



ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Year Ended June 30, 2021



SANTA FE, NEW MEXICO
PREPARED BY THE NMFA ACCOUNTING DEPARTMENT

NEW MEXICO FINANCE AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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Introduction





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

New Mexico Finance Authority

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



NEW MEXICO FINANCE AUTHORITY

January 27, 2022

Hon. Brian S. Colón, State Auditor, Esq.
Office of the State Auditor
2540 Camino Edward Ortiz, Suite A
Santa Fe, NM 87507

We are pleased to submit the New Mexico Finance Authority's (NMFA) annual audit report for the fiscal year ended June 30, 2021. We are presenting it as an Annual Comprehensive Financial Report in pursuit of excellence in financial reporting. This is the third year NMFA has prepared an Annual Comprehensive Financial Report.

Introduction

NMFA prepares the Annual Comprehensive Financial Report and assumes the responsibility for ensuring that everything presented in it, including all the associated disclosures, are accurate, complete and fairly represented. To the best of our knowledge, the information contained in the Annual Comprehensive Financial Report is accurate in all material respects and fairly presents NMFA's financial position and results of operation. We have prepared the financial statements using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). We also voluntarily follow the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for some of the material in the Annual Comprehensive Financial Report.

NMFA has a system of internal controls designed to protect its assets from loss, theft or misuse and to ensure that reliable accounting data are available for the timely preparation of financial statements. The internal control structure provides reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the anticipated benefits and that the valuation of costs and benefits requires estimates and judgments by management.

Moss Adams LLP, an independent public auditor approved by the New Mexico Office of the State Auditor, has audited our financial statements. The audit includes a federally mandated "Single Audit" of the federal grant program operated as the Coronavirus Aid, Relief, and Economic Security Act (CARES), covering the internal controls and compliance with legal requirements involving the administration of federal funds received, as well as the fair presentation of the associated financial statements. Moss Adams has rendered an unmodified opinion as to the material accuracy and fairness of the financial statements featured in the

Annual Comprehensive Financial Report. Their report appears in the financial information following this introduction.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to New Mexico Finance Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the second consecutive year that NMFA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Profile of the Organization

The NMFA is a public body politic and corporate formed in 1992. Although it was created by the New Mexico State Legislature, it operates separate and apart from New Mexico State government as a governmental instrumentality of the State. Its mandate is to coordinate the planning and financing of State and local public projects, to provide for long-term planning and assessment of State and local capital needs and to improve cooperation among the executive and legislative branches of State government and local governments in financing public projects. NMFA is presented as a blended component unit in the State's Annual Comprehensive Financial Report.

NMFA has a staff of 59 positions, including a Chief Executive Officer (CEO). The NMFA Board of Directors (Board) approves NMFA's annual budget, bond issuances and all loan and grant agreements. It also appoints the CEO, who directs the business and affairs of the organization, subject to the direction and policies set by the NMFA Board. In 2019, the Board appointed Marquita Russel as CEO. Ms. Russel had been working for NMFA since 2000, the majority of her tenure on the senior management team as Chief of Programs.

NMFA has established itself as a reliable partner in capital project planning and financing in New Mexico through an extensive portfolio of public and private lending and grant programs:

Public Lending and Grant Programs

- ◆ Public Project Revolving Fund (PPRF)
- ◆ Drinking Water State Revolving Loan Fund (DWSRLF)
- ◆ Water Project Fund (WPF)
- ◆ Colonias Infrastructure Fund (CIF)
- ◆ Local Government Planning Fund (LGPF)

Private Lending

- ◆ Behavioral Health Capital Fund (BHCF)
- ◆ Economic Development Revolving Fund (ED), inclusive of:
 - Essential Services Working Capital Fund (ESWCF)
 - Smart Money (SM)
- ◆ Primary Care Capital Fund (PCCF)
- ◆ State Small Business Credit Initiative (SSBCI)
- ◆ New Markets Tax Credits Program (NMTC)

COVID-19 Emergency Economic Recovery

- ◆ Coronavirus Aid, Relief and Economic Security Act (CARES)
- ◆ Local Economic Development Act Recovery Grant Program (LEDA)
- ◆ Small Business Recovery Loan Program (SBRL)

The PPRF is NMFA's largest program in terms of loans funded per year and loan receivables. It provides cost-effective financing in a pooled loan program that benefits borrowers through economies of scale and through lower interest rates leveraged by the pool's AAA/AAA and Aa1/Aa2 bond ratings. It is the only bond-backed program in NMFA's portfolio. It accounted for most of NMFA's financial activity in fiscal year 2021, including 86.6% of operating revenue and 88.9% of the total loan portfolio of \$1.8 billion. NMFA also operates a bond program on an Agency basis for the New Mexico Department of Transportation (NMDOT). In fiscal year 2021 NMFA issued \$63 million in bonds on behalf of NMDOT and ended the year with \$763.6 million in NMFA-issued NMDOT bonds outstanding.

NMFA added three economic recovery programs in fiscal year 2021. In response to the COVID-19 health emergency, the State of New Mexico set aside \$800.0 million for economic recovery loan and grant programs to be administered by NMFA. The Legislature directed the State Investment Council to invest \$500.0 million for low-interest loans to small businesses adversely affected by the health emergency. It appropriated another \$200.0 million for a grant program to help small businesses with their lease and mortgage payments. The Legislature also mandated that \$100.0 million from the State's share of Federal CARES funds be transferred to NMFA to stimulate New Mexico's economy through grants to struggling small businesses. NMFA quickly set up and launched the new programs and, by year-end, had disbursed \$96.9 million in grants and \$51.8 million in loans to small businesses through these programs.

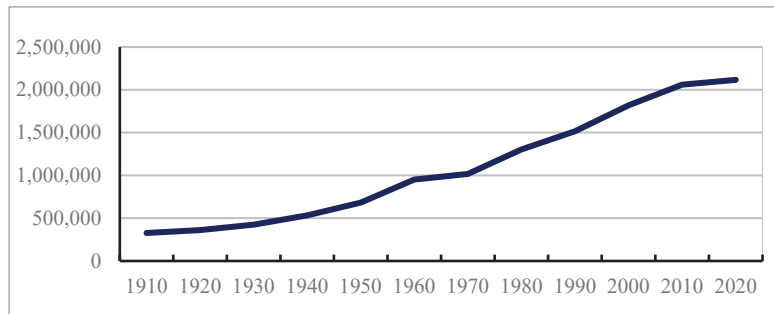
Demographical and Economic Setting

NMFA's programs distribute financing throughout the state of New Mexico. The market it serves consists of 33 counties, 106 municipalities, 23 tribes and pueblos, 89 school districts and more than 1,500 water districts and associations that operate in New Mexico.¹ While not all of these entities are active borrowers or grantees at any given time, many are either currently or have been clients at one point in NMFA's 29-year history.

¹ https://webnew.ped.state.nm.us/information/school-district-websites/http://nmdfa.state.nm.us/uploads/FileLinks/ff1373ca37bb4c4f800f868687821827/Property_Tax_Facts_2018_2.pdf

New Mexico is a predominantly rural state. It is the 5th largest in terms of land mass yet 37th in population. It has grown slowly but steadily since it became the 47th state in the Union in 1912:

New Mexico Population Growth: 1910-2020



The population of the state grew 2.8% from 2010 to 2020, less than half the 7.4% growth rate for the entire country during the same period.²

Most New Mexicans (69.6%) reside in the state’s four Metropolitan Statistical Areas (MSAs), which together grew 3.1% from 2010 to 2020:

Metropolitan Population Growth: 2020-2010³

MSA	Counties	2020 Population	% Growth since 2010
Albuquerque	Bernalillo, Sandoval, Torrance, Valencia	977,688	3.3
Las Cruces	Doña Ana	219,561	4.9
Santa Fe	Santa Fe	154,823	7.4
Farmington	San Juan	121,661	(6.4)

New Mexico’s economy ranks 39th among all the states. As of the first quarter of 2021, New Mexico’s Gross Domestic Product (GDP) stood at \$106.4 billion, equivalent to 0.5% of the total US economy.⁴

New Mexico’s civilian labor force (16 years and older) was estimated to be 954,356 individuals as of July 2021. This total is still 1.1% lower than the peak just before the start of the COVID-19 health emergency (December 2019) but 5.0% higher than the bottom of the pandemic (April 2020).⁵

In terms of employment, New Mexico’s economy is led by Government and Education:

² US Census Bureau: [Historical Population Change Data \(1910-2020\)](https://www.census.gov/historical-data/population-change) (census.gov)

³ US Census Bureau: [NEW MEXICO: 2020 Census](https://www.census.gov/data/tables/2020/census/NEW-MEXICO-2020-CENSUS.html)

⁴ US Bureau of Economic Analysis, <https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=1#reqid=70&step=1&isuri=1&acrdn=1>

⁵ U.S. Bureau of Labor Statistics, Civilian Labor Force in New Mexico [NMLF], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/NMLF>, August 27, 2021

New Mexico Non-Farm Employment by Sector⁶

Sector	Total '000s	% of Total
Government	174.4	21.8
Education & Health Services	135.8	17.0
Trade, Transportation & Utilities	134	16.8
Professional & Business Services	108.3	13.5
Leisure & Hospitality	87.2	10.9
Construction	48.6	6.1
Financial Activities	32.7	4.1
Manufacturing	27.6	3.5
Other Services	25.9	3.2
Mining and Logging	17.3	2.2
Information	8.2	1.0
Total Non-Farm	800.0	100.0%

The ten largest employers in New Mexico employ more than 10% of the total state workforce. Three of these large employers, including Los Alamos and Sandia National Laboratories, are funded by the federal government.

20 Largest Employers in New Mexico⁷

Organization	City	Employees	Description
Federal Government	Statewide	21,766	Federal Government
State of New Mexico	Statewide	18,359	State Government
Wal-Mart	Statewide	14,022	Retail
Sandia National Laboratories	Albuquerque	12,206	Research and Development
Presbyterian Healthcare	Statewide	11,178	Hospital/Medical/Insurance
Albuquerque Public Schools	Albuquerque	10,297	School District
Los Alamos National Laboratories	Los Alamos	10,086	Research and Development
University of New Mexico Hospital	Albuquerque	6,772	Hospital/Medical/Healthcare
City of Albuquerque	Albuquerque	5,800	Municipal Government
University of New Mexico	Statewide	4,210	Higher Education
New Mexico State University	Statewide	3,800	Higher Education
Lovelace Health Systems	Albuquerque	3,589	Hospital/Medical
Allsup Seven Eleven	Statewide	3,000	Convenience Stores
Las Cruces Public Schools	Las Cruces	2,728	School District
Lowe's Home Improvement	Statewide	2,650	Call Center/Retail
Bernalillo County	Albuquerque	2,494	County Government
Ambercare Home Health	Statewide	2,200	Medical/Healthcare
Christus St. Vincent Regional Medical Center	Santa Fe	2,132	Hospital/Medical/Healthcare
Central New Mexico Community College	Albuquerque	2,111	Higher Education
Smith's Food & Drug Stores	Albuquerque	2,088	Retail

⁶ U.S. Bureau of Labor Statistics: [New Mexico Economy at a Glance \(bls.gov\)](https://www.bls.gov)

⁷ New Mexico Partnership: [New Mexico Largest Employers - 2021 NMPartnership](#)

Key Initiatives

Fiscal year 2021 proved to be an exercise in NMFA navigating the challenges of the pandemic while pursuing its strategic vision of becoming New Mexico's partner in building economic prosperity and stronger communities. By year-end, the State's escalated expectations of this partnership proved to be a greater challenge than COVID-19's effect on NMFA's operations and financial performance.

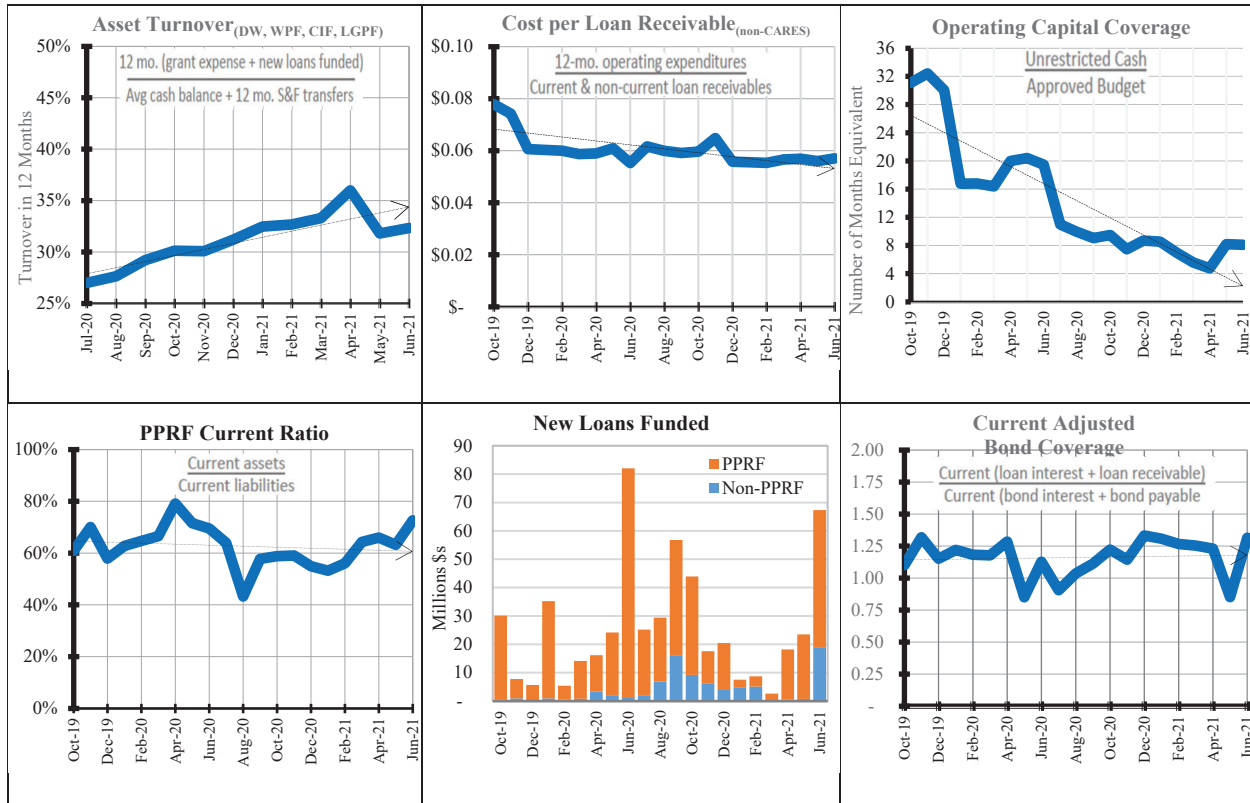
NMFA ended fiscal year 2020 with only a skeleton crew in the office, with the rest of the staff working from home. This had been the mode of production since the Governor mandated COVID-19 health emergency restrictions three months earlier. As the new fiscal year began, the Legislature mandated that NMFA establish and operate a \$400.0 million economic recovery loan program for small businesses affected by the pandemic. Five months later, NMFA was handed the added responsibility of disbursing \$100.0 million of the State's share of CARES grants by the December 31 federal deadline. A few months later, the Legislature passed an amendment to the Local Economic Development Act that added a new \$200.0 million small business grant program to NMFA's portfolio, while expanding the SBRL and increasing the State Investment Council's investment up to \$500.0 million.

These new economic recovery programs pushed NMFA to grow and mobilize rapidly. Staff size increased 25% (11 new full-time employees), not including temporary employees (16) and contractors (6). A major new line of technology was brought in to handle the thousands of new loans and grants expected with the new programs, even as the four-year project to replace NMFA's core loan servicing software was coming to an end. New review and disbursement processes were established to vet the loan and grant applications and disburse the funds.

By fiscal year-end, new office space was acquired to accommodate the increase in staff, the new technology and business processes were at full capacity, and NMFA's financial statements reflected an increase of 20% in new loans funded and a 400% increase in new grants funded. COVID-19 had little other impact on NMFA's overall financial position or performance. The key revenue, expenditure and subscription trends in the other programs did not veer significantly from the patterns observed before the pandemic.

Only the Drinking Water program experienced a slowdown in construction activity, as reflected by a drop in total requisitions and asset turnover. Follow-up calls to the local interested parties revealed that increases in materials prices and a decrease in contractors, both indirect effects of the pandemic, caused many communities to rethink their projects. As of this writing, it is unclear if this is a short-term variance that will correct itself or a long-term trend that may need to be addressed with some form of policy intervention. See the key financial performance indicator charts below:

Dashboard of Key Financial Performance Indicators



Budget Performance

NMFA’s fiscal year 2021 budget was amended twice to incorporate three State-mandated economic recovery programs. The original budget of \$142.2 million in revenue and \$126.7 million in expenditures approved by the Board in May 2020 was amended two months later to allow for the operation of the SBRL program. This first amendment increased operating revenue (administrative fees) by \$4.1 million and operating expenditures by \$1.1 million. The Board approved a second amendment in March to recognize \$96.9 million in grants and \$0.5 million in reimbursements from the CARES program over the winter and to establish a new \$200.0 million grant program (LEDA) enacted by the Legislature earlier that month. This amendment increased revenue by \$145.8 million and expenses by \$148.2 million, including \$1.2 million in operating expenditures. The final approved budget left total revenue at \$292.6 million and total expenditures at \$276.0 million. The operating expense portion of the budget, including capital expenditures, went from \$10.6 million originally budgeted to \$13.0 million after the final amendment.

NMFA accomplished all the initiatives and projects planned in the fiscal year 2021 budget, even though actual revenue and expenditures fell significantly below what was approved. Total revenue came in \$62.3 million below the total revenue budget and \$70.0 million below the total expenditure budget. Operating expenditures came in \$1.3 million below the mark.

This result was driven primarily by the \$200.0 million LEDA grant program. Grant revenue of \$50.0 million was expected through year-end, but this program was taking in applications but not yet at the point of disbursing grants by then. What also drove down grant revenue was the post-pandemic economy of higher materials prices and fewer contractors, which caused many

communities participating in NMFA's water programs to pause or delay their construction projects.

Lower expenditures likewise were driven by LEDA and the water programs, principally the DW program. Almost all the variance, \$56.3 million, resulted from slower than anticipated grant disbursements in these programs. The second largest driver was loan financing bond premium pass-through. Less than a quarter of what was budgeted was realized under this rubric, mostly as the result of fewer than budgeted (\$11.5 million) PPRF simultaneous loan-bond financings.

Excluding the new grant programs, the rest of NMFA's programs performed substantially as planned such that the COVID-19 effect proved inappreciable in terms of our financial results. Repayments remained steady despite the pandemic. Loan interest income came in as budgeted, \$51.1 million vs. \$50.3 million. Lending and turnover in our loan funds also performed as expected. NMFA funded a total of \$321.1 million new and refinanced loans, including \$246.1 million PPRF loans and \$51.8 million SBRL loans. Bond issuances went ahead as planned, garnering \$197.7 million in proceeds to fund loans and redeem \$87.1 million in callable bonds.

Government Gross Receipts Tax (GGRT) revenue, which is driver by municipal utility service consumption and is an important pledge underwriting the PPRF bonds, likewise came in slightly higher than expected, \$33.0 million vs. \$31.0 million.

All the operating expenditure rubrics closed under budget:

- ◆ Personnel Expenses \$0.9 million, 13.4%
- ◆ Contractual Services \$0.3 million, 5.9%
- ◆ Operations \$0.1 million, 11.0%

The main reason behind these variances was the decision to not hire as many permanent staff as initially planned and rely on temporary personnel and contractors, including Wells Fargo Bank online payment portal, to implement and support the new programs. Lower than expected outside legal counsel, \$0.4 million (19.1%), also contributed to the savings. Contracted services generated the second largest variance, \$0.3 million (33.6%) above budget. The only category where actual exceeded budget was capital expenditures, \$0.7 million vs. \$0.6 million. This occurred because the new technologies acquired to support SBRL, CARES, and LEDA proved more costly than expected.

FY 2021 Approved Budget vs. Actual
(Non-accrual)

	Actual FY 2020	Amended Approved FY 2021	Actual FY 2021	\$ Favorable (Unfavorable) Variance FY 2021	% Favorable (Unfavorable) Variance FY 2021
Revenues					
Interest income from loans	\$ 52,179,889	\$ 50,253,021	\$ 51,063,641	\$ 810,620	1.6%
Grants revenue	31,382,357	196,578,899	132,520,910	(64,057,989)	(32.6%)
Appropriation revenue	50,326,048	35,000,000	37,023,150	2,023,150	5.8%
Interest income from investments	6,003,467	4,620,057	3,106,691	(1,513,366)	(32.8%)
Administrative fees & reimbursements	14,969,665	5,646,062	6,092,514	446,452	7.9%
Total Revenues	<u>154,861,426</u>	<u>292,098,039</u>	<u>229,806,906</u>	<u>(62,291,133)</u>	<u>(21.3%)</u>
Operating Expenses					
Salaries and benefits	5,190,702	6,724,774	5,825,940	898,834	13.4%
Contractual services	3,266,079	5,140,260	4,837,099	303,161	5.9%
Operating costs	902,283	1,119,914	996,336	123,578	11.0%
Total Operating Expenses	<u>9,359,064</u>	<u>12,984,948</u>	<u>11,659,375</u>	<u>1,325,573</u>	<u>10.2%</u>
Non-operating Expenses					
Bond interest expense	57,953,540	59,301,541	59,007,337	294,204	0.5%
Bond issuance costs	1,243,666	2,800,000	1,207,923	1,592,077	56.9%
Loan financing pass-through	10,640,130	15,000,000	3,488,596	11,511,404	76.7%
Grants expense	31,480,701	185,279,300	128,973,973	56,305,327	30.4%
Other expense (contract for service)	66,742	75,000	883,567	(808,567)	(1078.1%)
Interest expense	7,826	-	28,033	(28,033)	Not Budgeted
Capital expenditures	454,963	549,500	705,878	(156,378)	(28.5%)
Total Non-operating Expenses	<u>101,847,568</u>	<u>263,005,341</u>	<u>194,295,307</u>	<u>68,710,034</u>	<u>26.1%</u>
Total Expenses	<u>111,206,632</u>	<u>275,990,289</u>	<u>205,954,682</u>	<u>70,035,607</u>	<u>25.4%</u>
Revenue Over Expenses	<u>\$ 43,654,794</u>	<u>\$ 16,107,750</u>	<u>\$ 23,852,224</u>	<u>\$ 7,744,474</u>	<u>48.1%</u>
Transfers to Other Agencies	<u>(313,372)</u>	<u>(7,320,000)</u>	<u>(20,317,906)</u>	<u>(12,997,906)</u>	<u>(177.6%)</u>
Revenue Over Expenses Less Transfers	<u>\$ 43,341,422</u>	<u>\$ 8,787,750</u>	<u>\$ 3,534,318</u>	<u>\$ (5,253,432)</u>	<u>(59.8%)</u>

Acknowledgements

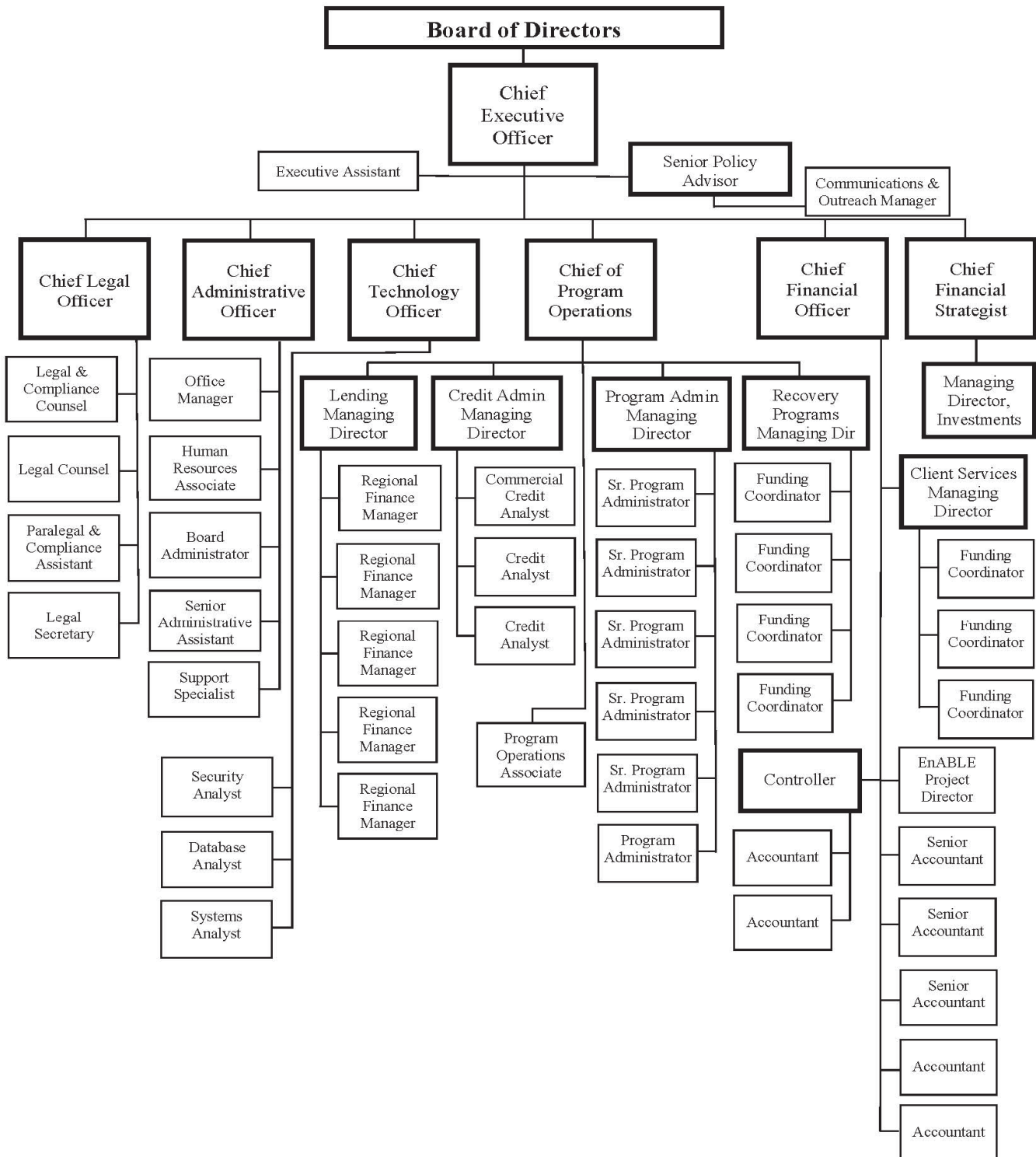
The preparation of this Annual Comprehensive Financial Report could not have been possible without the skill, extra effort and dedication of the entire staff of the NMFA Accounting Department and many of our colleagues in the other departments. We wish to thank everyone who assisted by providing the data and review necessary to prepare this report. Credit is also due to the NMFA Board for its support of our pursuit of this high standard of excellence in financial reporting.

Respectfully submitted,

Marquita D. Russel
Chief Executive Officer

Oscar S. Rodriguez
Chief Financial Officer

ORGANIZATIONAL CHART



NMFA LEADERSHIP

Board of Directors

Steve Kopelman
Ex Officio, Vice Chair
Executive Director
New Mexico Counties

Katherine Miller
Chair
County Manager
County of Santa Fe

Andrew J. Burke
Member
Senior Vice President for
Administration & Finance
New Mexico State University

Sarah Cottrell Propst
Ex Officio Member
Cabinet Secretary
New Mexico Energy,
Minerals & Natural
Resources Department

James Kenney
Ex Officio Member
Cabinet Secretary
New Mexico Environment
Department

Debbie Romero
Ex Officio Member
Cabinet Secretary
New Mexico Department of
Finance & Administration

Alicia Keyes
Ex Officio Member
Cabinet Secretary
New Mexico Economic
Development Department

Martin Abran Suazo
Member

A. J. Forte
Ex Officio Member
Executive Director
New Mexico Municipal
League

Management

Marquita D. Russel
Chief Executive Officer

Daniel C. Opperman
Chief Legal Officer

Dora Mae Cde Baca
Chief Administrative Officer

Oscar S. Rodriguez
Chief Financial Officer

Adam Johnson
Chief of Program Operations

Floyd Trujillo
Chief Technology Officer

Michael Zavelle
Chief Financial Strategist

Financial Information



Report of Independent Auditors

Governing Board
New Mexico Finance Authority

Mr. Brian S. Colón, Esq.
New Mexico Office of the State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise and fiduciary fund for the New Mexico Finance Authority (NMFA), a component unit of the State of New Mexico, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the NMFA'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 these financial statements based on our audit. 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 audits 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 respective financial position of the enterprise fund and fiduciary fund of the New Mexico Finance Authority as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of NMFA are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of NMFA. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2021, the change in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the NMFA's basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the financial statements.

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

Other Information

The introductory, statistical, and other information sections 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 1, 2021, on our consideration of NMFA'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NMFA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NMFA's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
November 1, 2021

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

The New Mexico Finance Authority (NMFA) sees its mission as that of *advancing New Mexico by financing impactful, well-planned projects*. It pursues this mission by striving to be New Mexico's partner in building economic prosperity and stronger communities. The customers it serves are the State government, regional public utility systems, municipalities, counties, Native American tribes, small businesses and non-profit organizations. The information presented in this section reflects, at least in part, NMFA's financial performance in this pursuit.

Generally accepted accounting principles (GAAP) require that management provide an overview and analysis of the Basic Financial Statements. As management of NMFA, we offer this narrative of NMFA's financial activities for fiscal year 2021. We encourage readers to consider the information presented here in conjunction with the additional information provided in our Introduction, Statistical Information and Other Information sections of this report.

NMFA's financial results are presented in terms of three basic financial statements:

- ◆ The ***Statement of Net Position*** presents information on the assets and liabilities of NMFA, with the difference between the assets and the liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.
- ◆ The ***Statement of Revenue, Expenses and Changes in Net Position*** presents information reflecting changes in the net position of NMFA resulting from net income during fiscal year 2021. 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 fiscal year 2021.

Fund accounting is at the foundation of our internal control and financial reporting. We group related accounts and transactions into distinct funds to maintain control over resources that law and/or governing documents mandate be segregated for specific activities or objectives. We also report the results of NMFA's financial activities in terms of funds to demonstrate compliance.

Although NMFA operates as an instrumentality of the State of New Mexico, it is not a taxing authority and does not undertake any governmental functions. All of its programs and supporting activities are operated as proprietary enterprises. For this reason, we present all of NMFA's financial statements as distinct proprietary funds, including the internal NMFA Operating Fund.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Financial Overview and Analysis

All Funds Combined

The balance sheet (Statement of Net Position) for the entire enterprise reflects positive results in fiscal year 2021, with assets exceeding liabilities by more than 28.2%. It also shows that the new State economic recovery programs predominated in fiscal year 2021. Total Net Position increased by \$13.1 million (2.2%) to \$593.8 million.

Total cash increased \$76.1 million (22.7%) to \$413.3 million, mostly as a result of a \$77.0 million (24.0%) increase in restricted cash, even as unrestricted cash decreased \$0.4 million (-2.8%) to \$15.7 million at year-end.

Total assets increased by \$279.3 million (11.4%), ending the year at \$2.7 billion, primarily as the result of a \$57.1 million increase in new loans issued (current and non-current) and the capitalization of a \$200.0 million new grant program by the State of New Mexico in the fourth quarter of the year.

Bond debt service, NMFA's biggest liability, remained stable. Current bonds payable increased by \$1.8 million (1.5%). Non-current bonds payable decreased by \$12.3 million (-0.9%).

The table on the following page presents, in a condensed fashion, the Combined Statements of Net Position as of June 30, 2021 and 2020 and the corresponding dollar amount and percentage changes.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Condensed Statements of Net Position – NMFA Combined

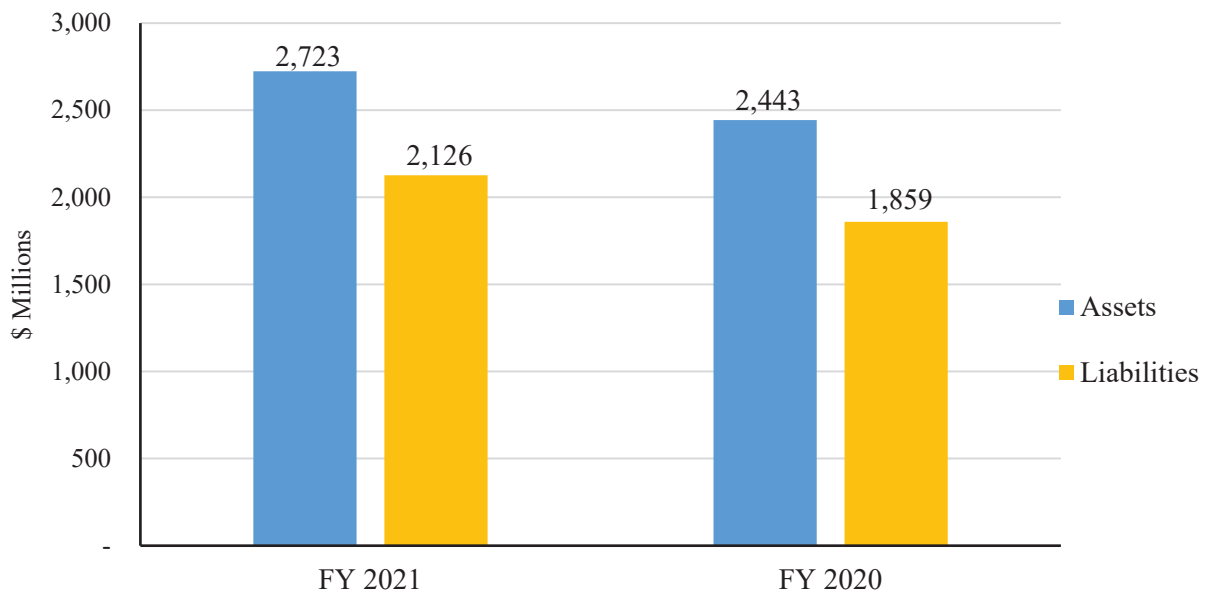
	2021	2020	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Unrestricted - unassigned	\$ 9,719,468	\$ 16,168,066	\$ (6,448,598)	(39.9%)
Unrestricted - assigned	6,000,000	-	6,000,000	100.0%
Restricted	397,582,399	320,578,471	77,003,928	24.0%
Loans receivable, net of allowance	1,781,545,124	1,724,479,238	57,065,886	3.3%
Restricted investments	515,364,555	369,252,126	146,112,429	39.6%
Other receivables	10,009,972	10,861,578	(851,606)	(7.8%)
Capital assets, net of accumulated depreciation	1,863,831	1,339,799	524,032	39.1%
Other assets	556,059	638,132	(82,073)	(12.9%)
Total Assets	2,722,641,408	2,443,317,410	279,323,998	11.4%
Deferred Outflows of Resources				
Deferred loss on refunding, non-capital assets	643,643	693,665	(50,022)	(7.2%)
Total Deferred Outflows of Resources	643,643	693,665	(50,022)	(7.2%)
Liabilities				
Bonds payable, net	1,428,438,844	1,438,941,647	(10,502,803)	(0.7%)
Undisbursed loan proceeds	307,626,399	320,840,186	(13,213,787)	(4.1%)
Advanced loan payments	88,002,415	89,526,221	(1,523,806)	(1.7%)
Accounts payable, accrued payroll and compensated absences	1,463,035	1,244,706	218,329	17.5%
Other liabilities	300,735,814	8,975,843	291,759,971	3250.5%
Total Liabilities	2,126,266,507	1,859,528,603	266,737,904	14.3%
Deferred Inflows of Resources				
Deferred gain on refunding, non-capital assets	3,129,303	3,704,574	(575,271)	(15.5%)
Deferred FNM Loan Origination Fees	59,712	-	59,712	100.0%
Total Deferred Inflows of Resources	3,189,015	3,704,574	(515,559)	(13.9%)
Net Position				
Net investment in capital assets	1,863,831	1,339,799	524,032	39.1%
Restricted for program commitments	576,246,230	563,270,033	12,976,197	2.3%
Unrestricted	15,719,468	16,168,066	(448,598)	(2.8%)
Total Net Position	\$ 593,829,529	\$ 580,777,898	\$ 13,051,631	2.2%

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Total cash and investments increased 31.5%, going from \$706.0 million to \$928.7 million. Restricted cash, which accounts for 42.8% of all cash, was the fastest growing component of this total, increasing by \$77.0 million (24.0%).

For fiscal year 2021, total bonds payable remained stable, decreasing by only \$10.5 million (-0.7%). Four new bonds were issued (2020 C1, 2020 C2, 2021 A and 2021 B), totaling \$167.7 million; six existing bonds totaling \$87.1 million were redeemed.

Assets vs. Liabilities



The Statement of Revenue, Expenses and Changes in Net Position provides context for the result in the Statement of Net Position. Total revenue exceeded total expenses, and the increase in net position occurred despite a \$10.7 million (-15.7%) decrease in operating revenue, a \$1.0 million (-8.7%) decrease in grant revenue, an \$86.0 million (82.9%) increase in operating expenses and a \$17.5 million (258.7%) increase in transfers to the State of New Mexico.

The biggest factor driving the difference between revenue and expenses was a spike in grant expenses of \$97.5 million (309.7%), due almost entirely to the CARES grant program mandated by the State in the middle of the year. This increase was more than offset by transfers from the State of \$121.9 million. The positive result was also buoyed by an \$8.3 million (-16.3%) decrease in bond interest expense and a \$7.2 million (-67.2%) decrease in bond premiums passed through to borrowers in simultaneous bond-loan closings.

Interest income on loans, which accounts for 89.6% of all operating income, remained stable, dropping only \$1.3 million (-2.4%). It was high enough that net income stayed positive despite the drop resulting from NMFA’s decision to no longer charge administrative fees for Public Project Revolving Fund (PPRF) loans and the poor investment environment, which cut interest earned on

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

investments from \$6.0 million in fiscal year 2020 to \$3.1 million in fiscal year 2021 and also reversed last year's accrued unrealized gain of \$2.6 million with a \$2.6 million unrealized loss in fiscal year 2021.

The following table presents in a condensed fashion the Combined Statements of Revenue, Expenses and Changes in Net Position for fiscal year 2021 and 2020 and the corresponding net dollar amount and percentage changes.

Condensed Statements of Revenue, Expenses & Changes in Net Position – NMFA Combined

	2021	2020	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Interest on loans	\$ 51,507,874	\$ 52,792,559	\$ (1,284,685)	(2.4%)
Administrative fees revenue	5,535,056	6,828,344	(1,293,288)	(18.9%)
Interest on investments	475,458	8,598,789	(8,123,331)	(94.5%)
Total Operating Revenue	57,518,388	68,219,692	(10,701,304)	(15.7%)
Operating Expenses				
Bond interest expense	42,455,410	50,720,720	(8,265,310)	(16.3%)
Grants expense	128,973,973	31,480,701	97,493,272	309.7%
Loan financing pass-through	3,488,596	10,640,130	(7,151,534)	(67.2%)
Salaries and benefits	6,044,261	5,108,045	936,216	18.3%
Bond issuance costs	1,207,923	1,243,666	(35,743)	(2.9%)
Professional services	4,837,099	3,266,820	1,570,279	48.1%
Other operating costs	1,455,566	997,558	458,008	45.9%
Provision for loan losses	123,133	(294,021)	417,154	141.9%
Interest expense	500,768	7,826	492,942	6298.8%
Rent and utilities	424,336	414,551	9,785	2.4%
Depreciation expense	181,846	101,158	80,688	79.8%
Total Operating Expenses	189,692,911	103,687,154	86,005,757	82.9%
Net Operating Loss	(132,174,523)	(35,467,462)	(96,707,061)	272.7%
Non-operating Revenue (Expenses)				
Appropriation revenue	37,023,150	50,326,048	(13,302,898)	(26.4%)
Grant revenue and transfers from State	132,520,910	31,382,357	101,138,553	322.3%
Transfers to State and intra-fund	(24,317,906)	(6,779,091)	(17,538,815)	258.7%
Net Non-operating Revenue	145,226,154	74,929,314	70,296,840	93.8%
Increase in Net Position	13,051,631	39,461,852	(26,410,221)	(66.9%)
Net position, beginning of year	580,777,898	541,316,046	39,461,852	7.3%
Net Position, End of Year	\$ 593,829,529	\$ 580,777,898	\$ 13,051,631	2.2%

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The Statement of Cash Flows provides further context for NMFA's financial performance in a year when the State took extraordinary measures to bolster New Mexico's economy in the wake of COVID-19. It too is dominated by the massive loan and grant programs funded by the State. The movement of cash from the State to public and private borrowers and grant recipients through NMFA is unmistakable.

Net cash used in operating activities increased \$120.6 million (398.1%), including \$42.8 million more loans funded and \$97.5 million more grants funded. Non-capital financing activities saw even more remarkable short-term flows. The proceeds from the sale of bonds and payment of bonds, both repayments and redemptions, are normally the largest line items in this section. In fiscal year 2021, however, cash transfers from the State of \$486.0 million far exceeded the \$197.7 million in bond proceeds and \$196.3 million in payment of bonds.

This flow of cash from the State reverberated even in investing activities, where a net of more than \$146.1 million in investment positions were purchased to hold the extra cash compared to a net of \$39.6 million sold last year when the pandemic began.

Inflows exceeded outflows by \$76.6 million (22.7%) in the fiscal year. This is \$33.4 million (77.3%) more than last year. This occurred because cash flows from non-capital financing of \$373.8 million, where the State transfers occurred, were greater than the combined net of operating, investing and capital financing activities of \$297.3 million.

The following table presents, in a condensed fashion, the Combined Statements of Cash Flows for fiscal year 2021 and 2020 and the corresponding net percentage changes.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Condensed Statements of Cash Flows – NMFA Combined

	2021	2020	Percentage Increase / (Decrease)
Cash Flows from Operating Activities			
Cash paid for employee services	\$ (6,640,334)	\$ (4,989,890)	33.1%
Cash paid to vendors for services	(6,772,380)	(6,724,546)	0.7%
Loan payments received	244,297,614	220,120,914	11.0%
Loans funded	(321,074,864)	(278,281,535)	15.4%
Grants expense	(128,973,973)	(31,480,701)	309.7%
Cash received from Federal capitalization grant	10,586,129	11,599,117	(8.7%)
Interest on loans	52,604,896	52,179,889	0.8%
Administrative fees received	5,055,062	7,278,445	(30.5%)
Net Cash Used in Operating Activities	(150,917,850)	(30,298,307)	398.1%
Cash Flows from Non-capital Financing Activities			
Reversions	-	(170,035)	100.0%
Appropriations from the State	37,023,150	50,326,048	(26.4%)
Cash transfers from the State	486,002,781	19,783,240	2356.6%
Cash transfers to the State	(86,922,536)	(6,609,056)	1215.2%
Proceeds from the sale of bonds	197,666,490	198,939,647	(0.6%)
Payment of bonds	(196,250,000)	(166,720,000)	17.7%
Bond issuance costs	(1,207,923)	(1,243,666)	(2.9%)
Bond interest expense paid	(59,007,337)	(57,953,540)	1.8%
Proceeds from line of credit	44,800,000	15,000,000	198.7%
Payments on line of credit	(44,800,000)	(15,000,000)	198.7%
Loan financing pass-through to borrower	(3,488,596)	(10,640,130)	(67.2%)
Net Cash Provided by Non-capital Financing Activities	373,816,029	25,712,508	1353.8%
Cash Flows from Investing Activities			
Purchase of investments	(429,204,770)	(318,075,358)	34.9%
Sale of investments	283,092,341	357,627,615	(20.8%)
Interest received on investments	475,458	8,598,789	(94.5%)
Net Cash (Used) Provided by Investing Activities	(145,636,971)	48,151,046	(402.5%)
Cash Flows from Capital Financing Activities			
Capital assets	(705,878)	(386,838)	82.5%
Net Cash Used in Capital Financing Activities	(705,878)	(386,838)	82.5%
Net Increase in Cash and Cash Equivalents	76,555,330	43,178,409	77.3%
Cash and cash equivalents, beginning of year	336,746,537	293,568,128	14.7%
Cash and Cash Equivalents, End of Year	\$ 413,301,867	\$ 336,746,537	22.7%

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Long-term Debt Activity

NMFA carries two types of long-term debt: payable to the New Mexico State Investment Council (SIC) and bonds.

The payable to SIC is the result of State legislation that appropriated up to \$500.0 million to be transferred from SIC to NMFA to capitalize the SBRL, with the requirement that SIC be repaid from the repayment of the loans made from this program. At fiscal year-end, SIC had transferred a total of \$101.0 million. The program had, at that point, made \$51.8 million in loans and was holding \$48.2 million in restricted cash to make more loans through the mandated reversion date of December 31, 2022. As the loans are made and receivables created, NMFA recognizes a non-current payable to SIC for the same amount, less an allowance for bad debt.

As of June 30, 2021, NMFA had booked a net of \$51.8 million in loan receivables, including an allowance of \$5.2 million for doubtful accounts. Given the maximum repayment term of ten years for these loans, the payable will not mature until either SIC has been completely repaid or until ten years after the last loan is made before the program expires. Until then, NMFA will carry this payable as long-term debt.

Long-term debt for bonds is entirely a function of the PPRF, which issues bonds and uses the proceeds to underwrite loans that, in turn, pay the debt service on the bonds. Demand for PPRF loans remained stable throughout the fiscal year. To meet this demand, NMFA issued four new bond series for a total of \$167.7 million in new debt to replenish the PPRF revolving loan fund. Part of the bond proceeds, \$25.6 million, was used to retire two older series whose first call dates had arrived.

Total actual proceeds from these new issues totaled \$197.7 million. This total includes \$30.0 million in bond premiums, of which \$3.5 million was passed through to borrowers who participated in the bond packages as simultaneous loan closings and bond issuances. More detailed information about NMFA's long-term debt is presented in Notes 6 and 11 to the Financial Statements.

The table on the following page summarizes the source and uses for each series.

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Issue Date	Series	Source/Use	Amount	Uses Other Than Loans
June 30, 2021	2021 B	PAR	\$31,305,000	
		Premium	7,982,150	
		Bond Redemption: 2011 B1, B2, 2011 C, 2012 A		\$61,465,000
		Borrower Premium Pass-through		2,396,187
		Line of Credit Repayment		30,000,000
March 4, 2021	2021 A	PAR	39,535,000	
		Premium	9,010,736	
September 29, 2020	2020 C1	PAR	57,960,000	
		Premium	13,013,604	
	2020 C2	PAR	38,860,000	
		Bond Redemption: 2010 A2, B2		25,625,565
		Borrower Premium Pass-through		1,092,409
	Line of Credit Repayment		14,800,000	
TOTALS:		PAR	\$167,660,000	
		Premium	\$30,006,490	
		Bond Redemption		\$87,090,565
		Borrower Premium Pass-through		\$3,488,596
		Line of Credit Repayment		\$44,800,000

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
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Public Project Revolving Fund

The Public Project Revolving Fund (PPRF), is NMFA’s flagship program. It was created by the State Legislature with the approval of the New Mexico Finance Authority Act of 1992 to assist a wide range of public entities throughout the state in accessing the capital markets at low or below-market interest rates. The PPRF is used to finance and refinance public projects such as infrastructure improvements, road projects, water system upgrades, fire and law enforcement equipment, public buildings, hospitals and healthcare facilities, electric and broadband utilities and quality of life projects, among others. It provides both market-rate loans and loans to disadvantaged communities at 0% and 2% subsidized rates. As of January 2020, the PPRF does not charge fees on its loans. A share of the State’s Governmental Gross Receipts Tax (GGRT) is dedicated to the PPRF, which NMFA uses as a credit enhancement to issue bonds at a high credit rating. NMFA uses available funds to make loans to borrowers and then replenishes the PPRF by issuing tax-exempt bonds secured by the PPRF loans made to qualified entities and the annual GGRT receipts.

In order of size, the PPRF accounts for more than half of NMFA’s assets and operations. The PPRF represents 33.9% of NMFA’s total revenue.

PPRF Share of NMFA

	PPRF	Total NMFA	% PPRF
Total Assets	\$2.1 billion	\$2.7 billion	78.2%
Net Position	\$302.6 million	\$597.8 million	50.6%
Operating Revenue	\$49.8 million	\$57.5 million	86.6%
Total Revenue	\$70.1 million	\$206.7 million	33.9%

The purpose of the PPRF is to coordinate planning and financing of state and local public projects with qualified borrowers who cannot, on their own, access the bond market cost-effectively. Qualified entities, including but not limited to counties, municipalities, school districts and tribes are eligible to borrow from the PPRF.

NMFA makes PPRF loans of up to \$15 million from funds on hand. The PPRF’s cash is replenished at a later date through bonds that are sold in the open market. Loans larger than \$15 million are funded through simultaneous closings with a reimbursement bond issue, ensuring a matching of loan and bond interest rates.

Infrastructure finance agencies similar to NMFA 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.

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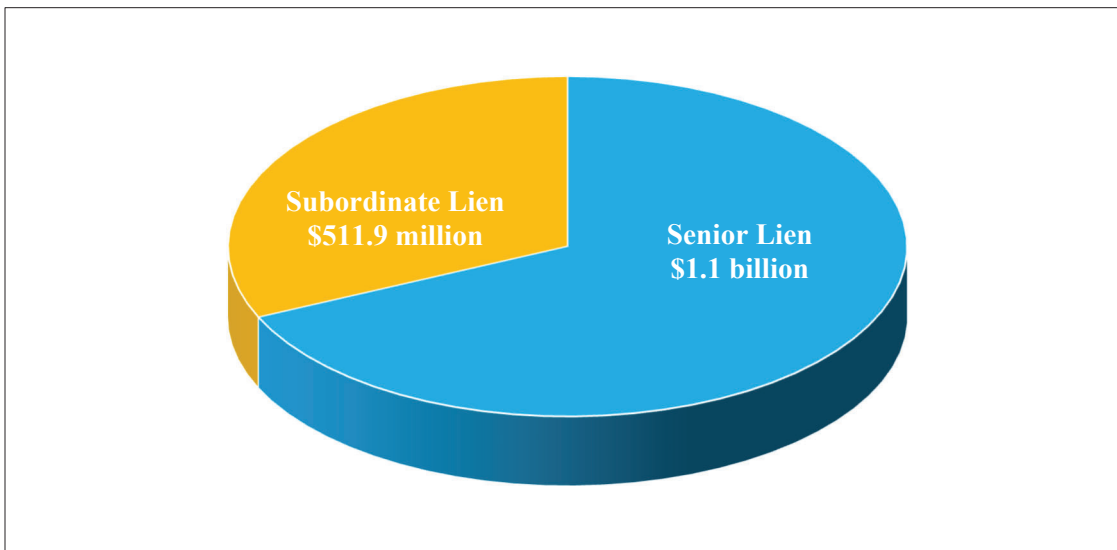
Since the PPRF’s inception in 1992, it has made 1,910 loans totaling \$4.3 billion through June 30, 2021.

PPRF Project Volume

	FY 2021	FY 2020	Since Inception
Amount of projects funded	\$246.1 million	\$287.5 million	\$4.3 billion
Number of projects funded	96	102	1,910
Refunding loans (included above)	\$88.1 million	\$32.0 million	---
Average project size	\$2.5 million	\$2.8 million	\$2.3 million

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of fiscal year 2021, there were 953 active loans totaling \$1.6 billion outstanding. This represents a decrease of \$0.9 million (-0.1%) from last year. Most (68%) of the revenues from the PPRF loans are pledged to the Senior Lien Indenture, with the balance (32%) pledged to the Subordinate Lien Indenture. In terms of outstanding principal, the Senior Lien Indenture loans comprise 66.8% of the total.

PPRF Outstanding Bond Principal: Senior Lien vs. Subordinate Lien

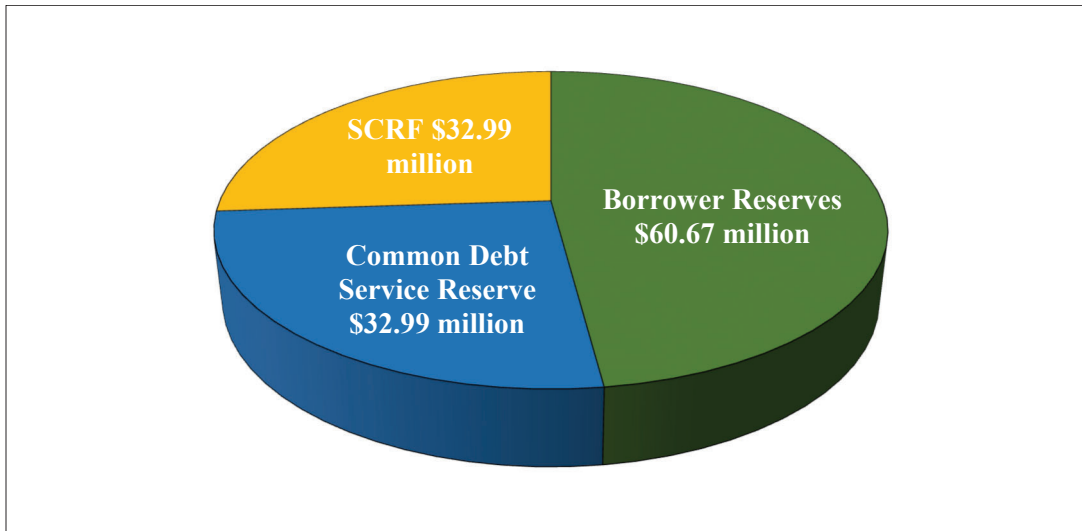


S&P Global Ratings (formerly known as Standard & Poor’s) has assigned its AAA rating to both the Senior Lien (since April 2011) and Subordinate Lien (since July 2017). Moody’s Investor Services has assigned the Senior Lien with its Aa1 rating and the Subordinate Lien with its Aa2 rating. In order to maintain these ratings, the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve fund, Supplemental Credit Reserve Fund (SCRF), and

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pooled borrower debt service reserves. The Common Debt Service Reserve is subject to the General Indenture of Trust for the Senior Lien, and the SCRF is subject to the Subordinated Indenture of Trust governing the subordinate lien. Borrower reserves are pledged to the individual loans.

Debt Service Reserves



Governmental Gross Receipts Tax

The Governmental Gross Receipts Tax (GGRT) is a tax imposed on the gross receipts of state and local governments for services rendered to customers such as water, sewer and solid waste collection. Three quarters (75%) of GGRT collections are appropriated to the PPRF by statute. NMFA’s share of GGRT collections was \$33.0 million in fiscal year 2021, down \$0.8 (-2.4%) from fiscal year 2020 due to the impact of COVID-19. This total includes amounts that are not needed for payments under the General Indenture of Trust and Subordinated Indenture of Trust and are appropriated from the PPRF by the Legislature to fund various legislative initiatives. The GGRT funds serve several functions:

- ◆ Credit enhancement for the PPRF bonds such that GGRT funds can be used to make up for any shortfall in funds available for bond payments in the event of a default by any of the loans in the portfolio
- ◆ Fund loans to borrowers, especially smaller loans that may not be cost-effective to reimburse in a bond issue
- ◆ Pay operating expenses of the PPRF

As a not-for-profit lender, NMFA attempts to pass on to its borrowers the same rates paid on the bonds issued to provide loaned funds. In fiscal year 2021, the PPRF had net interest income of \$49.3 million, ending up at a net operating loss of \$1.9 million compared to the net loss of \$10.1 million in fiscal year 2020. This is mostly a result of a \$8.3 million (-14.3%) decrease in operating revenues offset by a \$8.3 million (-16.3%) decrease in bond interest expense and a \$7.2 million (-67.2%) decrease in loan financing pass-through expense.

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Condensed Statements of Net Position – PPRF

	2021	2020	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Restricted cash	\$ 48,334,443	\$ 231,751,645	\$ (183,417,202)	(79.1%)
Loans receivable, net of allowance	1,589,437,209	1,590,305,094	(867,885)	(0.1%)
Restricted investments	487,209,261	313,997,029	173,212,232	55.2%
Other receivables	7,464,549	9,480,679	(2,016,130)	(21.3%)
Total Assets	2,132,445,462	2,145,534,447	(13,088,985)	(0.6%)
Deferred Outflows of Resources				
Deferred loss on refunding, non-capital assets	643,643	693,665	(50,022)	(7.2%)
Total Deferred Outflows of Resources	643,643	693,665	(50,022)	(7.2%)
Liabilities				
Bonds payable, net	1,428,438,844	1,438,941,647	(10,502,803)	(0.7%)
Undisbursed loan proceeds	307,626,399	320,840,186	(13,213,787)	(4.1%)
Advanced loan payments	85,691,626	88,057,094	(2,365,468)	(2.7%)
Due to other funds	1,684,312	2,437,306	(752,994)	(30.9%)
Other liabilities	3,894,188	7,942,372	(4,048,184)	(51.0%)
Total Liabilities	1,827,335,369	1,858,218,605	(30,883,236)	(1.7%)
Deferred Inflows of Resources				
Deferred gain on refunding, non-capital assets	3,129,303	3,704,574	(575,271)	(15.5%)
Total Deferred Inflows of Resources	3,129,303	3,704,574	(575,271)	(15.5%)
Net Position				
Restricted for program commitments	302,624,433	284,304,933	18,319,500	6.4%
Total Net Position	\$ 302,624,433	\$ 284,304,933	\$ 18,319,500	6.4%

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Condensed Statements of Revenue, Expenses & Changes in Net Position – PPRF

	2021	2020	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Interest on loans	\$ 49,282,134	\$ 51,224,347	\$ (1,942,213)	(3.8%)
Administrative fees revenue	1,054,813	2,370,355	(1,315,542)	(55.5%)
Interest on investments	(538,860)	4,503,041	(5,041,901)	(112.0%)
Total Operating Revenue	49,798,087	58,097,743	(8,299,656)	(14.3%)
Operating Expenses				
Bond interest expense	42,455,410	50,720,720	(8,265,310)	(16.3%)
Loan financing pass-through	3,488,596	10,640,130	(7,151,534)	(67.2%)
Salaries and benefits	2,152,266	2,928,373	(776,107)	(26.5%)
Bond issuance costs	1,207,923	1,243,666	(35,743)	(2.9%)
Professional services	1,903,380	1,990,022	(86,642)	(4.4%)
Other operating costs	210,285	278,781	(68,496)	(24.6%)
Provision for loan losses	162,320	175,916	(13,596)	(7.7%)
Interest expense	8,123	7,826	297	3.8%
Rent and utilities	156,507	230,672	(74,165)	(32.2%)
Total Operating Expenses	51,744,810	68,216,106	(16,471,296)	(24.1%)
Net Operating Loss	(1,946,723)	(10,118,363)	8,171,640	(80.8%)
Non-operating Revenue (Expenses)				
Appropriation revenue	33,023,150	33,826,048	(802,898)	(2.4%)
Transfers to State and intra-fund	(12,756,927)	(12,246,030)	(510,897)	4.2%
Net Non-operating Revenue	20,266,223	21,580,018	(1,313,795)	(6.1%)
Increase in Net Position	18,319,500	11,461,655	6,857,845	59.8%
Net position, beginning of year	284,304,933	272,843,278	11,461,655	4.2%
Net Position, End of Year	\$ 302,624,433	\$ 284,304,933	\$ 18,319,500	6.4%

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

NMFA's long-term debt consists entirely of bond issues related to the PPRF program. At the end of fiscal year 2021, the total PPRF bond principal outstanding was \$1.4 billion. In addition, \$763.6 million of GRIP bonds issued on behalf of the New Mexico Department of Transportation (NMDOT) were outstanding (this debt is not a direct liability of NMFA). More detailed information about NMFA's long-term debt is presented in Notes 6 and 11 to the Financial Statements.

During fiscal year 2021, NMFA issued \$167.7 million in PPRF bonds, which were used to directly fund loans and to reimburse the PPRF loan fund for loans already made.

Condensed Statements of Cash Flows – PPRF

	2021	2020	Percentage Increase / (Decrease)
Net Cash Provided (Used) by Operating Activities	<u>\$ 32,355,033</u>	<u>\$ (2,520,343)</u>	1383.8%
Net Cash Used in Non-capital Financing Activities	<u>(42,021,143)</u>	<u>(16,037,671)</u>	162.0%
Net Cash (Used) Provided by Investing Activities	<u>(173,751,092)</u>	<u>47,285,804</u>	(467.4%)
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(183,417,202)</u>	<u>28,727,790</u>	(738.5%)
Cash and cash equivalents, beginning of year	<u>231,751,645</u>	<u>203,023,855</u>	14.1%
Cash and Cash Equivalents, End of Year	<u>\$ 48,334,443</u>	<u>\$ 231,751,645</u>	(79.1%)

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Drinking Water State Revolving Loan Fund

The Drinking Water State Revolving Loan Fund (DWSRLF) is the largest water program NMFA operates, in terms of cash balances, loan receivables and total revenue. It is capitalized by Federal grants administered by the Environmental Protection Agency (EPA), State match and loan repayments. It was established in 1998 through the Drinking Water State Revolving Loan Fund Act (Section 6-21A-1 et seq. NMSA 1978) to underwrite drinking water projects in New Mexico. The loans are low-cost and in certain cases may contain principal forgiveness (grants) up to 75%. NMFA administers the program in partnership with the New Mexico Environment Department (NMED), which is reimbursed by the grant for performing certain technical activities through its Drinking Water Bureau.

The process for funding new loans begins with NMED publishing a Fundable Priority List. NMFA accepts applications from the list, which are then underwritten. The projects are funded in the order of priority until all available funds are used. The NMED Construction Programs Bureau provides the engineering and construction oversight services required under the program. The State match to the EPA capitalization grant is funded by periodic appropriations made by the Legislature from the PPRF. As of June 30, 2021, NMFA was servicing 122 DWSRLF loans totaling \$91.8 million.

Total cash and investments and loans receivable remained stable from last year. Cash and investments together rose \$5.4 million (6.3%) and stood at \$91.5 million at fiscal year-end. The ratio of cash to restricted investments, 77:23, varied significantly from fiscal year 2020, when it stood at 56:44. This shift reflects the strategy of placing investments in short-term positions in the current investment environment in anticipation of improved conditions in the future. Net loan receivables rose only slightly, \$0.1 million (0.2%). Advanced loan payments increased significantly from last year by \$0.8 million (58.0%). This change occurred primarily because more borrowers began making monthly payments in advance of their semi-annual debt service dates instead of paying only twice annually.

See the Condensed Statements of Net Position for the DWSRLF on the following page.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Condensed Statements of Net Position – DWSRLF

	2021	2020	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Restricted	\$ 70,218,995	\$ 48,092,678	\$ 22,126,317	46.0%
Loans receivable, net of allowance	91,804,064	91,661,196	142,868	0.2%
Restricted investments	21,246,187	37,962,861	(16,716,674)	(44.0%)
Other receivables	233,942	228,053	5,889	2.6%
Total Assets	183,503,188	177,944,788	5,558,400	3.1%
Liabilities				
Advanced loan payments	2,294,004	1,452,342	841,662	58.0%
Due to other funds	253,278	452,166	(198,888)	(44.0%)
Other liabilities	455,703	388,780	66,923	17.2%
Total Liabilities	3,002,985	2,293,288	709,697	31.0%
Net Position				
Restricted for program commitments	180,500,203	175,651,500	4,848,703	2.8%
Total Net Position	\$ 180,500,203	\$ 175,651,500	\$ 4,848,703	2.8%

Operating revenue for the DWSRLF declined \$1.6 million (-43.1%) from last year, almost entirely due to a drop in investment income resulting from poor investment market conditions. Embedded in the \$1.7 million (-75.7%) drop in investment income is a net unrealized loss in investment value of \$0.8 million compared to an unrealized gain of \$0.6 million in fiscal year 2020.

Meanwhile, grant expenses increased markedly by \$2.0 million (40.6%). This result was driven by a \$1.0 million increase in reimbursement requests from the Drinking Water Bureau and by another \$1.0 million increase in grants to new projects. The other operating expenses increased markedly by \$0.5 million (144.73%), but this was driven mostly by the decision to reflect all operating costs in the rubrics from which they arose, rather than part of grant expense. Until this year, operating costs had traditionally been temporarily booked as personnel, contracts and operations respectively, then shifted to grant expense after they were reimbursed by the EPA grant.

Federal grant revenue for the year, driven largely by requisitions for reimbursement for construction projects, fell \$1.0 million (-8.7%), reaching only \$10.6 million by fiscal year-end. This occurred because many communities paused to rethink their projects in the face of higher materials prices and an exodus of contractors from the field during the pandemic. Appropriation revenue allocated by the Legislature from the balance in the PPRF loan fund as of June 30 appears to have dropped off entirely in fiscal year 2021, only because the transfer of funds was not completed until July 1, 2021, the date called for in the legislation but one day after fiscal year-end.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

See the Condensed Statements of Revenue, Expenses and Changes in Net Position for the DWSRLF below.

Condensed Statements of Revenue, Expenses & Changes in Net Position – DWSRLF

	2021	2020	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Interest on loans	\$ 1,391,037	\$ 1,403,875	\$ (12,838)	(0.9%)
Administrative fees revenue	225,042	114,041	111,001	97.3%
Interest on investments	559,726	2,305,923	(1,746,197)	(75.7%)
Total Operating Revenue	2,175,805	3,823,839	(1,648,034)	(43.1%)
Operating Expenses				
Grant expense	7,010,456	4,986,823	2,023,633	40.6%
Salaries and benefits	479,026	126,071	352,955	280.0%
Professional services	341,233	174,990	166,243	95.0%
Other operating costs	59,140	40,048	19,092	47.7%
Rent and utilities	34,724	32,420	2,304	7.1%
Total Operating Expenses	7,924,579	5,360,352	2,564,227	47.8%
Net Operating Loss	(5,748,774)	(1,536,513)	(4,212,261)	274.1%
Non-operating Revenue (Expenses)				
Appropriation revenue	-	2,500,000	(2,500,000)	(100.0%)
Grant revenue and transfers from State	10,586,129	11,599,117	(1,012,988)	(8.7%)
Transfers to State and intra-fund	11,348	(171,586)	182,934	106.6%
Net Non-operating Revenue	10,597,477	13,927,531	(3,330,054)	(23.9%)
Increase in Net Position	4,848,703	12,391,018	(7,542,315)	(60.9%)
Net position, beginning of year	175,651,500	163,260,482	12,391,018	7.6%
Net Position, End of Year	\$ 180,500,203	\$ 175,651,500	\$ 4,848,703	2.8%

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

The cash flows for the DWSRLF reflect the Federal program restrictions, with outflows closely matching inflows, except for transactions that occurred at the end of the fiscal year. Operating expenses are reimbursed to the NMFA Operating Fund from cash received for administrative and cost of issuance fees and interest earned on investments. During fiscal year 2021, all disbursements to borrowers for their construction projects, which equal the grant and loan principal, were made from cash requisitioned and received from the EPA and the State's match, which is transferred into the fund at the start of the fiscal year from the PPRF. As a result, cash flows from all activities were positive. Operating activities netted \$4.8 million. Financing activities netted \$0.01 million, a drop of \$2.3 million (-99.5%), resulting from the timing of the \$2.5 million transfer from the PPRF. Financing activities ended at a positive \$17.3 million, an increase of \$15.3 million (752.7%) over last year, as more investments were sold than purchased.

See the Condensed Statements of Cash Flows for the DWSRLF below.

Condensed Statements of Cash Flows – DWSRLF

	2021	2020	Percentage Increase / (Decrease)
Net Cash Provided by Operating Activities	<u>\$ 4,838,569</u>	<u>\$ 3,121,132</u>	55.0%
Net Cash Provided by Non-capital Financing Activities	<u>11,348</u>	<u>2,328,414</u>	(99.5%)
Net Cash Provided by Investing Activities	<u>17,276,400</u>	<u>2,026,135</u>	752.7%
Net Increase in Cash and Cash Equivalents	<u>22,126,317</u>	<u>7,475,681</u>	196.0%
Cash and cash equivalents, beginning of year	<u>48,092,678</u>	<u>40,616,997</u>	18.4%
Cash and Cash Equivalents, End of Year	<u>\$ 70,218,995</u>	<u>\$ 48,092,678</u>	46.0%

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

NMFA Operating Fund

The NMFA Operating Fund (Operating Fund) is an internal fund that serves as a repository for all unrestricted cash generated and capital assets owned by NMFA and as a clearinghouse for payables and receivables between the program funds.

Because of the legal and policy restrictions on the cash and receivables within each fund, none of the program funds can serve as a general fund to the others. Only unrestricted cash can be used to finance the operations of a cash-strapped program. The Operating Fund was set up to provide this liquidity.

Total fund balance (net position) in the Operating Fund at the end of fiscal year 2021 stood at \$23.8 million, of which \$15.7 million was unrestricted cash. Included in this total was \$6.0 million assigned to the NMTC fund to be used to capitalize a new small loan pool. Due from other funds increased by \$0.5 million (7.8%) from fiscal year 2020, as other funds had to tap the cash in this fund to make up liquidity shortfalls. Total owed to the Operating Fund at fiscal year-end was \$7.5 million, with the biggest debtor fund, the Colonias Infrastructure Fund (CIF), responsible for a third of this amount (\$2.5 million).

See the Condensed Statements of Net Position for the Operating Fund on the following page.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Condensed Statements of Net Position – Operating Fund

	2021	2020	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Assets				
Cash and cash equivalents				
Unrestricted cash - unassigned	\$ 9,719,468	\$ 10,168,066	\$ (448,598)	(4.4%)
Unrestricted cash - assigned	6,000,000	6,000,000	-	0.0%
Due from other funds	7,455,033	6,918,176	536,857	7.8%
Other receivables	311,669	310,167	1,502	0.5%
Capital assets, net of accumulated depreciation	1,863,831	1,339,799	524,032	39.1%
Other assets	116,920	183,683	(66,763)	(36.4%)
Total Assets	25,466,921	24,919,891	547,030	2.2%
Liabilities				
Accounts payable, accrued payroll and compensated absences	1,460,235	1,233,206	227,029	18.4%
Due to other funds	166,416	913,992	(747,576)	(81.8%)
Other liabilities	55,132	129,561	(74,429)	(57.5%)
Total Liabilities	1,681,783	2,276,759	(594,976)	(26.1%)
Net Position				
Net investment in capital assets	1,863,831	1,339,799	524,032	39.1%
Restricted for program commitments	6,201,839	5,135,267	1,066,572	20.8%
Unrestricted	15,719,468	16,168,066	(448,598)	(2.8%)
Total Net Position	\$ 23,785,138	\$ 22,643,132	\$ 1,142,006	5.0%

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Revenues exceeded expenditures by \$1.1 million, an increase of \$7.0 million (119.6%) from last year, when expenses exceeded revenues by \$5.8 million as the result of a \$12.0 million transfer to the Essential Services Working Capital Fund offset by \$4.9 million reimbursement of operating expense from other programs.

See the Condensed Statements of Revenue, Expenses and Changes in Net Position below.

Condensed Statements of Revenue, Expenses & Changes in Net Position – Operating Fund

	2021	2020	Net Increase / (Decrease)	Percentage Increase / (Decrease)
Operating Revenue				
Administrative fees revenue	\$ 281,841	\$ 256,250	\$ 25,591	10.0%
Interest on investments	210,627	431,666	(221,039)	(51.2%)
Total Operating Revenue	492,468	687,916	(195,448)	(28.4%)
Operating Expenses				
Salaries and benefits	337,509	240,811	96,698	40.2%
Professional services	88,391	98,504	(10,113)	(10.3%)
Other operating costs	44,450	16,423	28,027	170.7%
Rent and utilities	11,734	10,504	1,230	11.7%
Depreciation expense	181,846	101,158	80,688	79.8%
Total Operating Expenses	663,930	467,400	196,530	42.0%
Net Operating (Loss) Gain	(171,462)	220,516	(391,978)	(177.8%)
Non-operating Revenue				
Transfers to State and intra-fund	1,313,468	(6,047,840)	7,361,308	121.7%
Net Non-operating Revenue (Expenses)	1,313,468	(6,047,840)	7,361,308	121.7%
Increase (Decrease) in Net Position	1,142,006	(5,827,324)	6,969,330	119.6%
Net position, beginning of year	22,643,132	28,470,456	(5,827,324)	(20.5%)
Net Position, End of Year	\$ 23,785,138	\$ 22,643,132	\$ 1,142,006	5.0%

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

In operating activities, the Operating Fund saw a \$1.4 million (-53.2%) drop in administrative fee cash flow as the result of the decision in fiscal year 2020 to no longer charge administrative fees on most loans.

Net cash flow from non-capital financing activities improved \$7.4 million from last year, when net outflows reached \$6.0 million after a \$12.0 million transfer to the Essential Services Working Capital Fund. In fiscal year 2021, reimbursements from the program funds exceeded cash flows to support cash-poor programs’ funds by \$1.3 million.

The total net cash flow improved, however, by \$8.3 million and ended at \$0.4 million.

See the Condensed Statements of Cash Flows below.

Condensed Statements of Cash Flows – Operating Fund

	2021	2020	Percentage Increase / (Decrease)
Net Cash Used in Operating Activities	\$ (1,266,815)	\$ (2,704,309)	(53.2%)
Net Cash Provided (Used) by Non-capital Financing Activities	1,313,468	(6,047,840)	121.7%
Net Cash Provided by Investing Activities	210,627	431,666	(51.2%)
Net Cash Used in Capital Financing Activities	(705,878)	(386,838)	82.5%
Net Decrease in Cash and Cash Equivalents	(448,598)	(8,707,321)	(94.8%)
Cash and cash equivalents, beginning of year	16,168,066	24,875,387	(35.0%)
Cash and Cash Equivalents, End of Year	\$ 15,719,468	\$16,168,066	(2.8%)

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

Capital Asset Activity

NMFA acquired capital assets during the fiscal year to support improving technology, utilizing new hardware to replace older, outdated products. Laptops were provided to all employees, which greatly enhanced operations by allowing employees to effectively function while working remotely during the public health orders limiting the number of employees allowed to work onsite. The cost of new technology hardware was \$68,356 and software was \$602,295.

Implementation of the EnABLE loan servicing software continued throughout the fiscal year, and almost all programs now fully reside on this platform. Development, testing and implementation is ongoing, with all programs expected to reside solely on EnABLE by the end of fiscal year 2022. The cost of this project in fiscal year 2021 was \$35,227.

More detailed information about capital assets is presented in Note 5 to the Financial Statements.

Contacting NMFA’s Financial Management

This financial report is designed to provide citizens, taxpayers, customers, legislators, investors and creditors with a general overview of NMFA’s finances and to demonstrate NMFA’s accountability for the money it receives.

Substantial additional information is available on NMFA’s website at www.nmfinance.com, on NMFA’s PPRF investor relations website at www.nmbondfinance.com and on NMFA’s NMDOT investor relations website at www.nmdotbonds.com. 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
Statement of Net Position
Fiscal Year Ended June 30, 2021

Assets

Current Assets

Cash and cash equivalents

 Unrestricted cash - unassigned \$ 9,719,468

 Unrestricted cash - assigned 6,000,000

 Restricted cash 397,582,399

Interest receivable on loans 8,143,531

Grants and other receivables 1,192,162

Other assets 556,059

Administrative fees receivable 674,279

Loans receivable 162,737,968

Total Current Assets 586,605,866

Non-current Assets

 Restricted investments 515,364,555

 Loans receivable 1,625,734,610

 Allowance for bad debt (6,927,454)

 Capital assets, net of accumulated depreciation 1,863,831

Total Non-current Assets 2,136,035,542

Total Assets 2,722,641,408

Deferred Outflows of Resources

 Deferred loss on refunding, non-capital assets 643,643

Total Deferred Outflows of Resources 643,643

Liabilities

Current Liabilities

 Accounts payable 461,669

 Accrued payroll 318,300

 Compensated absences 683,066

 Bond interest payable 3,834,988

 Undisbursed loan proceeds 307,626,399

 Advanced loan payments 88,002,415

 Bonds payable, net 118,040,000

 Other liabilities 250,322,242

Total Current Liabilities 769,289,079

Non-current Liabilities

 Bonds payable, net 1,310,398,844

 Non-current SIC payable 46,578,584

Total Non-current Liabilities 1,356,977,428

Total Liabilities 2,126,266,507

Deferred Inflows of Resources

 Deferred gain on refunding, non-capital assets 3,129,303

 Deferred FNM Loan Origination Fees 59,712

Total Deferred Inflows of Resources 3,189,015

Net Position

 Net investment in capital assets 1,863,831

 Restricted for program commitments 576,246,230

 Unrestricted 15,719,468

Total Net Position \$ 593,829,529

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statement of Revenue, Expenses and Change in Net Position
Fiscal Year Ended June 30, 2021

Operating Revenue		
Interest on loans	\$	51,507,874
Administrative fees revenue		5,535,056
Interest on investments		3,106,691
Unrealized Loss		<u>(2,631,233)</u>
Total Operating Revenue		<u>57,518,388</u>
Operating Expenses		
Bond interest expense		42,455,410
Grants expense		128,973,973
Loan financing pass-through		3,488,596
Salaries and benefits		6,044,261
Bond issuance costs		1,207,923
Professional services		4,837,099
Other operating costs		1,455,566
Provision for loan losses		123,133
Interest expense		500,768
Rent and utilities		424,336
Depreciation expense		<u>181,846</u>
Total Operating Expenses		<u>189,692,911</u>
		Net Operating Loss (132,174,523)
Non-operating Revenue and Transfers		
Appropriation revenue		37,023,150
Federal grant revenue		10,586,129
Transfers from the State		121,934,781
Transfers to the State		<u>(24,317,906)</u>
Net Non-operating Revenue and Transfers		<u>145,226,154</u>
		Increase in Net Position 13,051,631
Net position, beginning of year		<u>580,777,898</u>
		Net Position, End of Year <u><u>\$ 593,829,529</u></u>

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY

Statement of Cash Flows

Fiscal Year Ended June 30, 2021

Cash Flows from Operating Activities	
Cash paid for employee services	\$ (6,640,334)
Cash paid to vendors for services	(6,772,380)
Loan payments received	244,297,614
Loans funded	(321,074,864)
Grants expense	(128,973,973)
Cash received from Federal capitalization grant	10,586,129
Interest on loans (net of interest expense)	52,604,896
Administrative fees received	5,055,062
Net Cash Used in Operating Activities	<u>(150,917,850)</u>
Cash Flows from Non-capital Financing Activities	
Appropriations from the State	37,023,150
Cash transfers from the State	486,002,781
Cash transfers to the State	(86,922,536)
Intra-program transfers	-
Proceeds from the sale of bonds	197,666,490
Payment of bonds	(196,250,000)
Bond issuance costs	(1,207,923)
Bond interest expense paid	(59,007,337)
Proceeds from line of credit	44,800,000
Payments on line of credit	(44,800,000)
Loan financing pass-through to borrower	(3,488,596)
Net Cash Provided by Non-capital Financing Activities	<u>373,816,029</u>
Cash Flows from Investing Activities	
Purchase of investments	(429,204,770)
Sale of investments	283,092,341
Interest received on investments	475,458
Net Cash Used in Investing Activities	<u>(145,636,971)</u>
Cash Flows from Capital Financing Activities	
Capital assets	(705,878)
Net Cash Used in Capital Financing Activities	<u>(705,878)</u>
Net Increase in Cash and Cash Equivalents	76,555,330
Cash and cash equivalents, beginning of year	<u>336,746,537</u>
Cash and Cash Equivalents, End of Year	<u>\$ 413,301,867</u>
Reconciliation of Cash and Cash Equivalents	
Unrestricted - unassigned	\$ 9,719,468
Unrestricted - assigned	6,000,000
Restricted cash and cash equivalents	<u>397,582,399</u>
Total Cash and Cash Equivalents	<u>\$ 413,301,867</u>

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statement of Cash Flows, Continued
Fiscal Year Ended June 30, 2021

Reconciliation of Net Operating Loss to Net Cash (Used)

Provided by Operating Activities

Net operating loss	\$ (132,174,523)
Adjustments to Change in Net Position	
Depreciation	181,846
Amortization on bond premiums	(12,444,542)
Provision for loan losses	(123,133)
Interest on investments	(475,458)
Bond interest paid	54,899,953
Loan financing pass-through to borrowers	3,488,596
Bond issuance costs	1,207,923
Cash received from Federal grants	10,586,129
Interest expense	10,919
Changes in Assets and Liabilities	
Interest receivable	1,538,458
Grants, prepaid expenses and other receivables	(536,662)
Administrative fees receivable	424,910
Loans receivable, net of allowance	(62,126,389)
Accounts payable	6,396
Accrued payroll	55,855
Accrued compensated absences	156,078
Undisbursed loan proceeds	(13,213,787)
Advanced loan payments	(1,523,806)
Other liabilities	(856,613)
Net Cash Used in Operating Activities	\$ (150,917,850)

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
Custodial Fund – Statement of Fiduciary Net Position
Fiscal Year Ended June 30, 2021

Assets		
Cash and cash equivalents		\$ 8,157,037
	Total Assets	<u>8,157,037</u>
Liabilities		
Debt service payable		<u>1,429,657</u>
	Total Liabilities	<u>1,429,657</u>
Fiduciary Net Position		
Restricted for other government		<u>6,727,380</u>
	Total Fiduciary Net Position	<u>\$ 6,727,380</u>

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
Custodial Fund – Statement of Changes in Fiduciary Net Position
Fiscal Year Ended June 30, 2021

Additions		
Debt service collections		\$ 305,211,488
Interest Income		13,049
	Total Additions	<u>305,224,537</u>
Deductions		
Debt service payments		305,453,688
Investment expenses		-
	Total Deductions	<u>305,453,688</u>
	Net Increase in Net Position	(229,151)
Net position, beginning of year		-
Restatement of net position, beginning of year		6,956,531
	Net Position, end of year	<u><u>\$ 6,727,380</u></u>

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1) Nature of Organization

The New Mexico Finance Authority (NMFA), a component unit of the State of New Mexico (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). NMFA has broad powers to provide financing for an array of infrastructure and economic development projects. The Act 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.

NMFA's governing Board of Directors (NMFA Board) is composed of 11 members. Ex officio members include the Secretary of the Department of Finance and Administration; Secretary of the Economic Development Department; Secretary of the Energy, Minerals and Natural Resources Department; Secretary of the Environment Department; Executive Director of the New Mexico Municipal League; and the Executive Director of New Mexico Counties. The Governor, with the advice and consent of the Senate, appoints the remaining members, including the Chair and a member who must be the Chief Financial Officer of a New Mexico institution of higher education. The appointed members serve at the pleasure of the Governor.

NMFA issues loans to qualified entities pursuant to the rules and regulations governing the Public Project Revolving Fund (PPRF). The PPRF provides low-cost financing to qualified government entities for a variety of qualified projects throughout the state. The PPRF Program receives 75% of the Governmental Gross Receipts Tax (GGRT) collected by the State pursuant to Section 7-1-6.38 NMSA 1978. NMFA may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the Act. Bonds are issued under a Master Indenture as well as individual Series Indentures, which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and NMFA.

NMFA may also serve as conduit issuer of revenue bonds for other governmental agencies. This activity is reported as an Agency Fund.

NMFA manages the Drinking Water State Revolving Loan Fund (DWSRLF) and the Water Project Fund (WPF).

The DWSRLF 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 primarily funded through a federal capitalization grant where the Environmental Protection Agency (EPA) and the State 20% cost share.

The WPF program provides grants and interest-free loans to water projects supporting water use efficiency, resource conservation and protection, and fair distribution and allocation of water. In the accompanying statements, the receipt of funds for the WPF program is reflected as Transfers from the State in the amount of \$13,794,101 at June 30, 2021.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Other significant programs and financing administered by NMFA include:

- ◆ The New Markets Tax Credits Program (NMTC), whereby NMFA is the managing member in Finance New Mexico, LLC, is a subsidiary for-profit company that has received \$321 million in total allocations of federal tax credits under the NMTC Program.
- ◆ The Economic Development Revolving Fund (ED) comprises two programs: Smart Money (SM), which is a loan participation program that allows NMFA to buy interests in loans made by New Mexico banks and financial institutions, and the Essential Services Working Capital Fund (ESWCF), which is an emergency working capital program established by the NMFA Board in April 2020 to help community service providers and other essential businesses operating during the emergency health order. The ESWCF had 11 loans outstanding with receivables of \$3.7 million on June 30, 2021.
- ◆ The Primary Care Capital Fund (PCCF) is a revolving loan program that provides low-interest rate loans to non-profit and government-owned primary care health clinics for infrastructure, construction and capital equipment purchases. These loans can provide up to 20% annual loan forgiveness should the borrower meet certain requirements in providing free or reduced-cost medical care to sick and indigent clients.
- ◆ The Behavioral Health Capital Fund (BHCF) is a revolving loan program that provides low-interest rate loans to government owned and non-profit behavioral health providers for infrastructure, construction and capital equipment purchases. These loans can provide up to 20% annual loan forgiveness should the borrower meet certain requirements in providing free or reduced-cost medical care to sick and indigent clients.
- ◆ The Local Government Planning Fund Program (LGPF) provides grants to qualified local government entities on a per-project basis for infrastructure planning projects.
- ◆ The Colonias Infrastructure Fund (CIF) consists, in part, of proceeds from severance tax bonds authorized in Section 7-27-12.5 NMSA 1978. It provides loans and grants to certain communities located within 150 miles of the Mexican border in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, and roads. In the accompanying statements, the receipt of funds for the CIF is reflected as Transfers from the State in the amount of \$11,208,680 at June 30, 2021.
- ◆ Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department (NMEDD), NMFA received federal State Small Business Credit Initiative (SSBCI) funds to help increase the flow of capital to small businesses by mitigating bank risk. NMFA uses the funds to buy loan participations from banks for economic development projects under a program marketed as the Collateral Support Participation Program. NMFA is no longer making loans from this program and is transferring the repaid principal to NMEDD quarterly.
- ◆ New State Economic Recovery Programs – In response to the effect the COVID-19 pandemic was having on New Mexico’s economy, the State Legislature enacted three new small business assistance programs for NMFA to administer in fiscal year 2021:

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

- Small Business Recovery Loan Program (SBRL) was passed in a special session called by the Governor in June 2020 and expanded during the 2021 regular session. It appropriated \$500.0 million for loans to be made by NMFA to qualifying New Mexico small businesses affected by the health emergency.
- Coronavirus Aid, Relief & Economic Security Act (CARES) was passed in another special session in November 2021, authorizing the use of federal CARES funds allocated to New Mexico to provide up to \$100.0 million in grants to qualifying small businesses. NMFA administered this program as a sub-recipient of those federal funds through an agreement with the New Mexico Department of Finance and Administration. Pass-through identifying numbers have been included when available.
- Local Economic Development Act Recovery Grant Program (LEDA) was created when the Legislature amended the Local Economic Development Act in April 2021 to mandate that NMFA administer a \$200.0 million grant program to assist qualifying small businesses struggling with lease and mortgage payments on account of the health emergency.

NMFA 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 NMFA under the provisions of the Act are not a debt or liability of the State or any subdivision thereof. The NMFA Oversight Committee was created by the Act, and its membership is appointed by the Legislative Council to provide legislative oversight.

The financial statements include the accounts of NMFA and its blended component unit, Finance New Mexico, LLC (FNMLLC). All intercompany transactions and balances are eliminated. The condensed financial statements of FNMLLC are disclosed in Note 14.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

2) Summary of Significant Accounting Policies

Accounting Principles

The financial statements of NMFA 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 NMFA have been prepared using the economic resources measurement focus and the accrual basis of accounting. All of NMFA’s activities, except those in which NMFA acts as an agent, are reported as an enterprise fund.

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

Non-operating items consist of State appropriations for GGRT revenue and Water Project Fund legislated designations. Grant revenue and transfers to and from the State consist of 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, NMFA uses 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.

Change in Accounting Principles

During the fiscal year ended June 30, 2021, NMFA adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements as follows:

	Custodial Fund
Net Position, June 30, 2020, as previously reported	\$ -
Change in accounting principles	6,956,531
Net Position, June 30, 2020, as restated	\$ 6,956,531

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Custodial Funds

Custodial Funds are used to report resources held by NMFA in a purely custodial capacity. These funds result from bond transactions in which NMFA acts as fiscal agent for the New Mexico Department of Transportation (NMDOT). The amounts reported as agency funds do not belong to NMFA and are held in separate accounts on NMFA's books in the name of NMDOT.

Cash, Cash Equivalents and Investments

NMFA 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 NMFA's bond trustee. Certain proceeds of NMFA's bonds, as well as certain resources set aside for their repayment, are invested in certain permitted securities.

NMFA has 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.

Restricted vs. Unrestricted Cash

If it is obligated contractually, statutorily or by an official vote of the Board to a specific purpose or program, cash is presented as restricted. Otherwise it is presented as unrestricted cash.

Current Receivables

Current receivables comprise interest receivable, administrative fees receivable, grants 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 if they are sufficiently 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 as a charge to income in the period they become known.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Assets obtained through loan foreclosure are initially recorded at the fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by NMFA and the assets are carried at the lower of carrying amount or fair value less cost to sell. These assets are included in the other assets on the statement of net position.

State Loans Receivable

State loans receivable consist of amounts due from the State based on legislated appropriations of specified taxes for repayment of certain bonds issued by NMFA on behalf of State entities. The related statutes direct NMFA to issue bonds and make proceeds available to specified State entities to fund various projects. The statutes appropriate a portion of pledged future taxes or fees to fund the payment of the related bonds. No allowance has been established, as all such receivables are considered reliably 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. Both Deferred Loss and Gain on refunding are for non-capital assets.

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 Financing Pass-Through

Loan financing pass-through expenses are bond premiums associated with certain loans passed through by NMFA to the respective borrowers. The refinanced loans were associated with certain bond premiums, which reduced the outstanding principal of the associated loans. The reductions represent a loan financing pass-through expense to NMFA. For fiscal year 2021, loan financing pass-through expenses were \$3,488,596.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Compensated Absences

Full-time employees with up to ten years of employment with NMFA are entitled to fifteen days of vacation leave each fiscal year. Employees with more than ten years of service receive twenty days per fiscal year. Employees are permitted to receive vacation leave and carry over unused balances each year, capped at 320 hours. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid vacation leave, up to a maximum of 320 hours.

Full-time employees are entitled to twelve days of sick leave each fiscal year. When employees terminate, they are compensated at twenty-five percent (25%) of their current hourly rate for accumulated unpaid sick leave, up to 320 hours. Part-time employees accrue vacation and sick leave on a prorated basis based on the number of hours they work. Accrued compensated absences are recorded and liquidated in the NMFA Operating Fund.

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. Most of the balance in undisbursed loan proceeds is for loans in the PPRF program.

Advanced Loan Payments

Advanced loan payments represent the amounts received from loan recipients that have not been applied as a payment against their loan, as well as debt service reserve accounts funded from the loan proceeds. NMFA applies loan payments semi-annually. Any payments received prior to being applied to the loan are held in an account that 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 (STO). The balance of advanced loan payments was \$88,002,415 at June 30, 2021.

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 or unrestricted based on the following:

Net investment in capital assets is intended to reflect the portion of net position 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. NMFA has no capital asset-related debt.

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

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The following lists significant programs and the associated restricting statutes and bond covenants:

PPRF	6-21-6 NMSA 1978; General and Subordinated Indentures of Trust
DWSRLF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
WPF	72-4A-9 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
ED	6-25-1 NMSA 1978 (ESWCP 6-25-1 NMFA 1978; Rules adopted by NMFA Credit Committee)
PCCF	24-1C-4 NMSA 1978
BHCF	6-26-4 NMSA 1978
LGPF	6-21-6.4 NMSA 1978
CIF	6-30-8 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement
SBRL	6-32-3 NMSA 1978
CARES	General Appropriation Act of 2020; HB 1, 54 th Legislature, 2nd Special Session
LEDA	5-10-16 NMSA 1978

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

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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

Although NMFA's budget represents a financial plan, not a legal constraint, management constrains itself to the amounts approved by the NMFA Board for the main categories of the Operating Fund: Salaries and Benefits, Contractual Services, and Operations; therefore, budgetary comparison information is not presented in the financial statements or as required supplementary information.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

3) Investments

NMFA 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.

NMFA's investments conform to the provisions of the Amended and Restated Investment Policy (Investment Policy) dated October 24, 2019, the provisions of the General Indenture of Trust and Subordinated Indenture of Trust applicable to NMFA's bond issuances, bond resolutions and other documents or agreements that control the investment of funds.

Except where prohibited by statute, trust indenture, bond resolution or other controlling authority, NMFA 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 of investment activity, in order of priority, shall be safety, liquidity and yield.

The Investment Policy provides investments are undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio while mitigating credit risk and interest rate risk.

Credit Risk

NMFA 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 NMFA does business; and diversifying the investment portfolio to minimize the impact of potential losses from any one type of security or from any one individual issuer.

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, 2021.

Interest Rate Risk

NMFA 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.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

For additional deposit and investment risk disclosure information regarding cash held by the STO, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for June 30, 2021.

State General Fund Investment Pool

NMFA, as required by Section 24-1C-4 NMSA 1978, administers the Primary Care Capital Fund (PCCF), which was created as a revolving fund in the STO. PCCF funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of State agencies. In fiscal year 2021, PCCF funds totaled \$4,717,921, representing just over 1% of total NMFA funds.

All other funds of NMFA, including PPRF funds that are subject to the General and Subordinated Indentures of Trust, are held outside of the STO with a Trustee and secured in accordance with NMFA's Investment Policy.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Permitted Investments

As provided in Sections 6-21-6 and 6-21-5 of the Act, money pledged for or securing payment of bonds issued by NMFA is 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 NMFA Funds ¹
Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
SEC-registered money market funds with total assets at time of deposit in excess of \$100,000,000 ²	100%
Certificates of deposits and bank deposits ³	20%
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%
Bonds or notes issued by any municipality, county or school district of the State	10%
Overnight repurchase agreements ⁴	25%
Fixed income mutual funds	10%
Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements) ¹	10%
State Treasurer's Local Government Investment Pool	50%

Investment of Bond Proceeds

All or any portion of the proceeds of bonds or other obligations of NMFA may be invested in a guaranteed investment contract (GIC) or flexible repurchase agreement without regard to the investment allocation constraints set forth in the Investment Policy, if the GIC or repurchase agreement provides for disbursement upon request of NMFA 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 Standard & Poor and be 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 above, registered in the name of NMFA and held by a third party safe-keeping agent, or collateralized as required by 6-10-16 NMSA 1978 at 102% of the value of the deposit that is not FDIC insured.

⁴ Investment contracts and repurchase agreement investments must be fully secured by obligations described above, with all collateral held by an independent third party safe-keeping agent.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Cash and equivalents at June 30, 2021 were as follows:

Description	Balance at June 30, 2021	Rated	Percentage of NMFA Funds ⁵
FNMLLC cash equivalents	\$ 7,171,709	N/A	<1%
Wells Fargo deposit account book balance	830,062	N/A	<1%
Wells Fargo repurchase agreement – fully secured ⁶	261,488	N/A	<1%
Wells Fargo Small Business Relief Fund	48,200,334	N/A	5%
Wells Fargo LEDA Grants	200,026,544	N/A	21%
Government Money Market Funds	156,093,809	AAA	17%
PCCF funds held with the SGFIP	<u>717,921</u>	N/A	<1%
Total Cash and Equivalents	<u>\$ 413,301,867</u>		
Cash held in custodial fund	<u>\$ 8,157,037</u>		

⁵ Limits described in the “permitted investments” section above to not apply to cash invested by trustee per bond indenture.

⁶ Wells Fargo accounts FDIC insured for \$250,000. Remaining is secured by a pledge of NMFA securities in the name of the State of New Mexico, monitored by the New Mexico State Treasurer’s Office.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Maturity Restrictions

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

Investments consist of bond proceeds, which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2021 are comprised of the following:

Description	Fair Value as of June 30, 2021	Average Years to Maturity	Percentage of NMFA Funds
US Treasury Notes	\$ 453,758,137	0.97	49%
US Government Agencies	<u>61,606,418</u>	1.34	7%
Total Restricted Investments	<u>\$ 515,364,555</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 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.

At June 30, 2021, NMFA's investments are classified as Level 1.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

4) Loans Receivable

Loans receivable activity for fiscal year 2021 was as follows:

Program	Term (Years)	Rates	2020	Increases	Decreases	2021
PPRF	1 to 30	0% to 6%	\$ 1,591,570,486	\$ 246,143,415	\$ 246,848,980	\$ 1,590,864,921
DWSRLF	1 to 30	0% to 4%	91,661,196	6,320,560	6,177,692	91,804,064
SBRA	4 to 10	1.625%	-	51,936,214	182,233	51,753,981
WPF	10 to 20	0%	30,889,529	3,349,671	2,640,722	31,598,478
NMTC-FNM	7	4.25%	-	6,538,146	-	6,538,146
CIF	10 to 20	0%	4,873,684	1,236,409	423,291	5,686,802
SSBCI	10 to 20	3%	2,511,738	-	305,702	2,206,036
ED	3 to 14	2% to 4%	1,756,211	5,269,550	1,363,872	5,661,889
BHCF	15	3%	1,614,697	407,745	491,214	1,531,228
PCCF	10 to 20	3%	1,230,622	-	403,589	827,033
			<u>1,726,108,163</u>	<u>321,201,710</u>	<u>258,837,295</u>	<u>1,788,472,578</u>
Less allowance for loan losses			<u>1,628,925</u>	<u>5,345,957</u>	<u>47,428</u>	<u>6,927,454</u>
Net Loans Receivable			<u>\$ 1,724,479,238</u>	<u>\$ 315,855,753</u>	<u>\$ 258,789,867</u>	<u>\$ 1,781,545,124</u>

The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2021:

Fiscal Year Ended June 30	Principal	Interest	Total
2022	\$ 165,425,980	\$ 46,503,042	\$ 211,929,022
2023	146,855,579	42,861,836	189,717,415
2024	177,552,693	39,411,990	216,964,683
2025	136,648,782	36,045,286	172,694,068
2026	127,143,665	32,651,961	159,795,626
2027-2031	538,065,227	118,849,219	656,914,446
2032-2036	321,950,368	55,432,148	377,382,516
2037-2041	132,432,178	16,359,731	148,791,909
2042-2046	31,006,131	4,492,880	35,499,011
2047-2050	11,391,975	786,477	12,178,452
Subtotals	<u>\$ 1,788,472,578</u>	<u>\$ 393,394,570</u>	<u>\$ 2,181,867,148</u>
Less allowance for loan loss	<u>6,927,454</u>		
Net Loans Receivable	<u>\$ 1,781,545,124</u>		

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In the summary above of scheduled payments to be collected on loans receivable at June 30, 2021, are SBRL loan principal payments totaling \$51.8 million and interest of \$3.1 million. Upon receipt, SBRL scheduled payments are due to the New Mexico State Investment Council (SIC) for deposit in the New Mexico Severance Tax Permanent Fund. The following details the future cash flows for SBRL loans included above and due to the SIC:

Fiscal Year Ended June 30	Principal	Interest	Total
2022	\$ -	\$ 620,087	\$ 620,087
2023	-	856,442	856,442
2024	38,159,185	841,002	39,000,187
2025	1,715,163	190,924	1,906,087
2026	1,900,437	178,931	2,079,368
2027-2031	9,979,196	417,645	10,396,841
2032-2036	-	-	-
2037-2041	-	-	-
2042-2046	-	-	-
2047-2050	-	-	-
Subtotals	<u>\$ 51,753,981</u>	<u>\$ 3,105,031</u>	<u>\$ 54,859,012</u>
Less allowance for loan loss	<u>5,175,398</u>		
Net Loans Receivable	<u>\$ 46,578,583</u>		

State Loans Receivable

NMFA 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 in the PPRF. Pursuant to the legislation, the debt service on these bonds is payable solely from pledged future revenues from the State and state entities. The following activity represents amounts due to NMFA under these agreements as of June 30, 2021. These loans are included in the PPRF loans above.

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Loan Number	State Entity	Balance at June 30, 2021
PPRF-3268	Administrative Office of the Court	\$ 13,950,000
PPRF-1592	Cultural Affairs Department	318,566
PPRF-4432	Department of Health	3,570,000
PPRF-2668	Department of Health	7,737,200
PPRF-5248	Eastern New Mexico University	2,130,000
PPRF-5127	Eastern New Mexico University	21,320,000
PPRF-3797	Eastern New Mexico University	4,982,370
PPRF-3283	Eastern New Mexico University	13,635,000
PPRF-4955	General Services Department (Energy Efficiency)	11,500,000
PPRF-4431	General Services Department	25,220,000
PPRF-4717	General Services Department	18,485,000
PPRF-3446	General Services Department	817,915
PPRF-3445	General Services Department	31,340,000
PPRF-4769	General Services Department	45,025,000
PPRF-2702	New Mexico Highlands University	12,355,000
PPRF-2345	New Mexico Highlands University	9,230,000
PPRF-5009	New Mexico Military Institute	6,608,000
PPRF-5008	New Mexico Military Institute	4,947,000
PPRF-5464	New Mexico Spaceport Authority	35,438,518
PPRF-3296	New Mexico State University - Grants Branch	5,865,000
PPRF-1574	Energy Minerals and Natural Resources Department	1,015,275
PPRF-2662	State of New Mexico (Energy Efficiency)	166,928
PPRF-4718	State of New Mexico (Energy Efficiency)	921,564
PPRF-3472	State of New Mexico (Energy Efficiency)	2,589,073
PPRF-2661	State of New Mexico (Energy Efficiency)	199,570
PPRF-4803	State of New Mexico (Energy Efficiency)	391,853
PPRF-5057	State of New Mexico (Energy Efficiency)	4,592,145
PPRF-4956	State of New Mexico (Energy Efficiency)	3,467,022
PPRF-3424	University of New Mexico - Health Sciences Center	11,745,000
PPRF-5325	Western New Mexico University	7,191,000
PPRF-5324	Western New Mexico University	8,834,000
PPRF-2909	Western New Mexico University	3,735,000
Total State Loans Receivable		<u>\$ 319,322,999</u>

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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5) Capital Assets

A summary of changes in capital assets during fiscal year 2021 is as follows:

	Balance at June 30, 2020	Increases	Transfers	Balance at June 30, 2021
Capital assets not being depreciated				
Construction in progress	\$ 1,119,339	\$ -	\$ (1,119,339)	\$ -
Capital assets being depreciated				
Furniture and fixtures	46,033	-	-	46,033
Computer hardware and software	1,157,070	603,625	-	1,760,695
Internally developed software	-	102,253	1,119,339	1,221,592
Leasehold improvement	8,241	-	-	8,241
Total capital assets	<u>\$ 2,330,683</u>	<u>\$ 705,878</u>	<u>\$ -</u>	<u>\$ 3,036,561</u>
Accumulated depreciation				
Furniture and fixtures	\$ (46,033)	\$ -	\$ -	\$ (46,033)
Computer hardware and software	(936,610)	(129,043)	-	(1,065,653)
Internally developed software	-	(52,803)	-	(52,803)
Leasehold improvement	(8,241)	-	-	(8,241)
Total accumulated depreciation	<u>\$ (990,884)</u>	<u>\$ (181,846)</u>	<u>\$ -</u>	<u>\$ (1,172,730)</u>
Capital assets, net	<u>\$ 1,339,799</u>	<u>\$ 524,032</u>	<u>\$ -</u>	<u>\$ 1,863,831</u>

Depreciation expense for fiscal year 2021 was \$181,846.

6) Bonds Payable

Bonds have been issued to provide financing for PPRF 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 NMFA
- ◆ Amounts held in the Agreement Reserve Accounts
- ◆ Additional pledged loans
- ◆ Revenues received by NMFA from the allocation of PPRF's portion of the GGRT
- ◆ Revenues pledged through legislation as security for the payment of principal and interest on bonds. These revenues include mainly Court Facilities Fees, Cigarette Excise and Tax, GGRT
- ◆ Revenues pledged to the energy efficiency program (loans are detailed in Note 4)

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Bonds payable consisted of the following at June 30, 2021:

Bond Series	Rate	Maturities	Original Amount	Outstanding at 6/30/2021
PPRF REVENUE BONDS - SENIOR LIEN DEBT				
2010 A-2	N/A	Redeemed by 2020 C-2	\$ 13,795,000	\$ -
2010 B-2	N/A	Redeemed by 2020 C-2	17,600,000	-
2011 B-1	N/A	Redeemed by cash	42,735,000	-
2011 B-2	N/A	Redeemed by cash	14,545,000	-
2011 C	N/A	Redeemed by cash	53,400,000	-
2012 A	N/A	Redeemed by cash	24,340,000	-
2013 A	3.000% to 5.000%	June 1, 2022 to June 1, 2038	44,285,000	18,660,000
2013 B	3.750% to 5.000%	June 1, 2022 to June 1, 2036	16,360,000	6,770,000
2014 B	3.000% to 5.000%	June 1, 2022 to June 1, 2035	58,235,000	29,465,000
2015 B	2.250% to 5.000%	June 1, 2022 to June 1, 2045	45,325,000	29,375,000
2015 C	4.000% to 5.000%	June 1, 2022 to June 1, 2035	45,475,000	43,290,000
2016 A	2.500% to 5.000%	June 1, 2022 to June 1, 2036	52,070,000	30,055,000
2016 C	3.000% to 5.000%	June 1, 2022 to June 1, 2046	67,540,000	59,650,000
2016 D	2.000% to 5.000%	June 1, 2022 to June 1, 2041	116,485,000	77,285,000
2016 E	3.000% to 5.000%	June 1, 2022 to June 1, 2029	40,870,000	20,100,000
2016 F	3.375% to 5.000%	June 1, 2022 to June 1, 2041	38,575,000	23,735,000
2017 A	3.000% to 5.000%	June 1, 2022 to June 1, 2036	60,265,000	48,005,000
2017 C	3.000% to 5.000%	June 1, 2022 to June 1, 2030	37,675,000	20,615,000
2017 E	5.000%	June 1, 2022 to June 1, 2038	40,190,000	29,460,000
2018 A	3.250% to 5.000%	June 1, 2022 to June 1, 2038	124,330,000	101,185,000
2018 B	5.000%	June 1, 2022 to June 1, 2031	22,530,000	15,830,000
2018 D	5.000%	June 1, 2022 to June 1, 2038	53,310,000	40,735,000
2019 B	4.000% to 5.000%	June 1, 2022 to June 1, 2039	43,870,000	39,265,000
2019 D	3.000% to 5.000%	June 1, 2022 to June 1, 2041	53,260,000	49,140,000
2020 A	2.000% to 5.000%	June 1, 2022 to June 1, 2040	32,305,000	29,125,000
2020 B	3.000% to 5.000%	June 1, 2022 to June 1, 2041	81,000,000	78,810,000
2021 A	3.000% to 5.000%	June 1, 2022 to June 1, 2045	39,535,000	39,405,000
			1,279,905,000	829,960,000

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Bond Series	Rate	Maturities	Original Amount	Outstanding at 6/30/2021
PPRF REVENUE BONDS - SUBORDINATE LIEN DEBT				
2014 A-1	3.250% to 5.000%	June 15, 2022 to June 15, 2033	\$ 15,135,000	\$ 11,000,000
2014 A-2	3.100% to 4.491%	June 15, 2022 to June 15, 2034	16,805,000	5,870,000
2015 A	3.000% to 5.000%	June 15, 2022 to June 15, 2035	63,390,000	41,060,000
2015 D	5.000%	June 15, 2022 to June 15, 2027	29,355,000	17,640,000
2016 B	N/A	Matured	8,950,000	-
2017 B	3.500% to 5.000%	June 15, 2022 to June 15, 2026	68,015,000	26,175,000
2017 D	5.000%	June 15, 2022 to June 15, 2033	41,395,000	26,155,000
2017 F	2.487% to 3.655%	June 15, 2022 to June 15, 2036	19,315,000	12,985,000
2018 C-1	4.000% to 5.000%	June 15, 2022 to June 15, 2039	19,400,000	17,070,000
2018 C-2	3.066% to 3.482%	June 15, 2022 to June 15, 2038	13,175,000	10,215,000
2018 E	5.000%	June 15, 2022 to June 15, 2038	70,205,000	59,270,000
2019 A	2.000% to 5.000%	June 15, 2022 to June 15, 2036	37,145,000	32,980,000
2019 C-1	4.000% to 5.000%	June 15, 2022 to June 15, 2039	18,930,000	16,065,000
2019 C-2	2.230% to 3.375%	June 15, 2022 to June 15, 2039	12,480,000	10,680,000
2020 C-1	3.000% to 5.000%	June 15, 2022 to June 15, 2050	57,960,000	57,870,000
2020 C-2	0.250% to 2.650%	June 15, 2022 to June 15, 2040	38,860,000	36,320,000
2021 B	4.000% to 5.000%	June 15, 2022 to June 15, 2032	31,305,000	31,305,000
			561,820,000	412,660,000
		Total Bonds Outstanding	<u>\$ 1,841,725,000</u>	<u>1,242,620,000</u>
		Add net unamortized premium		<u>185,818,844</u>
		Total bonds payable, net		<u>1,428,438,844</u>
		Less current portion of bonds payable		<u>(118,040,000)</u>
		Non-current portion of bonds payable		<u>\$ 1,310,398,844</u>

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Maturities of bonds payable and interest are as follows:

Fiscal year ending June 30	Principal	Interest	Total
2022	\$ 118,040,000	\$ 54,924,364	\$ 172,964,364
2023	111,245,000	49,510,671	160,755,671
2024	101,500,000	44,337,586	145,837,586
2025	98,920,000	39,598,324	138,518,324
2026	86,990,000	35,008,481	121,998,481
2027-2031	363,270,000	119,809,945	483,079,945
2032-2036	237,100,000	50,763,755	287,863,755
2037-2041	98,715,000	14,113,952	112,828,952
2042-2046	21,350,000	3,349,650	24,699,650
2047-2050	5,490,000	549,200	6,039,200
	<u>1,242,620,000</u>	<u>\$ 411,965,928</u>	<u>\$ 1,654,585,928</u>
Add unamortized premium	185,818,844		
Bonds payable, net	<u>\$ 1,428,438,844</u>		

The bonds payable activity is as follows:

	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021	Due within One Year
Bonds payable	\$ 1,271,210,000	\$ 167,660,000	\$ 196,250,000	\$ 1,242,620,000	\$ 118,040,000
Add unamortized premium	167,731,647	30,007,720	11,920,523	185,818,844	-
Total	<u>\$1,438,941,647</u>	<u>\$197,667,720</u>	<u>\$ 208,170,523</u>	<u>\$1,428,438,844</u>	<u>\$118,040,000</u>

Current and Advance Refunding of Debt

During fiscal year 2021, the PPRF Revenue Refunding Bonds Taxable Subordinate Lien 2020 C2 series, issued in the total par amount of \$38,860,000, refunded the outstanding portion of the PPRF Revenue Bonds Taxable Senior Lien 2010 A2 and Taxable Senior Lien 2010 B2 series in the amounts of \$9,435,000 and \$16,200,000, respectively. The refunding resulted in debt service savings over 1 to 19 years of \$8,351,402 and a Net Present Value (NPV) savings of \$7,418,349 (28.94%).

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7) Line of Credit

NMFA 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 PPRF Revenue Bonds and to reimburse NMFA 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 55 basis points. The LIBOR rate at June 30, 2021, was 0.0905%. NMFA pays a fee of 25 basis points on the unused portion of the facility. For fiscal year 2021, the line of credit had \$48 million in proceeds and payments, resulting in a zero balance at year end.

8) Operating Lease Commitment

NMFA is committed under various lease agreements for office space, employee parking and off-site storage. These leases are classified as operating leases. Lease expenditure for fiscal year 2021 was \$373,516. Future minimum lease payments are as follows:

Fiscal Year Ending June 30	Minimum Payment
2022	\$ 493,729
2023	506,008
Total	<u>\$ 999,737</u>

9) Retirement Plans

The NMFA’s retirement plan was organized under Section 401(a) of the Internal Revenue Code. The retirement plan is not subject to the general claims of the creditors of NMFA. Each eligible employee participating in the plan must contribute 3% of their compensation. NMFA makes a contribution of 15% of their compensation. Employees can make an additional, voluntary contribution of up to 4% of their compensation. NMFA also makes a 50% matching contribution on all voluntary contributions. Employee contributions are 100% vested, and NMFA’s contributions will vest 100% to the employee over five years. The contributions are invested in various mutual funds selected by the employee. NMFA’s contributions for this retirement plan for the year ended June 30, 2021 were \$634,639. Additionally, employee contributions for the retirement plan for the year ended June 30, 2021 were \$288,579. Substantially all full-time employees participate in this plan.

NMFA maintains a retirement plan in accordance with an “eligible deferred compensation plan” pursuant to Section 457 of the Internal Revenue Code for its highly compensated employees. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee contributions are fully vested at all times.

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10) Compensated Absences

The following changes occurred during fiscal year 2021 in the compensated absences liabilities:

Balance at June 30, 2020	\$ 526,988
Additions	282,530
Deletions	<u>(126,452)</u>
Balance at June 30, 2021	<u>683,066</u>
Due within one year	<u><u>\$ 683,066</u></u>

11) Fiduciary Transactions

NMFA was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately \$764 million of such bonds was outstanding at June 30, 2021.

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

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12) Contingencies

Litigation

In the normal course of operations, NMFA 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 NMFA.

NMFA 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. NMFA participates in the State of New Mexico self-insurance program (Risk Management Program). Under this program, NMFA 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
- ◆ Cyber insurance

NMFA 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.

13) Related Party Transactions

NMFA 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 ex officio members of the NMFA Board. Additionally, representatives serving on the NMFA Board hold positions as Cabinet Secretaries of the New Mexico Environment Department (NMED) and New Mexico Economic Development Department (NMEDD). NMFA assists NMED in the administration of the DWSRLF federal program pursuant to a Memorandum of Understanding. Similarly, NMFA assists in the administration of the LEDA recovery grants pursuant to a Memorandum of Understanding.

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14) Finance New Mexico, LLC

NMFA has invested in, and is the managing member of, Finance New Mexico, LLC (FNMLLC), which was formed on June 19, 2006, under the laws of the State of New Mexico. FNMLLC is an approved Community Development Entity (CDE) that holds New Markets 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 to enhance the return on such investments by providing its members with new markets 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 NMFA, the managing member, and 1% to New Mexico Community Capital, the non-managing member.

FNMLLC has financial accountability to NMFA. Financial accountability is measured through the degree to which NMFA 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 criteria, it was determined that the FNMLLC is a blended component unit of NMFA. As such, NMFA has consolidated FNMLLC's financial statement amounts within NMFA's New Markets Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries for the year ended June 30, 2021 was as follows:

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Statement of Net Position – FNMLLC

		June 30, 2021
Assets		
Cash and cash equivalents	\$	7,171,707
Asset management fee receivable		361,147
Investment in limited liability companies		13,825
Due from affiliate		955
Interest receivable		69,314
Loan receivable, net		6,478,434
Total Assets	\$	14,095,382
Liabilities		
Accounts payable and accrued expenses	\$	77,180
Deferred revenue		272,627
Due to affiliate		1,820,789
Total Liabilities		2,170,596
Net Position		
Unrestricted		11,924,786
Total Liabilities and Net Position	\$	14,095,382

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Statement of Revenue, Expenses and Changes in Net Position – FNMLLC

	Fiscal Year Ended June 30, 2021
Revenue	
Sponsor fee income	\$ 488,891
Asset management fee income	757,536
Exit fees	1,095,350
Interest income on loan	144,959
Reimbursement revenue	21,250
Total Operating Revenue	2,507,986
Operating Expenses	
Sponsor fee expense	447,642
Professional fees	132,967
Gross receipts tax	227,862
Bank fees	3,412
Total Operating Expenses	811,883
Net Income from Operations	1,696,103
Other Income (Expense)	
Share of income from investment in LLC's	15
Interest earned on cash	1,132
Net Other Income	1,147
Increase in Net Position	1,697,250
Net position, beginning of year	10,227,536
Net Position, End of Year	\$ 11,924,786

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Statement of Cash Flows – FNMLLC

	Fiscal Year Ended June 30, 2021
Cash Flows from Operating Activities	
Net income	\$ 1,697,250
Adjustments to reconcile net income to net cash provided by operating activities:	
Share of income from investments in LLCs	(15)
Loan origination fee revenue	(4,634)
Deferred revenue recognition	(20,298)
Asset management fee receivable	(33,024)
Interest receivable	(69,314)
Repayment of advances from affiliates	471,608
Accounts payable and accrued expenses	(40,442)
Engagement deposits	-
Deferred revenue	292,925
Net Cash Provided by Operating Activities	2,294,056
Cash Flows from Investing Activities	
Loan receivable	(6,538,146)
Loan origination fee	64,346
Investments in LLCs	(217)
Net Cash Used in Investing Activities	(6,474,017)
Net Decrease in Cash and Cash Equivalents	(4,179,961)
Cash and cash equivalents, beginning of year	11,351,668
Cash and Cash Equivalents, End of Year	\$ 7,171,707

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NOTES TO FINANCIAL STATEMENTS
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15) COVID-19

Certain impacts from the COVID-19 outbreak may have a significant negative impact on NMFA's operations and ability to fulfill its mission. These circumstances may continue for an extended period of time and may have an adverse impact on economic and market conditions. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual companies, are not known. The extent of the impact to the financial performance and the operations of NMFA will depend on future developments, which are highly uncertain and cannot be predicted.

SUPPLEMENTARY SCHEDULES

	Operating Fund	BHCF	CARES	CIF	DWSRLF	ED	LEDA
Assets							
Current Assets							
Cash and cash equivalents							
Unrestricted Cash - unassigned	\$ 9,719,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Cash - assigned	6,000,000	-	-	-	-	-	-
Restricted Cash	-	325,941	-	106,741	70,218,995	6,947,988	200,026,544
Interest receivable	-	5,124	-	-	201,622	-	-
Grants and other receivables	182,412	-	-	-	-	-	-
Due from other funds	7,455,033	-	-	-	-	-	-
Other assets	116,920	439,139	-	-	-	-	-
Administrative fees receivable	129,257	-	-	-	32,320	-	-
Loans receivable	-	111,637	-	312,595	5,856,141	1,032,062	-
Total Current Assets	23,603,090	881,841	-	419,336	76,309,078	7,980,050	200,026,544
Non-current Assets							
Restricted investments	-	106,995	-	30,570	21,246,187	2,063,754	-
Loans receivable	-	1,419,591	-	5,374,207	85,947,923	4,629,827	-
Allowance for bad debt	-	(76,639)	-	-	-	(96,051)	-
Capital assets, net of accumulated depreciation	1,863,831	-	-	-	-	-	-
Total Non-current Assets	1,863,831	1,449,947	-	5,404,777	107,194,110	6,597,530	-
Total Assets	25,466,921	2,331,788	-	5,824,113	183,503,188	14,577,580	200,026,544
Deferred Outflows of Resources							
Deferred loss on refunding, non-capital assets	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	-	-	-
Liabilities							
Current Liabilities							
Accounts payable	458,869	-	-	-	-	-	-
Accrued payroll	318,300	-	-	-	-	-	-
Compensated absences	683,066	-	-	-	-	-	-
Due to other funds	166,416	481,125	-	2,538,455	253,278	124,132	304,546
Bond interest payable	-	-	-	-	-	-	-
Undisbursed loan proceeds	-	-	-	-	-	-	-
Advanced loan payments	-	-	-	-	2,294,004	-	-
Bonds payable, net	-	-	-	-	-	-	-
Other liabilities	55,132	-	-	-	455,703	-	200,000,000
Total Current Liabilities	1,681,783	481,125	-	2,538,455	3,002,985	124,132	200,304,546
Non-current Liabilities							
Bonds payable, net	-	-	-	-	-	-	-
Non-current SIC payable	-	-	-	-	-	-	-
Total Non-current Liabilities	-	-	-	-	-	-	-
Total Liabilities	1,681,783	481,125	-	2,538,455	3,002,985	124,132	200,304,546
Deferred Inflows of Resources							
Deferred gain on refunding, non-capital assets	-	-	-	-	-	-	-
Deferred FNM Loan Origination Fees	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
Net Position							
Net investment in capital assets	1,863,831	-	-	-	-	-	-
Restricted for program commitments	6,201,839	1,850,663	-	3,285,658	180,500,203	14,453,448	(278,002)
Unrestricted	15,719,468	-	-	-	-	-	-
Total Net Position	\$ 23,785,138	\$ 1,850,663	\$ -	\$ 3,285,658	\$ 180,500,203	\$ 14,453,448	\$ (278,002)

NEW MEXICO FINANCE AUTHORITY
Combining Statement of Net Position
June 30, 2021

LGPF	NMTC	PCCF	PPRF	SBRL	SSBCI	WPF	Intra-Program Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,719,468
-	-	-	-	-	-	-	-	6,000,000
2,376,775	7,212,837	717,998	48,334,443	48,200,334	186,633	12,927,170	-	397,582,399
-	69,314	3,891	7,422,142	441,438	-	-	-	8,143,531
-	-	-	-	-	-	1,009,750	-	1,192,162
-	159,866	-	-	-	-	-	(7,614,899)	-
-	-	-	-	-	-	-	-	556,059
-	374,972	-	42,407	-	88,974	6,349	-	674,279
-	-	155,563	152,824,850	-	110,910	2,334,210	-	162,737,968
2,376,775	7,816,989	877,452	208,623,842	48,641,772	386,517	16,277,479	(7,614,899)	586,605,866
718,396	15,285	-	487,209,261	-	61,140	3,912,967	-	515,364,555
-	6,538,146	671,470	1,438,040,071	51,753,981	2,095,126	29,264,268	-	1,625,734,610
-	-	(41,352)	(1,427,712)	(5,175,398)	(110,302)	-	-	(6,927,454)
-	-	-	-	-	-	-	-	1,863,831
718,396	6,553,431	630,118	1,923,821,620	46,578,583	2,045,964	33,177,235	-	2,136,035,542
3,095,171	14,370,420	1,507,570	2,132,445,462	95,220,355	2,432,481	49,454,714	(7,614,899)	2,722,641,408
-	-	-	643,643	-	-	-	-	643,643
-	-	-	643,643	-	-	-	-	643,643
-	2,800	-	-	-	-	-	-	461,669
-	-	-	-	-	-	-	-	318,300
-	-	-	-	-	-	-	-	683,066
22,591	-	121,787	1,684,312	977,760	889,844	50,653	(7,614,899)	-
-	-	-	3,834,988	-	-	-	-	3,834,988
-	-	-	307,626,399	-	-	-	-	307,626,399
-	-	16,785	85,691,626	-	-	-	-	88,002,415
-	-	-	118,040,000	-	-	-	-	118,040,000
-	757,445	-	59,200	48,661,762	-	333,000	-	250,322,242
22,591	760,245	138,572	516,936,525	49,639,522	889,844	383,653	(7,614,899)	769,289,079
-	-	-	1,310,398,844	-	-	-	-	1,310,398,844
-	-	-	-	46,578,584	-	-	-	46,578,584
-	-	-	1,310,398,844	46,578,584	-	-	-	1,356,977,428
22,591	760,245	138,572	1,827,335,369	96,218,106	889,844	383,653	(7,614,899)	2,126,266,507
-	-	-	3,129,303	-	-	-	-	3,129,303
-	59,712	-	-	-	-	-	-	59,712
-	59,712	-	3,129,303	-	-	-	-	3,189,015
-	-	-	-	-	-	-	-	1,863,831
3,072,580	13,550,463	1,368,998	302,624,433	(997,751)	1,542,637	49,071,061	-	576,246,230
-	-	-	-	-	-	-	-	15,719,468
\$ 3,072,580	\$ 13,550,463	\$ 1,368,998	\$ 302,624,433	\$ (997,751)	\$ 1,542,637	\$ 49,071,061	\$ -	\$ 593,829,529

	Operating Fund	BHCF	CARES	CIF	DWSRLF	ED	LEDA
Operating Revenue							
Interest on loans	\$ -	\$ 60,240	\$ -	\$ -	\$ 1,391,037	\$ 87,538	\$ -
Administrative fees revenue	281,841	22,000	500,000	-	225,042	-	-
Interest on investments	210,627	7,152	9,711	42	1,319,073	149,575	44,452
Unrealized Gain (Loss)	-	(7,058)	-	(2,131)	(759,347)	(126,325)	-
Total Operating Revenue	492,468	82,334	509,711	(2,089)	2,175,805	110,788	44,452
Operating Expenses							
Bond interest expense	-	-	-	-	-	-	-
Grants expense	-	-	96,932,000	9,972,271	7,010,456	-	-
Loan financing pass-through	-	-	-	-	-	-	-
Salaries and benefits	337,509	65,480	344,549	169,656	479,026	330,343	49,511
Bond issuance costs	-	-	-	-	-	-	-
Professional services	88,391	32,997	313,449	255,798	341,233	39,521	264,581
Other operating costs	44,450	437,335	22,240	15,289	59,140	23,545	5,700
Provision for loan losses	-	(11,979)	-	-	-	8,241	-
Interest expense	-	-	-	-	-	-	-
Rent and utilities	11,734	5,078	24,916	11,777	34,724	25,372	2,662
Depreciation expense	181,846	-	-	-	-	-	-
Total Operating Expenses	663,930	528,911	97,637,154	10,424,791	7,924,579	427,022	322,454
Net Operating (Loss) Income	(171,462)	(446,577)	(97,127,443)	(10,426,880)	(5,748,774)	(316,234)	(278,002)
Non-operating Revenue (Expenses)							
Appropriation revenue	-	-	-	-	-	-	-
Federal grant revenue	-	-	-	-	10,586,129	-	-
Transfers from the State	-	-	96,932,000	11,208,680	-	-	-
Intra-fund transfers	1,313,468	-	195,443	-	2,511,348	2,483	-
Transfers to the State	-	-	-	-	(2,500,000)	-	-
Net Non-operating Revenue (Expenses)	1,313,468	-	97,127,443	11,208,680	10,597,477	2,483	-
Increase (Decrease) in Net Position	1,142,006	(446,577)	-	781,800	4,848,703	(313,751)	(278,002)
Net position, beginning of year	22,643,132	2,297,240	-	2,503,858	175,651,500	14,767,199	-
Net Position, End of Year	\$ 23,785,138	\$ 1,850,663	\$ -	\$ 3,285,658	\$ 180,500,203	\$ 14,453,448	\$ (278,002)

NEW MEXICO FINANCE AUTHORITY
Combining Statement of Revenue, Expenses and Changes in Net Position
Fiscal Year Ended June 30, 2021

LGPF	NMTC	PCCF	PPRF	SBRL	SSBCI	WPF	Total
\$ -	\$ 140,325	\$ 28,393	\$ 49,282,134	\$ 444,234	\$ 73,973	\$ -	\$ 51,507,874
-	2,326,114	-	1,054,813	1,040,295	-	84,951	5,535,056
50,601	2,030	19,714	962,398	48,411	3,847	279,058	3,106,691
(40,453)	(664)	-	(1,501,258)	-	(1,454)	(192,543)	(2,631,233)
10,148	2,467,805	48,107	49,798,087	1,532,940	76,366	171,466	57,518,388
-	-	-	42,455,410	-	-	-	42,455,410
916,290	-	-	-	-	-	14,142,956	128,973,973
-	-	-	3,488,596	-	-	-	3,488,596
178,554	478,087	54,138	2,152,266	932,809	65,131	407,202	6,044,261
-	-	-	1,207,923	-	-	-	1,207,923
17,673	234,519	4,024	1,903,380	928,698	5,919	406,916	4,837,099
12,503	262,735	249,823	210,285	77,682	4,667	30,172	1,455,566
-	-	(20,179)	162,320	-	(15,270)	-	123,133
-	-	-	8,123	492,645	-	-	500,768
13,227	34,096	4,040	156,507	64,800	4,633	30,770	424,336
-	-	-	-	-	-	-	181,846
1,138,247	1,009,437	291,846	51,744,810	2,496,634	65,080	15,018,016	189,692,911
(1,128,099)	1,458,368	(243,739)	(1,946,723)	(963,694)	11,286	(14,846,550)	(132,174,523)
-	-	-	33,023,150	-	-	4,000,000	37,023,150
-	-	-	-	-	-	-	10,586,129
-	-	-	-	-	-	13,794,101	121,934,781
2,000,000	(45,800)	-	(5,956,927)	(20,015)	-	-	-
(2,000,000)	-	(7,000,000)	(6,800,000)	-	(317,906)	(5,700,000)	(24,317,906)
-	(45,800)	(7,000,000)	20,266,223	(20,015)	(317,906)	12,094,101	145,226,154
(1,128,099)	1,412,568	(7,243,739)	18,319,500	(983,709)	(306,620)	(2,752,449)	13,051,631
4,200,679	12,137,895	8,612,737	284,304,933	(14,042)	1,849,257	51,823,510	580,777,898
<u>\$ 3,072,580</u>	<u>\$ 13,550,463</u>	<u>\$ 1,368,998</u>	<u>\$ 302,624,433</u>	<u>\$ (997,751)</u>	<u>\$ 1,542,637</u>	<u>\$ 49,071,061</u>	<u>\$ 593,829,529</u>

	Operating Fund	BHCF	CARES	CIF	DWSRLF	ED	LEDA
Cash Flows from Operating Activities							
Cash paid for employee services	\$ (1,024,808)	\$ (56,677)	\$ (575,044)	\$ (190,721)	\$ (479,026)	\$ (266,844)	\$ (2,761)
Cash paid to vendors for services	(522,346)	(396,208)	(601,856)	(317,987)	(567,062)	(71,436)	(15,147)
Loan payments received	-	376,975	-	423,291	7,019,354	1,355,631	-
Loans funded	-	(293,507)	-	(1,236,409)	(6,320,560)	(5,269,550)	-
Grants expense	-	-	(96,932,000)	(9,972,271)	(7,010,456)	-	-
Cash received from Federal capitalization grant	-	-	-	-	10,586,129	-	-
Interest on loans	-	60,092	-	-	1,386,026	87,538	-
Administrative fees received (paid)	280,339	22,000	500,000	-	224,164	-	-
Net Cash Provided (Used) by Operating Activities	(1,266,815)	(287,325)	(97,608,900)	(11,294,097)	4,838,569	(4,164,661)	(17,908)
Cash Flows from Non-capital Financing Activities							
Appropriations from the State	-	-	-	-	-	-	-
Cash transfers from the State	-	-	100,000,000	11,208,680	-	-	200,000,000
Cash transfers to the State	-	-	(2,568,000)	-	(2,500,000)	-	-
Intra-program transfers	1,313,468	-	167,189	-	2,511,348	10,722	-
Proceeds from the sale of bonds	-	-	-	-	-	-	-
Payment of bonds	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Bond interest expense paid	-	-	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	-	-	-
Payments on line of credit	-	-	-	-	-	-	-
Loan financing pass-through to borrower	-	-	-	-	-	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	1,313,468	-	97,599,189	11,208,680	11,348	10,722	200,000,000
Cash Flows from Investing Activities							
Sale (purchase) of investments	-	213,232	-	65,498	16,716,674	3,732,347	-
Interest received on investments	210,627	94	9,711	(2,089)	559,726	23,250	44,452
Net Cash Provided (Used) by Investing Activities	210,627	213,326	9,711	63,409	17,276,400	3,755,597	44,452
Cash Flows from Capital Financing Activities							
Capital assets	(705,878)	-	-	-	-	-	-
Net Cash Used in Capital Financing Activities	(705,878)	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(448,598)	(73,999)	-	(22,008)	22,126,317	(398,342)	200,026,544
Cash and cash equivalents, beginning of year	16,168,066	399,940	-	128,749	48,092,678	7,346,330	-
Cash and Cash Equivalents, End of Year	\$ 15,719,468	\$ 325,941	\$ -	\$ 106,741	\$ 70,218,995	\$ 6,947,988	\$ 200,026,544
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Net operating income (loss)	\$ (171,462)	\$ (446,577)	\$ (97,127,443)	\$ (10,426,880)	\$ (5,748,774)	\$ (316,234)	\$ (278,002)
Adjustments to Change in Net Position							
Depreciation	181,846	-	-	-	-	-	-
Amortization on bond premiums	-	-	-	-	-	-	-
Provision for loan losses	-	11,979	-	-	-	(8,241)	-
Interest on investments	(210,627)	(94)	(9,711)	2,089	(559,726)	(23,250)	(44,452)
Bond interest paid	-	-	-	-	-	-	-
Loan financing pass-through to borrowers	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Cash received from Federal grants	-	-	-	-	10,586,129	-	-
Interest expense	-	-	-	-	-	-	-
Changes in Assets and Liabilities							
Interest receivable	-	(148)	-	-	(5,011)	-	-
Grants, prepaid expenses and other receivables	62,305	15,310	-	-	-	-	-
Due from other programs	(536,857)	-	-	-	-	-	-
Administrative fees receivable	2,956	-	-	-	(878)	-	-
Loans receivable, net of allowance	-	59,510	-	(813,118)	(142,868)	(3,897,436)	-
Accounts payable	15,096	-	-	-	-	-	-
Accrued payroll	55,855	-	-	-	-	-	-
Compensated absences	156,078	-	-	-	-	-	-
Due to other programs	(747,575)	72,695	-	(56,188)	(198,888)	80,500	304,546
Undisbursed loan proceeds	-	-	-	-	-	-	-
Advanced loan payments	-	-	-	-	841,662	-	-
Line of credit	-	-	-	-	-	-	-
Other liabilities	(74,430)	-	(471,746)	-	66,923	-	-
Net Cash Provided (Used) by Operating Activities	\$ (1,266,815)	\$ (287,325)	\$ (97,608,900)	\$ (11,294,097)	\$ 4,838,569	\$ (4,164,661)	\$ (17,908)

NEW MEXICO FINANCE AUTHORITY
Combining Statement of Cash Flows
Fiscal Year Ended June 30, 2021

							Intra-Program Eliminations	
LGPF	NMTC	PCCF	PPRF	SBRL	SSBCI	WPF		Total
\$ (183,082)	\$ (482,207)	\$ (42,704)	\$ (2,414,039)	\$ (504,189)	\$ -	\$ (418,232)	\$ -	\$ (6,640,334)
(44,503)	(293,615)	(203,420)	(2,702,193)	(556,073)	-	(480,534)	-	(6,772,380)
-	-	403,589	231,269,725	162,242	305,702	2,981,105	-	244,297,614
-	(6,538,146)	-	(246,143,415)	(51,916,223)	-	(3,357,054)	-	(321,074,864)
(916,290)	-	-	-	-	-	(14,142,956)	-	(128,973,973)
-	-	-	-	-	-	-	-	10,586,129
-	71,011	28,723	50,894,736	2,796	73,974	-	-	52,604,896
-	3,107,651	-	1,450,219	-	-	(529,311)	-	5,055,062
<u>(1,143,875)</u>	<u>(4,135,306)</u>	<u>186,188</u>	<u>32,355,033</u>	<u>(52,811,447)</u>	<u>379,676</u>	<u>(15,946,982)</u>	<u>-</u>	<u>(150,917,850)</u>
-	-	-	33,023,150	-	-	4,000,000	-	37,023,150
-	-	-	-	161,000,000	-	13,794,101	-	486,002,781
(2,000,000)	-	(7,000,000)	(6,800,000)	(60,036,630)	(317,906)	(5,700,000)	-	(86,922,536)
2,000,000	(45,800)	-	(5,956,927)	-	-	-	-	-
-	-	-	197,666,490	-	-	-	-	197,666,490
-	-	-	(196,250,000)	-	-	-	-	(196,250,000)
-	-	-	(1,207,923)	-	-	-	-	(1,207,923)
-	-	-	(59,007,337)	-	-	-	-	(59,007,337)
-	-	-	44,800,000	-	-	-	-	44,800,000
-	-	-	(44,800,000)	-	-	-	-	(44,800,000)
-	-	-	(3,488,596)	-	-	-	-	(3,488,596)
<u>-</u>	<u>(45,800)</u>	<u>(7,000,000)</u>	<u>(42,021,143)</u>	<u>100,963,370</u>	<u>(317,906)</u>	<u>12,094,101</u>	<u>-</u>	<u>373,816,029</u>
1,154,930	16,737	-	(173,212,232)	-	18,917	5,181,468	-	(146,112,429)
10,148	1,366	19,714	(538,860)	48,411	2,393	86,515	-	475,458
<u>1,165,078</u>	<u>18,103</u>	<u>19,714</u>	<u>(173,751,092)</u>	<u>48,411</u>	<u>21,310</u>	<u>5,267,983</u>	<u>-</u>	<u>(145,636,971)</u>
-	-	-	-	-	-	-	-	(705,878)
-	-	-	-	-	-	-	-	(705,878)
21,203	(4,163,003)	(6,794,098)	(183,417,202)	48,200,334	83,080	1,415,102	-	76,555,330
2,355,572	11,375,840	7,512,096	231,751,645	-	103,553	11,512,068	-	336,746,537
<u>\$ 2,376,775</u>	<u>\$ 7,212,837</u>	<u>\$ 717,998</u>	<u>\$ 48,334,443</u>	<u>\$ 48,200,334</u>	<u>\$ 186,633</u>	<u>\$ 12,927,170</u>	<u>\$ -</u>	<u>\$ 413,301,867</u>
\$ (1,128,099)	\$ 1,458,368	\$ (243,739)	\$ (1,946,723)	\$ (963,694)	\$ 11,286	\$ (14,846,550)	\$ -	\$ (132,174,523)
-	-	-	-	-	-	-	-	181,846
-	-	-	(12,444,542)	-	-	-	-	(12,444,542)
-	-	20,179	(162,320)	-	15,270	-	-	(123,133)
(10,148)	(1,366)	(19,714)	538,860	(48,411)	(2,393)	(86,515)	-	(475,458)
-	-	-	54,899,953	-	-	-	-	54,899,953
-	-	-	3,488,596	-	-	-	-	3,488,596
-	-	-	1,207,923	-	-	-	-	1,207,923
-	-	-	-	-	-	-	-	10,586,129
-	-	-	8,123	2,796	-	-	-	10,919
-	(69,314)	330	1,612,601	-	-	-	-	1,538,458
-	-	-	-	-	-	(614,277)	-	(536,662)
-	754,126	-	-	-	-	-	(217,269)	-
-	27,411	-	395,406	-	-	15	-	424,910
-	(6,538,146)	363,231	1,030,205	(51,753,981)	275,162	(708,948)	-	(62,126,389)
-	(8,700)	-	-	-	-	-	-	6,396
-	-	-	-	-	-	-	-	55,855
-	-	-	-	-	-	-	-	156,078
(5,628)	-	65,901	(752,994)	963,718	80,351	(23,707)	217,269	-
-	-	-	(13,213,787)	-	-	-	-	(13,213,787)
-	-	-	(2,365,468)	-	-	-	-	(1,523,806)
-	-	-	-	-	-	-	-	-
-	242,315	-	59,200	(1,011,875)	-	333,000	-	(856,613)
<u>\$ (1,143,875)</u>	<u>\$ (4,135,306)</u>	<u>\$ 186,188</u>	<u>\$ 32,355,033</u>	<u>\$ (52,811,447)</u>	<u>\$ 379,676</u>	<u>\$ (15,946,982)</u>	<u>\$ -</u>	<u>\$ (150,917,850)</u>

NEW MEXICO FINANCE AUTHORITY
Schedule of Pledged Collateral
Fiscal Year Ended June 30, 2021

	Bank Accounts:	Wells Fargo	Wells Fargo
Deposit Account		\$ 833,441	\$ -
Overnight investment sweep		-	261,488
Total amount of deposits (bank balances)		833,441	261,488
FDIC Coverage		(250,000)	(250,000)
Total uninsured public funds		\$ 583,441	\$ 11,488
Collateral requirement @ 50%		\$ 291,721	\$ -
Collateral requirement @ 102%		\$ -	\$ 11,718

Additional deposits not covered by the FDIC, including those of NMFA, are collateralized, along with the deposits of the State, in accordance with applicable State statutes. As of June 30, 2021, the value of collateral pledged on behalf of the State held at Wells Fargo was compliant with State statutes.

SINGLE AUDIT

NEW MEXICO FINANCE AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

Grantor / Program Title	Assistance Listing Number	Loan Balance as of 6/30/2021	Federal Expenditures FY 2021	Federal Awards Provided to Subrecipients	Loans & Loan Guarantees	Total
Environmental Protection Agency						
Capitalization Grants for Drinking						
Water State Revolving Funds - Cluster	66.468	\$ 91,804,064	\$ 440,440	\$ 4,852,825	\$ 5,292,864	\$ 10,586,129
Total EPA		91,804,064	440,440	4,852,825	5,292,864	10,586,129
Department of the Treasury						
Pass through from the New Mexico Dept of Finance & Administration						
COVID-19 Coronavirus Relief Funds	21.019	-	97,432,000	-	-	97,432,000
Total Department of the Treasury		-	97,432,000	-	-	97,432,000
Total expenditures of federal awards		<u>\$ 91,804,064</u>	<u>\$ 97,872,440</u>	<u>\$ 4,852,825</u>	<u>\$ 5,292,864</u>	<u>\$ 108,018,129</u>

See Notes to Schedule of Expenditures of Federal Awards

NEW MEXICO FINANCE AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

1) General

The accompanying Supplemental Schedule of Expenditures of Federal Awards presents the activities of all federal awards of NMFA. It is presented on the accrual basis of accounting, which is described in Note 1 to NMFA’s basic Financial Statements.

In fiscal year 2021, NMFA administered federal funds from two different programs: CARES and DWSRLF. NMFA administered CARES as a subrecipient under an agreement with the New Mexico Department of Finance and Administration (DFA). All of the funds used under this agreement were expended as grants to small businesses and to cover administrative costs. DWSRLF was administered with NMFA as the primary recipient, as mandated by State statute. All of the funds expended under this program were used for grant-loans to water utility systems in the state and to cover administrative costs.

CARES (Assistance Listing Number 21.019) – NMFA entered into an agreement with the DFA effective December 1, 2020, to provide up to \$99.5 million in grants to eligible small businesses affected by the COVID-19 pandemic. In the same agreement, \$500,000 was set aside to cover NMFA’s administrative costs. The agreement called for committing the grant funds by December 31, 2020, with actual disbursements allowed through end of the grant date. By the time NMFA closed this program, \$96,932,000 in grants had been disbursed to 6,737 small businesses according to the number of employees affected, and the \$500,000 administrative set aside was used to cover all but \$195,443 of the \$695,443 in total administrative costs:

Total grant expense – \$96,932,000
Total number of grants – 6,737
Average size of grants – \$14,388
Range of grants disbursed – \$5,000 to \$50,000
Disbursement dates – December 18, 2020 through February 18, 2021

DWSRLF (Assistance Listing Number 66.468) – NMFA has administered the DWSRLF program since 1997. The outstanding balance on the loans at June 30, 2021, was \$91,804,064. NMFA uses a negotiated indirect cost rate approved by the grantor. NMFA has elected not to use the 10 percent de minimis indirect cost rate as allowed in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”). The schedule below presents only a selected portion of the operations of NMFA, in accordance with Uniform Guidance. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Only the value of new loans disbursed during fiscal year 2021 is included in the accompanying schedule. The opening loan balance is not included because there are no ongoing compliance requirements related to the balance.

NEW MEXICO FINANCE AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

2) Subrecipients, Including Loans Outstanding

Subrecipient Name	Pass-Through Funds
<u>State Revolving Fund</u>	
Albuquerque Bernalillo County WUA	\$ 1,866,883
Big Mesa MDWCA	255,564
Eagle Nest, Village	911,659
Eldorado Area WSD	834,553
Farmington, City	550,552
Galisteo MDWCA	3,783
Lower Rio Grande Public Works Authority	804,465
Magdalena, Village of	31,664
Miami DWUA	7,955
Mountain Orchard MDWCA	20,365
NMED Drinking Water Bureau	2,925,403
Red River, Town of	595,744
Roswell, City of	624,769
San Cristobal MDWCA	4,072
Truth or Consequences, City of	85,970
Tucumcari, City of	498,949
Valley Estates MSWA	123,339
Total Expenditures of Federal Awards	\$ <u>10,145,689</u>

Report of Independent Auditors 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

Mr. Brian S. Colón, Esq.
New Mexico Office of the State Auditor
Santa Fe, New Mexico

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 enterprise and fiduciary fund of New Mexico Finance Authority (NMFA), a component unit of the State of New Mexico, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise NMFA's basic financial statements, and have issued our report thereon dated November 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NMFA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NMFA's internal control. Accordingly, we do not express an opinion on the effectiveness of NMFA'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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NMFA'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mess Adams LLP

Albuquerque, New Mexico
November 1, 2021

Report of Independent Auditors on Compliance for The Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Governing Board
New Mexico Finance Authority

Brian S. Colón, Esq.
New Mexico Office of the State Auditor
Santa Fe, New Mexico

Report on Compliance for The Major Federal Program

We have audited New Mexico Finance Authority's (NMFA) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the NMFA's major federal program for the year ended June 30, 2021. NMFA'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 for the NMFA's major federal program 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 NMFA'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 the major federal program. However, our audit does not provide a legal determination of NMFA's compliance.

Opinion on The Major Federal Program

In our opinion, NMFA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of NMFA 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 NMFA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 NMFA'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 a 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of NMFA as of and for the year ended June 30, 2021, and have issued our report thereon dated November 1, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Mess Adams LLP

Albuquerque, New Mexico
January 27, 2022

Schedule of Findings and Questioned Costs
Section I— Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ___X___ no
- Significant deficiency(ies) identified? _____ yes ___X___ none reported

Noncompliance material to financial statements noted? _____ yes ___X___ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes ___X___ no
- Significant deficiency(ies) identified? _____ yes ___X___ none reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes ___X___ no

Identification of major federal program:

ALN Number	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Funds

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? ___X___ yes _____ no

NEW MEXICO FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

The fiscal year 2021 audit resulted in no findings.

NEW MEXICO FINANCE AUTHORITY
PRIOR AUDIT FINDINGS
JUNE 30, 2021

Prior Audit Findings

Finding 2020-001: Interest income and interest receivable (Significant Deficiency in Internal Controls) – Resolved.

NEW MEXICO FINANCE AUTHORITY
EXIT CONFERENCE
JUNE 30, 2021

An exit conference was conducted on January 27, 2022, in which the contents of this report were discussed. The following individuals attended this meeting:

New Mexico Finance Authority:

Marquita D. Russel, CEO
Oscar S. Rodriguez, CFO
Katherine Miller, NMFA Board Chair
Andrew Burke, NMFA Board Member
A.J. Forte, NMFA Board Member
Martin Suazo, NMFA Board Member
Jon Clark, Designee for Secretary, NM Economic Development
Judi Kahl, Designee for Secretary, NM Environment Dept.
Marcos Trujillo, Designee for Acting Secretary, Dept. of Finance & Administration
Matthew Lovato, Designee for NMFA Board Member
Alison Nichols, Designee for NMFA Board Member
Daniel C. Opperman, Chief Legal Officer
Michael Zavelle, Chief Financial Strategist
Adam Johnson, Chief of Program Operations
Bryan A. Otero, Legal & Compliance Counsel
Susan Pittard, Attorney
Norman Vuylsteke, Controller

Moss Adams LLP:

Laurie Tish, CPA, Partner
Aaron Hamilton, CPA, Senior Manager

**Statistical
Information
(Unaudited)**



Statistical Information (Unaudited)

This section provides information on NMFA's financial performance and market setting over time in terms of financial, revenue, debt, operational, demographic and economic trends.

Financial Trends

NMFA's financial state improved steadily over the past ten years. Total assets increased \$944.4 million (53.0%). Growth in net position has been even stronger, increasing \$184.8 million (44.7%) since 2012. See **Net Position at June 30, 2021-2012** on page 94.

This positive trend stands out more clearly in the change in total net position from year to year. The result was positive nine of the past ten years and exceeded \$30.0 million in five of those years. See **Revenue, Expenses and Changes in Net Position for Year Ending June 30, 2021-2012** on page 95.

The trend is generally the same for the more than 11 programs that make up total net position. The fund balance in all these funds stood markedly higher in fiscal year 2021 than in fiscal year 2012. See **Fund Balance by Component and Fund at June 30, 2021-2012** on page 96.

Revenue

Total revenue has grown \$64.7 million (46.7%) since fiscal year 2012. During this period, annual growth was positive in all but three years. See **NMFA Net Revenue by Fund** on page 97. The component driving this growth has been non-operating revenue. While operating revenue has decreased \$4.7 million (-7.6%) during this period, non-operating revenue has increased \$64.7 million (46.7%). The distribution of non-operating revenue has also grown more balanced over the same period.

In fiscal year 2012, four revenue streams (general obligation, gross receipts, local special tax and net system revenue) accounted for more than 83% of total revenue coming in through PPRF loans, which represents the biggest portfolio of receivables and payables. In fiscal year 2021, those streams accounted for less than 87% of this total. See **Public Project Revolving Fund Pledged Revenue** on page 98.

Debt

All of NMFA's debt corresponds to PPRF bonds. At the end of fiscal year 2021, there were \$1.2 billion in outstanding bonds. The most recent bond issue was the 2021 C1 and C2 subordinate lien series in the amount of \$96.8 million. The oldest bonds that have not yet been called are 2013 A and B senior lien bonds. See **Debt Burden** on page 99.

Loan receivables for both senior and subordinate lien bond debt service over the past ten years have stayed above NMFA's minimum times coverage ratio of 1.3. See **PPRF Senior and Subordinate Lien Debt Service Coverage** on page 100.

Operations

The concentration of PPRF borrowers improved, with the top 20 largest borrowers today accounting for 53.4% of the total loan receivables, versus 44.8% in fiscal year 2012. See **Public Project Revolving Fund Concentration** on page 101.

Lending has been steady over the years, with public entities as the primary customers. Only 7 of the 143 loans made in fiscal year 2012 were to a private entity, and only 19 of the 207 loans in fiscal year 2021 were private (exclusive of Stimulus Programs). See **Number of New Projects by Fund, 2021-2012** on page 102.

Demographic & Economic Information

The market NMFA serves has grown slowly over the past ten years. Population growth has been flat, staying slightly above 2.1 million. See **New Mexico Resident Population** on page 103.

During the COVID-19 pandemic, the 2020 labor force shrank slightly, by 1.8%, but recovered by 1.2% in 2021. See **Civilian Labor Force in New Mexico** on page 104.

In addition, the unemployment rate grew by almost 150% in 2020 to 12.5% but has decreased 39.2% to 7.6% in 2021. See **Unemployment Rate in New Mexico** on page 105.

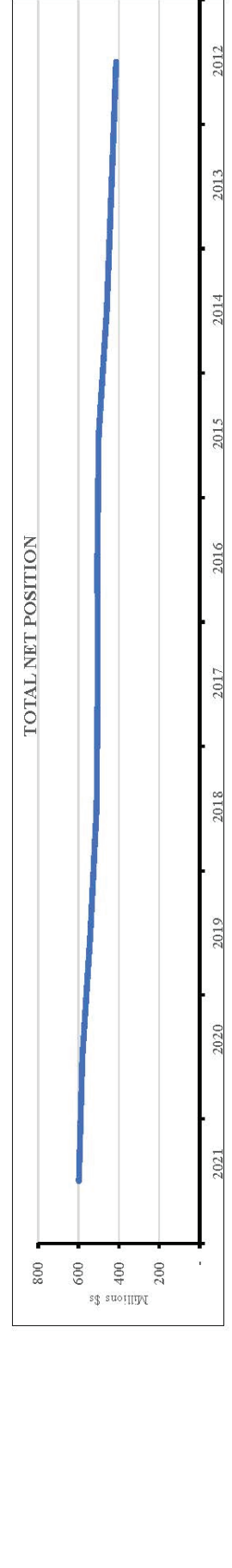
Meanwhile, state's gross domestic product has risen steadily over the last ten years. At the start of 2019, it stood at \$103.0 billion, \$14.4 billion (16.4%) higher than in 2012. See **Gross Domestic Product: All Industry Total in New Mexico** on page 106.

Total non-farm employment also dipped during the pandemic. See **New Mexico Historical Total Nonfarm Employment** and **Over-the-Year Job Growth** on page 107.

The property tax base has followed the same trend, growing \$18.3 billion (35.2%) in the ten-year period beginning with 2011 and ending with 2020. See **Property Tax Base** on page 108.

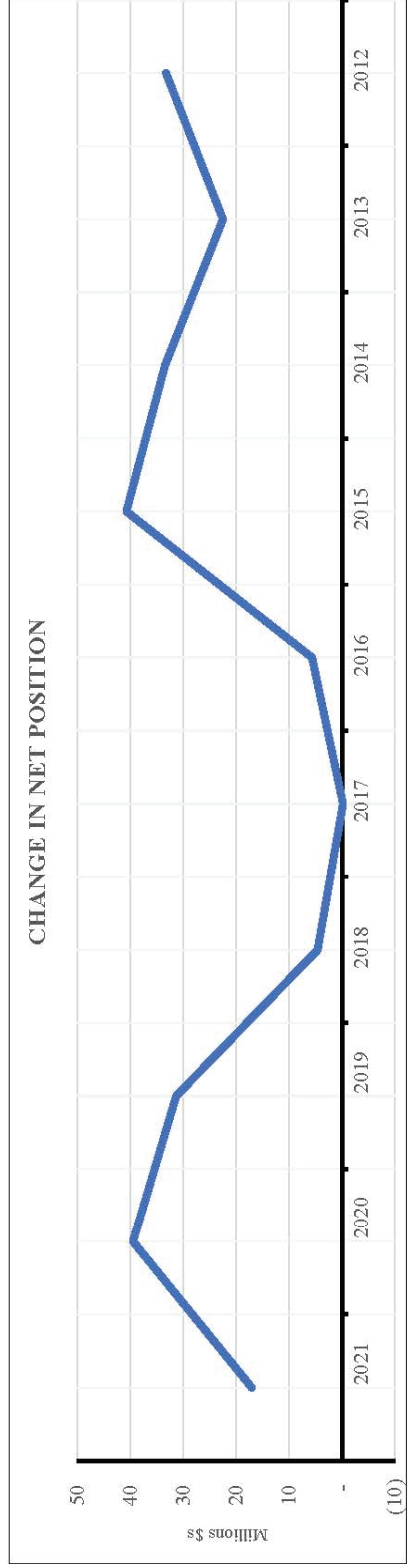
Net Position at June 30, 2021-2012

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assets										
Current Assets										
Cash and cash equivalents	\$ 15,719,468	\$ 16,168,066	\$ 28,057,865	\$ 23,271,873	\$ 22,761,512	\$ 15,433,532	\$ 21,656,317	\$ 19,792,613	\$ 116,073,324	\$ 80,351,262
Unrestricted	401,582,399	320,578,471	265,510,263	237,742,689	218,397,691	135,135,587	113,366,876	112,880,142	109,965,262	106,424,138
Restricted	8,143,531	9,248,674	8,643,830	7,952,079	5,370,899	8,505,073	6,657,501	7,431,412	8,307,828	8,452,919
Interest receivable	1,192,162	744,725	21,293	358,508	13,271	890,213	950,402	2,640,545	2,539,414	2,539,291
Grants and other receivables	556,059	638,132	162,281	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Prepaid Expenses	674,279	868,179	2,041,713	2,106,456	445,996	190,938	191,034	186,043	212,343	302,606
Administrative fees receivable	162,737,968	141,334,892	164,921,253	148,575,374	115,007,192	103,129,270	102,634,676	100,725,825	104,299,277	97,952,218
Loans receivable, net of allowance	590,605,866	489,581,139	469,338,498	420,026,479	362,016,061	263,304,113	245,476,306	243,676,080	341,416,948	296,041,934
Total current assets	1,618,807,156	1,583,144,346	1,477,364,288	1,399,561,290	1,375,061,044	1,248,615,416	1,182,253,335	1,196,589,461	1,252,207,315	1,349,755,414
Non-current assets	1,863,831	1,339,799	1,054,119	699,649	616,594	278,916	4,867	104,378	220,772	239,589
Restricted investments	515,364,555	369,252,126	408,804,383	361,758,979	385,451,491	332,151,402	280,161,230	183,692,467	131,565,455	125,496,887
Loans receivable, net of allowance	1,618,807,156	1,583,144,346	1,477,364,288	1,399,561,290	1,375,061,044	1,248,615,416	1,182,253,335	1,196,589,461	1,252,207,315	1,349,755,414
Capital assets, net of accumulated depreciation	1,863,831	1,339,799	1,054,119	699,649	616,594	278,916	4,867	104,378	220,772	239,589
Deferred cost, net of accumulated amortization	2,726,641,408	2,443,317,410	2,356,581,288	2,182,046,397	2,123,145,190	1,844,349,847	1,707,895,738	1,624,062,386	1,735,575,970	1,782,294,032
Total Assets	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643
Deferred Outflows of Resources	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643
Deferred loss on refunding	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643
Total Deferred Outflows of Resources	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643	643,643
Liabilities										
Current Liabilities										
Accounts payable	461,669	455,273	406,729	353,917	302,821	307,297	244,901	292,954	473,039	199,643
Accrued payroll	318,300	262,445	209,802	233,251	243,439	176,438	112,716	91,540	84,120	94,751
Compensated absences	683,066	526,988	461,476	421,635	328,848	332,213	285,923	273,440	274,077	276,994
Funds held for others	3,834,988	7,942,372	4,072,142	3,960,649	4,183,050	3,525,287	3,482,270	3,625,714	80,263	385,495
Bond interest payable	307,626,399	320,840,186	289,941,611	267,191,118	226,600,234	135,624,986	71,940,001	28,744,630	45,485,533	4,287,863
Undisbursed loan proceeds	88,002,415	89,526,221	96,202,732	86,386,698	86,308,780	83,008,008	74,332,049	72,189,707	68,380,111	73,864,493
Advanced loan payments	118,040,000	116,270,000	117,215,000	101,240,000	123,840,000	78,040,000	75,943,000	70,430,000	84,400,000	81,431,000
Line of credit	250,322,242	1,033,471	3,134,791	2,423,220	619,727	532,591	771,924	574,632	750,663	984,567
Bonds payable, net	769,289,079	536,856,956	511,644,283	462,210,488	442,426,899	301,546,820	227,112,784	188,228,915	205,415	1,148,847
Cost of loan issuance payable	1,356,977,428	1,322,671,647	1,300,084,801	1,205,629,907	1,170,459,183	1,036,408,718	980,960,674	977,711,351	1,096,005,517	1,135,687,299
Other liabilities	2,126,266,507	1,859,528,603	1,811,729,084	1,667,840,395	1,612,886,082	1,337,955,538	1,208,073,458	1,165,940,266	1,300,100,612	1,369,245,842
Total current liabilities	3,189,015	3,704,574	4,279,845	4,971,687	5,663,528	1,575,177	-	-	-	-
Non-current Liabilities	3,189,015	3,704,574	4,279,845	4,971,687	5,663,528	1,575,177	-	-	-	-
Bonds payable	1,863,832	1,339,799	1,054,119	699,649	616,594	278,916	4,867	104,378	220,772	239,589
Net investment in capital assets	580,246,229	563,270,033	515,633,477	492,583,687	486,992,135	495,576,466	483,282,743	445,061,112	211,561,534	270,853,544
Restricted for program commitments	15,719,468	16,168,066	24,628,450	16,744,689	17,830,583	9,786,983	16,718,912	14,147,811	223,893,052	141,955,057
Unrestricted	597,829,529	580,777,898	541,316,046	510,028,025	505,439,312	505,642,365	500,006,522	459,313,301	435,475,558	413,048,190
Total Net Position	597,829,529	580,777,898	541,316,046	510,028,025	505,439,312	505,642,365	500,006,522	459,313,301	435,475,558	413,048,190



Revenue, Expenses and Changes in Net Position for Year Ending June 30, 2021-2012

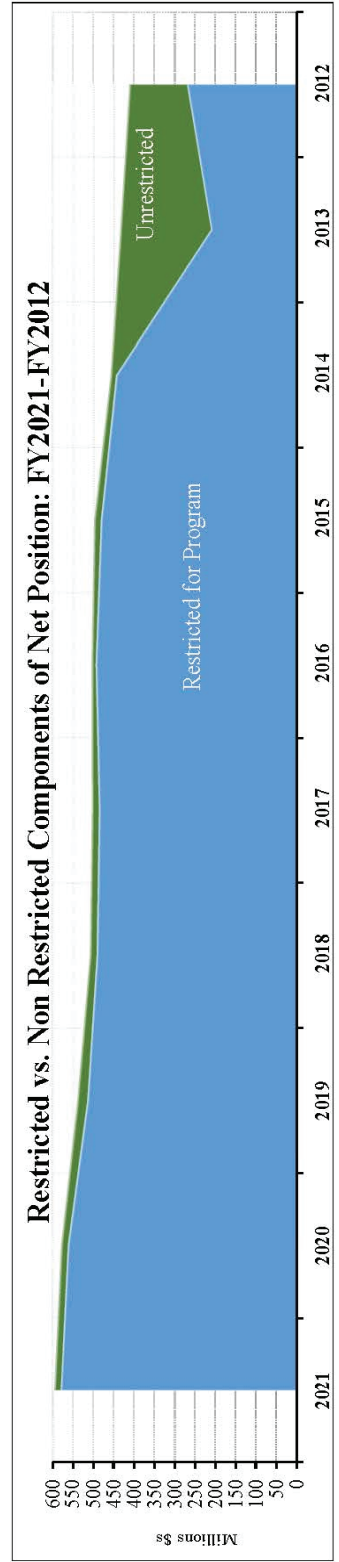
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
(restated)										
Operating Revenue										
Interest on loans	\$ 51,507,874	\$ 52,792,559	\$ 51,584,322	\$ 52,732,085	\$ 47,865,124	\$ 51,736,376	\$ 48,645,757	\$ 48,723,703	\$ 52,942,880	\$ 54,459,612
Administrative fees revenue	5,535,056	6,828,344	6,396,595	5,460,694	5,701,200	7,049,654	3,197,684	3,589,843	3,395,491	7,352,753
Interest on investments	475,458	8,598,789	7,919,934	2,964,201	946,513	2,195,762	925,910	488,741	139,403	436,387
Total Operating Revenue	57,518,388	68,219,692	65,900,851	61,156,980	54,512,837	60,981,792	52,769,351	52,802,287	56,477,774	62,248,752
Operating Expenses										
Bond interest expense	42,455,410	50,720,720	47,690,534	45,522,536	51,088,846	45,756,069	37,761,525	54,319,247	53,026,726	55,005,184
Grants to others	128,973,973	31,480,701	34,104,721	36,143,867	51,299,208	47,888,370	54,240,349	50,824,441	48,828,884	42,063,551
Loan financing pass-through	3,488,596	10,640,130	12,943,547	7,059,254	17,476,331	21,455,228	8,945,997	-	-	-
Salaries and benefits	6,044,261	5,108,045	4,687,224	4,110,925	4,463,828	4,515,210	4,361,363	4,284,392	3,926,740	3,976,586
Bond issuance costs	1,207,923	1,243,666	1,640,333	1,971,304	2,847,995	1,525,161	1,243,632	674,398	752,792	1,272,046
Professional services	4,837,099	3,266,820	2,635,840	2,155,028	2,570,063	2,389,037	2,146,157	2,189,377	2,651,079	2,520,763
Other operating costs	1,455,566	997,558	1,071,794	1,018,054	1,349,403	1,586,001	1,271,083	1,396,268	1,236,524	1,436,871
Provision for loan losses	123,133	(294,021)	(849,582)	534,614	458,701	2,241	(2,370,845)	(822,108)	2,321,946	(1,501,594)
Interest expense	500,768	7,826	266,620	331,022	395,624	296,138	489,859	298,359	277,596	114,479
Rent and utilities	424,336	414,551	364,386	393,992	389,092	374,327	361,467	360,975	429,381	114,479
Administrative fees	-	-	-	-	-	87,289	134,365	189,383	202,713	199,650
Depreciation expense	181,846	101,158	66,289	51,674	3,240	2,191	102,187	116,394	168,246	146,719
Total Operating Expenses	189,692,911	103,687,154	104,621,706	99,292,270	132,342,331	125,877,262	108,687,139	113,831,126	113,822,627	105,348,734
Net Operating Loss	(132,174,523)	(35,467,462)	(38,720,855)	(38,135,290)	(77,829,494)	(64,895,470)	(55,917,788)	(61,028,839)	(57,344,853)	(43,099,982)
Non-operating Revenue (Expenses)										
Appropriation revenue	37,023,150	50,326,048	42,953,352	36,463,733	34,578,969	33,127,879	37,157,026	43,086,860	34,033,130	43,146,845
Grant Revenue	10,586,129	11,599,117	11,588,018	14,138,074	8,511,355	14,255,306	24,735,441	12,271,623	42,992	8,095,888
Transfers from the State of New Mexico	121,934,781	19,783,240	19,865,510	26,451,664	44,943,059	42,347,680	39,295,779	42,953,373	48,649,056	33,787,328
Transfers to the State of New Mexico	(20,317,906)	(6,779,091)	(4,398,004)	(34,329,468)	(10,406,942)	(19,199,552)	(4,577,237)	(3,931,693)	(2,953,157)	(8,725,047)
Increase (Decrease) in Net Position	17,051,631	39,461,852	31,288,021	4,588,713	(203,053)	5,635,843	40,693,221	33,351,324	22,427,168	33,205,032
Net position, beginning of year	580,777,898	541,316,046	510,028,025	505,439,312	505,642,365	500,006,522	459,313,301	425,961,977	413,048,190	379,843,158
Net Position, End of Year	\$ 597,829,529	\$ 580,777,898	\$ 541,316,046	\$ 510,028,025	\$ 505,439,312	\$ 505,642,365	\$ 500,006,522	\$ 459,313,301	\$ 435,475,358	\$ 413,048,190



* Adjusted as the result of GASB 65 adoption effective July 1, 2013 and the blending of Finance New Mexico, LLC's financial statements into those of NMFPA as a component unit

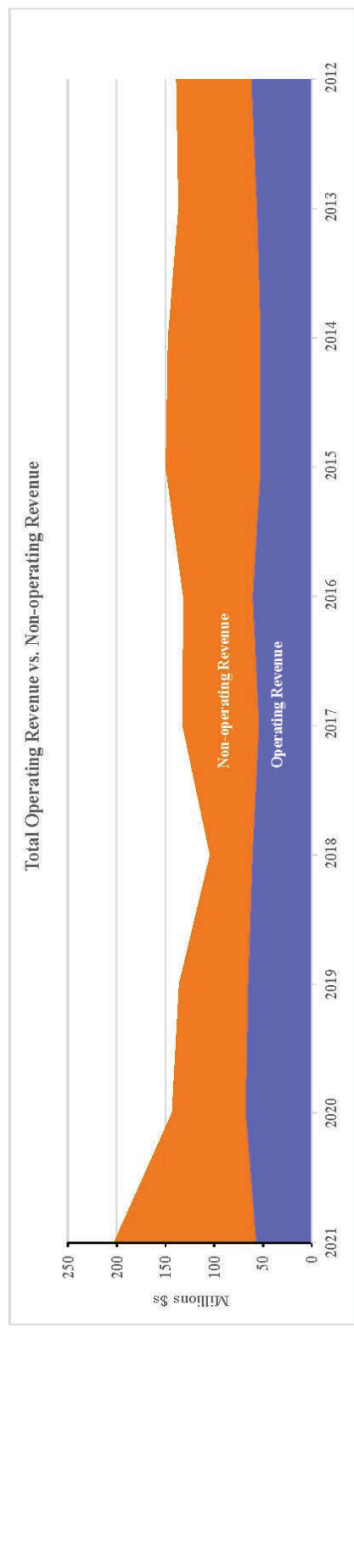
Fund Balance by Component and Fund at June 30, 2021-2012

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Active Funds										
Net Investment in Capital Assets										
NMFA Operating Fund	\$ 1,863,832	\$ 1,339,799	\$ 1,054,119	\$ 699,649	\$ 616,594	\$ 244,840	\$ (29,209)	\$ 70,302	\$ 186,696	\$ 205,513
Public Project Revolving Fund	-	454,449	-	-	-	34,076	34,076	34,076	34,076	34,076
All Other Funds	-	1,794,248	1,054,119	699,649	616,594	278,916	4,867	104,378	220,772	239,589
Subtotal	1,863,832	1,794,248	1,054,119	699,649	616,594	278,916	4,867	104,378	220,772	239,589
Restricted for Program Commitments										
NMFA Operating Fund	6,201,838	5,135,267	2,541,369	5,338,137	-	-	-	-	-	-
Behavioral Health Capital Fund	1,850,663	1,842,791	2,323,172	2,432,004	2,925,190	1,094	-	597,025	194,051	235,524
Colombia Infrastructure Fund	3,285,658	2,503,858	4,300,046	4,940,389	4,046,793	2,782,677	1,550,806	748,984	-	-
Drinking Water State Revolving Loan Fund	180,500,203	175,651,500	163,628,581	154,512,243	146,832,230	139,947,130	129,295,623	113,786,463	65,277,093	91,630,972
Economic Development Revolving Fund	14,453,448	14,753,157	4,359,957	3,583,090	3,421,588	3,640,408	3,503,700	1,484,587	727,918	2,443,917
Local Economic Development Act Recovery Grant Program	(278,002)	-	-	-	-	-	-	-	-	-
Local Government Planning Fund	3,072,580	4,200,679	4,699,576	3,733,224	6,377,731	5,259,656	3,772,689	2,008,414	-	-
New Markets Tax Credits	13,550,463	12,137,895	7,516,786	6,626,660	5,380,909	4,925,437	1,106,244	943,048	-	-
Primary Care Capital Fund	5,368,998	8,612,737	4,489,737	5,118,055	5,087,130	5,058,321	5,034,374	5,019,197	3,875,916	-
Public Project Revolving Fund	302,624,433	284,304,933	269,660,436	252,098,185	258,208,608	281,401,983	287,259,542	272,672,623	122,050,527	148,769,888
Small Business Recovery Loan Program	(997,751)	-	-	-	-	-	-	-	-	-
State Small Business Credit Initiative	1,542,637	1,849,257	2,713,397	2,913,150	7,502,469	8,047,723	12,782,087	7,952,315	1,687,667	-
Water Project Fund	49,071,061	51,823,510	49,250,518	51,066,117	45,552,974	43,016,131	37,485,323	37,720,991	14,787,301	27,898,358
All Other Funds (net)	-	-	169,902	222,433	1,656,513	1,495,906	1,492,355	2,127,465	2,761,061	(125,115)
Subtotal	580,246,229	562,815,584	515,633,477	492,583,687	486,992,135	495,576,466	483,282,743	445,061,112	211,361,534	270,853,544
Unrestricted										
NMFA Operating Fund	15,719,468	16,168,066	24,874,974	1,021,892	-	-	-	-	-	-
Behavioral Health Capital Fund	-	-	(317,795)	(358,929)	(328,119)	(287,441)	(270,365)	(13,515)	398,036	355,008
Colombia Infrastructure Fund	-	-	(2,216,284)	(3,248,237)	(2,723,617)	(2,225,804)	(1,392,071)	(1,132,623)	(452,648)	(174,375)
Drinking Water State Revolving Loan Fund	-	-	(368,099)	(297,687)	(322,101)	(224,526)	-	-	35,742,295	-
Economic Development Revolving Fund	-	-	(1,523,501)	(1,384,025)	(1,310,510)	(1,239,027)	(1,203,957)	(1,152,754)	-	-
Local Government Planning Fund	-	-	-	-	-	-	-	-	341,987	(4,740)
New Markets Tax Credits	-	-	1,706,839	601,023	1,225,951	422,426	852,227	836,435	570,580	(252,228)
Primary Care Capital Fund	-	-	(5,770)	(569,089)	(541,577)	(516,710)	(474,819)	(386,271)	809,070	4,716,138
Public Project Revolving Fund	-	-	3,182,836	21,648,904	22,637,669	15,432,439	20,125,970	16,559,732	166,251,577	126,114,766
State Small Business Credit Initiative	-	-	(704,750)	(669,162)	(689,055)	(1,126,631)	(710,826)	(545,545)	2,303,098	4,281,378
Water Project Fund	-	-	-	-	(118,058)	(447,743)	(207,247)	(17,648)	17,803,788	-
All Other Funds (net)	-	-	-	-	17,830,583	9,786,983	16,718,912	14,147,811	223,893,052	141,955,057
Subtotal	15,719,468	16,168,066	24,628,450	16,744,690	17,830,583	9,786,983	16,718,912	14,147,811	223,893,052	141,955,057
Total Fund Balance	\$ 597,829,529	\$ 580,777,898	\$ 541,316,046	\$ 510,028,026	\$ 505,439,312	\$ 505,642,365	\$ 500,006,522	\$ 459,313,301	\$ 435,473,358	\$ 413,048,190



NMFA Net Revenue by Fund

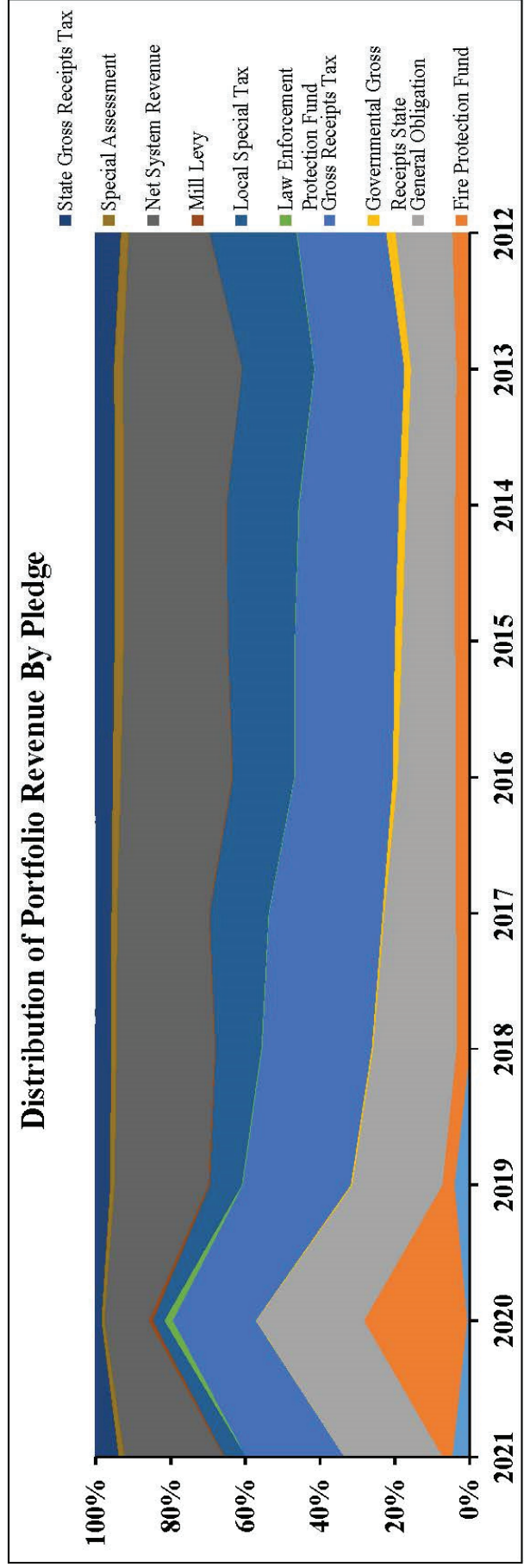
Active Funds	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenue										
NMFA Operating Fund	\$ 492,468	\$ 687,916	\$ 307,505	\$ 312,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Behavioral Health Capital Fund	82,334	52,208	89,419	51,632	41,207	1,093	5,912	(1,635)	7,666	13,027
Colonias Infrastructure Fund	(2,089)	5,301	25,376	10,187	2,454	300	6	-	-	-
Coronavirus Aid, Relief and Economic Security Act	509,711	-	-	-	-	-	-	-	-	-
Drinking Water State Revolving Loan Fund	2,175,805	3,823,839	3,632,817	2,341,972	1,875,997	2,066,809	1,631,012	1,382,342	1,285,397	1,377,439
Economic Development Revolving Fund	110,788	343,012	96,701	41,888	84,766	128,537	143,529	62,039	27,762	35,793
Local Economic Development Act Recovery Grant Program	44,452	-	-	-	-	-	-	-	-	-
Local Government Planning Fund	10,148	121,569	72,309	59,118	62,491	37,042	13,302	2,242	1,404	321
New Markets Tax Credits (includes FNM, LLC)	2,467,805	4,052,375	2,897,359	1,360,529	2,068,842	4,373,839	630,079	1,423,003	1,322,275	495,829
Primary Care Capital Fund	48,107	253,108	131,191	95,063	95,222	99,450	78,559	103,349	118,178	116,948
Public Project Revolving Fund	49,798,087	58,097,743	57,860,166	56,494,348	49,899,236	53,399,756	49,445,875	49,084,453	53,443,767	56,720,961
Small Business Recovery Loan Program	1,532,940	-	-	-	-	-	-	-	-	-
State Small Business Credit Initiative	76,366	82,378	178,534	121,147	137,430	218,002	181,109	119,852	15,711	5,424
Water Project Fund	171,466	700,110	605,573	259,360	232,583	191,607	146,436	133,238	56,220	95,984
All Other Programs	-	133	3,901	8,844	12,609	465,357	493,532	493,404	199,394	3,387,026
Subtotal	\$ 57,518,388	\$ 68,219,692	\$ 65,900,851	\$ 61,156,979	\$ 54,512,837	\$ 60,981,792	\$ 52,769,351	\$ 52,802,287	\$ 56,477,774	\$ 62,248,752
Non-operating Revenue										
NMFA Operating Fund	1,313,468	(6,047,840)	21,469,621	1,467,750	-	-	-	-	-	-
Behavioral Health Capital Fund	-	-	-	980,423	-	-	(841,844)	25,124	5,507	17,235
Colonias Infrastructure Fund	11,208,680	9,162,126	10,179,660	15,061,949	14,415,159	13,701,955	10,011,439	3,569,579	993,396	-
Coronavirus Aid, Relief and Economic Security Act	97,127,443	-	-	-	-	-	-	-	-	-
Drinking Water State Revolving Loan Fund	10,597,477	13,927,531	13,388,018	15,938,074	10,311,355	16,055,306	24,737,926	20,648,499	10,856,287	9,395,435
Economic Development Revolving Fund	2,483	12,000,000	-	-	-	-	3,062	-	-	-
Local Economic Development Act Recovery Grant Program	-	-	-	-	-	-	-	-	-	-
Local Government Planning Fund	-	410	3,000,000	-	3,000,000	3,000,000	4,000,000	2,495,683	1,000,000	-
New Markets Tax Credits (includes FNM, LLC)	(45,800)	-	(10)	-	-	(30)	-	(1,030)	120	-
Primary Care Capital Fund	(7,000,000)	4,000,000	-	-	405	-	(2,477)	-	-	-
Public Project Revolving Fund	20,266,223	21,580,018	8,650,234	936,483	14,391,199	10,082,729	21,360,486	20,091,556	19,261,053	26,751,071
Small Business Recovery Loan Program	(20,015)	-	-	-	-	-	-	-	-	-
State Small Business Credit Initiative	(317,906)	(143,337)	(309,031)	(4,621,640)	-	(5,000,000)	4,477,239	4,345,543	-	4,345,556
Water Project Fund	12,094,101	20,620,441	13,685,850	15,389,715	34,527,900	32,645,725	33,286,306	43,206,091	47,655,658	36,491,696
All Other Programs	-	(170,035)	(55,466)	(1,448,328)	-	-	(421,128)	(882)	-	(695,979)
Subtotal	\$ 145,226,154	\$ 74,929,314	\$ 70,008,876	\$ 42,724,003	\$ 77,626,441	\$ 70,485,685	\$ 96,611,009	\$ 94,380,163	\$ 79,772,021	\$ 76,305,014
Total Revenue	\$ 202,744,542	\$ 143,149,006	\$ 135,909,727	\$ 103,880,982	\$ 132,139,278	\$ 131,467,477	\$ 149,380,360	\$ 147,182,450	\$ 136,249,795	\$ 138,553,766



Public Project Revolving Fund Pledged Revenue

Percent Distribution by Pledge Type at June 30: 2021-2012

<u>Type of Pledge</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Appropriation Loan	4.8%	0.8%	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fire Protection Fund	2.6%	27.7%	3.2%	3.6%	3.8%	3.8%	4.0%	4.1%	3.7%	4.8%
General Obligation	26.2%	28.7%	24.2%	22.4%	19.2%	15.7%	14.3%	13.1%	12.1%	15.2%
Governmental Gross Receipts State	0.1%	0.2%	0.4%	0.4%	0.5%	1.3%	1.8%	1.9%	1.8%	2.5%
Gross Receipts Tax	26.3%	22.1%	28.8%	29.2%	30.3%	26.1%	26.6%	26.6%	23.9%	23.7%
Law Enforcement Protection Fund	0.0%	2.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Local Special Tax	5.6%	3.1%	8.6%	12.2%	15.8%	16.4%	17.8%	19.2%	19.2%	23.4%
Mill Levy	0.4%	1.0%	0.4%	0.2%	0.2%	0.3%	0.2%	0.2%	0.1%	0.1%
Net System Revenue	26.5%	11.9%	25.1%	26.3%	24.4%	29.8%	27.8%	27.3%	31.9%	21.5%
Special Assessment	1.5%	0.8%	1.1%	1.5%	1.6%	2.1%	2.4%	2.4%	2.3%	2.0%
State Gross Receipts Tax	6.0%	1.5%	3.8%	3.9%	4.1%	4.4%	4.9%	5.0%	4.8%	6.6%



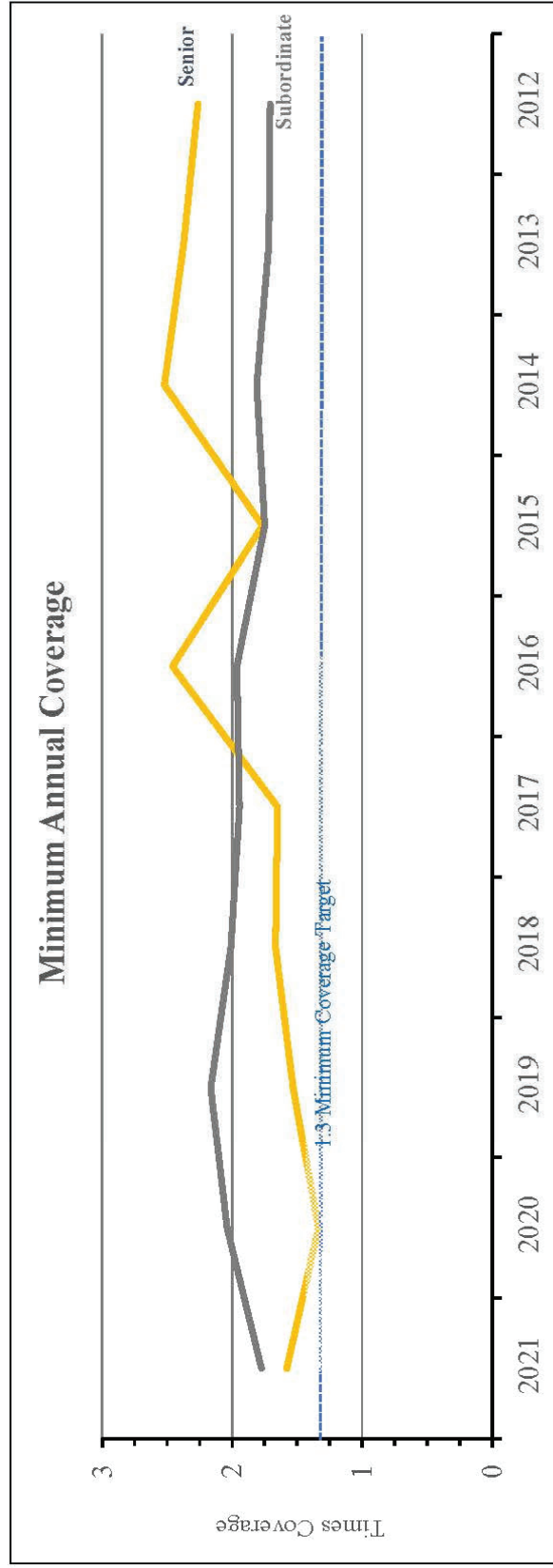
Debt Burden

Original vs. Outstanding Bond Principal at June 30, 2021

		Original	Outstanding
	Consolidated All PPRF Bonds	1,666,360,000	1,242,620,000
	Consolidated Senior Lien	1,113,490,000	829,960,000
	Consolidated Sub Lien	552,870,000	412,660,000
2021A Exempt Bonds	A – Senior	39,535,000	39,405,000
2021B Exempt Bonds	B – Subordinate	31,305,000	31,305,000
2021C1 Exempt Bonds	C1 – Subordinate	57,960,000	57,580,000
2021C2 Exempt Bonds	C2 – Subordinate	38,860,000	36,320,000
2020A Exempt Bonds	A – Senior	32,305,000	29,125,000
2020B Exempt Bonds	B – Senior	81,000,000	78,810,000
2019A Exempt Bonds	A – Subordinate	37,145,000	32,980,000
2019B Exempt Bonds	B – Senior	43,870,000	39,265,000
2019C1 Exempt Bonds	C1 – Subordinate	18,930,000	16,065,000
2019C2 Taxable Bond	C2 – Subordinate	12,480,000	10,680,000
2019D Exempt Bonds	D – Senior	53,260,000	49,140,000
2018A Exempt Bonds	A – Senior	124,330,000	101,185,000
2018B Exempt Bonds	B – Senior	22,530,000	15,830,000
2018C1 Exempt Bonds	C1 – Subordinate	19,400,000	17,070,000
2018C2 Taxable Bonds	C2 – Subordinate	13,175,000	10,215,000
2018D Exempt Bonds	D – Senior	53,310,000	40,735,000
2018E Taxable Bonds	E – Subordinate	70,205,000	59,270,000
2017A Exempt Bonds	A – Senior	60,265,000	48,005,000
2017B Exempt Bonds	B – Subordinate	68,015,000	26,175,000
2017C Exempt Bonds	C – Senior	37,675,000	20,615,000
2017D Exempt Bonds	D – Subordinate	41,395,000	26,155,000
2017E Exempt Bonds	E – Senior	40,190,000	29,460,000
2017F Taxable Bonds	F – Subordinate	19,315,000	12,985,000
2016A Exempt Bonds	A – Senior	52,070,000	30,055,000
2016C Exempt Bonds	C – Senior	67,540,000	59,650,000
2016D Exempt Bonds	D – Senior	116,485,000	77,285,000
2016E Exempt Bonds	E – Senior	40,870,000	20,100,000
2016F Exempt Bonds	F – Senior	38,575,000	23,735,000
2015A Exempt Bonds	A – Subordinate	63,390,000	41,060,000
2015B Exempt Bonds	B – Senior	45,325,000	26,375,000
2015C Exempt Bonds	C – Senior	45,475,000	43,290,000
2015D Exempt Bonds	D – Subordinate	29,355,000	17,640,000
2014A Exempt Bonds	A1 – Subordinate	15,135,000	11,000,000
2014A Taxable Bonds	A2 – Subordinate	16,805,000	5,870,000
2014B Exempt Bonds	B – Senior	58,235,000	29,465,000
2013A Exempt Bonds	A – Senior	44,285,000	18,660,000
2013B Exempt Bonds	B – Senior	16,360,000	6,770,000

PPRF Senior and Subordinate Lien Debt Service Coverage

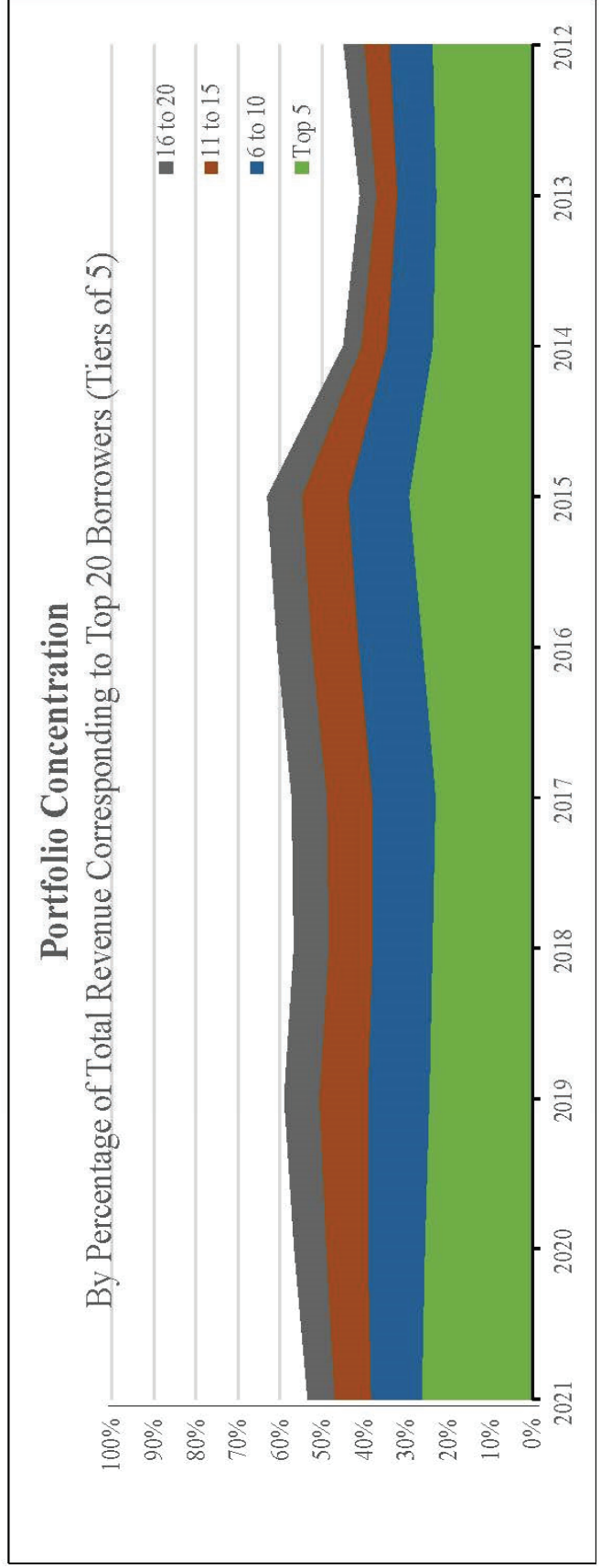
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Senior Lien Bonds										
Annual Coverage at June 30	1.44	1.37	1.35	1.32	1.32	1.46	1.48	1.65	1.32	1.38
Subordinate Lien Bonds										
Annual Coverage at June 30	1.90	2.00	1.77	2.04	2.39	2.08	2.26	2.38	2.03	2.20



Public Project Revolving Fund Concentration

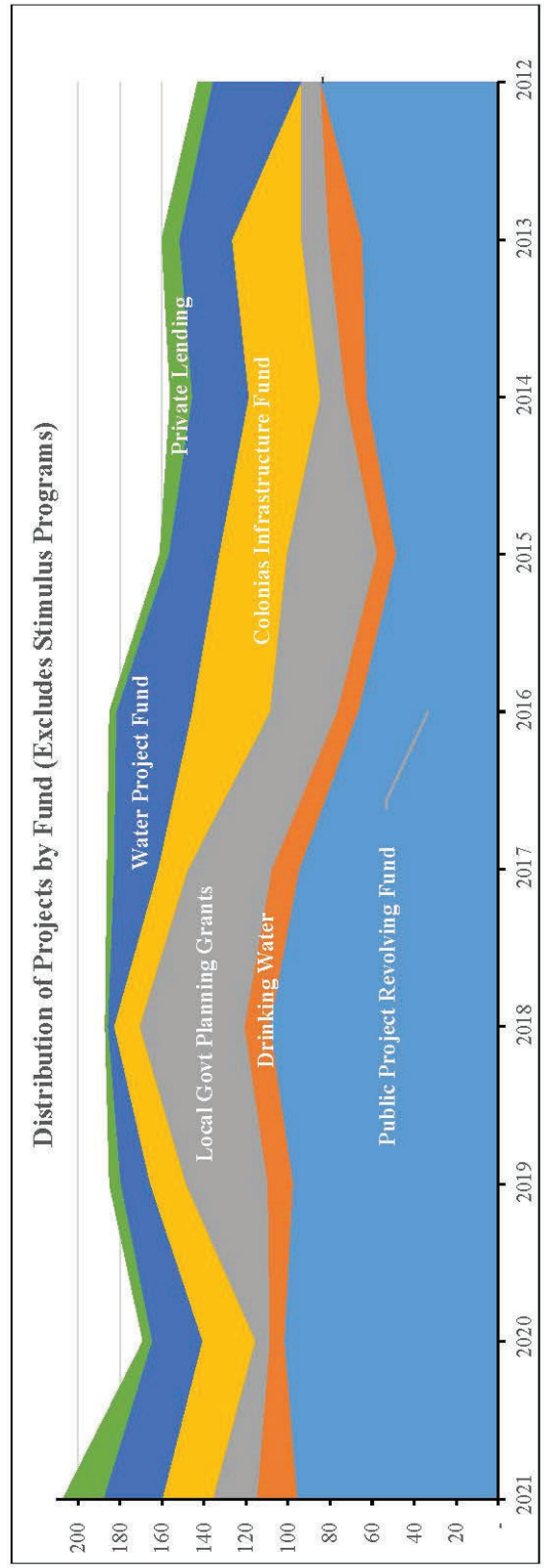
Distribution of Portfolio Revenue Among the Top 20 Borrowers at June 30: FY2021-2012

Top 4 Tiers of Borrowers	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Top 5	26.4%	25.7%	24.6%	23.9%	23.1%	26.3%	29.4%	23.8%	23.0%	23.8%
6 to 10	12.1%	13.5%	14.7%	14.3%	15.2%	15.1%	14.5%	10.9%	9.3%	10.2%
11 to 15	8.6%	9.9%	11.5%	10.3%	10.7%	11.2%	10.9%	6.0%	5.0%	6.0%
16 to 20	6.3%	7.5%	8.2%	8.2%	8.2%	8.0%	8.1%	4.2%	3.7%	4.8%
Remainder of Portfolio	46.6%	43.4%	41.0%	43.3%	42.8%	39.4%	37.0%	55.1%	59.0%	55.2%



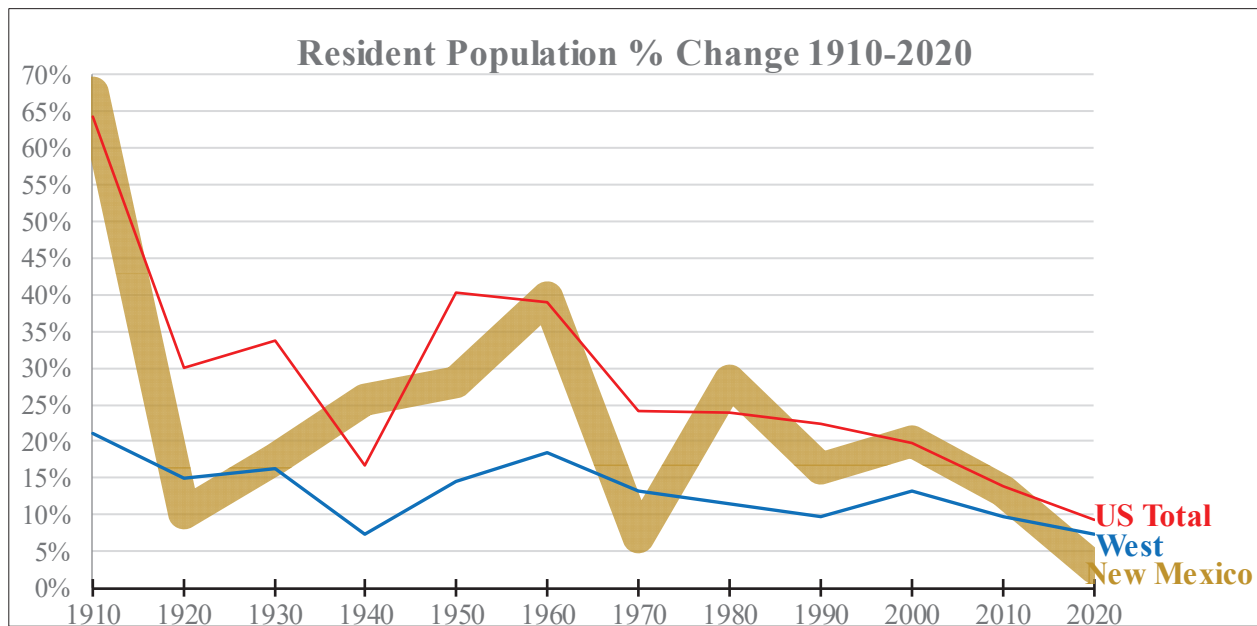
Number of New Projects by Fund: 2021-2012

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Lending										
Public Project Revolving Fund	96	102	98	109	95	67	49	63	65	85
Drinking Water State Revolving Loan Fund	19	7	12	12	13	10	9	10	16	-
Local Government Planning Fund	21	7	39	50	40	32	43	12	13	9
Colonias Infrastructure Fund	24	25	17	12	14	37	32	34	33	-
Water Project Fund	28	24	14	3	21	36	24	27	25	42
Private Lending										
Behavioral Health Capital Fund	1	-	1	-	-	-	-	1	-	-
New Markets Tax Credits	1	3	4	1	3	1	-	3	2	4
Economic Development Revolving Fund	1	1	-	-	-	-	-	-	2	-
Essential Services Working Capital Fund	16	-	-	-	-	-	-	-	-	-
Primary Care Capital Fund	-	-	-	-	-	-	1	-	-	1
State Small Business Credit Initiative	-	-	-	-	-	2	3	6	4	2
Total Excluding Stimulus Projects	207	169	185	187	186	185	161	156	160	143
Stimulus Programs										
Coronavirus Aid, Relief and Economic Security Act	6,737	-	-	-	-	-	-	-	-	-
Local Economic Development Act Recovery Grant Program	-	-	-	-	-	-	-	-	-	-
Small Business Recovery Loan Program	1,035	-	-	-	-	-	-	-	-	-
Total New Projects	7,979	169	185	187	186	185	161	156	160	143



New Mexico Resident Population

Observation Date (January 1)	1,000s of Persons, Annual, Not Seasonally Adjusted	
1910	327,301	92,228,531
1920	360,350	106,021,568
1930	423,317	123,202,660
1940	531,818	132,165,129
1950	681,187	151,325,798
1960	951,023	179,323,175
1970	1,016,000	203,211,926
1980	1,302,894	226,545,805
1990	1,515,069	248,709,873
2000	1,819,046	281,421,906
2010	2,059,179	308,745,538
2020	2,117,522	331,449,281



Census.gov

Link: <https://www.census.gov/data/tables/time-series/dec/popchange-data-text.html>

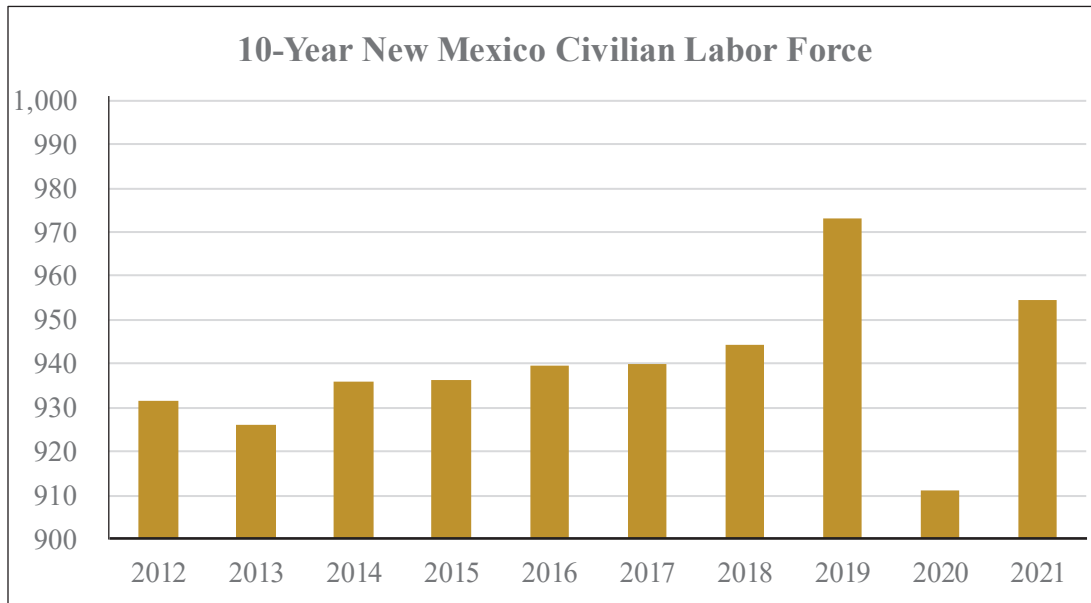
US Census Bureau

Updated: Apr 26, 2021

Civilian Labor Force in New Mexico

Persons, Not Seasonally Adjusted

Observation Date (July 1)	Civilian Labor Force
2021	954,356
2020	911,029
2019	973,041
2018	944,247
2017	939,847
2016	939,676
2015	936,140
2014	935,834
2013	925,970
2012	931,480

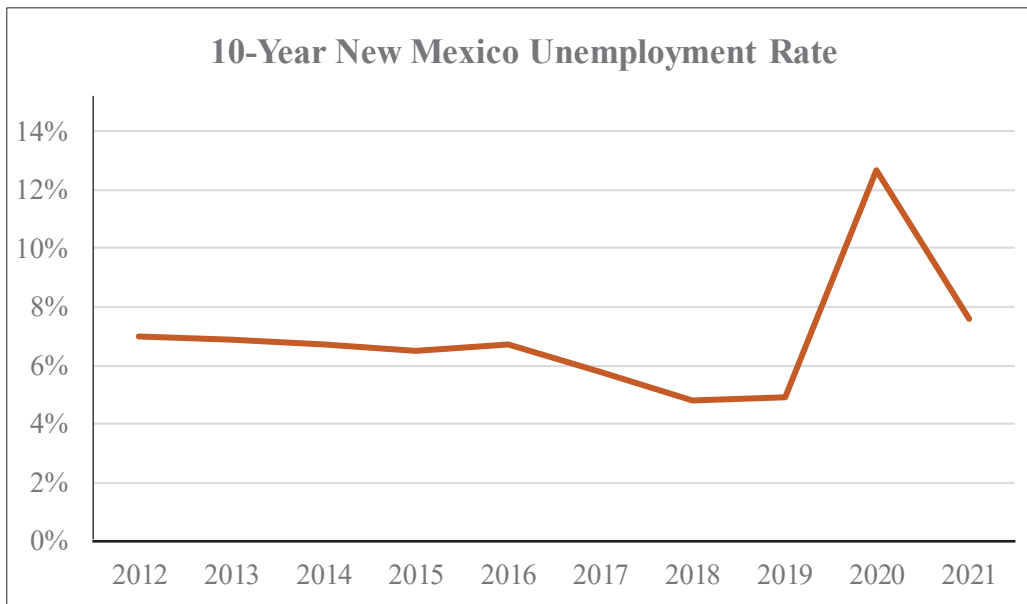


Federal Reserve Economic Data (FRED)
 Link: <https://fred.stlouisfed.org/series/NMLF>
 Federal Reserve Bank of St. Louis
 Updated: Aug 21, 2021

Unemployment Rate in New Mexico

Percent, Monthly, Seasonally Adjusted

<u>Observation Date</u> <u>(July 1)</u>	<u>% Unemployed</u>
2021	7.6%
2020	12.7%
2019	4.9%
2018	4.8%
2017	5.8%
2016	6.7%
2015	6.5%
2014	6.7%
2013	6.9%
2012	7.0%



Federal Reserve Economic Data (FRED)

Link: <https://fred.stlouisfed.org/series/NMUR>

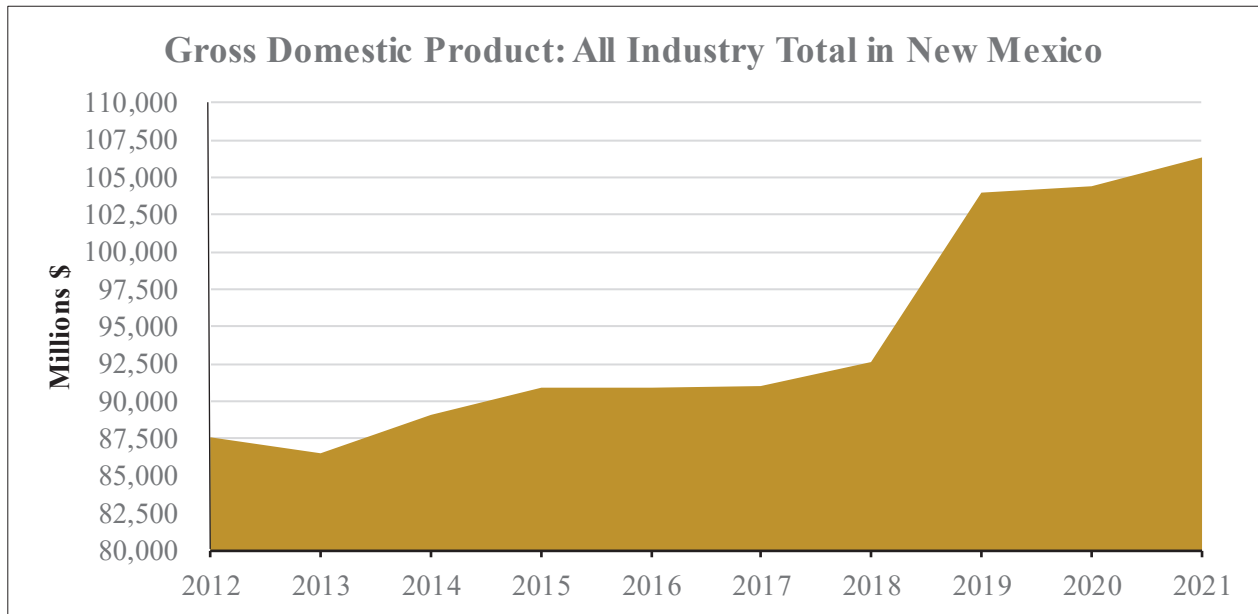
Federal Reserve Bank of St. Louis

Updated: Jun 25, 2021

Gross Domestic Product: All Industry Total in New Mexico

Millions \$s of Chained 2012 Dollars, Annual, Not Seasonally Adjusted

<u>Observation Date</u> <u>(January 1)</u>	<u>GDP Millions \$s</u>
2021	106,380
2020	104,462
2019	104,001
2018	92,591
2017	90,989
2016	90,970
2015	90,868
2014	89,151
2013	86,506
2012	87,602



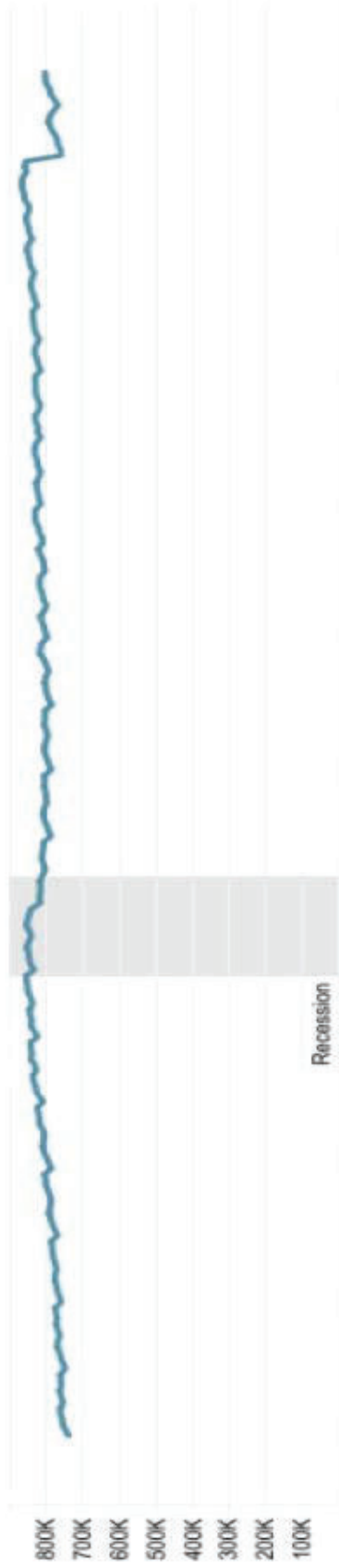
Link: <https://fred.stlouisfed.org/series/NMNQGSP>

Economic Research Division

Federal Reserve Bank of St. Louis

Updated: Jun 25, 2021

New Mexico Historical Total Nonfarm Employment



New Mexico Historical Total Nonfarm Over-the-Year Job Growth (%)



Census.gov

Link: https://www.dws.state.nm.us/en-us/R_researchers/Data/Employment-Industry

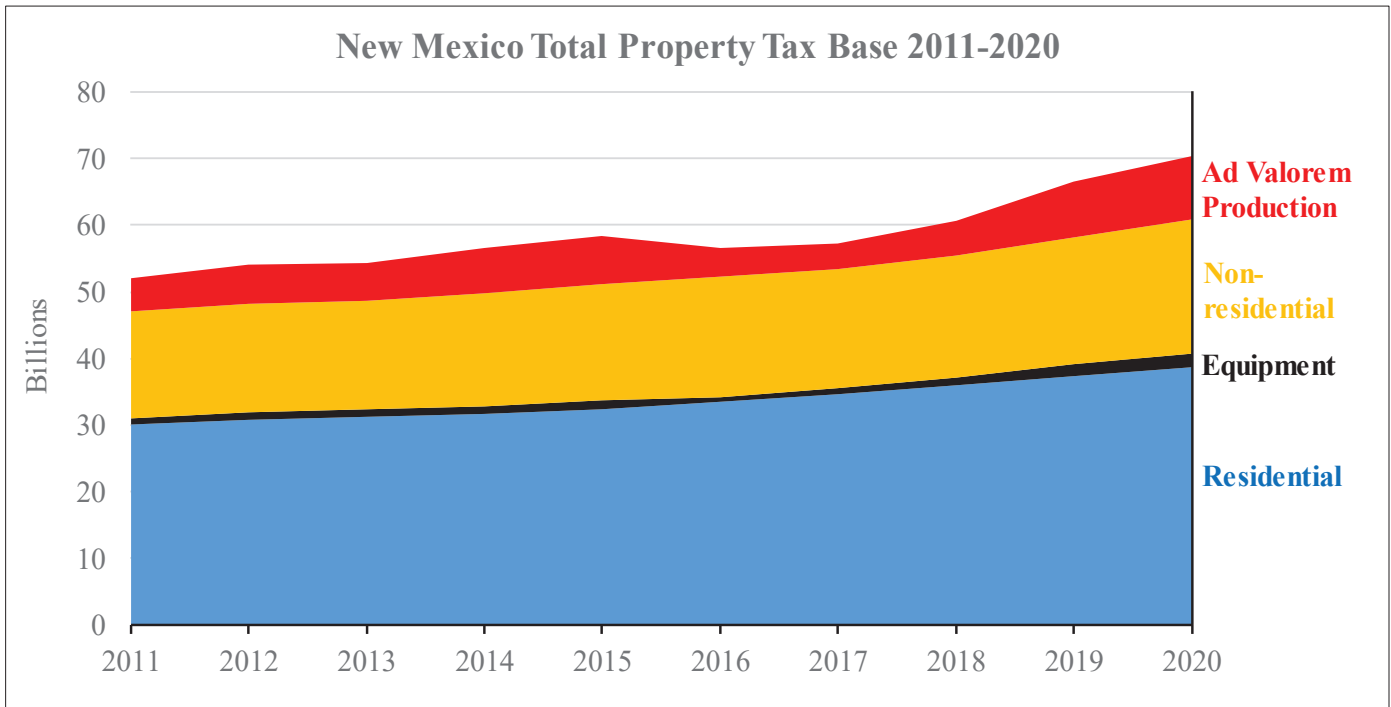
US Census Bureau

Updated: Jul 21, 2021



Property Tax Base

Statewide	Ad Valorem				
	Total	Residential	Nonresidential	Production	Equipment
2020	38,671,443,095	20,119,885,086	9,569,179,702	2,110,532,356	70,471,040,239
2019	37,271,533,189	19,012,390,512	8,372,712,631	1,904,105,905	66,560,742,237
2018	35,934,821,015	18,226,388,446	5,313,419,682	1,224,319,528	60,698,948,671
2017	34,681,545,958	17,912,620,169	3,836,399,452	742,949,817	57,173,515,396
2016	33,420,866,558	17,996,733,566	4,373,599,405	833,971,811	56,625,171,340
2015	32,283,583,025	17,454,632,250	7,253,704,992	1,421,044,437	58,412,964,704
2014	31,574,705,479	17,003,242,702	6,611,014,734	1,284,501,752	56,473,464,667
2013	31,198,735,901	16,457,453,232	5,516,713,745	1,064,032,866	54,236,935,744
2012	30,701,128,897	16,371,012,537	5,901,454,351	1,156,075,491	54,129,671,276
2011	30,069,455,982	16,073,611,208	5,001,033,904	985,167,547	52,129,268,641



Local Govt. Division Budget and Finance Bureau: [Property Tax Facts for Tax Year 2020](#)

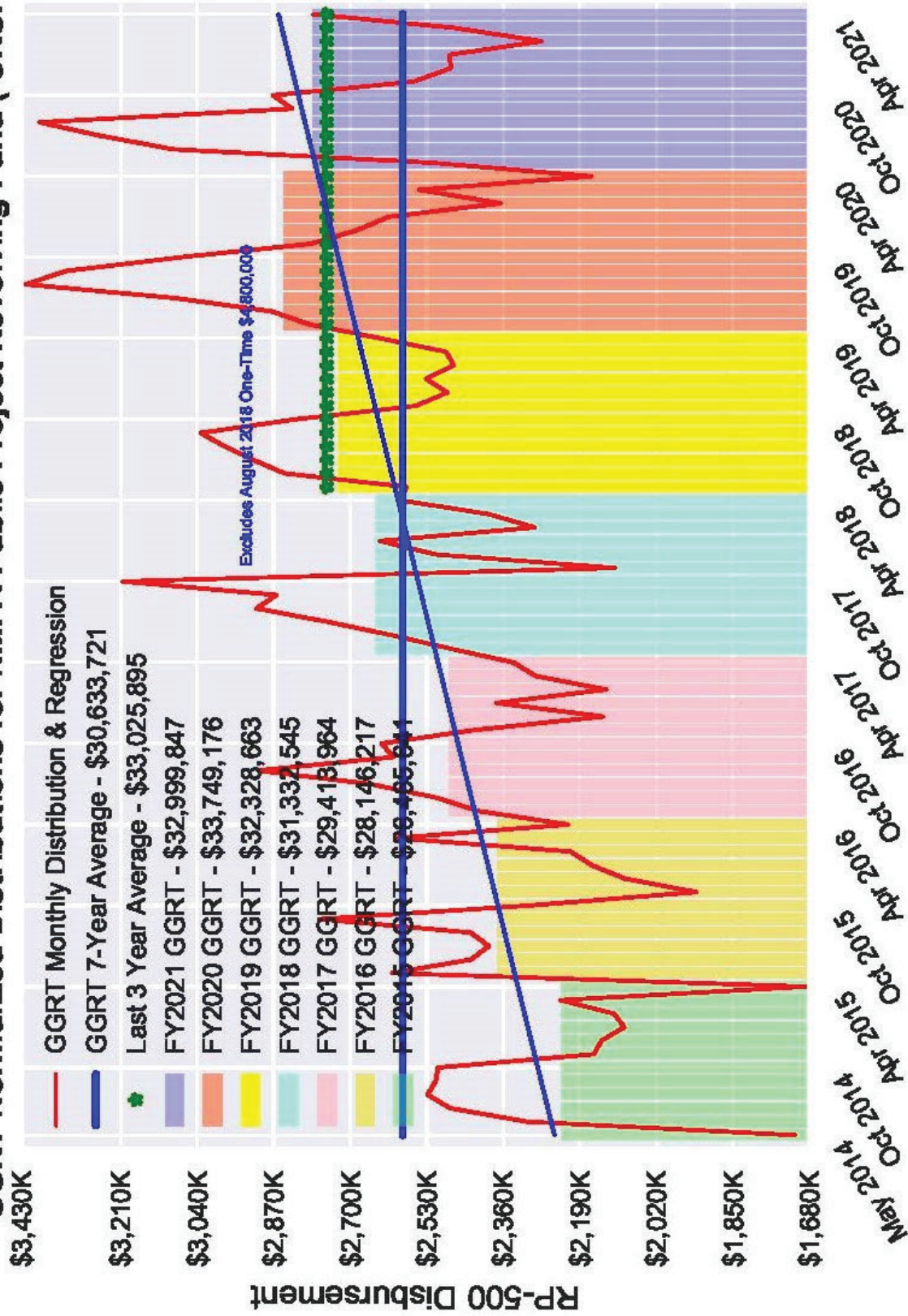
Link: <https://www.nmdfa.state.nm.us/local-government/budget-finance-bureau/property-tax-facts/>

NM Dept Finance & Administration

**Other
Information
(Unaudited)**

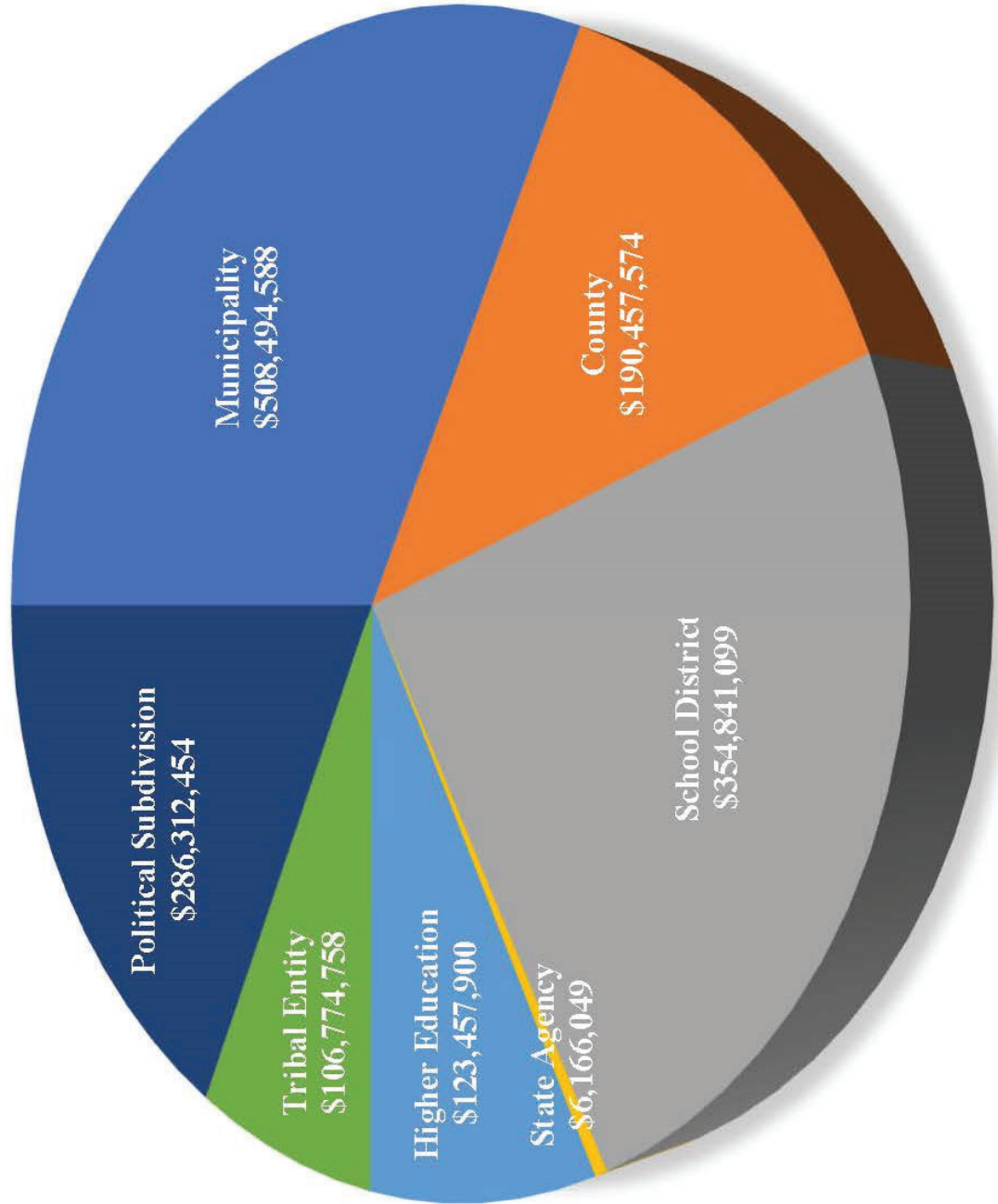


GGRT Normalized Distributions for NMFA Public Project Revolving Fund (CRSPPR)



Tax & Rev Distributions for NMFA PPRF GGRT Share Last 84 Months Thru Apr 2021

PPRF Outstanding Portfolio by Client Type



PPRF Outstanding Portfolio by Revenue Type

