	-	-	-	-	2,191
-	-	-	-	-	-	-	-	(15,675,598)
-	-	(8,170)	-	(47,632)	-	-	-	2,241
(1)	(37,042)	(12,947)	(4,953)	(59,276)	(300)	(234)	-	(2,195,762)
-	-	-	-	47,632	-	-	-	61,042,768
-	-	-	-	-	-	-	-	21,455,228
-	-	-	-	-	-	-	-	1,018,535
-	-	-	-	-	-	-	-	14,255,306
-	-	-	-	-	-	-	-	296,138
-	-	-	-	-	-	-	-	(1,847,572)
-	-	-	-	-	-	-	-	60,189
-	-	-	309	-	-	-	6,797,637	-
-	-	-	-	-	-	-	-	96
-	-	-	-	-	-	-	(980,515)	-
-	-	66,755	-	905,009	(721,462)	-	-	(82,852,689)
-	-	-	-	-	-	-	-	16,004,184
-	-	-	-	-	-	-	-	62,396
-	-	-	-	-	-	-	-	63,722
-	-	-	-	-	-	-	-	46,290
-	188,473	35,070	-	415,805	588,622	-	(6,797,637)	-
-	-	-	-	-	-	-	-	63,684,986
-	-	-	-	-	-	-	-	8,675,959
-	-	-	-	-	-	-	980,515	-
-	-	-	-	-	-	-	-	(239,333)
\$ -	\$ (1,361,602)	\$ 182,346	\$ -	\$ 1,111,369	\$ (13,436,957)	\$ -	\$ -	\$ 18,963,805

	PPRF	GRIP	Behavioral Health	Child Care
Cash flows from operating activities				
Cash paid for employee services	\$ (2,288,373)	\$ (160,811)	\$ (18,073)	\$ (2,790)
Cash paid to vendors for services	(1,944,155)	(267,143)	256,980	2,789
Intergovernmental payments received	8,390,000	-	-	-
Loans payments received	146,006,974	-	174,605	6,351
Loans funded	(75,571,650)	-	-	-
Grants to local governments	(5,670)	-	-	-
Cash received from federal government for revolving loan funds	-	-	-	-
Interest on loans	47,170,052	-	8,034	502
Proceeds from line of credit	30,573,802	-	-	-
Payments of line of credit	(42,580,100)	-	-	-
Administrative fees received	1,805,621	672,393	-	-
Net cash provided by (used in) operating activities	<u>111,556,501</u>	<u>244,439</u>	<u>421,546</u>	<u>6,852</u>
Cash flows from noncapital financing activities				
Appropriations received from the State of New Mexico	24,267,401	-	-	-
Cash transfers from the State of New Mexico	-	-	-	-
Cash transfers to the State of New Mexico	(293,375)	(188,733)	(500,000)	-
Intra program transfers	(1,973,249)	(285,846)	(341,844)	-
Proceeds from the sale of bonds	186,584,472	-	-	-
Payment of bonds	(159,295,000)	-	-	-
Bond issuance costs	(1,243,632)	-	-	-
Bond interest expense paid	(52,166,020)	-	-	-
Loan refinancing pass-through to borrower	(8,945,997)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>(13,065,400)</u>	<u>(474,579)</u>	<u>(841,844)</u>	<u>-</u>
Cash flows from investing activities				
Purchase of investments	(108,822,861)	-	-	-
Sale of investments	(2,675)	-	-	-
Interest received on investments	504,597	126	2,131	185
Net cash provided by (used in) investing activities	<u>(108,320,939)</u>	<u>126</u>	<u>2,131</u>	<u>185</u>
Net increase (decrease) in cash and cash equivalents	(9,829,838)	(230,014)	(418,167)	7,037
Cash and cash equivalents, beginning of year	105,198,299	230,014	418,167	34,568
Cash and cash equivalents, end of year	<u>\$ 95,368,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,605</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities				
Net operating income (loss)	\$ (3,386,604)	\$ 94,137	\$ (12,031)	\$ (2,686)
Adjustments to change in net position				
Depreciation	102,187	-	-	-
Amortization on bond premiums	(15,340,526)	-	-	-
Provision for loan losses	(62,215)	-	-	-
Interest on investments	(504,597)	(126)	(2,131)	(185)
Bond interest paid	52,716,096	-	-	-
Loan refinancing pass-through to borrowers	8,945,997	-	-	-
Bond issuance costs	1,243,632	-	-	-
Cash received from federal grants	-	-	-	-
Interest expense	359,594	-	-	-
Changes in assets and liabilities				
Interest receivable	739,385	-	4,253	-
Grants and other receivables	1,606,246	188,734	-	-
Due from other programs	1,323,482	-	-	-
Administrative fees receivable	(13,820)	-	-	-
Notes receivable	-	-	-	-
Loans receivable, net of allowance	23,417,900	-	174,605	6,351
Intergovernmental receivables	8,390,000	-	-	-
Accounts payable	(76,375)	-	-	-
Accrued payroll	21,176	-	-	-
Compensated absences	12,483	-	-	-
Due to other programs	(1,474,426)	(38,306)	256,850	3,372
Funds held for others	-	-	-	-
Undisbursed loan proceeds	43,195,373	-	-	-
Advanced loan payments	2,565,352	-	-	-
Notes payable	(349,547)	-	-	-
Line of credit	(12,006,298)	-	-	-
Other liabilities	132,006	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 111,556,501</u>	<u>\$ 244,439</u>	<u>\$ 421,546</u>	<u>\$ 6,852</u>

New Mexico Finance Authority
Combining Statements of Cash Flows – by Program
For the Year Ended June 30, 2015

Cigarette Tax	DWSRF	Primary Care	Local Road Fund	New Market Tax Credits	Energy Efficiency	UNM Health Sciences	Worker's Comp Financing Program	State Capitol Imprv Financing
\$ -	\$ (467,145)	\$ (35,034)	\$ (1,276)	\$ (139,105)	\$ -	\$ -	\$ -	\$ -
(15,799)	(54,280)	(25,871)	659	(269,033)	-	(79,923)	-	(1,781)
-	-	-	401	-	-	2,721,438	-	945,000
20,389	4,610,006	-	-	-	-	-	-	-
-	(20,656,717)	(295,472)	-	-	-	-	-	-
-	(10,177,865)	-	(500,000)	-	-	-	-	-
-	24,735,441	-	-	-	-	-	-	-
33,167	1,236,596	78,095	-	-	-	563,775	-	49,875
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(2,806)	-	215	533,057	-	-	-	-
<u>37,757</u>	<u>(776,770)</u>	<u>(278,282)</u>	<u>(500,001)</u>	<u>124,919</u>	<u>-</u>	<u>3,205,290</u>	<u>-</u>	<u>993,094</u>
-	-	-	-	-	-	3,167,121	-	(247,847)
58	2,485	-	2,523	-	-	-	-	-
-	-	(2,477)	-	-	-	(3,185,218)	-	-
447,370	-	-	-	-	-	(764,181)	-	-
-	-	-	-	-	-	-	-	-
(125,000)	-	-	-	-	-	(1,955,000)	-	(945,000)
-	-	-	-	-	-	-	-	-
(82,650)	-	-	-	-	-	(563,775)	-	(49,875)
-	-	-	-	-	-	-	-	-
<u>239,778</u>	<u>2,485</u>	<u>(2,477)</u>	<u>2,523</u>	<u>-</u>	<u>-</u>	<u>(3,301,053)</u>	<u>-</u>	<u>(1,242,722)</u>
(240,860)	(357,560)	-	-	-	-	-	-	-
-	-	877,736	-	-	-	-	-	-
8,255	215,604	4,247	1,892	476	-	380	1	1,512
<u>(232,605)</u>	<u>(141,956)</u>	<u>881,983</u>	<u>1,892</u>	<u>476</u>	<u>-</u>	<u>380</u>	<u>1</u>	<u>1,512</u>
44,930	(916,241)	601,224	(495,586)	125,395	-	(95,383)	1	(248,116)
436,584	12,789,370	33,999	765,634	583,130	-	1,096,642	(231)	409,805
<u>\$ 481,514</u>	<u>\$ 11,873,129</u>	<u>\$ 635,223</u>	<u>\$ 270,048</u>	<u>\$ 708,525</u>	<u>\$ -</u>	<u>\$ 1,001,259</u>	<u>\$ (230)</u>	<u>\$ 161,689</u>
\$ (55,879)	\$ (9,228,766)	\$ (70,894)	\$ (499,666)	\$ 178,988	\$ -	\$ 131,594	\$ -	\$ (40,745)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	136,619	-	-
(8,255)	(215,604)	(4,247)	(1,892)	(476)	-	(380)	-	(1,512)
81,502	-	-	-	-	-	260,454	-	35,328
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	24,735,441	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	14,469	3,783	-	-	-	(44,435)	-	55,023
-	-	-	-	(96,546)	-	-	-	-
-	-	-	401	(44,114)	-	-	-	-
-	(2,806)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20,389	(15,623,701)	(295,471)	-	-	-	-	-	-
-	-	-	-	-	-	2,721,438	-	945,000
-	-	-	-	28,322	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(39,334)	88,547	1,156	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(423,010)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	6,541	-	-	58,745	-	-	-	-
<u>\$ 37,757</u>	<u>\$ (776,770)</u>	<u>\$ (278,282)</u>	<u>\$ (500,001)</u>	<u>\$ 124,919</u>	<u>\$ -</u>	<u>\$ 3,205,290</u>	<u>\$ -</u>	<u>\$ 993,094</u>

	State Office Building Bonding Program	Equipment Loan Program	Water Trust Board	Water/Waste Water
Cash flows from operating activities				
Cash paid for employee services	\$ -	\$ -	\$ (482,726)	\$ -
Cash paid to vendors for services	-	-	(904,410)	-
Intergovernmental payments received	-	-	-	-
Loans payments received	-	25,001	2,101,398	-
Loans funded	-	-	(5,808,843)	-
Grants to local governments	-	-	(32,657,717)	-
Cash received from federal government for revolving loan funds	-	-	-	-
Interest on loans	-	2,718	-	-
Proceeds from line of credit	-	-	-	-
Payments of line of credit	-	-	-	-
Administrative fees received	-	-	75,044	-
Net cash provided by (used in) operating activities	-	27,719	(37,677,254)	-
Cash flows from noncapital financing activities				
Appropriations received from the State of New Mexico	1,493,112	-	4,000,000	-
Cash transfers from the State of New Mexico	-	-	29,286,306	964
Cash transfers to the State of New Mexico	(468,456)	-	-	-
Intra program transfers	(1,082,250)	-	-	-
Proceeds from the sale of bonds	-	-	-	-
Payment of bonds	-	(25,000)	-	-
Bond issuance costs	-	-	-	-
Bond interest expense paid	-	(2,718)	-	-
Loan refinancing pass-through to borrower	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(57,594)	(27,718)	33,286,306	964
Cash flows from investing activities				
Purchase of investments	-	-	-	-
Sale of investments	6,220,774	-	7,919,081	-
Interest received on investments	44,794	-	74,736	2,591
Net cash provided by (used in) investing activities	6,265,568	-	7,993,817	2,591
Net increase (decrease) in cash and cash equivalents	6,207,974	1	3,602,869	3,555
Cash and cash equivalents, beginning of year	2,300,834	1,496	4,584,639	539,467
Cash and cash equivalents, end of year	\$ 8,508,808	\$ 1,497	\$ 8,187,508	\$ 543,022
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities				
Net operating income (loss)	\$ 44,794	\$ (1,033)	\$ (33,521,974)	\$ 2,591
Adjustments to change in net assets				
Depreciation	-	-	-	-
Amortization on bond premiums	-	-	-	-
Provision for loan losses	-	-	-	-
Interest on investments	(44,794)	-	(74,736)	(2,591)
Bond interest paid	-	-	-	-
Loan refinancing pass-through to borrowers	-	-	-	-
Bond issuance costs	-	-	-	-
Cash received from federal grants	-	-	-	-
Interest expense	-	2,319	-	-
Changes in assets and liabilities				
Interest receivable	-	1,433	-	-
Grants and other receivables	-	-	-	-
Due from other programs	-	-	-	-
Administrative fees receivable	-	-	3,344	-
Notes receivable	-	-	-	-
Loans receivable, net of allowance	-	25,000	(3,707,445)	-
Intergovernmental receivables	-	-	-	-
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Compensated absences	-	-	-	-
Due to other programs	-	-	(376,443)	-
Funds held for others	-	-	-	-
Undisbursed loan proceeds	-	-	-	-
Advanced loan payments	-	-	-	-
Notes payable	-	-	-	-
Line of credit	-	-	-	-
Other liabilities	-	-	-	-
Net cash provided by (used in) operating activities	\$ -	\$ 27,719	\$ (37,677,254)	\$ -

New Mexico Finance Authority
Combining Statements of Cash Flows – by Program — continued
For the Year Ended June 30, 2015

Emergency Drought	Local Government Planning Fund	Economic Development Program	Local Government Transportation	SSBCI	Colonias	BioMass Dairy	Total
\$ -	\$ (187,496)	\$ (35,694)	\$ -	\$ (302,951)	\$ (206,230)	\$ -	\$ (4,327,704)
-	(199,638)	35,692	-	38,269	206,233	-	(3,221,411)
-	-	-	-	-	-	-	12,056,839
-	-	867,086	-	130,872	157,468	-	154,100,150
-	-	(38,132)	-	(1,346,316)	(1,046,924)	-	(104,764,054)
-	(1,934,582)	-	-	-	(8,964,515)	-	(54,240,349)
-	-	-	-	-	-	-	24,735,441
-	-	136,843	-	139,796	-	-	49,419,453
-	-	-	-	-	-	-	30,573,802
-	-	-	-	-	-	-	(42,580,100)
-	-	-	-	-	-	-	3,083,524
-	(2,321,716)	965,795	-	(1,340,330)	(9,853,968)	-	64,835,591
-	-	-	-	4,477,239	-	-	37,157,026
84	-	3,062	49,293	-	10,011,439	587	39,356,801
-	-	-	-	-	-	-	(4,638,259)
-	4,000,000	-	-	-	-	-	-
-	-	-	-	-	-	-	186,584,472
-	-	-	-	-	-	-	(162,345,000)
-	-	-	-	-	-	-	(1,243,632)
-	-	-	-	-	-	-	(52,865,038)
-	-	-	-	-	-	-	(8,945,997)
84	4,000,000	3,062	49,293	4,477,239	10,011,439	587	33,060,373
-	-	(1,138,274)	-	(2,469,261)	-	-	(113,028,816)
-	1,542,464	-	-	-	-	-	16,557,380
-	13,302	6,686	2,908	41,313	6	168	925,910
-	1,555,766	(1,131,588)	2,908	(2,427,948)	6	168	(95,545,526)
84	3,234,050	(162,731)	52,201	708,961	157,477	755	2,350,438
25	570,500	548,235	572,619	1,431,619	87,634	39,706	132,672,755
\$ 109	\$ 3,804,550	\$ 385,504	\$ 624,820	\$ 2,140,580	\$ 245,111	\$ 40,461	\$ 135,023,193
\$ -	\$ (2,235,725)	\$ 1,964,848	\$ 2,908	\$ 187,252	\$ (9,469,065)	\$ 168	\$ (55,917,788)
-	-	-	-	-	-	-	102,187
-	-	-	-	-	-	-	(15,203,907)
-	-	-	-	-	-	-	(62,215)
-	(13,302)	(6,686)	(2,908)	(41,313)	(6)	(168)	(925,909)
-	-	-	-	-	-	-	53,093,380
-	-	-	-	-	-	-	8,945,997
-	-	-	-	-	-	-	1,243,632
-	-	-	-	-	-	-	24,735,441
-	-	-	-	-	-	-	361,913
-	-	-	-	-	-	-	773,911
-	-	-	-	-	-	-	1,698,434
-	-	-	-	-	-	-	1,279,769
-	-	-	-	-	-	-	(13,282)
-	-	-	-	-	-	-	-
-	-	(1,043,570)	-	(1,651,550)	(889,456)	-	433,052
-	-	-	-	-	-	-	12,056,438
-	-	-	-	-	-	-	(48,053)
-	-	-	-	-	-	-	21,176
-	-	-	-	-	-	-	12,483
-	(72,689)	51,203	-	165,281	504,559	-	(930,230)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	43,195,373
-	-	-	-	-	-	-	2,142,342
-	-	-	-	-	-	-	(349,547)
-	-	-	-	-	-	-	(12,006,298)
-	-	-	-	-	-	-	197,292
\$ -	\$ (2,321,716)	\$ 965,795	\$ -	\$ (1,340,330)	\$ (9,853,968)	\$ -	\$ 64,835,591

New Mexico Finance Authority

Agency Funds – Statement of Changes Assets and Liabilities

For the Year Ended June 30, 2016

	Balance July 1, 2015	Increase	Decrease	Balance June 30, 2016
Fund 315 Department of Transportation Revenue Bonds, Series 2004				
Assets				
Cash and investments	\$ 1,540,908	\$ 391	\$ 1,541,299	\$ -
Total assets	<u>\$ 1,540,908</u>	<u>\$ 391</u>	<u>\$ 1,541,299</u>	<u>\$ -</u>
Liabilities				
Deposit held in trust for others	\$ 1,540,908	\$ 391	\$ 1,541,299	\$ -
Total liabilities	<u>\$ 1,540,908</u>	<u>\$ 391</u>	<u>\$ 1,541,299</u>	<u>\$ -</u>
Fund 322 Department of Transportation Revenue Bonds, Series 2006				
Assets				
Cash and investments	\$ 5,288	\$ 4,638,473	\$ 4,637,887	\$ 5,874
Total assets	<u>\$ 5,288</u>	<u>\$ 4,638,473</u>	<u>\$ 4,637,887</u>	<u>\$ 5,874</u>
Liabilities				
Deposit held in trust for others	\$ 5,288	\$ 4,638,473	\$ 4,637,887	\$ 5,874
Total liabilities	<u>\$ 5,288</u>	<u>\$ 4,638,473</u>	<u>\$ 4,637,887</u>	<u>\$ 5,874</u>
Fund 326 Department of Transportation Refunding Revenue Bonds, Series 2008				
Assets				
Cash and investments	\$ 607,471	\$ 5,893,004	\$ 5,787,425	\$ 713,050
Total assets	<u>\$ 607,471</u>	<u>\$ 5,893,004</u>	<u>\$ 5,787,425</u>	<u>\$ 713,050</u>
Liabilities				
Deposit held in trust for others	\$ 607,471	\$ 5,893,004	\$ 5,787,425	\$ 713,050
Total liabilities	<u>\$ 607,471</u>	<u>\$ 5,893,004</u>	<u>\$ 5,787,425</u>	<u>\$ 713,050</u>
Fund 327 Department of Transportation Refunding Revenue Bonds, Series 2009				
Assets				
Cash and investments	\$ 5,518	\$ 5,403,349	\$ 5,399,179	\$ 9,688
Total assets	<u>\$ 5,518</u>	<u>\$ 5,403,349</u>	<u>\$ 5,399,179</u>	<u>\$ 9,688</u>
Liabilities				
Deposit held in trust for others	\$ 5,518	\$ 5,403,349	\$ 5,399,179	\$ 9,688
Total liabilities	<u>\$ 5,518</u>	<u>\$ 5,403,349</u>	<u>\$ 5,399,179</u>	<u>\$ 9,688</u>
Fund 328 Department of Transportation Refunding Revenue Bonds, Series 2010A				
Assets				
Cash and investments	\$ 8,404,311	\$ 9,501,809	\$ 17,883,328	\$ 22,792
Total assets	<u>\$ 8,404,311</u>	<u>\$ 9,501,809</u>	<u>\$ 17,883,328</u>	<u>\$ 22,792</u>
Liabilities				
Deposit held in trust for others	\$ 8,404,311	\$ 9,501,809	\$ 17,883,328	\$ 22,792
Total liabilities	<u>\$ 8,404,311</u>	<u>\$ 9,501,809</u>	<u>\$ 17,883,328</u>	<u>\$ 22,792</u>
Fund 329 Department of Transportation Refunding Revenue Bonds, Series 2010B				
Assets				
Cash and investments	\$ 5,953	\$ 20,211,499	\$ 20,204,050	\$ 13,402
Total assets	<u>\$ 5,953</u>	<u>\$ 20,211,499</u>	<u>\$ 20,204,050</u>	<u>\$ 13,402</u>
Liabilities				
Deposit held in trust for others	\$ 5,953	\$ 20,211,499	\$ 20,204,050	\$ 13,402
Total liabilities	<u>\$ 5,953</u>	<u>\$ 20,211,499</u>	<u>\$ 20,204,050</u>	<u>\$ 13,402</u>
Fund 330 Department of Transportation Refunding Revenue Bonds, Series 2011A				
Assets				
Cash and investments	\$ 341,118	\$ 11,273,433	\$ 11,090,738	\$ 523,813
Total assets	<u>\$ 341,118</u>	<u>\$ 11,273,433</u>	<u>\$ 11,090,738</u>	<u>\$ 523,813</u>
Liabilities				
Deposit held in trust for others	\$ 341,118	\$ 11,273,433	\$ 11,090,738	\$ 523,813
Total liabilities	<u>\$ 341,118</u>	<u>\$ 11,273,433</u>	<u>\$ 11,090,738</u>	<u>\$ 523,813</u>

New Mexico Finance Authority
Agency Funds – Statement of Changes Assets and Liabilities — continued
For the Year Ended June 30, 2016

	Balance July 1, 2015	Increase	Decrease	Balance June 30, 2016
Fund 332 Department of Transportation Refunding Revenue Bonds, Series 2012				
Assets				
Cash and investments	\$ 5,379	\$ 49,895,390	\$ 49,857,917	\$ 42,852
Total assets	<u>\$ 5,379</u>	<u>\$ 49,895,390</u>	<u>\$ 49,857,917</u>	<u>\$ 42,852</u>
Liabilities				
Deposit held in trust for others	\$ 5,379	\$ 49,895,390	\$ 49,857,917	\$ 42,852
Total liabilities	<u>\$ 5,379</u>	<u>\$ 49,895,390</u>	<u>\$ 49,857,917</u>	<u>\$ 42,852</u>
Fund 333 and 334 Department of Transportation Refunding Revenue Bonds, Series 2014				
Assets				
Cash and investments	\$ 80,101,305	\$ 5,016,796	\$ 28,331,039	\$ 56,787,062
Total assets	<u>\$ 80,101,305</u>	<u>\$ 5,016,796</u>	<u>\$ 28,331,039</u>	<u>\$ 56,787,062</u>
Liabilities				
Deposit held in trust for others	\$ 80,101,305	\$ 5,016,796	\$ 28,331,039	\$ 56,787,062
Total liabilities	<u>\$ 80,101,305</u>	<u>\$ 5,016,796</u>	<u>\$ 28,331,039</u>	<u>\$ 56,787,062</u>

New Mexico Finance Authority

Agency Funds – Statement of Changes Assets and Liabilities

For the Year Ended June 30, 2015

	Balance July 1, 2014	Increase	Decrease	Balance June 30, 2015
Fund 315 Department of Transportation Revenue Bonds, Series 2004				
Assets				
Cash and investments	\$ 3,759,642	\$ 74,525,213	\$ 76,743,947	\$ 1,540,908
Total assets	<u>\$ 3,759,642</u>	<u>\$ 74,525,213</u>	<u>\$ 76,743,947</u>	<u>\$ 1,540,908</u>
Liabilities				
Deposit held in trust for others	\$ 3,759,642	\$ 74,525,213	\$ 76,743,947	\$ 1,540,908
Total liabilities	<u>\$ 3,759,642</u>	<u>\$ 74,525,213</u>	<u>\$ 76,743,947</u>	<u>\$ 1,540,908</u>
Fund 322 Department of Transportation Revenue Bonds, Series 2006				
Assets				
Cash and investments	\$ 41,292	\$ 7,983,869	\$ 8,019,873	\$ 5,288
Total assets	<u>\$ 41,292</u>	<u>\$ 7,983,869</u>	<u>\$ 8,019,873</u>	<u>\$ 5,288</u>
Liabilities				
Deposit held in trust for others	\$ 41,292	\$ 7,983,869	\$ 8,019,873	\$ 5,288
Total liabilities	<u>\$ 41,292</u>	<u>\$ 7,983,869</u>	<u>\$ 8,019,873</u>	<u>\$ 5,288</u>
Fund 326 Department of Transportation Refunding Revenue Bonds, Series 2008				
Assets				
Cash and investments	\$ 2,904,088	\$ 5,784,101	\$ 8,080,718	\$ 607,471
Total assets	<u>\$ 2,904,088</u>	<u>\$ 5,784,101</u>	<u>\$ 8,080,718</u>	<u>\$ 607,471</u>
Liabilities				
Deposit held in trust for others	\$ 2,904,088	\$ 5,784,101	\$ 8,080,718	\$ 607,471
Total liabilities	<u>\$ 2,904,088</u>	<u>\$ 5,784,101</u>	<u>\$ 8,080,718</u>	<u>\$ 607,471</u>
Fund 327 Department of Transportation Refunding Revenue Bonds, Series 2009				
Assets				
Cash and investments	\$ 50,117	\$ 5,101,000	\$ 5,145,599	\$ 5,518
Total assets	<u>\$ 50,117</u>	<u>\$ 5,101,000</u>	<u>\$ 5,145,599</u>	<u>\$ 5,518</u>
Liabilities				
Deposit held in trust for others	\$ 50,117	\$ 5,101,000	\$ 5,145,599	\$ 5,518
Total liabilities	<u>\$ 50,117</u>	<u>\$ 5,101,000</u>	<u>\$ 5,145,599</u>	<u>\$ 5,518</u>
Fund 328 Department of Transportation Refunding Revenue Bonds, Series 2010A				
Assets				
Cash and investments	\$ 17,957,488	\$ 10,456,633	\$ 20,009,810	\$ 8,404,311
Total assets	<u>\$ 17,957,488</u>	<u>\$ 10,456,633</u>	<u>\$ 20,009,810</u>	<u>\$ 8,404,311</u>
Liabilities				
Deposit held in trust for others	\$ 17,957,488	\$ 10,456,633	\$ 20,009,810	\$ 8,404,311
Total liabilities	<u>\$ 17,957,488</u>	<u>\$ 10,456,633</u>	<u>\$ 20,009,810</u>	<u>\$ 8,404,311</u>
Fund 329 Department of Transportation Refunding Revenue Bonds, Series 2010B				
Assets				
Cash and investments	\$ 204,070	\$ 21,633,755	\$ 21,831,872	\$ 5,953
Total assets	<u>\$ 204,070</u>	<u>\$ 21,633,755</u>	<u>\$ 21,831,872</u>	<u>\$ 5,953</u>
Liabilities				
Deposit held in trust for others	\$ 204,070	\$ 21,633,755	\$ 21,831,872	\$ 5,953
Total liabilities	<u>\$ 204,070</u>	<u>\$ 21,633,755</u>	<u>\$ 21,831,872</u>	<u>\$ 5,953</u>
Fund 330 Department of Transportation Refunding Revenue Bonds, Series 2011A				
Assets				
Cash and investments	\$ 3,884,308	\$ 7,724,201	\$ 11,267,391	\$ 341,118
Total assets	<u>\$ 3,884,308</u>	<u>\$ 7,724,201</u>	<u>\$ 11,267,391</u>	<u>\$ 341,118</u>
Liabilities				
Deposit held in trust for others	\$ 3,884,308	\$ 7,724,201	\$ 11,267,391	\$ 341,118
Total liabilities	<u>\$ 3,884,308</u>	<u>\$ 7,724,201</u>	<u>\$ 11,267,391</u>	<u>\$ 341,118</u>

New Mexico Finance Authority
Agency Funds – Statement of Changes Assets and Liabilities — continued
For the Year Ended June 30, 2015

	Balance July 1, 2014	Increase	Decrease	Balance June 30, 2015
Fund 332 Department of Transportation Refunding Revenue Bonds, Series 2012				
Assets				
Cash and investments	\$ 65,718	\$ 8,750,129	\$ 8,810,468	\$ 5,379
Total assets	<u>\$ 65,718</u>	<u>\$ 8,750,129</u>	<u>\$ 8,810,468</u>	<u>\$ 5,379</u>
Liabilities				
Deposit held in trust for others	\$ 65,718	\$ 8,750,129	\$ 8,810,468	\$ 5,379
Total liabilities	<u>\$ 65,718</u>	<u>\$ 8,750,129</u>	<u>\$ 8,810,468</u>	<u>\$ 5,379</u>
Fund 333 Department of Transportation Refunding Revenue Bonds, Series 2014				
Assets				
Cash and investments	\$ 80,173,118	\$ 5,217,812	\$ 5,289,625	\$ 80,101,305
Total assets	<u>\$ 80,173,118</u>	<u>\$ 5,217,812</u>	<u>\$ 5,289,625</u>	<u>\$ 80,101,305</u>
Liabilities				
Deposit held in trust for others	\$ 80,173,118	\$ 5,217,812	\$ 5,289,625	\$ 80,101,305
Total liabilities	<u>\$ 80,173,118</u>	<u>\$ 5,217,812</u>	<u>\$ 5,289,625</u>	<u>\$ 80,101,305</u>

New Mexico Finance Authority
Schedule of Pledged Collateral
For the Years Ended June 30, 2016

2016			
Bank Accounts	Wells Fargo	Wells Fargo	Bank of America
Deposit account	\$ 672,101	\$ -	\$ 279,043
Repurchase agreements	<u>-</u>	<u>271,882</u>	<u>-</u>
Total amount of deposits (bank balances)	672,101	271,882	279,043
FDIC Coverage	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 422,101</u>	<u>\$ 271,882</u>	<u>\$ 29,043</u>
Collateral requirement @ 50%	<u>\$ 211,051</u>	<u>\$ -</u>	<u>\$ 14,522</u>
Collateral requirement @ 102%	<u>\$ -</u>	<u>\$ 277,320</u>	<u>\$ -</u>
2015			
Bank Accounts	Wells Fargo	Wells Fargo	
Deposit account	\$ 486,678	\$ -	
Repurchase agreements	<u>-</u>	<u>81,189</u>	
Total amount of deposits (bank balances)	486,678	81,189	
FDIC Coverage	<u>(250,000)</u>	<u>-</u>	
Total uninsured public funds	<u>\$ 236,678</u>	<u>\$ 81,189</u>	
Collateral requirement @ 50%	<u>\$ 118,339</u>	<u>\$ -</u>	
Collateral requirement @ 102%	<u>\$ -</u>	<u>\$ 82,813</u>	

Additional deposits not covered by the FDIC including those of the New Mexico Finance Authority are collateralized along with the deposits of the State of New Mexico in accordance with applicable New Mexico State Statutes. As of June 30, 2016 and 2015, the value of collateral pledged on behalf of the State of New Mexico held at Wells Fargo was compliant with state statute.

Other Supplementary Information

Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor in Contract
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Technology Partnership Group, Inc.	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Benedict Group, Inc.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	PIDC/Portfol	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Tarigma Corporation	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	SS&C Technologies, Inc.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Ballard Spahr	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Andrews Kurth	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Rodey Dickason et al.	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Sutin Thayer et al.	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Virtue & Najjar	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Sherman & Howard LLC	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Locke Lorde, LLP	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Nixon Peabody, LLP	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Kutak Rock	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Bank of America, N.A.	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	BBVA Compass	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Sumitomo Mitsui Banking Corp.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	State Street Bank & Trust Co.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	U.S. Bank N.A.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Wells Fargo	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	J.P. Morgan Chase Bank, N.A.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	MUFG-Bank of Tokyo-Mitsubishi	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	RBC Capital Markets	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Bank of America Merrill Lynch	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Hutchinson Shockey Erley	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Western Financial Group	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Public Financial Management, Inc.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Coastal Securities, Inc.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Estrada, Hinojosa & Co., Inc.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Baker Tilly Virchow Krause, LLP	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Novogradac & Company, LLP	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	CohnReznick LLP	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Baker Tilly Capital, LLC	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	REDW, LLC	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Bank of America Merrill Lynch	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Morgan Stanley & Co.	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	RBC Capital Markets	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Wells Fargo Securities	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Hutchinson Shockey Erley	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	J.P. Morgan Securities, LLC	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Piper Jaffray & Co.	Winner
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Fidelity Capital Markets	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	George K. Baum & Co.	Loser
385	New Mexico Finance Authority	Other Agencies		Competitive (RFP or RFB)	Stifel, Nicolaus & Co., Inc.	Loser

*** The New Mexico Finance Authority is not subject to the State of New Mexico Procurement Code, where both the In-State/Out-of-State and Veteran's preferences are located.**

New Mexico Finance Authority

Schedule of Vendor Information

For the Years Ended June 30, 2016

<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of all vendors (City, State) that responded</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
\$566,085.11		Indianapolis, IN	No*	No*	Bond Banking & Loan Management System	
\$0.00		Elizabeth City, NJ	No*	No*	Bond Banking & Loan Management System	
\$0.00		Philadelphia, PA	No*	No*	Bond Banking & Loan Management System	
\$0.00		Columbus, OH	No*	No*	Bond Banking & Loan Management System	
\$0.00		New York, NY	No*	No*	Bond Banking & Loan Management System	
Fee Schedule on File		Salt Lake City, UT	No*	No*	Legal Services	
Fee Schedule on File		Austin, TX	No*	No*	Legal Services	
Fee Schedule on File		Albuquerque, NM	No*	No*	Legal Services	
Fee Schedule on File		Albuquerque, NM	No*	No*	Legal Services	
Fee Schedule on File		Santa Fe, NM	No*	No*	Legal Services	
Fee Schedule on File		Albuquerque, NM	No*	No*	Legal Services	
\$0.00		Austin, TX	No*	No*	Legal Services	
\$0.00		Los Angeles, CA	No*	No*	Legal Services	
\$0.00		Denver, CO	No*	No*	Legal Services	
Fee Schedule on File		Dallas, TX	No*	No*	Replacement Agent/Underwriters-NMDOT 2011A-1, A-2 & A-3 Notes	
\$0.00		Albuquerque, NM	No*	No*	Replacement Agent/Underwriters-NMDOT 2011A-1, A-2 & A-3 Notes	
\$0.00		New York, NY	No*	No*	Replacement Agent/Underwriters-NMDOT 2011A-1, A-2 & A-3 Notes	
\$0.00		Boston, MA	No*	No*	Replacement Agent/Underwriters-NMDOT 2011A-1, A-2 & A-3 Notes	
\$0.00		San Francisco, CA	No*	No*	Replacement Agent/Underwriters-NMDOT 2011A-1, A-2 & A-3 Notes	
\$0.00		Phoenix, AZ	No*	No*	Replacement Agent/Underwriters-NMDOT 2011A-1, A-2 & A-3 Notes	
\$0.00		New York, NY	No*	No*	Replacement Agent/Underwriters-NMDOT 2011A-1, A-2 & A-3 Notes	
\$0.00		New York, NY	No*	No*	Replacement Agent/Underwriters-NMDOT 2011A-1, A-2 & A-3 Notes	
Fee Schedule on File		Albuquerque, NM	No*	No*	2016 C PPRF Underwriters	
Fee Schedule on File		Los Angeles, CA	No*	No*	2016 C PPRF Underwriters	
Fee Schedule on File		Phoenix, AZ	No*	No*	2016 C PPRF Underwriters	
Fee Schedule on File		Portland, OR	No*	No*	PPRF Financial Advisor	
\$0.00		San Francisco, CA	No*	No*	PPRF Financial Advisor	
\$0.00		Houston, TX	No*	No*	PPRF Financial Advisor	
\$0.00		Austin, TX	No*	No*	PPRF Financial Advisor	
Fee Schedule on File		Madison, WI	No*	No*	New Markets Tax Credit Financial Advisor	
\$200,000.00		Dover, OH	No*	No*	New Markets Tax Credit Tax & Audit Services	
\$0.00		Baltimore, MD	No*	No*	New Markets Tax Credit Tax & Audit Services	
\$0.00		Madison, WI	No*	No*	New Markets Tax Credit Tax & Audit Services	
\$132,701.00		Albuquerque, NM	No*	No*	External Audit - 3rd year of 3 year award	
Fee Schedule on File		Los Angeles, CA	No*	No*	PPRF Underwriter & Standalone Pool	
Fee Schedule on File		Denver, CO	No*	No*	PPRF Underwriter & Standalone Pool	
Fee Schedule on File		Albuquerque, NM	No*	No*	PPRF Underwriter & Standalone Pool	
Fee Schedule on File		Dallas, TX	No*	No*	PPRF Underwriter & Standalone Pool	
Fee Schedule on File		Houston, TX	No*	No*	PPRF Underwriter & Standalone Pool	
Fee Schedule on File		Dallas, TX	No*	No*	PPRF Underwriter & Standalone Pool	
Fee Schedule on File		Houston, TX	No*	No*	PPRF Underwriter & Standalone Pool	
\$0.00		San Francisco, CA	No*	No*	PPRF Underwriter & Standalone Pool	
\$0.00		Albuquerque, NM	No*	No*	PPRF Underwriter & Standalone Pool	
\$0.00		Phoenix, AZ	No*	No*	PPRF Underwriter & Standalone Pool	

Single Audit

New Mexico Finance Authority
Schedule of Expenditures of Federal Awards
June 30, 2016

Grantor / Program Title	Federal Catalog Number	Federal Expenditures FY 2016	Federal Awards Provided to Subrecipients
Environmental Protection Agency			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 14,255,306	\$ 14,255,306
Total expenditures of federal awards		<u>\$ 14,255,306</u>	<u>\$ 14,255,306</u>

New Mexico Finance Authority
Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

1) General

The accompanying Supplemental Schedule of Expenditures of Federal Awards presents the activities of all federal awards of the Authority.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority's basic financial statements.

The Authority administers loans under the DWSRF Program (Federal Catalog Number 66.468). The outstanding balances on the loans at June 30, 2016 are \$86,035,291. Only the value of new loans disbursed during the fiscal year is included in the accompanying schedule.

2) Subrecipients

Subrecipient Name	Pass-Through Funds
<u>State Revolving Fund</u>	
Alamogordo, City of	\$ 429,847
Bluewater WSD	58,383
Carlsbad, City of	1,137,015
Clayton, Town of	4,409
Deming, City of	332,804
Dona Ana MDWCA	1,938,564
El Valle Water Alliance	42,278
Las Vegas, City of	973,228
Lee Acres WUCA	799,753
Lower Des Montes MDWCA	51,337
Lower Rio Grande Public Works Authority	391,049
Ojo Caliente MDWCA	28,373
Roswell, City of	1,552,551
Ruidoso, Village of	2,224,299
Santa Clara, Village of	173,996
Socorro, City of	26,109
Southside MDWA	70,533
Tucumcari, City of	578,177
Upper Arroyo Hondo MDWCA	86,667
NMED Drinking Water Bureau	2,998,779
NMFA	357,155
Total expenditures of federal awards	<u><u>\$ 14,255,306</u></u>

Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*

Governing Board
New Mexico Finance Authority
and
Mr. Timothy Keller
New Mexico Office of the State Auditor
Santa Fe, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Mexico Finance Authority (the "Authority"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 16, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described as items 2016-001 and 2016-002 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

Compliance and Other Matters

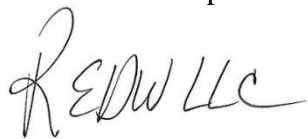
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain other matters that are required to be reported pursuant to Section 12-6-6, NMSA 1978, which are described in the accompanying Section 12-6-5 NMSA 1978 Finding as finding 2016-003.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "REDW LLC". The signature is stylized, with the "R" and "E" being particularly prominent.

Albuquerque, New Mexico
November 16, 2016

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Governing Board
New Mexico Finance Authority
and
Mr. Timothy Keller
New Mexico Office of the State Auditor
Santa Fe, NM

Report on Compliance for Each Major Federal Program

We have audited the New Mexico Finance Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2016. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

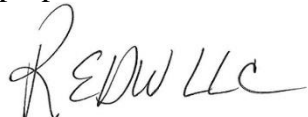
Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Albuquerque, New Mexico
November 16, 2016

New Mexico Finance Authority
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section I — Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reported:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None identified
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance the Uniform Guidance?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Capitalization Grant for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Other Matters

Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with the Uniform Guidance?	No
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New Mexico Finance Authority
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section II — Financial Statement Findings

2016 – 001 Financial Statement Adjustments (Significant Deficiency)

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

Condition: During our audit, we found that the following schedules did not initially agree to the amounts reported in the draft financial statements:

- The master cash schedule
- Loans and intergovernmental receivables
- Schedule of deferred inflows and outflows
- Capital assets

After further discussions with management and reviewing applicable accounting requirements, the schedules were corrected to reflect the amounts reported in the financial statements. In addition, management provided adjusting journal entries to properly report cash, investments, deferred inflows and outflows, and expenses.

Cause: The year-end closing process did not include an internal review process to ensure that all supporting schedules agreed to the financial statements. In addition, accounting personnel had not reviewed recently issued governmental accounting standards to ensure the financial statements reflect the new accounting standards.

Effect: Corrections and adjustments were necessary to properly reflect the amounts reported in the year-end financial statements.

Auditor's Recommendations: The year-end closing process should include procedures to ensure that supporting schedules provided for the audit agree to the amounts reported in the financial statements. The process should also include a review of recently issued accounting standards to ensure the financial statements reflect the new accounting standards.

Management's Response: Management acknowledges the adjustments to the financial statements during the audit and agrees with the Auditor's recommendation to ensure the accuracy and agreement of all supporting schedules with the financial statements before they are presented to the Auditor.

New Mexico Finance Authority
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section II — Financial Statement Findings — continued

2016 – 001 Financial Statement Adjustments (Significant Deficiency) — continued

The noted adjustments occurred as the result of a new practice by Management that strengthens internal control, not because of a deficient or missing internal review process. None of the adjustments had a material impact on the Authority's net position. Until this year, an important step in the financial statement and support schedule presentation was to share decisions on complex classifications with the Auditor before finalizing financial statements and supporting schedules. For example, in the case of the Intergovernmental Receivables Schedule, staff was undecided on whether or not the refinancing of \$90 million of loans to the State put the Receivables in the category of debt service owed to the PPRF Program. As had been the practice in the past, staff raised this issue to the Auditor during the audit, and it was only then decided that the refinancing did not change the classification of the Receivables. At that point, the Intergovernmental Receivables Schedule was finalized. Management decided to change the relationship this year and prepare the financial statements on its own to provide for greater accountability in the audit and to build internal staff capacity. This decision, however, was made after the audit process had started, and the schedules had already been provided to the Auditor. As a result of this new, more self-reliant way of preparing for the audit, unsettled issues in the schedules like these became, by definition, exceptions to the statements submitted to the Auditor.

Management believes the internal process for preparing financial statements is now stronger and more reliable because of the change, although it may have caused the noted adjustments. The Authority does not anticipate similar adjustments in future audits, and will require that all schedules be finalized before they are presented to the Auditor. Management will now close out all financial statements on a quarterly basis, thus allowing final financial statements and all supporting schedules to be verified and ready for the Auditor to review. The CFO is responsible for this correction, the correction has been completed prior to November 16, 2016.

New Mexico Finance Authority
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section II — Financial Statement Findings

2016 – 002 Completeness of Cash (Significant Deficiency)

Criteria: Generally accepted accounting principles require that all assets be presented in the financial statements.

Condition: During the audit, management detected a debt reserve cash account in the amount of \$279,043 that was not recorded in the general ledger. Cash account was deleted in fiscal year 2010.

Cause: The Authority was verifying compliance with debt reserve requirements due to the implementation of a new software system and found a debt reserve cash account that was removed from the general ledger in previous years.

Effect: Prior to the detection and correction of the error, the Authority's financial statements did not include all assets and the net position was understated by \$279,043.

Auditor's Recommendations: The Authority should ensure that all balance sheet accounts are properly recorded in the trial balance.

Management's Response: Agree. Management learned of the unreported, reserve cash account from a bank statement between journal entry posting and journal entry approval. Management will also institute the best practice of maintaining current master bank account schedules that will include all of the Authority's bank accounts, allowing quarterly close-outs which are also expected to strengthen internal controls as it will require continual and consequential updating. The CFO is responsible for this correction, the correction has been completed prior to November 16, 2016.

New Mexico Finance Authority
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section III — Federal Award Findings and Questioned Costs

None.

New Mexico Finance Authority
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2016

Prior Audit Findings	Current Status
2015-001 (SA) Reimbursement of Travel Expenditures	Resolved.

New Mexico Finance Authority
Corrective Action Plan
June 30, 2016

Audit Finding	Management's Corrective Action Plan	Employee Person Responsible	Timeline and Estimated Completion Date
2016 – 001 Financial Statement Adjustments	Management has already addressed this issue through the introduction of the new practice of staff independently preparing and finalizing the financial statements and supporting schedules. Further ensuring that this new practice is institutionalized and the incoming auditor will no longer face incomplete schedules and financial statements is Management's plan to close out on a quarterly basis. This will also allow future audits to be completed 45-60 days after the end of the fiscal year, with final financial statements and all supporting schedules verified and ready to be audited when the Auditor arrives.	CFO	Done
2016 – 002 Completeness of Cash	Management has already configured the General Ledger software so nobody can both enter and post any transaction, which is the missing key control measure that led to this oversight. To further control for expensing from reserve accounts, Management has discontinued the practice of monthly batching trustee activity. Expensing from reserve account is now done as a separate exercise instead of part of a batch of other postings to the General Ledger. Management will also institute the practice of maintaining a current master bank account schedule that will include all of the Authority's bank accounts. The new practice of quarterly close-outs is also expected to strengthen the control and monitoring of bank accounts, as it will require a continual and consequential updating of the master bank account schedule.	CFO	Done
2016-003 Information Technology	Management has incorporated internal control procedures that will increase the controls already in place in the accounting system and the accounting transaction process.	CFO	Done

Section 12-6-5 NMSA 1978 Finding

New Mexico Finance Authority
Section 12-6-5 NMSA 1978 Finding
For the Year Ended June 30, 2016

2016 – 003 Information Technology

Criteria: Segregation of duties within the accounting system is necessary to prevent unauthorized access and posting of adjustments to financial activities and information.

Condition: During the year of audit, certain functions within the MIP accounting system were not properly segregated. For instance, one Senior Accountant II had administrative rights for accounts payable functions, which included the ability to edit, add, delete, and process (post) transactions into the general ledger, pay invoices, and void checks/vouchers. In addition, another Senior Accountant II had administrative rights for adding, removing, and editing users and user rights within the MIP accounting system.

Based on review of the Access Security report dated November 8, 2016, the functions described above had been segregated.

Cause: A critical review of user rights within the MIP accounting system had not been completed to ensure user rights were properly segregated or terminated.

Effect: There was a potential for unauthorized access to information within the MIP accounting system.

Auditor's Recommendations: The Authority should continue to review security access to the accounting system to ensure accounting functions are properly segregated and employees who terminated employment are removed from the accounting system on the last day of employment.

Management's Response: Management agrees. The described functions above have been segregated through a strategic apportionment of access rights to MIP. All staff in the Accounting Department, including the CFO, have either input (Edit, Add, and Delete) or process rights, but not both. Under the current configuration, transactions cannot be completed without two staff members approving and executing the entry. System changes were instituted this fall as a best management practice to increase the controls already in place to prevent unauthorized entries into the general ledger. The pre-existing controls included an internal practice requiring two signoffs on all entries, use of PositivePay protection on all checks payable, and the assignment of input and posting responsibilities to differing staff members. The CFO is responsible for this correction, the correction has been completed prior to November 16, 2016.

New Mexico Finance Authority
Exit Conference
June 30, 2016

An exit conference was held on November 14, 2016, with the Authority. The conference was held at the Authority's offices in Santa Fe, New Mexico. In attendance were:

New Mexico Finance Authority

Robert P. Coalter	Chief Executive Officer
Oscar Rodriguez	Chief Financial Officer
Dan Opperman	General Counsel
Bryan Otero	Assistant General Counsel
Joanne Johnson	Senior Accountant I
Stephanie Schardin Clarke	Audit Committee Chair, Secretary Designee, Department of Finance and Administration
Katherine Ulibarri	Audit Committee and Board Member
Tony Delfin	Audit Committee and Board Member
Santiago Chavez	Audit Committee Member, Designee, for Executive Director, NMAC
Heather Boone	Chief Regulatory Compliance Officer

REDW_{LLC}

Javier Machuca	Senior Manager
Stephen Montoya	Senior Manager
Sara Specht	Senior Audit Associate II
Rebecca Stamp	Audit Associate I