

NEW MEXICO FINANCE AUTHORITY
(A Component Unit of the State of New Mexico)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019



PREPARED BY:

NEW MEXICO FINANCE AUTHORITY
SANTA FE, NEW MEXICO

NEW MEXICO FINANCE AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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Introductory Section





NEW MEXICO FINANCE AUTHORITY

October 31, 2019

Hon. Brian S. Colón, State Auditor, Esq.
Office of the State Auditor
Santa Fe, NM

As required by the State Audit Act, we are pleased to submit the New Mexico Finance Authority's (NMFA) annual audit report for the fiscal year ending June 30, 2019. We have elected to present it as a Comprehensive Annual Financial Report (CAFR) as a step toward excellence in financial reporting. This is the first time NMFA has prepared a CAFR.

Introduction

It is the responsibility of the NMFA to prepare the CAFR and to ensure both the accuracy of the data and the completeness and fairness of the presentation and associated disclosures. To the best of our knowledge, the information contained in the CAFR 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 CAFR.

The 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 Drinking Water State Revolving Loan Fund (DWSRLF), 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 CAFR. Their report appears in the financial section following this introductory section.

Profile of the Organization

The NMFA is a public body politic and corporate. It operates separately and apart from New Mexico State government as a governmental instrumentality of the State. NMFA is presented as a blended component unit in the State's Comprehensive Annual Financial Report. The New Mexico Legislature created it in 1992 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 has a staff of 44 positions, including a Chief Executive Officer (CEO). The NMFA Board of Directors (NMFA Board) appoints the CEO, who directs the business and affairs of the organization, subject to the direction and policies set by the NMFA Board.

NMFA's annual budget, bond issuances and all loan and grant agreements are approved by the NMFA Board.

NMFA administers ten active programs to assist eligible entities in securing short-term and long-term financing options.

NMFA has established itself as a key player in capital project planning and financing in New Mexico through a number of public and private lending and grant programs, all operated as separate enterprises of the organization:

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)
- ◆ Primary Care Capital Fund (PCCF)
- ◆ Economic Development/Smart Money Program (ED/SM)
- ◆ State Small Business Credit Initiative (SSBCI)
- ◆ New Markets Tax Credits Program (NMTC)

The largest of these programs is the PPRF. It provides cost-effective financing in a pooled loan program that benefits individual borrowers through economies of scale, as well as by leveraging its AAA and Aa1/Aa2 bond ratings. It accounts for most of NMFA's financial activity, including 87.3% of operating revenue and 92.2% of the total loan portfolio of \$1.5 billion.

Demographical and Economic Setting

The market NMFA serves is made up of 33 counties, 106 municipalities, 23 tribes and pueblos, 89 school districts and more than 1,500 water systems 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 25-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

NMFA's programs distribute financing throughout the state of New Mexico. New Mexico is predominantly rural, enjoying the 5th largest land mass in the United States but ranking 36th in population. Population growth has been slow but steady since New Mexico entered the union as the 47th state in 1912. The estimated population of the state as of July 1, 2018 was 2.1 million.² The state's population grew at an estimated rate of 1.5% (30,840) from January 1, 2010 to January 1, 2018.³ This compares to a national population growth rate of approximately 6% and a growth rate of 11.8% for the Southwest Region during the same period.⁴ Population growth increases demand for NMFA's services from local government clients to finance the expansion of services, and it also increases the tax base for the Governmental Gross Receipts Tax (GGRT), 75% of which is allocated to NMFA.

There are four Metropolitan Statistical Areas (MSAs) in the state. The Albuquerque MSA is comprised of Bernalillo, Sandoval, Torrance and Valencia Counties; the Las Cruces MSA is comprised of Doña Ana County; the Santa Fe MSA is comprised of Santa Fe County; and the Farmington MSA is comprised of San Juan County. The Santa Fe MSA experienced the greatest population growth from July 1, 2010 to July 1, 2018, with an estimated increase of 3.8%; the Las Cruces MSA was close behind, with an estimated increase of 3.5%.⁵ The Albuquerque MSA experienced an estimated population increase during the same period of 3.0%.⁶ The Farmington MSA is closely tied to the oil and gas industry and is significantly affected by changes to mining and extraction markets. During this eight-year period, only ten of New Mexico's 33 counties showed a positive rate of population growth. The fastest growing counties in terms of population during this period were Bernalillo (14,753), Sandoval (12,749), Doña Ana (7,425), Santa Fe (5,528) and Lea (5,012).⁷

New Mexico's civilian labor force was comprised of approximately 961.7 thousand workers as of July 1, 2018.⁸ The civilian labor force increased by over 22 thousand workers (2.4%) from July 1, 2010 to July 1, 2018.⁹ However, New Mexico continues to lag in employment rate recovery following the Great Recession. The state unemployment rate improved from a high of 8.3% in June 2010 to 4.9% as of July 2019¹⁰ and is tied as the 3rd highest statewide rate in the nation.¹¹

New Mexico's economy is led by the Health, Retail, Tourism, Professional Services and Government sectors, which generate more than 60% of total employment and wages. While the state's economy has traditionally been dominated by these sectors, the main drivers since the 2008 recession are the Mining (Oil), Health Care and Information sectors.¹²

The largest employers in New Mexico make up just over 10% of the total state employment. With two national laboratories and four military bases, New Mexico is heavily dependent upon government funding. Three of the largest employers, employing over 50,000 residents, are funded by the federal government. State government directly employs another 21,000.

² <https://fred.stlouisfed.org/series/NMPOP#0>

³ https://data.bls.gov/timeseries/LASST350000000000006?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true

⁴ Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/BEASWPOP>, updated July 1, 2019

⁵ U.S. Census, <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkml>

⁶ U.S. Census, <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkml>

⁷ U.S. Census, <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkml>

⁸ https://www.bls.gov/regions/southwest/new_mexico.htm#eag

⁹ Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/NMLF> updated 9/20/2019

¹⁰ https://data.bls.gov/timeseries/LASST350000000000006?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true

¹¹ <https://www.bls.gov/news.release/laus.t01.htm>

¹² <https://bber.unm.edu/media/presentations/NewMexicoEconomyRecentDevelopmentsAndOutlook201801.pdf>

Largest Employers in New Mexico (2018)¹³

| <u>Entity Name</u> | <u>Estimated Employees</u> | <u>% Total State Employment</u> |
|--|----------------------------|---------------------------------|
| Federal Government | 28,950 | 3.2 |
| State of New Mexico (total offices, departments, etc.) ¹⁴ | 21,637 | 2.2 |
| Albuquerque Public Schools | 15,580 | 1.7 |
| Walmart Corporate | 14,022 | 1.6 |
| Sandia National Laboratories | 12,800 | 1.4 |
| Los Alamos National Laboratories | 11,738 | 1.3 |
| Presbyterian Healthcare ¹⁵ | 11,178 | 1.2 |
| UNM (Campuses, Hospital, Medical Group, Etc.) | 9,467 | 1.0 |
| City of Albuquerque | 6,165 | 0.7 |
| New Mexico State University | 4,606 | 0.5 |
| Lovelace Health Systems ¹⁶ | 3,589 | 0.4 |
| St. Vincent Regional Medical Center | 2,132 | 0.2 |
| Smith's Food and Drug | 2,088 | 0.2 |
| T-Mobile | 1,750 | 0.2 |
| Intel Corporation | 1,200 | 0.1 |
| Public Service Company of New Mexico | 938 | 0.1 |

In terms of Gross Domestic Product (GDP), the state economy that supports this market is \$101.9 billion.¹⁷ GDP increased 5.3% (\$5.2 billion) since 2018.¹⁸ Growth of 4.6% in the state's GDP ranked third in the nation from the first quarter of 2018 to the first quarter of 2019.¹⁹

New Mexico Employment and Wages (2016)²⁰

| <u>Industry Sector</u> | <u>Average Employment</u> | <u>Percent of Total</u> | <u>Total Wages</u> | <u>Percent of Total</u> |
|-----------------------------------|---------------------------|-------------------------|--------------------|-------------------------|
| Health Care & Social Assistance | 140,146 | 17% | \$ 6,082,730,229 | 17% |
| Retail Trade | 92,075 | 11% | \$ 2,631,184,736 | 7% |
| Accommodation & Food Services | 91,566 | 11% | \$ 1,663,093,214 | 5% |
| Educational Services | 74,492 | 9% | \$ 3,165,813,516 | 9% |
| Public Administration | 61,486 | 8% | \$ 3,446,271,401 | 10% |
| Professional & Technical Services | 56,793 | 7% | \$ 4,461,335,488 | 13% |

The ability to undertake the types of capital investments NMFA facilitates has also grown. One indicator of this growth is the local property tax base. In 2019, property taxes were the largest pledged revenue source for the PPRF, NMFA's principal revolving loan program. In 2018, total residential and non-residential property tax values stood at \$60.7 billion, an increase of \$10.3 billion (20.4%) from 2010.²¹ GGRT revenue, previously the largest pledged revenue

¹³ State of New Mexico Comprehensive Annual Financial Report, for the Fiscal Year Ended June 30, 2018, p. 352

¹⁴ *ibid*, data for calendar year 2017 (2018 data unavailable)

¹⁵ *ibid*, data as of March 2019

¹⁶ *ibid*, data for calendar year 2017 (2018 data unavailable)

¹⁷ <https://www.bea.gov/news/2019/gross-domestic-product-state-first-quarter-2019>

¹⁸ <https://www.bea.gov/news/2019/gross-domestic-product-state-first-quarter-2019>

¹⁹ <https://www.bea.gov/news/2019/gross-domestic-product-state-first-quarter-2019>

²⁰ <https://gonm.biz/site-selection/economic-statistics/employment-and-wages/>

²¹ http://nmdfa.state.nm.us/Property_Tax_Facts.aspx

stream in the PPRF portfolio, has grown an average of 1% over the past ten years, and by 2018 had risen \$401 million (17%) above where it stood in 2010.²²

Strategic Planning and Key Initiatives

NMFA focused on two initiatives in fiscal year 2019: strategic planning and technology improvement.

Strategic Planning

In fiscal year 2019, the NMFA Board adopted a strategic plan that would guide the organization through the transition from the outgoing governor's administration to the incoming administration and beyond. The effort started with an assessment of NMFA's current strengths, weaknesses and general direction and ended with a thoroughly debated mission statement and strategic framework. The strategic plan included the acceptance of revised Vision and Mission statements:

Vision:

New Mexico's partner in building economic prosperity and stronger communities.

Mission:

Advancing New Mexico by financing impactful, well-planned projects.

The Vision and Mission statements make clear that NMFA intends to continue in its long-established role as a facilitator of capital financing in New Mexico and to build on its reputation as a trustworthy partner offering formidable analytical skills and an extensive knowledge of the public finance landscape in the state.

To achieve this Vision and Mission, the strategic plan establishes an actionable framework that provides the logic for subsequent policy pursuits and annual work plans, as well as the priority of the key projects.

Strategic Framework:

Collaborative Financing: The Finance Authority will collaborate with partners to evolve administration of project financing. The Finance Authority will leverage its resources and talent to provide support and technical assistance to stakeholders.

Operational Excellence: The Finance Authority will set the standard for the best organizational work practices, financial management, management of information and technology, and an engaged team of professionals. The Finance Authority will maintain accurate and efficient operations.

Integrated Project Planning: The Finance Authority will work with clients and related agencies to achieve effective project planning and the efficient deployment of resources. The Finance Authority, through partnerships with private industry and the executive and legislative branches, will create tools for coordinating

²² <https://fred.stlouisfed.org/series/NMSLGRATX>

projects. The Finance Authority will promote practices for the rapid deployment of resources.

Capacity Building: The Finance Authority will cultivate a fertile environment for the growth and diversification of the New Mexico economy. The Finance Authority will build capacity for financing, project execution and completion through education, outreach and leveraging available (local, state and federal) assets, talent, technology and programs, resulting in more effective solutions to New Mexico’s development needs.

This strategic plan is intended to improve NMFA’s operational efficiencies and effectiveness and to communicate its objectives and approach to service delivery to its stakeholders and customer base.

Technology Improvement

Another major initiative NMFA is pursuing is the replacement of its loan servicing system to enhance its internal control structure, quality assurance program, analytical capabilities and internal production capacity. The legacy loan servicing system NMFA has been relying on does not interface with the general ledger. In fiscal year 2016, NMFA launched a project to switch to a state-of-the-art loan servicing system that, among other things, will communicate directly with and serve as a sub-ledger to the general ledger. When completely implemented, the new system will also allow for a complete integration of the entire loan servicing process. Clients will be able to apply for loans online and monitor progress of their applications, as well as subsequently funded projects. The entire record of transactions, from loan approval to final debt service payment, will be uploaded automatically into the general ledger in near-real time. And both clients and NMFA staff will be able to rely on standard reports generated from the new system to meet their respective financial reporting needs.

The objective in fiscal year 2020 is to make the new loan servicing system part of the official record for NMFA’s CAFR as of June 30, 2020.

Acknowledgements

Most especially because it is our first attempt, the preparation of this CAFR 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—or simply showed us patience—by providing the data and materials necessary to prepare this report. Credit is also due to the NMFA Board for its support for our particular pursuit of this high standard of excellence in financial reporting and public service.

Respectfully submitted,

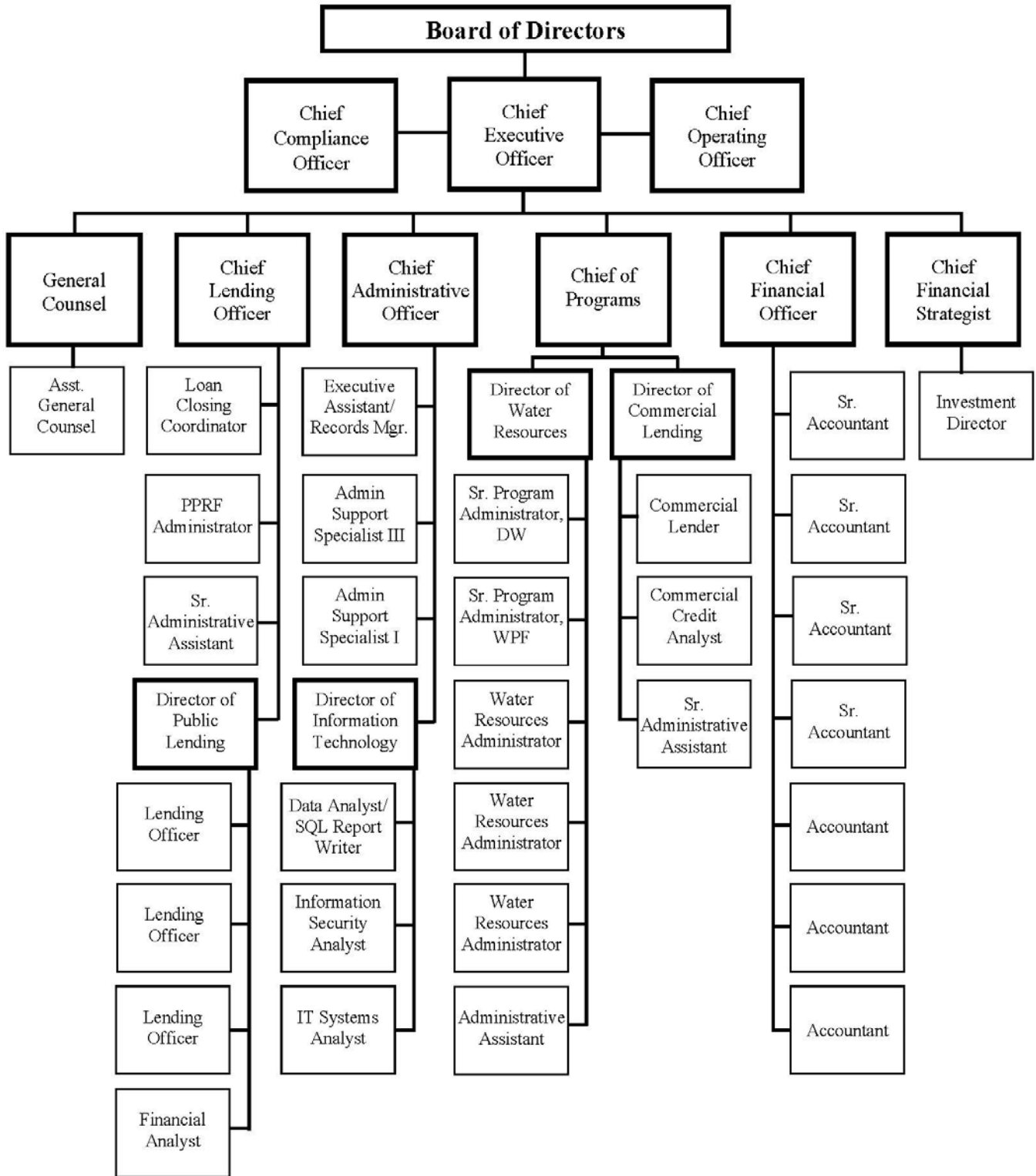


John Gasparich, Chief Executive Officer



Oscar S. Rodriguez, Chief Financial Officer

ORGANIZATIONAL CHART



NMFA LEADERSHIP

Board of Directors

William Fulginiti
Ex Officio Vice-Chair
Executive Director
New Mexico Municipal
League

Katherine Miller
Chair
County Manager
County of Santa Fe

Steve Kopelman
Ex Officio Secretary
Executive Director
New Mexico Counties
Association

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

Olivia Padilla-Jackson
Ex Officio Member
Cabinet Secretary
New Mexico Department of
Finance & Administration

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

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

David A. Martinez
Member

Martin Abran Suazo
Member

Leslie Nathanson Juris
Member

Management

Daniel C. Opperman
General Counsel

John Gasparich
Chief Executive Officer

Oscar S. Rodriguez
Chief Financial Officer

Zachary Dillenback
Chief Lending Officer

Dora Mae Cde Baca
Chief Administrative Officer

Heather Boone
Chief Compliance Officer

Marquita D. Russel
Chief of Programs

Michael Zavelle
Chief Financial Strategist

Financial Section



Report of Independent Auditors

Governing Board
New Mexico Finance Authority
and
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 agency fund for the New Mexico Finance Authority (NMFA), a component unit of the State of New Mexico, as of and for the years ended June 30, 2019 and 2018, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 agency fund of the New Mexico Finance Authority as of June 30, 2019 and 2018, and the changes in financial position and cash flows for the enterprise fund for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

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, 2019, 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 on pages 12 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedule of expenditures of federal awards and the supplementary schedules, as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplementary information, as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical and other information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 October 31, 2019 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
October 31, 2019

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

The New Mexico Finance Authority (NMFA) pursues the mission of *advancing New Mexico by financing impactful, well-planned projects*. It does this 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, community health providers and businesses. 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 2019. We encourage readers to consider the information presented here in conjunction with the additional information provided in our Introductory, Statistical 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 2019. 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 2019.

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, 2019 AND 2018

Financial Overview and Analysis

All Funds Combined

In terms of its combined balance sheet, NMFA generated positive results in fiscal year 2019. Total Net Position increased by \$31.3 million (6.1%). Unrestricted cash increased \$4.8 million to \$28.1 million (20.6%). Restricted cash increased by \$27.8 million (11.7%) to \$265.5 million. The total assets increased by \$174.5 million (8.0%) to \$2.4 billion as the result of 185 new loans and cash generated from six bond issuances during fiscal year 2019. Net loans receivable increased by \$94.1 million (6.1%). Bonds that provided the capital for these loans increased by \$110.4 million (8.4%) to \$1.4 billion. Loans receivable exceeded bonds payable by \$225.0 million.

Overall revenue exceeded expenses. Net operating loss increased by \$0.6 million (1.5%). The increased loss was primarily due to a \$4.7 million increase in operating revenue and a \$5.3 million increase in operating expenses. Appropriation revenue increased by \$6.5 million by the end of fiscal year 2019, representing an increase of 17.8%. NMFA does not charge an application or origination fee on many of its programs because the intent of the funding is to provide access to critical infrastructure funds to disadvantaged clients. For these programs, NMFA reimburses itself for costs of administration from loan repayments or from the corpus of the grant fund.

Administrative fee revenue increased \$0.9 million (17.1%) from \$5.5 million to \$6.4 million, mainly because of increased loan closings and processing fees. Federal grant revenue and transfers from the State combined for a net decrease of \$9.1 million (-22.5%). Transfers to the State decreased \$29.9 million (-87.2%).

The Combined Statement of Net Position reflects net investments, including an unrealized gain of \$2.2 million, in keeping with Governmental Accounting Standards Board (GASB) Statement No. 72 (Fair Value Measurement and Application). The main factor leading to this result was the eventual turnover in all investments from lower to higher yield instruments.

The table on the following page presents, in a condensed fashion, the Combined Statements of Net Position as of June 30, 2019, 2018 and 2017 and the corresponding dollar amount and percentage changes between fiscal year 2018 and 2019.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Condensed Statements of Net Position – NMFA Combined

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|---|-----------------------|-----------------------|------------------------------|--|-----------------------|
| Assets | | | | | |
| Cash and cash equivalents | | | | | |
| Unrestricted | \$ 28,057,865 | \$ 23,271,873 | \$ 4,785,992 | 20.6% | \$ 22,761,512 |
| Restricted | 265,510,263 | 237,742,689 | 27,767,574 | 11.7% | 218,397,691 |
| Loans receivable, net of allowance | 1,642,285,541 | 1,548,136,664 | 94,148,877 | 6.1% | 1,490,068,236 |
| Restricted investments | 408,804,383 | 361,758,979 | 47,045,404 | 13.0% | 385,451,491 |
| Other receivables | 10,706,836 | 10,417,043 | 289,793 | 2.8% | 5,830,166 |
| Capital assets, net of accumulated depreciation | 1,054,119 | 699,649 | 354,470 | 50.7% | 616,594 |
| Other assets | 162,281 | 19,500 | 142,781 | 732.2% | 19,500 |
| Total Assets | 2,356,581,288 | 2,182,046,397 | 174,534,891 | 8.0% | 2,123,145,190 |
| Deferred Outflows of Resources | | | | | |
| Deferred loss on refunding | 743,687 | 793,710 | (50,023) | (6.3%) | 843,732 |
| Total Deferred Outflows of Resources | 743,687 | 793,710 | (50,023) | (6.3%) | 843,732 |
| Liabilities | | | | | |
| Bonds payable, net | 1,417,299,801 | 1,306,869,907 | 110,429,894 | 8.4% | 1,294,299,183 |
| Undisbursed loan proceeds | 289,941,611 | 267,191,118 | 22,750,493 | 8.5% | 226,600,234 |
| Advanced loan payments | 96,202,732 | 86,386,698 | 9,816,034 | 11.4% | 86,308,780 |
| Accounts payable, accrued payroll and compensated absences | 1,078,007 | 1,008,803 | 69,204 | 6.9% | 875,108 |
| Other liabilities | 7,206,933 | 6,383,869 | 823,064 | 12.9% | 4,802,777 |
| Total Liabilities | 1,811,729,084 | 1,667,840,395 | 143,888,689 | 8.6% | 1,612,886,082 |
| Deferred Inflows of Resources | | | | | |
| Deferred gain on refunding | 4,279,845 | 4,971,687 | (691,842) | (13.9%) | 5,663,528 |
| Total Deferred Inflows of Resources | 4,279,845 | 4,971,687 | (691,842) | (13.9%) | 5,663,528 |
| Net Position | | | | | |
| Net investment in capital assets | 1,054,119 | 699,649 | 354,470 | 50.7% | 616,594 |
| Restricted for program commitments | 515,633,477 | 492,583,687 | 23,049,790 | 4.7% | 486,992,135 |
| Unrestricted | 24,628,450 | 16,744,689 | 7,883,761 | 47.1% | 17,830,583 |
| Total Net Position | \$ 541,316,046 | \$ 510,028,025 | \$ 31,288,021 | 6.1% | \$ 505,439,312 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

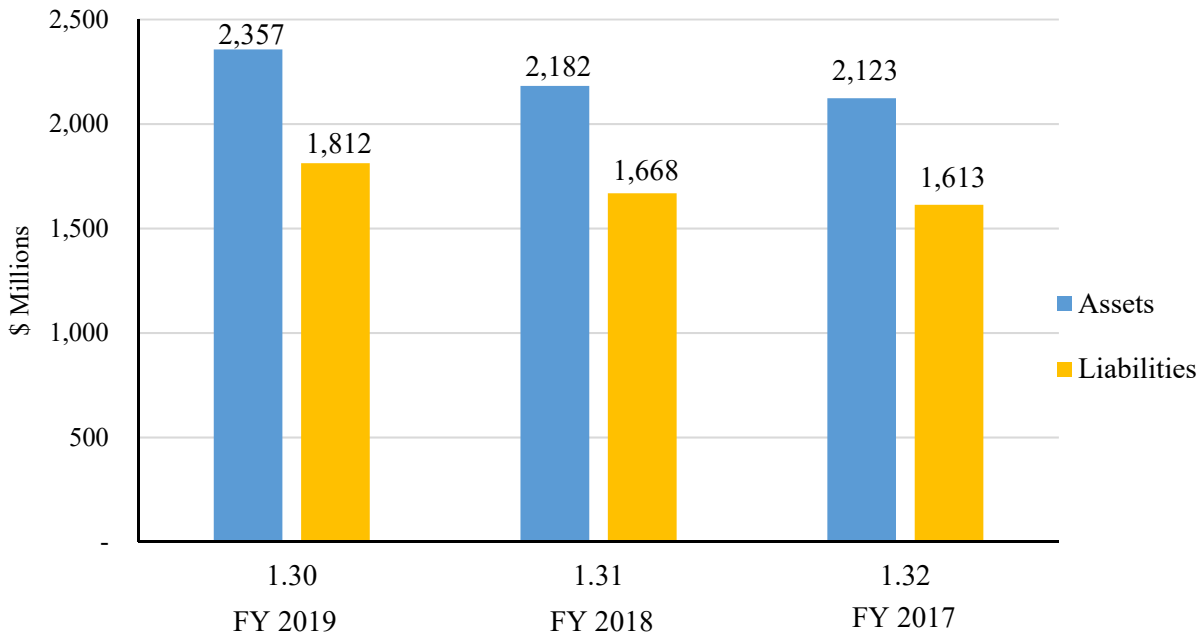
Total cash and investments increased 12.8%, going from \$622.8 million to \$702.4 million. Restricted cash, which accounts for 37.8% of all cash, was the fastest growing component of this total, increasing by \$27.8 million (11.7%).

For fiscal year 2019, total bonds payable increased by \$110.4 million (8.4%) to keep up with the demand for capital financing in the state. Six new bonds were issued, totaling \$235.9 million; two bonds totaling \$14.0 million were refunded; and one bond totaling \$33.4 million was retired with cash.

Undisbursed loan proceeds increased by \$22.8 million (8.5%), also due to the timing of bond issuances near the end of fiscal year 2019. Advanced loan payments rose by \$9.8 million (11.4%) to a total of \$96.2 million as the result of re-financings and payoffs by borrowers.

NMFA’s *assets to liabilities ratio* decreased from 1.31 in fiscal year 2018 to 1.30 in fiscal year 2019. The chart below illustrates the trend over the past three years:

Assets vs. Liabilities



The following table presents in a condensed fashion the Combined Statements of Revenue, Expenses and Changes in Net Position for fiscal year 2019, 2018 and 2017 and the corresponding net dollar amount and percentage changes between fiscal year 2018 and 2019.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

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

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|--|-----------------------|-----------------------|------------------------------|--|-----------------------|
| Operating Revenue | | | | | |
| Interest on loans | \$ 51,584,322 | \$ 52,732,085 | \$ (1,147,763) | (2.2%) | \$ 47,865,124 |
| Administrative fees revenue | 6,396,595 | 5,460,694 | 935,901 | 17.1% | 5,701,200 |
| Interest on investments | 7,919,934 | 2,964,201 | 4,955,733 | 167.2% | 946,513 |
| Total Operating Revenue | 65,900,851 | 61,156,980 | 4,743,871 | 7.8% | 54,512,837 |
| Operating Expenses | | | | | |
| Bond interest expense | 47,690,534 | 45,522,536 | 2,167,998 | 4.8% | 51,088,846 |
| Grants to others | 34,104,721 | 36,143,867 | (2,039,146) | (5.6%) | 51,299,208 |
| Loan financing pass-through | 12,943,547 | 7,059,254 | 5,884,293 | 83.4% | 17,476,331 |
| Salaries and benefits | 4,687,224 | 4,110,925 | 576,299 | 14.0% | 4,463,828 |
| Bond issuance costs | 1,640,333 | 1,971,304 | (330,971) | (16.8%) | 2,847,995 |
| Professional services | 2,635,840 | 2,155,028 | 480,812 | 22.3% | 2,570,063 |
| Other operating costs | 1,071,794 | 1,018,054 | 53,740 | 5.3% | 1,349,403 |
| Provision for loan losses | (849,582) | 534,614 | (1,384,196) | (258.9%) | 458,701 |
| Interest expense | 266,620 | 331,022 | (64,402) | (19.5%) | 395,624 |
| Rent and utilities | 364,386 | 393,992 | (29,606) | (7.5%) | 389,092 |
| Depreciation expense | 66,289 | 51,674 | 14,615 | 28.3% | 3,240 |
| Total Operating Expenses | 104,621,706 | 99,292,270 | 5,329,436 | 5.4% | 132,342,331 |
| Net Operating Loss | (38,720,855) | (38,135,290) | (585,565) | 1.5% | (77,829,494) |
| Non-operating Revenue (Expenses) | | | | | |
| Appropriation revenue | 42,953,352 | 36,463,733 | 6,489,619 | 17.8% | 34,578,969 |
| Grant revenue and transfers from State | 31,453,528 | 40,589,738 | (9,136,210) | (22.5%) | 53,454,414 |
| Transfers to State and intra-fund | (4,398,004) | (34,329,468) | 29,931,464 | (87.2%) | (10,406,942) |
| Net Non-operating Revenue | 70,008,876 | 42,724,003 | 27,284,873 | 63.9% | 77,626,441 |
| Increase (Decrease) in Net Position | 31,288,021 | 4,588,713 | 26,699,308 | 581.8% | (203,053) |
| Net position, beginning of year | 510,028,025 | 505,439,312 | 4,588,713 | 0.9% | 505,642,365 |
| Net Position, End of Year | \$ 541,316,046 | \$ 510,028,025 | \$ 31,288,021 | 6.1% | \$ 505,439,312 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Operating revenue increased \$4.7 million (7.8%) in fiscal year 2019. Interest on loans decreased by \$1.1 million (-2.2%), and interest on investments increased by \$4.96 million (167.2%).

Net non-operating revenue increased \$27.3 million (63.9%) and went from \$42.7 million to \$70.0 million. Grant revenue and transfers from the State decreased \$9.1 million, primarily in the PPRF program. A decrease of \$29.9 million in transfers to the State represents the biggest change from fiscal year 2018 to fiscal year 2019.

Total operating expenses increased \$5.3 million (5.4%) from \$99.3 million to \$104.6 million. A \$5.9 million increase in loan financing pass-through of premiums paid by bond holders was the biggest factor driving this result.

A \$4.7 million increase in operating revenue, combined with a \$1.4 million decrease in the provision for loan losses and a \$2.0 million decrease in grants to others, counteracted the overall increase in operating expenses enough to produce a net operating loss that increased only \$0.6 million (1.5%) over the same result in fiscal year 2018.

Net cash flow rose \$32.6 million (12.5%) from where it stood at June 30, 2018. This is \$12.7 million (64.0%) more than last year's result. See the Condensed Cash Flow Statements for NMFA Combined on the following page. Fiscal year 2019's increase occurred because cash provided by noncapital financing activities surpassed the \$34.6 million and \$39.5 million used by NMFA's operating and investing activities, respectively. A significantly lower (\$134.0 million) outflow in cash to refund outstanding bonds was the main driver behind the \$106.7 million infusion of cash from non-capital financing activities. A significantly lower (\$29.9 million) transfer of Governmental Gross Receipts Tax (GGRT) from the PPRF to the State General Fund was another major contributor to the improvement in cash flow.

In NMFA's operating activities, a \$78.7 million increase in loans funded (35.3%) was the main reason cash went from positive \$6.6 million to negative \$34.6 million. In its financing activities, NMFA experienced a \$121.2 million increase in net inflow of cash, primarily due to reduced debt service on bonds resulting from bond refunding and payoffs. In fiscal year 2019 investing activities, NMFA had a \$39.5 million net outflow of cash due to repositioning of investments, including the net purchase of \$47.0 million in investments. In fiscal year 2018, sales of investments exceeded purchases, which produced a net \$27.7 million in positive cash flow from investing activities.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Condensed Cash Flow Statements – NMFA Combined

| | 2019 | 2018 | Percentage Increase / (Decrease) | 2017 |
|---|----------------------|----------------------|--|----------------------|
| Cash Flows from Operating Activities | | | | |
| Cash paid for employee services | \$ (4,039,520) | \$ (4,186,997) | (3.5%) | \$ (3,748,240) |
| Cash paid to vendors for services | (4,488,425) | (4,028,326) | 11.4% | (4,000,907) |
| Loan payments received | 241,029,675 | 205,957,418 | 17.0% | 202,654,868 |
| Loans funded | (301,762,442) | (223,086,829) | 35.3% | (247,161,099) |
| Grants to local governments | (34,104,721) | (36,143,867) | (5.6%) | (51,299,208) |
| Cash received from Federal capitalization grant | 11,588,018 | 14,138,074 | (18.0%) | 8,511,355 |
| Interest on loans | 50,625,951 | 50,150,905 | 0.9% | 50,999,298 |
| Administrative fees received | 6,505,249 | 3,800,234 | 71.2% | 5,701,200 |
| Net Cash (Used) Provided by Operating Activities | (34,646,215) | 6,600,612 | (624.9%) | (38,342,733) |
| Cash Flows from Non-capital Financing Activities | | | | |
| Appropriations from the State | 43,653,352 | 36,463,733 | 19.7% | 34,578,969 |
| Cash transfers from the State | 19,865,510 | 26,451,664 | (24.9%) | 44,943,059 |
| Cash transfers to the State | (4,398,004) | (34,329,468) | (87.2%) | (10,406,942) |
| Proceeds from the sale of bonds | 269,452,691 | 305,982,111 | (11.9%) | 407,221,842 |
| Payment of bonds | (150,105,000) | (284,100,000) | (47.2%) | (216,100,000) |
| Bond issuance costs | (1,640,333) | (1,971,304) | (16.8%) | (2,847,995) |
| Bond interest expense paid | (57,138,659) | (55,885,612) | 2.2% | (57,638,425) |
| Proceeds from line of credit | 34,500,000 | 26,700,000 | 29.2% | - |
| Payments on line of credit | (34,500,000) | (26,700,000) | 29.2% | - |
| Loan financing pass-through to borrower | (12,943,547) | (7,059,254) | 83.4% | (17,476,331) |
| Net Cash Provided (Used) by Non-capital Financing Activities | 106,746,010 | (14,448,130) | 838.8% | 182,274,177 |
| Cash Flows from Investing Activities | | | | |
| Purchase of investments | (376,144,539) | (355,278,386) | 5.9% | (308,018,209) |
| Sale of investments | 329,099,135 | 379,965,446 | (13.4%) | 253,470,040 |
| Interest received on investments | 7,919,934 | 3,150,546 | 151.4% | 1,547,727 |
| Capital assets | (420,759) | (134,729) | 212.3% | (340,918) |
| Net Cash (Used) Provided by Investing Activities | (39,546,229) | 27,702,877 | (242.8%) | (53,341,360) |
| Net Increase in Cash and Cash Equivalents | 32,553,566 | 19,855,359 | 64.0% | 90,590,084 |
| Cash and cash equivalents, beginning of year | 261,014,562 | 241,159,203 | 8.2% | 150,569,119 |
| Cash and Cash Equivalents, End of Year | \$293,568,128 | \$261,014,562 | 12.5% | \$241,159,203 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Public Project Revolving Fund

NMFA’s largest funds are the Public Project Revolving Fund (PPRF), the Drinking Water State Revolving Loan Fund, the Water Project Fund and the NMFA Operating Fund, in order of size. Together they account for 94.9% of NMFA’s total net position. The PPRF is, however, NMFA’s principal program fund, accounting for nearly half of NMFA’s net position.

PPRF Share of NMFA

| | <u>PPRF</u> | <u>Total NMFA</u> | <u>% PPRF</u> |
|-------------------|-----------------|-------------------|---------------|
| Total Assets | \$2.1 billion | \$2.4 billion | 88.4% |
| Net Position | \$272.8 million | \$541.3 million | 50.4% |
| Operating Revenue | \$57.9 million | \$65.9 million | 87.8% |
| Total Revenue | \$66.5 million | \$135.9 million | 48.9% |

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.

Since the PPRF’s inception in 1993, it has made 1,656 loans totaling \$3.9 billion.

PPRF Project Volume

| | <u>FY 2019</u> | <u>FY 2018</u> | <u>FY 2017</u> | <u>Since Inception</u> |
|----------------------------------|-----------------|-----------------|-----------------|------------------------|
| Amount of projects funded | \$291.8 million | \$252.7 million | \$323.2 million | \$3.9 billion |
| Number of projects funded | 98 | 109 | 96 | 1,656 |
| Refunding loans (included above) | \$42.2 million | \$101.5 million | \$152.3 million | --- |
| Average project size | \$3.0 million | \$2.5 million | \$3.2 million | \$2.4 million |

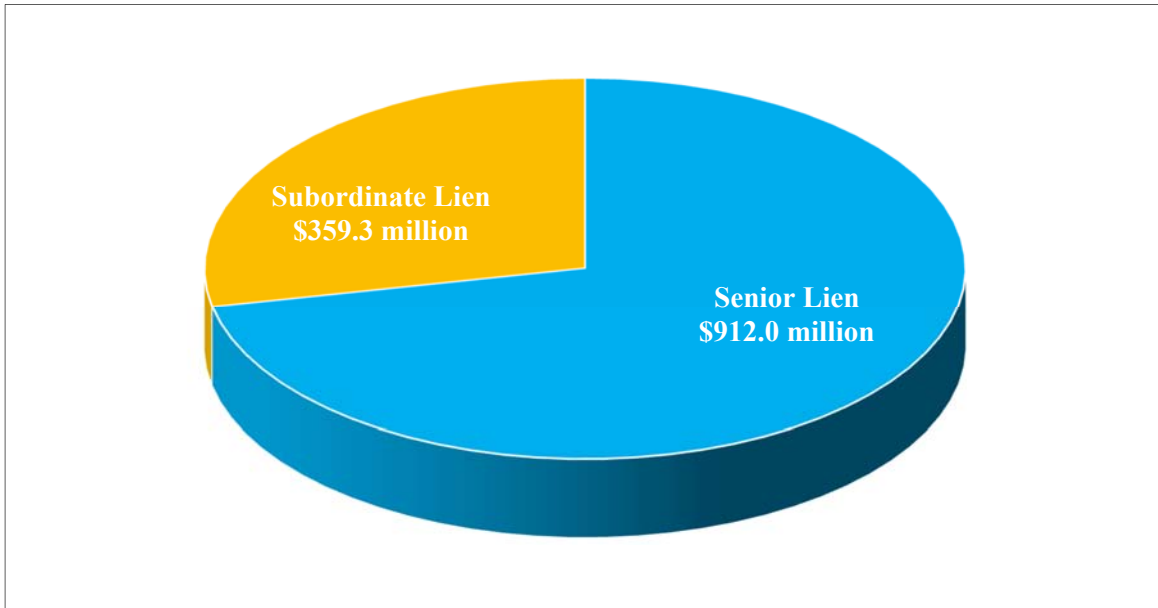
The PPRF makes loans of less than \$10 million from funds on hand. NMFA’s cash is replenished at a later date by “packaging” the loans as collateral to bonds that are sold in the open market. Loans larger than \$10 million are funded through simultaneous closings with a reimbursement bond issue, ensuring a matching of loan and bond interest rates.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
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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.

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of fiscal year 2019, there were 786 active loans totaling \$1.5 billion outstanding. This represents an increase of \$94.5 million (6.7%) from last year. Most (73%) of the revenues from the PPRF loans are pledged to the Senior Lien Indenture, with the balance (27%) pledged to the Subordinate Lien Indenture. In terms of outstanding principal, the Senior Lien Indenture loans comprise 71.7% of the total.

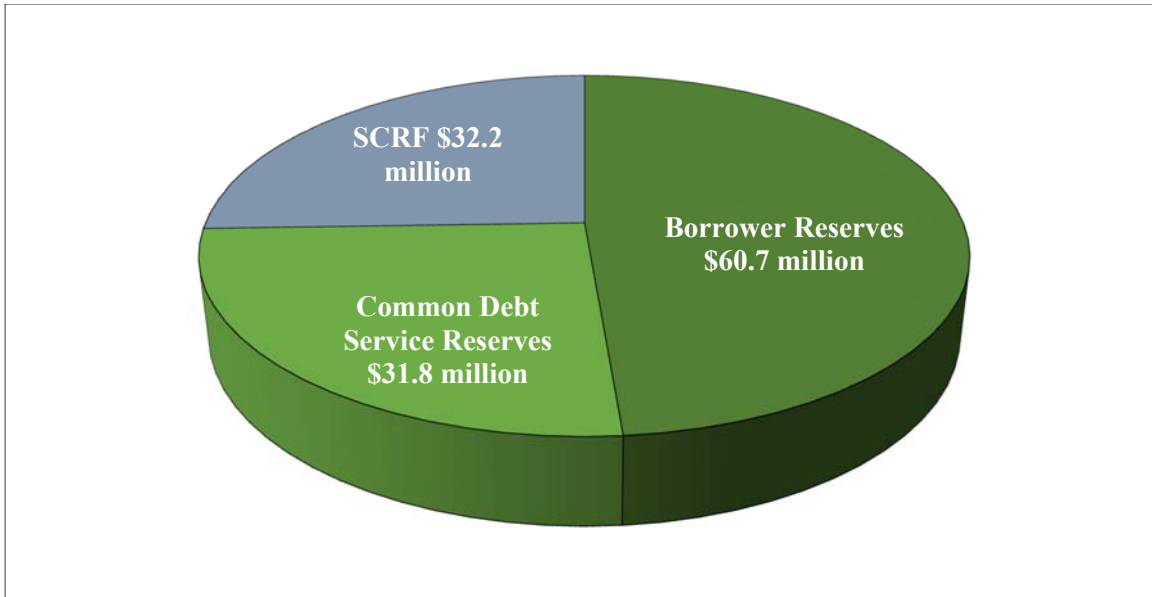
PPRF Outstanding Bond Principal: Senior Lien vs. Subordinate Lien



The Senior Lien has been rated AAA by Standard & Poor’s since April 2011, and they have rated the Subordinate Lien AAA since July 2017. As of May 2019, the Senior Lien is rated Aa1 by Moody’s, and the Subordinate Lien is rated Aa2. In order to maintain these ratings, the PPRF holds reserves and credit enhancements. These include the Common Debt Service Reserve fund, Supplemental Credit Reserve Fund (SCRF), and pooled borrower debt service reserve. 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.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 \$37.2 million in fiscal year 2019, up 21.2% from 2018 due to a one-time correction of \$4.8 million due to a misclassification of taxes by a government entity over the past three years. 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 which 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 2019, the PPRF had net interest income of \$49.96 million, ending up at a net loss of \$9.6 million compared to the net loss of \$3.3 million in fiscal year 2018. This is mostly a result of a combination of higher-interest loans having been issued and callable portions of outstanding bonds having been replaced by lower interest bonds.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Condensed Statements of Net Position – PPRF

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|---|-----------------------|-----------------------|------------------------------|--|-----------------------|
| Assets | | | | | |
| Cash and cash equivalents | | | | | |
| Unrestricted | \$ 3,182,888 | \$ 22,249,978 | \$ (19,067,090) | (85.7%) | \$ 21,954,046 |
| Restricted | 199,840,967 | 183,035,341 | 16,805,626 | 9.2% | 176,563,605 |
| Loans receivable, net of allowance | 1,514,031,160 | 1,419,505,173 | 94,525,987 | 6.7% | 1,358,863,694 |
| Restricted investments | 356,779,792 | 307,908,070 | 48,871,722 | 15.9% | 328,814,510 |
| Due from other funds | - | - | - | 0.0% | (8,288) |
| Other receivables | 9,219,289 | 8,866,238 | 353,051 | 4.0% | 5,236,172 |
| Total Assets | 2,083,054,096 | 1,941,564,800 | 141,489,296 | 7.3% | 1,891,423,739 |
| Deferred Outflows of Resources | | | | | |
| Deferred loss on refunding | 743,687 | 793,710 | (50,023) | (6.3%) | 843,732 |
| Total Deferred Outflows of Resources | 743,687 | 793,710 | (50,023) | (6.3%) | 843,732 |
| Liabilities | | | | | |
| Bonds payable, net | 1,417,299,801 | 1,306,869,907 | 110,429,894 | 8.5% | 1,294,299,183 |
| Undisbursed loan proceeds | 289,941,611 | 267,191,118 | 22,750,493 | 8.5% | 226,538,142 |
| Advanced loan payments | 95,361,060 | 85,618,003 | 9,743,057 | 11.4% | 85,501,207 |
| Due to other funds | 46 | 52 | (6) | (11.5%) | 164,710 |
| Other liabilities | 4,072,142 | 3,960,649 | 111,493 | 2.8% | 3,958,079 |
| Total Liabilities | 1,806,674,660 | 1,663,639,729 | 143,034,931 | 8.6% | 1,610,461,321 |
| Deferred Inflows of Resources | | | | | |
| Deferred gain on refunding | 4,279,845 | 4,971,687 | (691,842) | (13.9%) | 5,663,528 |
| Total Deferred Inflows of Resources | 4,279,845 | 4,971,687 | (691,842) | (13.9%) | 5,663,528 |
| Net Position | | | | | |
| Restricted for program commitments | 269,660,436 | 252,098,185 | 17,562,251 | 7.0% | 254,222,697 |
| Unrestricted | 3,182,842 | 21,648,909 | (18,466,067) | 85.3% | 21,919,925 |
| Total Net Position | \$ 272,843,278 | \$ 273,747,094 | \$ (903,816) | (0.3%) | \$ 276,142,622 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

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

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|---|-----------------------|-----------------------|------------------------------|--|-----------------------|
| Operating Revenue | | | | | |
| Interest on loans | \$ 49,959,774 | \$ 51,079,532 | \$(1,119,758) | (2.2%) | \$ 46,217,201 |
| Administrative fees revenue | 2,832,905 | 3,382,652 | (549,747) | (16.3%) | 1,826,521 |
| Interest on investments | 5,067,487 | 2,032,165 | 3,035,322 | 149.4% | 347,454 |
| Total Operating Revenue | 57,860,166 | 56,494,349 | 1,365,817 | 2.4% | 48,391,176 |
| Operating Expenses | | | | | |
| Bond interest expense | 47,690,534 | 45,522,536 | 2,167,998 | 4.8% | 51,090,816 |
| Grants to others | - | - | - | 0.0% | 250,000 |
| Loan financing pass-through | 12,943,547 | 7,059,254 | 5,884,293 | 83.4% | 17,476,331 |
| Salaries and benefits | 2,772,036 | 2,547,977 | 224,059 | 8.8% | 2,633,494 |
| Bond issuance costs | 1,640,333 | 1,971,304 | (330,971) | (16.8%) | 2,847,410 |
| Professional services | 1,541,623 | 1,490,006 | 51,617 | 3.5% | 1,568,144 |
| Other operating costs | 640,029 | 506,587 | 133,442 | 26.3% | 823,378 |
| Provision for loan losses | (291,231) | 190,138 | (481,369) | (253.2%) | 120,313 |
| Interest expense | 266,620 | 331,022 | (64,402) | (19.5%) | 395,624 |
| Rent and utilities | 210,725 | 207,536 | 3,189 | 1.5% | (12,925) |
| Total Operating Expenses | 67,414,216 | 59,826,360 | 7,587,856 | 12.7% | 77,192,585 |
| Net Operating Loss | (9,554,050) | (3,332,011) | (6,222,039) | 186.7% | (28,801,409) |
| Non-operating Revenue (Expenses) | | | | | |
| Appropriation revenue | 37,153,352 | 30,663,733 | 6,489,619 | 21.2% | 29,540,672 |
| Transfers to State and intra-fund | (28,503,118) | (29,727,250) | 1,224,132 | (4.1%) | (7,616,133) |
| Net Non-operating Revenue | 8,650,234 | 936,483 | 7,713,751 | 823.7% | 21,924,539 |
| Decrease in Net Position | (903,816) | (2,395,528) | 1,491,712 | (62.3%) | (6,876,870) |
| Net position, beginning of year | 273,747,094 | 276,142,622 | (2,395,528) | (0.9%) | 283,019,492 |
| Net Position, End of Year | \$ 272,843,278 | \$ 273,747,094 | \$ (903,816) | (0.3%) | \$ 276,142,622 |

NEW MEXICO FINANCE AUTHORITY
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NMFA's long-term debt consists entirely of bond issues related to the PPRF program. At the end of fiscal year 2019, the total PPRF bond principal outstanding was \$1.4 billion. In addition, \$988 million of GRIP bonds administered for the New Mexico Department of Transportation (NMDOT) were outstanding (which 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 2019, NMFA issued \$235.9 million in PPRF bonds, which were used to directly fund loans, to reimburse the PPRF loan fund for loans already made, and to pay off a \$34.5 million line of credit draw taken out in October.

Condensed Cash Flow Statements – PPRF

| | 2019 | 2018 | Percentage Increase / (Decrease) | 2017 |
|--|-----------------------|-----------------------|--|-----------------------|
| Net Cash (Used) Provided by Operating Activities | \$ (14,732,605) | \$ 26,982,822 | (154.6%) | \$ 9,266,595 |
| Net Cash Provided (Used) by Non-capital Financing Activities | 56,275,376 | (44,393,772) | 226.8% | 140,717,941 |
| Net Cash (Used) Provided by Investing Activities | (43,804,235) | 24,178,617 | (281.2%) | (47,939,179) |
| Net (Decrease) Increase in Cash and Cash Equivalents | (2,261,464) | 6,767,667 | (133.4%) | 102,045,357 |
| Cash and cash equivalents, beginning of year | 205,285,319 | 198,517,652 | 3.4% | 96,472,295 |
| Cash and Cash Equivalents, End of Year | \$ 203,023,855 | \$ 205,285,319 | (1.1%) | \$ 198,517,652 |

NEW MEXICO FINANCE AUTHORITY
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Drinking Water State Revolving Loan Fund

The Drinking Water State Revolving Loan Fund (DWSRLF), established in 1998 through the Drinking Water State Revolving Loan Fund Act (Section 6-21A-1 et seq. NMSA 1978), provides funds for drinking water projects and is capitalized by Federal grants, State match and loan repayments. The loans are low-cost and in certain cases may contain principal forgiveness up to 75%. NMFA partners with the New Mexico Environment Department (NMED) to administer the program. NMED publishes a Fundable Priority List, and the NMFA accepts applications from the list, which are then underwritten. The projects are financed in the order of priority until all available funds are used. The NMED Construction Programs Bureau provides engineering and construction oversight services required under the program. The State match to the Environmental Protection Agency (EPA) capitalization grant is funded by periodic appropriations made by the Legislature from the PPRF. As of June 30, 2019, NMFA was servicing 96 DWSRLF projects totaling \$88.3 million.

The DWSRLF is the second largest fund NMFA operates in terms of net position, total revenues and cash balances. At the end of fiscal year 2019, the net position for this fund rose to \$163.3 million, after total revenues of \$17.0 million exceeded total expenses of \$8.0 million by \$9.0 million. The DWSRLF's cash balance, which is entirely restricted for use within the program, rose \$13.5 million (50%) over the course of the year and stood at \$40.6 million at the end of fiscal year 2019.

The DWSRLF's \$88.3 million loans receivable portfolio represents its principal asset. Cash and restricted investments (\$40.6 million and \$37.7 million, respectively) are its second and third biggest assets. Like its cash, all of the DWSRLF's receivables and investments are restricted for program use. See the Condensed Statements of Net Position for the DWSRLF below.

Most (78.7%) of the revenue received by this fund came in the form of non-operating income. \$11.6 million of it arrived as Federal grant revenue passed through to the borrowers' loans during the construction phase of their projects. The remaining \$1.8 million of this income stream arrived as the State's annual program match, which comes through as an appropriation from PPRF. Similarly, the biggest expense in this fund is grants to others. This line item totaled \$7.6 million in fiscal year 2019. See the Condensed Statements of Revenue, Expenses and Changes in Net Position for the DWSRLF below.

The cash flows reflect how DWSRLF operates under the Federal program restrictions. Outflows seldom exceed inflows. Operating expenses are reimbursed to the NMFA Operating Fund from cash received for administrative and cost of issuance fees and interest earned on investments. All disbursements to borrowers for their construction projects, which equal the grant and loan principal, are made from cash requisitioned and received from the Federal grant program and the State's match, which is transferred into the fund at the start of fiscal year 2019. As a result, cash flows from all of its activities were positive: \$4.3 million in operations, \$2.5 million in financing, and \$6.7 million in investing. See the Condensed Cash Flow Statements for the DWSRLF below.

NEW MEXICO FINANCE AUTHORITY
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Condensed Statements of Net Position – DWSRLF

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|------------------------------------|-----------------------|-----------------------|------------------------------|--|-----------------------|
| Assets | | | | | |
| Cash and cash equivalents | | | | | |
| Restricted | \$ 40,616,997 | \$ 27,077,564 | \$ 13,539,433 | 50.0% | \$ 16,909,442 |
| Loans receivable, net of allowance | 88,317,081 | 87,250,756 | 1,066,325 | 1.2% | 86,555,640 |
| Restricted investments | 37,683,073 | 42,427,989 | (4,744,916) | (11.2%) | 43,941,470 |
| Other receivables | 346,555 | 311,359 | 35,196 | 11.3% | 216,466 |
| Total Assets | 166,963,706 | 157,067,668 | 9,896,038 | 6.3% | 147,623,018 |
| Liabilities | | | | | |
| Advanced loan payments | 824,887 | 751,682 | 73,205 | 9.7% | 790,788 |
| Due to other funds | 368,099 | 297,687 | 70,412 | 23.7% | 322,101 |
| Other liabilities | 2,510,238 | 1,803,743 | 706,495 | 39.2% | - |
| Total Liabilities | 3,703,224 | 2,853,112 | 850,112 | 29.8% | 1,112,889 |
| Net Position | | | | | |
| Restricted for program commitments | 163,628,581 | 154,512,243 | 9,116,338 | 5.9% | 146,832,230 |
| Unrestricted | (368,099) | (297,687) | (70,412) | 23.7% | (322,101) |
| Total Net Position | \$ 163,260,482 | \$ 154,214,556 | \$ 9,045,926 | 5.9% | \$ 146,510,129 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Condensed Statements of Revenue, Expenses & Changes in Net Position – DWSRLF

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|---|-----------------------|-----------------------|------------------------------|--|-----------------------|
| Operating Revenue | | | | | |
| Interest on loans | \$ 1,419,195 | \$ 1,442,318 | \$ (23,123) | (1.6%) | \$ 1,345,594 |
| Administrative fees revenue | 265,469 | 318,900 | (53,431) | (16.8%) | 203,999 |
| Interest on investments | 1,948,153 | 580,754 | 1,367,399 | 235.5% | 326,404 |
| Total Operating Revenue | 3,632,817 | 2,341,972 | 1,290,845 | 55.1% | 1,875,997 |
| Operating Expenses | | | | | |
| Grants to others | 7,633,385 | 10,384,187 | (2,750,802) | (26.5%) | 5,155,506 |
| Salaries and benefits | 183,410 | 111,473 | 71,937 | 64.5% | 54,000 |
| Professional services | 69,239 | 3,430 | 65,809 | 1918.6% | 98,662 |
| Other operating costs | 62,452 | 39,321 | 23,131 | 58.8% | 61,687 |
| Rent and utilities | 26,423 | 37,208 | (10,785) | (29.0%) | 29,972 |
| Total Operating Expenses | 7,974,909 | 10,575,619 | (2,600,710) | (24.6%) | 5,399,827 |
| Net Operating Loss | (4,342,092) | (8,233,647) | 3,891,555 | (47.3%) | (3,523,830) |
| Non-operating Revenue (Expenses) | | | | | |
| Appropriation revenue | 1,800,000 | 1,800,000 | - | 0.0% | - |
| Grant revenue and transfers from State | 11,588,018 | 14,138,074 | (2,550,056) | (18.0%) | 8,511,355 |
| Transfers to State and intra-fund | - | - | - | 0.0% | 1,800,000 |
| Net Non-operating Revenue | 13,388,018 | 15,938,074 | (2,550,056) | (16.0%) | 10,311,355 |
| Increase in Net Position | 9,045,926 | 7,704,427 | 1,341,499 | 17.4% | 6,787,525 |
| Net position, beginning of year | 154,214,556 | 146,510,129 | 7,704,427 | 5.3% | 139,722,604 |
| Net Position, End of Year | \$ 163,260,482 | \$ 154,214,556 | \$ 9,045,926 | 5.9% | \$ 146,510,129 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Condensed Cash Flow Statements – DWSRLF

| | 2019 | 2018 | Percentage Increase / (Decrease) | 2017 |
|---|-----------------------------|-----------------------------|--|-----------------------------|
| Net Cash Provided by Operating Activities | <u>\$ 4,346,364</u> | <u>\$ 4,473,887</u> | (2.9%) | <u>\$ 4,573,657</u> |
| Net Cash Provided by Non-capital Financing Activities | <u>2,500,000</u> | <u>3,600,000</u> | (30.6%) | <u>1,800,000</u> |
| Net Cash Provided (Used) by Investing Activities | <u>6,693,069</u> | <u>2,094,235</u> | 219.6% | <u>(4,475,825)</u> |
| Net Increase in Cash and Cash Equivalents | <u>13,539,433</u> | <u>10,168,122</u> | 33.2% | <u>1,897,832</u> |
| Cash and cash equivalents, beginning of year | <u>27,077,564</u> | <u>16,909,442</u> | 60.1% | <u>15,011,610</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 40,616,997</u></u> | <u><u>\$ 27,077,564</u></u> | 50.0% | <u><u>\$ 16,909,442</u></u> |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Water Project Fund

The Water Project Fund (WPF), established in 2002 through the Water Project Finance Act (Section 72-4A-1 et seq., NMSA 1978), provides grants and low-cost loans for five types of water projects. NMFA partners with the NMED and the Water Trust Board in administering this program. The Water Trust Board, a 16-member board authorized by the Legislature, relies upon evaluations of a multi-agency technical team to prioritize applications and determine readiness, following which grants and loans are recommended to NMFA for underwriting and approval. The WPF is capitalized by an annual distribution from the Water Trust Fund and a percentage of Senior Severance Tax Bonds. As of June 30, 2019, the NMFA was servicing 193 WPF projects totaling \$30.6 million.

With a total net position of \$49.3 million, total revenue of \$14.3 million and a cash balance (restricted) of \$9.5 million, the WPF is NMFA's third largest fund. See the Condensed Statements of Net Position for the WPF below.

Net position decreased by \$1.8 million (3.6%), as total expenditures exceeded revenue by that amount in fiscal year 2019. Grants to others make up almost all of the WPF's expenses. In fiscal year 2019, this expense item made up \$15.3 million (94.9%) of the total program expenses of \$16.1 million. This level represents about half the level normally achieved in recent years. The low mark corresponds to an even more pronounced low mark of \$9.7 million in transfers from the State.

Grant revenue, which is recognized as the State approves NMFA's requisitions for projects financed through this program, totaled \$9.7 million and \$11.4 million in fiscal year 2019 and 2018, respectively. The main drivers behind this drop in revenue and the grants underwritten by it were a cut in State funding for this program effective fiscal year 2018 and a slow-down in construction as a result of, among other things, an increase in material costs due to higher import tariffs. See the Condensed Statements of Revenue, Expenses and Changes in Net Position for the WPF below.

Cash flows over the course of the year reflect the same general pattern as net revenues. Operating activities produced an outflow of \$14.9 million after grants and operating expenditures are netted against loan payments of \$2.0 million, the only inflow of operating cash. This exceeded the net inflow of cash from financing activities of \$13.7 million, which consisted entirely of appropriations and transfers from the State. The net sale of investments (\$2.2 million) and interest earned on investments (\$0.5 million) made up the difference and generated a net cash flow increase of \$1.5 million in fiscal year 2019 over fiscal year 2018. See the Condensed Cash Flow Statements for the WPF below.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Condensed Statements of Net Position – WPF

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|------------------------------------|----------------------|---------------|------------------------------|--|---------------|
| Assets | | | | | |
| Cash and cash equivalents | | | | | |
| Restricted | \$ 9,486,839 | \$ 7,957,980 | \$ 1,528,859 | 19.2% | \$ 7,982,147 |
| Loans receivable, net of allowance | 30,579,993 | 31,675,492 | (1,095,499) | (3.5%) | 31,778,266 |
| Restricted investments | 9,175,645 | 11,422,920 | (2,247,275) | (19.7%) | 5,781,772 |
| Grants and other receivables | 8,041 | 9,725 | (1,684) | (17.3%) | 10,789 |
| Total Assets | 49,250,518 | 51,066,117 | (1,815,599) | (3.6%) | 45,552,974 |
| Net Position | | | | | |
| Restricted for program commitments | 49,250,518 | 51,066,117 | (1,815,599) | (3.6%) | 45,552,974 |
| Total Net Position | \$ 49,250,518 | \$ 51,066,117 | \$ (1,815,599) | (3.6%) | \$ 45,552,974 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

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

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|--|----------------------|----------------------|------------------------------|--|----------------------|
| Operating Revenue | | | | | |
| Administrative fees revenue | \$ 64,803 | \$ 91,881 | \$ (27,078) | (29.5%) | \$ 97,536 |
| Interest on investments | 540,770 | 167,479 | 373,291 | 222.9% | 135,047 |
| Total Operating Revenue | 605,573 | 259,360 | 346,213 | 133.5% | 232,583 |
| Operating Expenses | | | | | |
| Grants to others | 15,285,528 | 9,369,941 | 5,915,587 | 63.1% | 31,127,259 |
| Salaries and benefits | 446,081 | 479,892 | (33,811) | (7.0%) | 501,741 |
| Professional services | 273,593 | 177,873 | 95,720 | 53.8% | 475,687 |
| Other operating costs | 67,527 | 67,266 | 261 | 0.4% | 77,890 |
| Rent and utilities | 34,293 | 40,960 | (6,667) | (16.3%) | 41,063 |
| Total Operating Expenses | 16,107,022 | 10,135,932 | 5,971,090 | 58.9% | 32,223,640 |
| Net Operating Loss | (15,501,449) | (9,876,572) | (5,624,877) | 57.0% | (31,991,057) |
| Non-operating Revenue (Expenses) | | | | | |
| Appropriation revenue | 4,000,000 | 4,000,000 | - | 0.0% | 4,000,000 |
| Grant revenue and transfers from State | 9,685,850 | 11,389,715 | (1,703,865) | (15.0%) | 30,527,900 |
| Net Non-operating Revenue | 13,685,850 | 15,389,715 | (1,703,865) | (11.1%) | 34,527,900 |
| (Decrease) Increase in Net Position | (1,815,599) | 5,513,143 | (7,328,742) | (132.9%) | 2,536,843 |
| Net position, beginning of year | 51,066,117 | 45,552,974 | 5,513,143 | 12.1% | 43,016,131 |
| Net Position, End of Year | \$ 49,250,518 | \$ 51,066,117 | \$ (1,815,599) | (3.6%) | \$ 45,552,974 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Condensed Cash Flow Statements – WPF

| | 2019 | 2018 | Percentage Increase / (Decrease) | 2017 |
|---|----------------------------|----------------------------|---|----------------------------|
| Net Cash Used by Operating Activities | <u>\$ (14,945,036)</u> | <u>\$ (10,706,202)</u> | (39.6%) | <u>\$ (37,606,394)</u> |
| Net Cash Provided by Non-capital Financing Activities | <u>13,685,850</u> | <u>16,155,705</u> | (15.3%) | <u>34,527,900</u> |
| Net Cash Provided (Used) by Investing Activities | <u>2,788,045</u> | <u>(5,473,670)</u> | 150.9% | <u>(387,598)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>1,528,859</u> | <u>(24,167)</u> | 6426.2% | <u>(3,466,092)</u> |
| Cash and cash equivalents, beginning of year | <u>7,957,980</u> | <u>7,982,147</u> | (0.3%) | <u>11,448,239</u> |
| Cash and Cash Equivalents, End of Year | <u><u>\$ 9,486,839</u></u> | <u><u>\$ 7,957,980</u></u> | 19.2% | <u><u>\$ 7,982,147</u></u> |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

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.

This is the first time the Operating Fund appears in NMFA's financial statements as a separate fund. Previously it was embedded in the PPRF and accounted for in a sub-ledger of the General Ledger as unrestricted cash and in another sub-ledger as the sum of intra-program due-to and due-from eliminations. 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. Until now, unrestricted cash flowing primarily from ongoing administrative fees and one-time origination/ processing fees charged by the PPRF and the private lending programs were carried as an accumulated cash balance in the PPRF. When the other programs needed cash to cover their operations in the short term, they borrowed from this balance, with the payable credited as *Due to Other Funds* and a receivable debited to the PPRF as *Due from Other Funds*.

Management decided to present the Operating Fund distinctly alongside all the other funds to give greater transparency to the accumulated cash balances generated by its operations and to account for intra-fund borrowing more efficiently.

Total fund balance (net position) in the Operating Fund at the end of fiscal year 2019 stood at \$28.5 million. Almost all of it, \$24.9 million, was unrestricted cash. The remainder was either capital assets or cash in the other funds that at year end could not be transferred to the Operating Fund. Due from other funds was \$3.4 million at June 30, 2019, as other funds had to tap the cash in this fund to make up liquidity shortfalls. See the Condensed Statements of Net Position for the Operating Fund below.

Net position increased by \$21.4 million (303.3%), the largest factor of which was the transfer of unrestricted cash from PPRF to the Operating Fund. The operating expenses for the Operating Fund are solely the expenses that the other funds did not have enough liquidity to cover by year end. See the Condensed Statements of Revenue, Expenses and Changes in Net Position below.

The Operating Fund saw a significant increase in net cash flow, \$23.9 million, primarily from non-capital financing activities. The only negative cash flow was the expense for investing activities, specifically cash paid for capital assets. The net effect was an increase in the cash balance from \$1.0 million to \$24.9 million. See the Condensed Cash Flow Statements for the Operating Fund below.

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Condensed Statements of Net Position – Operating Fund

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|---|----------------------|---------------------|------------------------------|--|---------------------|
| Assets | | | | | |
| Cash and cash equivalents | | | | | |
| Unrestricted | \$ 24,874,977 | \$ 1,021,895 | \$ 23,853,082 | 2334.2% | \$ 807,465 |
| Restricted | 410 | 410 | - | 0.0% | 410 |
| Due from other funds | 3,429,405 | 5,921,558 | (2,492,153) | (42.1%) | 4,980,085 |
| Other receivables | 151,479 | 537,408 | (385,929) | (71.8%) | 126,964 |
| Capital assets, net of accumulated depreciati | 1,054,119 | 699,649 | 354,470 | 50.7% | 616,594 |
| Other assets | 162,281 | 19,500 | 142,781 | 732.2% | 19,500 |
| Total Assets | 29,672,671 | 8,200,420 | 21,472,251 | 261.8% | 6,551,018 |
| Liabilities | | | | | |
| Accounts payable, accrued payroll and compensated absences | 1,078,007 | 1,008,803 | 69,204 | 6.9% | 780,032 |
| Other liabilities | 124,208 | 131,945 | (7,737) | (5.9%) | 450,737 |
| Total Liabilities | 1,202,215 | 1,140,748 | 61,467 | 5.4% | 1,230,769 |
| Net Position | | | | | |
| Net investment in capital assets | 1,054,119 | 699,649 | 354,470 | 50.7% | 616,594 |
| Restricted for program commitments | 2,541,369 | 5,338,137 | (2,796,768) | (52.4%) | 3,985,911 |
| Unrestricted | 24,874,968 | 1,021,886 | 23,853,082 | 2334.2% | 717,744 |
| Total Net Position | \$ 28,470,456 | \$ 7,059,672 | \$ 21,410,784 | 303.3% | \$ 5,320,249 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

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

| | 2019 | 2018 | Net Increase / (Decrease) | Percentage Increase / (Decrease) | 2017 |
|-----------------------------------|----------------------|---------------------|------------------------------|--|---------------------|
| Operating Revenue | | | | | |
| Administrative fees revenue | \$ 260,561 | \$ 310,409 | \$ (49,848) | (16.1%) | \$ 1,507,226 |
| Interest on investments | 46,944 | 2,482 | 44,462 | 1791.4% | 834 |
| Total Operating Revenue | 307,505 | 312,891 | (5,386) | (1.7%) | 1,508,060 |
| Operating Expenses | | | | | |
| Salaries and benefits | 163,251 | (159,648) | 322,899 | 202.3% | 153,971 |
| Bond issuance costs | - | - | - | 0.0% | 585 |
| Professional services | 86,266 | 79,422 | 6,844 | 108.6% | 102,183 |
| Other operating costs | 41,123 | 55,328 | (14,205) | (25.7%) | 78,737 |
| Rent and utilities | 9,413 | 14,442 | (5,029) | (34.8%) | 12,925 |
| Depreciation expense | 66,289 | 51,674 | 14,615 | 28.3% | 3,240 |
| Total Operating Expenses | 366,342 | 41,218 | 325,124 | 788.8% | 351,641 |
| Net Operating Gain (Loss) | (58,837) | 271,673 | (330,510) | (121.7%) | 1,156,419 |
| Non-operating Revenue | | | | | |
| Transfers to State and intra-fund | 21,469,621 | 1,467,750 | 20,001,871 | 1362.8% | (7,533,340) |
| Net Non-operating Revenue | 21,469,621 | 1,739,423 | 19,730,198 | 1134.3% | (7,533,340) |
| Increase in Net Position | 21,410,784 | 1,739,423 | 19,671,361 | 1130.9% | (6,376,921) |
| Net position, beginning of year | 7,059,672 | 5,320,249 | 1,739,423 | 32.7% | 11,697,170 |
| Net Position, End of Year | \$ 28,470,456 | \$ 7,059,672 | \$ 21,410,784 | 303.3% | \$ 5,320,249 |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

Condensed Cash Flow Statements – Operating Fund

| | 2019 | 2018 | Percentage Increase / (Decrease) | 2017 |
|---|-----------------------------|----------------------------|---|--------------------------|
| Net Cash Provided (Used) by Operating Activities | <u>\$ 2,757,276</u> | <u>\$ (1,121,073)</u> | 345.9% | <u>\$ 1,283,973</u> |
| Net Cash Provided (Used) by Non-capital Financing Activ | <u>21,469,621</u> | <u>1,467,750</u> | 1362.8% | <u>(11,908,142)</u> |
| Net Cash Used by Investing Activities | <u>(373,815)</u> | <u>(132,247)</u> | 182.7% | <u>(265,132)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>23,853,082</u> | <u>214,430</u> | 11023.9% | <u>(10,889,301)</u> |
| Cash and cash equivalents, beginning of year | <u>1,022,305</u> | <u>807,875</u> | 26.5% | <u>11,697,176</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 24,875,387</u> | <u>\$ 1,022,305</u> | 2333.3% | <u>\$ 807,875</u> |

NEW MEXICO FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019 AND 2018

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.nmfa.net and on NMFA's PPRF investor relations website at www.nmbondfinance.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
Statements of Net Position
June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | | |
| Unrestricted cash | \$ 28,057,865 | \$ 23,271,873 |
| Restricted cash | 265,510,263 | 237,742,689 |
| Interest receivable | 8,643,830 | 7,952,079 |
| Grants and other receivables | 21,293 | 358,508 |
| Prepaid expenses | 162,281 | 19,500 |
| Administrative fees receivable | 2,041,713 | 2,106,456 |
| Loans receivable, net of allowance | 164,921,253 | 148,575,374 |
| Total Current Assets | <u>469,358,498</u> | <u>420,026,479</u> |
| Non-current Assets | | |
| Restricted investments | 408,804,383 | 361,758,979 |
| Loans receivable, net of allowance | 1,477,364,288 | 1,399,561,290 |
| Capital assets, net of accumulated depreciation | 1,054,119 | 699,649 |
| Total Assets | <u>2,356,581,288</u> | <u>2,182,046,397</u> |
| Deferred Outflows of Resources | | |
| Deferred loss on refunding | 743,687 | 793,710 |
| Total Deferred Outflows of Resources | <u>743,687</u> | <u>793,710</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | 406,729 | 353,917 |
| Accrued payroll | 209,802 | 233,251 |
| Compensated absences | 461,476 | 421,635 |
| Bond interest payable | 4,072,142 | 3,960,649 |
| Undisbursed loan proceeds | 289,941,611 | 267,191,118 |
| Advanced loan payments | 96,202,732 | 86,386,698 |
| Bonds payable, net | 117,215,000 | 101,240,000 |
| Other liabilities | 3,134,791 | 2,423,220 |
| Total Current Liabilities | <u>511,644,283</u> | <u>462,210,488</u> |
| Non-current Liabilities | | |
| Bonds payable, net | 1,300,084,801 | 1,205,629,907 |
| Total Liabilities | <u>1,811,729,084</u> | <u>1,667,840,395</u> |
| Deferred Inflows of Resources | | |
| Deferred gain on refunding | 4,279,845 | 4,971,687 |
| Total Deferred Inflows of Resources | <u>4,279,845</u> | <u>4,971,687</u> |
| Net Position | | |
| Net investment in capital assets | 1,054,119 | 699,649 |
| Restricted for program commitments | 515,633,477 | 492,583,687 |
| Unrestricted | 24,628,450 | 16,744,689 |
| Total Net Position | <u>\$ 541,316,046</u> | <u>\$ 510,028,025</u> |

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended June 30

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Operating Revenue | | |
| Interest on loans | \$ 51,584,322 | \$ 52,732,085 |
| Administrative fees revenue | 6,396,595 | 5,460,694 |
| Interest on investments | 7,919,934 | 2,964,201 |
| Total Operating Revenue | 65,900,851 | 61,156,980 |
| Operating Expenses | | |
| Bond interest expense | 47,690,534 | 45,522,536 |
| Grants to others | 34,104,721 | 36,143,867 |
| Loan financing pass-through | 12,943,547 | 7,059,254 |
| Salaries and benefits | 4,687,224 | 4,110,925 |
| Bond issuance costs | 1,640,333 | 1,971,304 |
| Professional services | 2,635,840 | 2,155,028 |
| Other operating costs | 1,071,794 | 1,018,054 |
| Provision for loan losses | (849,582) | 534,614 |
| Interest expense | 266,620 | 331,022 |
| Rent and utilities | 364,386 | 393,992 |
| Depreciation expense | 66,289 | 51,674 |
| Total Operating Expenses | 104,621,706 | 99,292,270 |
| Net Operating Loss | (38,720,855) | (38,135,290) |
| Non-operating Revenue (Expenses) | | |
| Appropriation revenue | 42,953,352 | 36,463,733 |
| Federal grant revenue | 11,588,018 | 14,138,074 |
| Transfers from the State | 19,865,510 | 26,451,664 |
| Transfers to the State | (4,398,004) | (34,329,468) |
| Net Non-operating Revenue | 70,008,876 | 42,724,003 |
| Increase in Net Position | 31,288,021 | 4,588,713 |
| Net position, beginning of year | 510,028,025 | 505,439,312 |
| Net Position, End of Year | \$ 541,316,046 | \$ 510,028,025 |

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statements of Cash Flows
For the Years Ended June 30

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| Cash Flows from Operating Activities | | |
| Cash paid for employee services | \$ (4,039,520) | \$ (4,186,997) |
| Cash paid to vendors for services | (4,488,425) | (4,028,326) |
| Loan payments received | 241,029,675 | 205,957,418 |
| Loans funded | (301,762,442) | (223,086,829) |
| Grants to local governments | (34,104,721) | (36,143,867) |
| Cash received from Federal capitalization grant | 11,588,018 | 14,138,074 |
| Interest on loans | 50,625,951 | 50,150,905 |
| Administrative fees received | 6,505,249 | 3,800,234 |
| Net Cash (Used) Provided by Operating Activities | (34,646,215) | 6,600,612 |
| Cash Flows from Non-capital Financing Activities | | |
| Appropriations from the State | 43,653,352 | 36,463,733 |
| Cash transfers from the State | 19,865,510 | 26,451,664 |
| Cash transfers to the State | (4,398,004) | (34,329,468) |
| Intra-program transfers | - | - |
| Proceeds from the sale of bonds | 269,452,691 | 305,982,111 |
| Payment of bonds | (150,105,000) | (284,100,000) |
| Bond issuance costs | (1,640,333) | (1,971,304) |
| Bond interest expense paid | (57,138,659) | (55,885,612) |
| Proceeds from line of credit | 34,500,000 | 26,700,000 |
| Payments on line of credit | (34,500,000) | (26,700,000) |
| Loan financing pass-through to borrower | (12,943,547) | (7,059,254) |
| Net Cash Provided (Used) by Non-capital Financing Activities | 106,746,010 | (14,448,130) |
| Cash Flows from Investing Activities | | |
| Purchase of investments | (376,144,539) | (355,278,386) |
| Sale of investments | 329,099,135 | 379,965,446 |
| Interest received on investments | 7,919,934 | 3,150,546 |
| Capital assets | (420,759) | (134,729) |
| Net Cash (Used) Provided by Investing Activities | (39,546,229) | 27,702,877 |
| Net Increase in Cash and Cash Equivalents | 32,553,566 | 19,855,359 |
| Cash and cash equivalents, beginning of year | 261,014,562 | 241,159,203 |
| Cash and Cash Equivalents, End of Year | \$ 293,568,128 | \$ 261,014,562 |
| Reconciliation of Cash and Cash Equivalents | | |
| Unrestricted cash and cash equivalents | \$ 28,057,865 | 23,271,873 |
| Restricted cash and cash equivalents | 265,510,263 | 237,742,689 |
| Total Cash and Cash Equivalents | \$ 293,568,128 | \$ 261,014,562 |

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
Statements of Cash Flows, Continued
For the Years Ended June 30

| | 2019 | 2018 |
|--|------------------------|---------------------|
| Reconciliation of Net Operating Loss to Net Cash (Used) | | |
| Provided by Operating Activities | | |
| Net operating loss | \$ (38,720,855) | \$ (38,135,290) |
| Adjustments to Change in Net Position | | |
| Deferred revenue | (700,000) | (1,800,000) |
| Depreciation | 66,289 | 51,674 |
| Amortization on bond premiums | (8,917,797) | (9,311,387) |
| Provision for loan losses | (849,582) | 534,614 |
| Interest on investments | (7,919,934) | (2,964,201) |
| Bond interest paid | 56,632,955 | 54,774,863 |
| Loan financing pass-through to borrowers | 12,943,547 | 7,059,254 |
| Bond issuance costs | 1,640,333 | 1,971,304 |
| Cash received from Federal grants | 11,588,018 | 14,138,074 |
| Interest expense | 266,620 | 331,022 |
| Changes in Assets and Liabilities | | |
| Interest receivable | (691,751) | (2,581,180) |
| Grants, prepaid expenses and other receivables | 194,424 | (345,237) |
| Administrative fees receivable | 64,743 | (1,660,460) |
| Loans receivable, net of allowance | (93,590,527) | (58,068,428) |
| Accounts payable | 52,812 | 51,096 |
| Accrued payroll | (23,449) | (10,188) |
| Accrued compensated absences | 39,841 | 92,787 |
| Undisbursed loan proceeds | 22,750,493 | 40,590,884 |
| Advanced loan payments | 9,816,034 | 77,918 |
| Other liabilities | 711,571 | 1,803,493 |
| Net Cash (Used) Provided by Operating Activities | \$ (34,646,215) | \$ 6,600,612 |

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
Agency Funds – Statements of Assets and Liabilities
For the Years Ended June 30

| | 2019 | 2018 |
|--|---------------------|----------------------|
| Assets | | |
| Cash held by Trustee | 7,338,413 | 28,003,690 |
| Total Assets | \$ 7,338,413 | \$ 28,003,690 |
| Liabilities | | |
| Debt service payable | 485,096 | 13,245,875 |
| Program funds held for NM Dept of Transportation | 6,853,317 | 14,757,815 |
| Total Liabilities | \$ 7,338,413 | \$ 28,003,690 |

The accompanying Notes are an integral part of these Financial Statements

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 the New Mexico Counties Association. 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 receipts of funds for the WPF program are

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

reflected as Transfers from the State in the amount of \$9,685,850 and \$11,389,715 at June 30, 2019 and 2018, respectively.

Other significant programs and financing administered by NMFA include:

- ◆ The New Markets Tax Credit Program (NMTC), whereby NMFA is the managing member in Finance New Mexico, LLC, is a subsidiary for-profit company that has received allocations of federal tax credits under the NMTC Program.
- ◆ The Economic Development/Smart Money Program (ED/SM) provides comprehensive financing tools to stimulate economic development projects statewide.
- ◆ The Primary Care Capital Fund (PCCF) is a revolving loan program which provides financial assistance to eligible rural 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 medical care to sick and indigent clients.
- ◆ The Local Government Planning Fund Program (LGPF) provides grants to qualified 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 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 receipts of funds for the CIF are reflected as Transfers from the State in the amount of \$10,179,660 and \$15,061,949 at June 30, 2019 and 2018, respectively.
- ◆ Through a Memorandum of Understanding entered into with the New Mexico Economic Development Department, 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 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, 2019 AND 2018

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. Enterprise funds are used for activities for which a fee is charged to external users for goods and services.

NMFA distinguishes operating revenues and expenses from non-operating items. 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 appropriations for GGRT revenue and Water Trust 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.

Agency Funds

Agency 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. Accordingly, all assets held and reported in the Agency Funds are offset by a corresponding liability.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 72, *Fair Value Measurement and Application*. Fair value is the amount that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement provides guidance for determining a fair value measurement for financial reporting purposes. The statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Accounts Receivable

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

Loans Receivable

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

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 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.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Additions, improvements and other capital outlays individually exceeding \$5,000 that significantly extend the useful life of an asset are capitalized.

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

Deferred Outflows/Inflows of Resources

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

Bond Discounts and Premiums

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

Loan Financing Pass-Through

Loan financing pass-through expenses are bond premiums associated with certain refinanced 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 resulted in a loan financing pass-through expense to NMFA. For fiscal year 2019 and 2018, loan financing pass-through expenses were \$12,943,547 and \$7,059,254, respectively.

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.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Undisbursed Loan Proceeds

Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The vast majority 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; therefore, 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 \$96,202,732 and \$86,386,698 at June 30, 2019 and 2018, respectively.

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.

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/SM | 6-25-1 NMSA 1978 |
| PCCF | 24-1C-4 NMSA 1978 |
| LGPF | 6-21-6.4 NMSA 1978 |
| CIF | 6-30-7 NMSA 1978 |
| SSBCI | 6-25-13 NMSA 1978; SSBCI Allocation Agreement |

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

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

Reclassification

Certain comparative amounts in the statement of revenue, expenses and changes in net position and supplemental schedules were reclassified to conform to the current year's presentation.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

3) Cash and Cash Equivalents and 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 April 26, 2018, 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, 2019 and 2018.

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, 2019 AND 2018

For additional GASB 40 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, 2019 and 2018.

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, and as of June 30, 2019 and 2018 totaled \$3,040,423 and \$2,709,842, respectively, representing less than 1% of total NMFA funds.

It is important to note that 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, 2019 AND 2018

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 shall be deposited and invested as provided in the bond resolution, trust indenture or other instrument under which the bonds were issued. The following table identifies the investment types permitted by the Investment Policy:

| Description | Maximum Percentage of 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% |
| Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements) ¹ | N/A |
| 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, 2019 AND 2018

Cash and equivalents at June 30, 2019 and 2018 were as follows:

| Description | Balance at June 30, 2019 | Rated | Percentage of NMFA Funds ⁵ |
|---|-----------------------------|-------|---|
| FNMLLC cash equivalents | \$ 7,076,965 | N/A | 1% |
| Wells Fargo deposit account book balance | 235,486 | N/A | <1% |
| Wells Fargo repurchase agreement – fully secured ⁶ | 266,166 | N/A | <1% |
| Government Money Market Funds | 282,949,088 | AAA | 41% |
| PCCF funds held with the SGFIP | <u>3,040,423</u> | N/A | <1% |
| Total Cash and Equivalents | <u>\$ 293,568,128</u> | | |
| Cash held in agency fund | <u>\$ 7,338,413</u> | | |

| Description | Balance at June 30, 2018 | Rated | Percentage of NMFA Funds ⁵ |
|---|-----------------------------|-------|---|
| FNMLLC cash equivalents | \$ 6,320,331 | N/A | <1% |
| Wells Fargo deposit account book balance | 739,760 | N/A | <1% |
| Wells Fargo repurchase agreement – fully secured ⁶ | 282,135 | N/A | <1% |
| Government Money Market Funds | 250,962,494 | AAA | 37% |
| PCCF funds held with the SGFIP | <u>2,709,842</u> | N/A | <1% |
| Total Cash and Equivalents | <u>\$ 261,014,562</u> | | |
| Cash held in agency fund | <u>\$ 28,003,690</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
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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, 2019 and 2018 are comprised of the following:

| Description | Fair Value as of June 30, 2019 | Average Years to Maturity | Percentage of NMFA Funds |
|------------------------------|-----------------------------------|------------------------------|-----------------------------|
| US Treasury Notes | \$ 373,462,720 | 1.10 | 55% |
| US Government Agencies | 35,341,663 | 2.36 | 5% |
| Total Restricted Investments | <u>\$ 408,804,383</u> | | |

| Description | Fair Value as of June 30, 2018 | Average Years to Maturity | Percentage of NMFA Funds |
|------------------------------|-----------------------------------|------------------------------|-----------------------------|
| US Treasury Notes | \$ 293,618,426 | 1.25 | 47% |
| US Government Agencies | 68,140,553 | 1.21 | 11% |
| Total Restricted Investments | <u>\$ 361,758,979</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, 2019 and 2018, NMFA's investments are classified as Level 1.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

4) Loans Receivable

Loans receivable activity for fiscal year 2019 and 2018, respectively, was as follows:

| Program | Term (Years) | Rates | 2018 | Increases | Decreases | 2019 |
|--------------------------------|-----------------|----------|-------------------------|-----------------------|-----------------------|-------------------------|
| PPRF | 1 to 30 | 0% to 6% | \$ 1,420,885,882 | \$ 291,810,217 | \$ 197,575,464 | \$ 1,515,120,635 |
| DWSRLF | 1 to 30 | 0% to 4% | 87,250,756 | 6,543,664 | 5,477,339 | 88,317,081 |
| PCCF | 10 to 20 | 3% | 1,768,864 | - | 265,127 | 1,503,737 |
| WPF | 10 to 20 | 0% | 31,675,492 | 878,329 | 1,973,828 | 30,579,993 |
| ED/SM | 3 to 20 | 2% to 5% | 3,089,336 | - | 1,178,153 | 1,911,183 |
| BHCF | 15 | 3% | 785,847 | - | 89,544 | 696,303 |
| CIF | 10 to 20 | 0% | 3,755,543 | 818,855 | 274,352 | 4,300,046 |
| SSBCI | 10 to 20 | 3% | 3,032,001 | - | 394,312 | 2,637,689 |
| | | | <u>1,552,243,721</u> | <u>300,051,065</u> | <u>207,228,119</u> | <u>1,645,066,667</u> |
| Less allowance for loan losses | | | <u>4,107,057</u> | <u>121,532</u> | <u>1,447,463</u> | <u>2,781,126</u> |
| Net Total | | | <u>\$ 1,548,136,664</u> | <u>\$ 299,929,533</u> | <u>\$ 205,780,656</u> | <u>\$ 1,642,285,541</u> |

| Program | Term (Years) | Rates | 2017 | Increases | Decreases | 2018 |
|--------------------------------|-----------------|----------|-------------------------|-----------------------|-----------------------|-------------------------|
| PPRF | 1 to 30 | 0% to 6% | \$ 1,360,054,265 | \$ 252,722,143 | \$ 191,890,526 | \$ 1,420,885,882 |
| DWSRLF | 1 to 30 | 0% to 4% | 86,555,640 | 7,120,040 | 6,424,924 | 87,250,756 |
| PCCF | 10 to 20 | 3% | 3,167,759 | - | 1,398,895 | 1,768,864 |
| WPF | 10 to 20 | 0% | 31,778,267 | 3,039,968 | 3,142,743 | 31,675,492 |
| ED/SM | 3 to 20 | 2% to 5% | 3,723,002 | - | 633,666 | 3,089,336 |
| BHCF | 15 | 3% | 854,722 | - | 68,875 | 785,847 |
| CIF | 10 to 20 | 0% | 3,235,664 | 881,750 | 361,871 | 3,755,543 |
| SSBCI | 10 to 20 | 3% | 4,271,361 | 182,354 | 1,421,714 | 3,032,001 |
| | | | <u>1,493,640,680</u> | <u>263,946,255</u> | <u>205,343,214</u> | <u>1,552,243,721</u> |
| Less allowance for loan losses | | | <u>3,572,444</u> | <u>534,614</u> | <u>-</u> | <u>4,107,057</u> |
| Net Total | | | <u>\$ 1,490,068,236</u> | <u>\$ 263,411,641</u> | <u>\$ 205,343,214</u> | <u>\$ 1,548,136,664</u> |

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2019:

| Fiscal Year Ended June 30 | Principal | Interest | Total |
|------------------------------|-------------------------|----------------|------------------|
| 2020 | \$ 143,658,278 | \$ 52,347,227 | \$ 196,005,505 |
| 2021 | 144,464,784 | 48,665,515 | 193,130,299 |
| 2022 | 129,501,914 | 44,720,152 | 174,222,066 |
| 2023 | 123,343,437 | 40,791,879 | 164,135,316 |
| 2024 | 108,207,121 | 37,011,593 | 145,218,714 |
| 2025 - 2029 | 486,136,464 | 135,492,493 | 621,628,957 |
| 2030 - 2034 | 321,458,516 | 65,758,706 | 387,217,222 |
| 2035 - 2039 | 156,253,820 | 18,464,691 | 174,718,511 |
| 2040 - 2044 | 25,261,497 | 2,965,759 | 28,227,256 |
| 2045 - 2049 | <u>6,780,836</u> | <u>385,360</u> | <u>7,166,196</u> |
| Subtotals | \$ 1,645,066,667 | \$ 446,603,375 | \$ 2,091,670,042 |
| Less allowance for loan loss | <u>2,781,126</u> | | |
| Net Loans Receivable | <u>\$ 1,642,285,541</u> | | |

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019. These loans are included in the PPRF loans above.

| Loan Number | Project Name | State Entity | Balance at June 30, 2019 |
|------------------------------|--------------|---|------------------------------|
| PPRF-3268 | METROCRT4 | Administrative Office of the Court | \$ 19,945,000 |
| PPRF-1592 | CULTAFFAIRS | Cultural Affairs Department | 611,312 |
| PPRF-2253 | CULTAFFAIRS3 | Cultural Affairs Department | 38,735 |
| PPRF-2590 | ENMU | Eastern New Mexico University | 22,675,000 |
| PPRF-3283 | ENMU2 | Eastern New Mexico University | 15,340,000 |
| PPRF-3797 | PPRF-3797 | Eastern New Mexico University | 5,463,072 |
| PPRF-2261 | GSD5 | General Services Department | 1,846,300 |
| PPRF-2344 | GSD6 | General Services Department | 800,000 |
| PPRF-3446 | GSD7 | General Services Department | 1,617,468 |
| PPRF-3445 | GSD8 | General Services Department | 33,545,000 |
| PPRF-4431 | PPRF-4431 | General Services Department | 27,445,000 |
| PPRF-4717 | PPRF-4717 | General Services Department | 18,550,000 |
| PPRF-4769 | PPRF-4769 | General Services Department | 48,265,000 |
| PPRF-4955 | PPRF-4955 | General Services Department | 11,500,000 |
| PPRF-2214 | DOH6 | Department of Health | 5,145,000 |
| PPRF-2668 | DOH9 | Department of Health | 7,945,600 |
| PPRF-4432 | PPRF-4432 | Department of Health | 4,540,000 |
| PPRF-3018 | GILA 2 | Gila Regional Medical Center (Energy Efficiency) | 2,508,038 |
| PPRF-2702 | HIGHLAND2 | Highlands University | 13,790,000 |
| PPRF-2345 | HIGHLAND3 | Highlands University | 10,195,000 |
| PPRF-2288 | NMSPACE | New Mexico Spaceport Authority | 33,865,000 |
| PPRF-2527 | NMSPACE2 | New Mexico Spaceport Authority | 15,545,000 |
| PPRF-1574 | EMNRD2 | Parks & Recreation Department | 1,948,265 |
| PPRF-3296 | NMSU2 | New Mexico State University - Grants Branch | 6,445,000 |
| PPRF-2661 | SOCORROSC8 | State of New Mexico (Energy Efficiency) | 254,070 |
| PPRF-2662 | MOUNTAINAIR5 | State of New Mexico (Energy Efficiency) | 215,510 |
| PPRF-3472 | SANTAFE28 | State of New Mexico (Energy Efficiency) | 2,763,054 |
| PPRF-4718 | PPRF-4718 | State of New Mexico (Energy Efficiency) | 961,781 |
| PPRF-4803 | PPRF-4803 | State of New Mexico (Energy Efficiency) | 404,547 |
| PPRF-4956 | PPRF-4956 | State of New Mexico (Energy Efficiency) | 3,507,043 |
| PPRF-3424 | UNMHEALTH | University of New Mexico - Health Sciences Center | 17,510,000 |
| PPRF-2700 | WNMU | Western New Mexico University | 10,150,000 |
| PPRF-2909 | WNMU2 | Western New Mexico University | 4,025,000 |
| Total State Loans Receivable | | | <u>\$ 349,359,795</u> |

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

5) Capital Assets

A summary of changes in capital assets during fiscal year 2019 and 2018, respectively, is as follows:

| | Balance at June 30, 2018 | Increases | Decreases | Balance at June 30, 2019 |
|--------------------------------------|-----------------------------|-------------------|-------------|-----------------------------|
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ 519,272 | \$ 299,693 | \$ - | \$ 818,965 |
| Capital assets being depreciated | | | | |
| Furniture and fixtures | 46,033 | - | - | 46,033 |
| Computer hardware and software | 949,540 | 121,066 | - | 1,070,606 |
| Leasehold improvement | 8,241 | - | - | 8,241 |
| | <u>1,523,086</u> | <u>420,759</u> | <u>-</u> | <u>1,943,845</u> |
| Accumulated depreciation | | | | |
| Furniture and fixtures | (34,454) | (10,131) | - | (44,585) |
| Computer hardware and software | (780,742) | (56,158) | - | (836,900) |
| Leasehold improvement | (8,241) | - | - | (8,241) |
| | <u>(823,437)</u> | <u>(66,289)</u> | <u>-</u> | <u>(889,726)</u> |
| Net total | <u>\$ 699,649</u> | <u>\$ 354,470</u> | <u>\$ -</u> | <u>\$ 1,054,119</u> |
| | | | | |
| | Balance at June 30, 2017 | Increases | Decreases | Balance at June 30, 2018 |
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ 405,566 | \$ 113,706 | \$ - | \$ 519,272 |
| Capital assets being depreciated | | | | |
| Furniture and fixtures | 46,033 | - | - | 46,033 |
| Computer hardware and software | 928,517 | 21,023 | - | 949,540 |
| Leasehold improvement | 8,241 | - | - | 8,241 |
| | <u>1,388,357</u> | <u>134,729</u> | <u>-</u> | <u>1,523,086</u> |
| Accumulated depreciation | | | | |
| Furniture and fixtures | (28,665) | (5,789) | - | (34,454) |
| Computer hardware and software | (734,857) | (45,885) | - | (780,742) |
| Leasehold improvement | (8,241) | - | - | (8,241) |
| | <u>(771,763)</u> | <u>(51,674)</u> | <u>-</u> | <u>(823,437)</u> |
| Net total | <u>\$ 616,594</u> | <u>\$ 83,055</u> | <u>\$ -</u> | <u>\$ 699,649</u> |

Depreciation expense for fiscal year 2019 and 2018, respectively, was \$66,289 and \$51,674.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 NMFA'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.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Bonds payable consisted of the following at June 30, 2019 and 2018:

| Bond Series | Rate | Maturities | Original Amount | Outstanding Amount | |
|--|------------------|------------------------------|----------------------|--------------------|--------------------|
| | | | | June 30, 2019 | June 30, 2018 |
| PPRF REVENUE BONDS - SENIOR LIEN DEBT | | | | | |
| 2009 A | 4.000% to 4.750% | Refunded by 2019 B | \$ 18,435,000 | \$ - | \$ 10,470,000 |
| 2009 C | 4.000% to 5.250% | June 1, 2020 to June 1, 2029 | 55,810,000 | 33,865,000 | 36,480,000 |
| 2009 D-1 | 4.000% to 4.500% | Refunded by 2019 B | 13,570,000 | - | 5,465,000 |
| 2009 D-2 | 5.320% to 6.070% | Redeemed by Cash | 38,845,000 | - | 33,370,000 |
| 2009 E | N/A | Matured | 35,155,000 | - | 4,365,000 |
| 2010 A-1 | 4.000% to 4.500% | June 1, 2020 to June 1, 2034 | 15,170,000 | 3,725,000 | 4,310,000 |
| 2010 A-2 | 4.782% to 6.406% | June 1, 2020 to June 1, 2039 | 13,795,000 | 10,350,000 | 11,270,000 |
| 2010 B-1 | 4.000% to 5.000% | June 1, 2020 to June 1, 2035 | 38,610,000 | 16,800,000 | 19,225,000 |
| 2010 B-2 | 4.646% to 6.230% | June 1, 2020 to June 1, 2035 | 17,600,000 | 16,400,000 | 16,590,000 |
| 2011 B-1 | 2.500% to 4.000% | June 1, 2020 to June 1, 2036 | 42,735,000 | 17,825,000 | 20,165,000 |
| 2011 B-2 | 3.600% to 4.950% | June 1, 2020 to June 1, 2031 | 14,545,000 | 8,075,000 | 8,950,000 |
| 2011 C | 3.750% to 5.000% | June 1, 2020 to June 1, 2036 | 53,400,000 | 28,200,000 | 32,120,000 |
| 2012 A | 2.500% to 5.500% | June 1, 2020 to June 1, 2038 | 24,340,000 | 16,210,000 | 17,520,000 |
| 2013 A | 3.000% to 5.000% | June 1, 2020 to June 1, 2038 | 44,285,000 | 24,865,000 | 28,105,000 |
| 2013 B | 3.750% to 5.000% | June 1, 2020 to June 1, 2036 | 16,360,000 | 9,425,000 | 10,695,000 |
| 2014 B | 3.000% to 5.000% | June 1, 2020 to June 1, 2035 | 58,235,000 | 36,200,000 | 40,435,000 |
| 2015 B | 2.250% to 5.000% | June 1, 2020 to June 1, 2045 | 45,325,000 | 34,560,000 | 37,240,000 |
| 2015 C | 3.000% to 5.000% | June 1, 2020 to June 1, 2035 | 45,475,000 | 44,235,000 | 44,700,000 |
| 2016 A | 2.500% to 5.000% | June 1, 2020 to June 1, 2036 | 52,070,000 | 38,520,000 | 41,795,000 |
| 2016 C | 3.000% to 5.000% | June 1, 2020 to June 1, 2046 | 67,540,000 | 62,670,000 | 64,070,000 |
| 2016 D | 2.000% to 5.000% | June 1, 2020 to June 1, 2046 | 116,485,000 | 99,015,000 | 108,255,000 |
| 2016 E | 3.000% to 5.000% | June 1, 2020 to June 1, 2046 | 40,870,000 | 30,585,000 | 33,820,000 |
| 2016 F | 3.375% to 5.000% | June 1, 2020 to June 1, 2046 | 38,575,000 | 31,305,000 | 34,625,000 |
| 2017 A | 3.000% to 5.000% | June 1, 2020 to June 1, 2046 | 60,265,000 | 53,965,000 | 56,420,000 |
| 2017 C | 3.000% to 5.000% | June 1, 2020 to June 1, 2030 | 37,675,000 | 28,455,000 | 32,435,000 |
| 2017 E | 5.000% | June 1, 2020 to June 1, 2038 | 40,190,000 | 35,710,000 | 39,740,000 |
| 2018 A | 3.250% to 5.000% | June 1, 2020 to June 1, 2038 | 124,330,000 | 114,835,000 | 121,530,000 |
| 2018 B | 2.50% to 5.000% | June 1, 2020 to June 1, 2031 | 22,530,000 | 20,420,000 | 22,530,000 |
| 2018 D | 5.000% | June 1, 2020 to June 1, 2038 | 53,310,000 | 51,940,000 | - |
| 2019 B | 4.000% to 5.000% | June 1, 2020 to June 1, 2039 | 43,870,000 | 43,870,000 | - |
| | | | 1,289,400,000 | 912,025,000 | 936,695,000 |

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
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| Bond Series | Rate | Maturities | Original Amount | Outstanding Amount | |
|---|------------------|---------------------------------------|-------------------------|---------------------------|-------------------------|
| | | | | June 30, 2019 | June 30, 2018 |
| PPRF REVENUE BONDS - SUBORDINATE LIEN DEBT | | | | | |
| 2014 A-1 | 3.250% to 5.000% | June 15, 2020 to June 15, 2033 | \$ 15,135,000 | \$ 12,300,000 | \$ 12,900,000 |
| 2014 A-2 | 2.532% to 4.491% | June 15, 2020 to June 15, 2034 | 16,805,000 | 9,145,000 | 10,725,000 |
| 2015 A | 3.000% to 5.000% | June 15, 2020 to June 15, 2035 | 63,390,000 | 49,675,000 | 53,670,000 |
| 2015 D | 5.000% | June 15, 2020 to June 15, 2027 | 29,355,000 | 21,715,000 | 23,625,000 |
| 2016 B | 5.000% | June 15, 2020 to June 15, 2021 | 8,950,000 | 3,085,000 | 4,630,000 |
| 2017 B | 3.500% to 5.000% | June 15, 2020 to June 15, 2026 | 68,015,000 | 44,495,000 | 53,385,000 |
| 2017 D | 5.000% | June 15, 2020 to June 15, 2033 | 41,395,000 | 33,825,000 | 38,955,000 |
| 2017 F | 2.135% to 5.000% | June 15, 2020 to June 15, 2036 | 19,315,000 | 15,325,000 | 18,370,000 |
| 2018 C-1 | 4.000% to 5.000% | June 15, 2020 to June 15, 2039 | 19,400,000 | 19,200,000 | 19,400,000 |
| 2018 C-2 | 2.496% to 4.090% | June 15, 2020 to June 15, 2038 | 13,175,000 | 12,740,000 | 13,175,000 |
| 2018 E | 5.000% | June 15, 2020 to June 15, 2038 | 70,205,000 | 69,530,000 | - |
| 2019 A | 2.000% to 5.000% | June 15, 2020 to June 15, 2036 | 37,145,000 | 36,895,000 | - |
| 2019 C-1 | 5.000% | June 15, 2020 to June 15, 2039 | 18,930,000 | 18,930,000 | - |
| 2019 C-2 | 2.150% to 3.375% | June 15, 2020 to June 15, 2039 | 12,480,000 | 12,480,000 | - |
| | | | 433,695,000 | 359,340,000 | 248,835,000 |
| | | Total Bonds Outstanding | \$ 1,723,095,000 | 1,271,365,000 | 1,185,530,000 |
| | | Add net unamortized premium | | 145,934,801 | 121,339,907 |
| | | Total bonds payable, net | | 1,417,299,801 | 1,306,869,907 |
| | | Less current portion of bonds payable | | (117,215,000) | (101,240,000) |
| | | Non-current portion of bonds payable | | \$ 1,300,084,801 | \$ 1,205,629,907 |

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Maturities of bonds payable and interest are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|------------------------|-----------------------|-------------------------|
| Fiscal year ending June 30 | | | |
| 2020 | 117,215,000 | 57,547,345 | 174,762,345 |
| 2021 | 113,745,000 | 52,217,949 | 165,962,949 |
| 2022 | 106,440,000 | 46,847,605 | 153,287,605 |
| 2023 | 101,195,000 | 41,864,212 | 143,059,212 |
| 2024 | 87,595,000 | 36,977,140 | 124,572,140 |
| 2025-2029 | 363,920,000 | 127,500,962 | 491,420,962 |
| 2030-2034 | 233,890,000 | 58,929,151 | 292,819,151 |
| 2035-2039 | 123,190,000 | 16,836,539 | 140,026,539 |
| 2040-2045 | 19,780,000 | 2,315,150 | 22,095,150 |
| 2046-2050 | 4,395,000 | 195,350 | 4,590,350 |
| | <u>1,271,365,000</u> | <u>\$ 441,231,403</u> | <u>\$ 1,712,596,403</u> |
| Add unamortized premium | <u>145,934,801</u> | | |
| Bonds payable, net | <u>\$1,417,299,801</u> | | |

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

The bonds payable activity is as follows:

Activity for Fiscal Year 2019

| | <u>Balance at June 30, 2018</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance at June 30, 2019</u> | <u>Due within One Year</u> |
|-------------------------|-------------------------------------|-----------------------------|-----------------------------|-------------------------------------|--------------------------------|
| Bonds payable | \$ 1,185,530,000 | \$ 235,940,000 | \$ 150,105,000 | \$ 1,271,365,000 | \$ 117,215,000 |
| Add Unamortized premium | 121,339,907 | 33,512,691 | 8,917,797 | 145,934,801 | - |
| Total | <u>\$1,306,869,907</u> | <u>\$269,452,691</u> | <u>\$159,022,797</u> | <u>\$1,417,299,801</u> | <u>\$117,215,000</u> |

Activity for Fiscal Year 2018

| | <u>Balance at June 30, 2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance at June 30, 2018</u> | <u>Due within One Year</u> |
|-------------------------|-------------------------------------|-----------------------------|-----------------------------|-------------------------------------|--------------------------------|
| Bonds payable | \$ 1,195,930,000 | \$ 273,700,000 | \$ 284,100,000 | \$ 1,185,530,000 | \$ 101,240,000 |
| Add Unamortized premium | 98,369,183 | 32,282,111 | 9,311,387 | 121,339,907 | - |
| Total | <u>\$1,294,299,183</u> | <u>\$305,982,111</u> | <u>\$293,411,387</u> | <u>\$1,306,869,907</u> | <u>\$101,240,000</u> |

Current and Advance Refunding of Debt

During fiscal year 2019, the PPRF Revenue Refunding Bonds Senior Lien 2019B series, issued in the total par amount of \$43,870,000, refunded the outstanding portion of the PPRF Revenue Bonds Senior Lien 2009A and 2009D series in the amounts of \$9,600,000 and \$4,415,000, respectively. The refunding resulted in debt service savings over 1 to 15 years of \$1,974,429 and a Net Present Value (NPV) savings of \$1,762,582 (12.6%).

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019, was 2.40%. NMFA pays a 25 basis point fee on the unused portion of the facility. For fiscal year 2018, the line of credit had \$26.7 million in proceeds and payments, resulting in a zero balance at year end. For fiscal year 2019, the line of credit had \$34.5 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 expenditures for fiscal year 2019 and 2018, were \$364,386 and \$393,992, respectively. Future minimum lease payments are as follows:

| Fiscal Year Ending June 30 | Minimum Payment |
|-------------------------------|--------------------|
| 2020 | \$ 413,849 |
| 2021 | 422,126 |
| Total | <u>\$ 835,975</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 years ended June 30, 2019 and 2018, respectively, were \$552,573 and \$514,163. Additionally, employee contributions for the retirement plan for the years ended June 30, 2019 and 2018, respectively, were \$182,338 and \$174,186. Substantially all full-time employees participate in this plan.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 is fully vested at all times. The executive plan was in effect for the years ended June 30, 2019 and 2018.

10) Compensated Absences

The following changes occurred during fiscal year 2019 and 2018 in the compensated absences liabilities:

| | |
|--------------------------|--------------------------|
| Balance at June 30, 2018 | \$ 421,635 |
| Additions | 389,159 |
| Deletions | <u>(349,318)</u> |
| Balance at June 30, 2019 | <u>461,476</u> |
| Due within one year | <u><u>\$ 461,476</u></u> |

| | |
|--------------------------|--------------------------|
| Balance at June 30, 2017 | \$ 328,848 |
| Additions | 242,085 |
| Deletions | <u>(149,298)</u> |
| Balance at June 30, 2018 | <u>421,635</u> |
| Due within one year | <u><u>\$ 421,635</u></u> |

11) Agency Transactions

NMFA was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately \$988 million and \$1.1 billion of such bonds were outstanding at June 30, 2019 and 2018, respectively.

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.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

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, a representative serving on the NMFA Board holds a position as Cabinet Secretary of the New Mexico Environmental Department (NMED). NMFA assists NMED in the administration of the DWSRLF federal program pursuant to a Memorandum of Understanding.

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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.

In 2015, management reevaluated how to report NMFA's interest in FNMLLC for financial statement purposes. Management evaluated a number of criteria as stated in GASB Statements Number 39 and 61, amendments of GASB Statement Number 14. The basic, but not the only, criterion is FNMLLC's financial accountability to 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 criterion, 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 years ended June 30, 2019 and 2018 were as follows:

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Statements of Net Position – FNMLLC

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 7,076,965 | \$ 6,320,331 |
| Asset management fee receivable | 869,043 | 670,333 |
| Investment in limited liability companies | 16,644 | 16,017 |
| Total Assets | \$ 7,962,652 | \$ 7,006,681 |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 81,336 | \$ 97,383 |
| Engagement deposits | 25,000 | - |
| Due to affiliates | 561,879 | 896,660 |
| Total Liabilities | 668,215 | 994,043 |
| Net Position | | |
| Unrestricted | 7,294,437 | 6,012,638 |
| Total Liabilities and Net Position | \$ 7,962,652 | \$ 7,006,681 |

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

| | 2019 | 2018 |
|--|---------------------|--------------|
| Revenue | | |
| Sponsor fee income | \$ 1,410,000 | \$ 450,000 |
| Asset management fee income | 846,240 | 609,573 |
| Exit fees | 627,644 | 297,279 |
| Total Operating Revenue | 2,883,884 | 1,356,852 |
| Operating Expenses | | |
| Sponsor fee expense | 1,291,030 | 412,031 |
| Professional fees | 73,400 | 54,600 |
| Gross receipts tax | 245,904 | 114,298 |
| Bank fees | 3,658 | 480 |
| Total Operating Expenses | 1,613,992 | 581,409 |
| Net Income from Operations | 1,269,892 | 775,443 |
| Other Income (Expense) | | |
| Share of income from investment in LLC's | 150 | 141 |
| Interest earned on cash | 11,757 | 3,990 |
| Investment write-off | - | (1,302) |
| Net Other Income | 11,907 | 2,829 |
| Increase in Net Position | 1,281,799 | 778,272 |
| Net position, beginning of year | 6,012,638 | 5,234,366 |
| Net Position, End of Year | \$ 7,294,437 | \$ 6,012,638 |

NEW MEXICO FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Statements of Cash Flows – FNMLLC

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Sponsor fees | \$ 1,410,000 | \$ 450,000 |
| Asset management fees | 647,530 | 154,239 |
| Exit fees | 627,644 | 297,279 |
| Engagement deposit | 25,000 | - |
| Total Receipts | 2,710,174 | 901,518 |
| Payments to vendors | - | (54,600) |
| Payment of sponsor fees to NMFA | (1,703,071) | - |
| Payment of gross receipts tax | (261,951) | (111,763) |
| Bank fees | (3,658) | (480) |
| Total Disbursements | (1,968,680) | (166,843) |
| Net Cash Provided by Operating Activities | 741,494 | 734,675 |
| Cash Flows from Investing Activities | | |
| Investment income | 11,757 | 3,990 |
| Capital contributions to limited liability companies | (1,500) | (4,000) |
| Return of capital from limited liability companies | 3,860 | 265 |
| Distributions from limited liability companies | 1,023 | 841 |
| Deconsolidation of limited liability companies | - | (4,825) |
| Net Cash Provided (Used) by Investing Activities | 15,140 | (3,729) |
| Net Increase in Cash and Cash Equivalents | 756,634 | 730,946 |
| Cash and cash equivalents, beginning of year | 6,320,331 | 5,589,385 |
| Cash and Cash Equivalents, End of Year | \$ 7,076,965 | \$ 6,320,331 |

SUPPLEMENTARY SCHEDULES

| | Operating Fund | BHCF | CIF | DWSRLF | ED/SM | LGPF |
|---|---------------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| Assets | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | | | | | | |
| Unrestricted Cash | \$ 24,874,977 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted Cash | 410 | 1,143,822 | - | 40,616,997 | 1,731,189 | 2,372,738 |
| Interest Receivable | - | 1,785 | - | 208,841 | - | - |
| Grants and other receivables | 3,905 | - | - | - | - | - |
| Due from other funds | 3,429,405 | - | - | - | - | - |
| Prepaid expenses | 162,281 | - | - | - | - | - |
| Administrative fees receivable | 147,574 | - | - | 137,714 | - | - |
| Loans receivable, net of allowance | - | 35,283 | 252,795 | 6,001,060 | 44,737 | - |
| Total Current Assets | 28,618,552 | 1,180,890 | 252,795 | 46,964,612 | 1,775,926 | 2,372,738 |
| Non-current Assets | | | | | | |
| Restricted investments | - | 1,053,663 | - | 37,683,073 | 1,609,762 | 2,326,838 |
| Loans receivable, net of allowance | - | 88,619 | 4,047,251 | 82,316,021 | 954,269 | - |
| Capital assets, net of accumulated depreciation | 1,054,119 | - | - | - | - | - |
| Total Assets | 29,672,671 | 2,323,172 | 4,300,046 | 166,963,706 | 4,339,957 | 4,699,576 |
| Deferred Outflows of Resources | | | | | | |
| Deferred loss on refunding | - | - | - | - | - | - |
| Total Deferred Outflows of Resources | - | - | - | - | - | - |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable | 406,729 | - | - | - | - | - |
| Accrued payroll | 209,802 | - | - | - | - | - |
| Compensated absences | 461,476 | - | - | - | - | - |
| Due to other funds | - | 317,795 | 2,216,284 | 368,099 | 1,523,501 | - |
| Bond interest payable | - | - | - | - | - | - |
| Undisbursed loan proceeds | - | - | - | - | - | - |
| Advanced loan payments | - | - | - | 824,887 | - | - |
| Bonds payable, net | - | - | - | - | - | - |
| Cost of loan issuance payable | - | - | - | - | - | - |
| Other liabilities | 124,208 | - | - | 2,510,238 | - | - |
| Total Current Liabilities | 1,202,215 | 317,795 | 2,216,284 | 3,703,224 | 1,523,501 | - |
| Non-current Liabilities | | | | | | |
| Bonds payable, net | - | - | - | - | - | - |
| Total Liabilities | 1,202,215 | 317,795 | 2,216,284 | 3,703,224 | 1,523,501 | - |
| Deferred Inflows of Resources | | | | | | |
| Deferred gain on refunding | - | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - | - | - |
| Net Position | | | | | | |
| Net investment in capital assets | 1,054,119 | - | - | - | - | - |
| Restricted for program commitments | 2,541,369 | 2,323,172 | 4,300,046 | 163,628,581 | 4,339,957 | 4,699,576 |
| Unrestricted | 24,874,968 | (317,795) | (2,216,284) | (368,099) | (1,523,501) | - |
| Total Net Position | \$ 28,470,456 | \$ 2,005,377 | \$ 2,083,762 | \$ 163,260,482 | \$ 2,816,456 | \$ 4,699,576 |

NEW MEXICO FINANCE AUTHORITY
Combined Statement of Net Position
June 30, 2019

| NMTC | PCCF | PPRF | SSBCI | WPF | Other Programs | Intra- Program Eliminations | Total |
|--------------|--------------|----------------|--------------|---------------|-------------------|-----------------------------------|----------------|
| \$ - | \$ - | \$ 3,182,888 | \$ - | \$ - | \$ - | \$ - | \$ 28,057,865 |
| 7,102,176 | 3,072,946 | 199,840,967 | 60,082 | 9,486,839 | 82,097 | - | 265,510,263 |
| - | 5,027 | 8,428,177 | - | - | - | - | 8,643,830 |
| 16,644 | - | 71 | - | 673 | - | - | 21,293 |
| 1,706,839 | - | - | - | - | - | (5,136,244) | - |
| - | - | - | - | - | - | - | 162,281 |
| 869,043 | - | 791,041 | 88,973 | 7,368 | - | - | 2,041,713 |
| - | 247,586 | 155,646,356 | 126,828 | 2,566,608 | - | - | 164,921,253 |
| 9,694,702 | 3,325,559 | 367,889,500 | 275,883 | 12,061,488 | 82,097 | (5,136,244) | 469,358,498 |
| 29,268 | - | 356,779,792 | 58,537 | 9,175,645 | 87,805 | - | 408,804,383 |
| - | 1,180,963 | 1,358,384,804 | 2,378,976 | 28,013,385 | - | - | 1,477,364,288 |
| - | - | - | - | - | - | - | 1,054,119 |
| 9,723,970 | 4,506,522 | 2,083,054,096 | 2,713,396 | 49,250,518 | 169,902 | (5,136,244) | 2,356,581,288 |
| - | - | 743,687 | - | - | - | - | 743,687 |
| - | - | 743,687 | - | - | - | - | 743,687 |
| - | - | - | - | - | - | - | 406,729 |
| - | - | - | - | - | - | - | 209,802 |
| - | - | - | - | - | - | - | 461,476 |
| - | 5,770 | 46 | 704,749 | - | - | (5,136,244) | - |
| - | - | 4,072,142 | - | - | - | - | 4,072,142 |
| - | - | 289,941,611 | - | - | - | - | 289,941,611 |
| - | 16,785 | 95,361,060 | - | - | - | - | 96,202,732 |
| - | - | 117,215,000 | - | - | - | - | 117,215,000 |
| - | - | - | - | - | - | - | - |
| 500,345 | - | - | - | - | - | - | 3,134,791 |
| 500,345 | 22,555 | 506,589,859 | 704,749 | - | - | (5,136,244) | 511,644,283 |
| - | - | 1,300,084,801 | - | - | - | - | 1,300,084,801 |
| 500,345 | 22,555 | 1,806,674,660 | 704,749 | - | - | (5,136,244) | 1,811,729,084 |
| - | - | 4,279,845 | - | - | - | - | 4,279,845 |
| - | - | 4,279,845 | - | - | - | - | 4,279,845 |
| - | - | - | - | - | - | - | 1,054,119 |
| 7,516,786 | 4,489,737 | 269,660,436 | 2,713,397 | 49,250,518 | 169,902 | - | 515,633,477 |
| 1,706,839 | (5,770) | 3,182,842 | (704,750) | - | - | - | 24,628,450 |
| \$ 9,223,625 | \$ 4,483,967 | \$ 272,843,278 | \$ 2,008,647 | \$ 49,250,518 | \$ 169,902 | \$ - | \$ 541,316,046 |

| | Operating Fund | BHCF | CIF | DWSRLF | ED/SM | LGPF |
|--|--------------------|--------------------|--------------------|----------------------|--------------------|--------------------|
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and equivalents | | | | | | |
| Unrestricted | \$1,021,895 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 410 | 2,170,325 | 1,184,846 | 27,077,564 | 2,542,443 | 3,733,224 |
| Interest receivable | - | 1,891 | - | 216,174 | - | - |
| Grants and other receivables | 342,491 | - | - | - | - | - |
| Due from other funds | 5,921,558 | - | - | - | - | - |
| Prepaid expenses | 19,500 | - | - | - | - | - |
| Administrative fees receivable | 194,917 | - | - | 95,185 | - | - |
| Loans receivable, net of allowance | - | 61,766 | 195,201 | 5,607,568 | 96,759 | - |
| Total Current Assets | 7,500,771 | 2,233,982 | 1,380,047 | 32,996,491 | 2,639,202 | 3,733,224 |
| Non-current assets | | | | | | |
| Restricted investments | - | - | - | 42,427,989 | - | - |
| Loans receivable, net of allowance | - | 198,022 | 3,560,342 | 81,643,188 | 943,888 | - |
| Capital assets, net of accumulated depreciator | 699,649 | - | - | - | - | - |
| Total Assets | 8,200,420 | 2,432,004 | 4,940,389 | 157,067,668 | 3,583,090 | 3,733,224 |
| Deferred Outflows of Resources | | | | | | |
| Deferred loss on refunding | - | - | - | - | - | - |
| Total Deferred Outflows of Resources | - | - | - | - | - | - |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | 353,917 | - | - | - | - | - |
| Accrued payroll | 233,251 | - | - | - | - | - |
| Compensated absences | 421,635 | - | - | - | - | - |
| Due to other funds | - | 358,929 | 3,248,237 | 297,687 | 1,384,025 | - |
| Bond interest payable | - | - | - | - | - | - |
| Undisbursed loan proceeds | - | - | - | - | - | - |
| Advanced loan payments | - | - | - | 751,682 | - | - |
| Bonds payable, net | - | - | - | - | - | - |
| Other liabilities | 131,945 | - | - | 1,803,743 | - | - |
| Total Current Liabilities | 1,140,748 | 358,929 | 3,248,237 | 2,853,112 | 1,384,025 | - |
| Non-current liabilities | | | | | | |
| Bonds payable, net | - | - | - | - | - | - |
| Total Liabilities | 1,140,748 | 358,929 | 3,248,237 | 2,853,112 | 1,384,025 | - |
| Deferred Inflows of Resources | | | | | | |
| Deferred gain on refunding | - | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - | - | - |
| Net Position | | | | | | |
| Net investment in capital assets | 699,649 | - | - | - | - | - |
| Restricted for program commitments | 5,338,137 | 2,432,004 | 4,940,389 | 154,512,243 | 3,583,090 | 3,733,224 |
| Unrestricted | 1,021,886 | (358,929) | (3,248,237) | (297,687) | (1,384,025) | - |
| Total Net Position | \$7,059,672 | \$2,073,075 | \$1,692,152 | \$154,214,556 | \$2,199,065 | \$3,733,224 |

NEW MEXICO FINANCE AUTHORITY
Combined Statement of Net Position
June 30, 2018

| NMTC | PCCF | PPRF | SSBCI | WPF | Other Programs | Intra-Program Eliminations | Total |
|--------------------|--------------------|-----------------------|--------------------|---------------------|------------------|----------------------------|-----------------------|
| \$ - | \$ - | \$ 22,249,978 | \$ - | \$ - | \$ - | \$ - | \$ 23,271,873 |
| 6,423,242 | 3,361,904 | 183,035,341 | 32,749 | 7,957,980 | 222,661 | - | 237,742,689 |
| - | 4,072 | 7,729,942 | - | - | - | - | 7,952,079 |
| 16,017 | - | - | - | - | - | - | 358,508 |
| 605,623 | - | - | - | - | - | (6,527,181) | - |
| - | - | - | - | - | - | - | 19,500 |
| 670,333 | - | 1,136,296 | - | 9,725 | - | - | 2,106,456 |
| - | 239,903 | 139,934,425 | 128,205 | 2,311,547 | - | - | 148,575,374 |
| <u>7,715,215</u> | <u>3,605,879</u> | <u>354,085,982</u> | <u>160,954</u> | <u>10,279,252</u> | <u>222,661</u> | <u>(6,527,181)</u> | <u>420,026,479</u> |
| - | - | 307,908,070 | - | 11,422,920 | - | - | 361,758,979 |
| - | 1,528,961 | 1,279,570,748 | 2,752,196 | 29,363,945 | - | - | 1,399,561,290 |
| - | - | - | - | - | - | - | 699,649 |
| <u>7,715,215</u> | <u>5,134,840</u> | <u>1,941,564,800</u> | <u>2,913,150</u> | <u>51,066,117</u> | <u>222,661</u> | <u>(6,527,181)</u> | <u>2,182,046,397</u> |
| - | - | 793,710 | - | - | - | - | 793,710 |
| - | - | 793,710 | - | - | - | - | 793,710 |
| - | - | - | - | - | - | - | 353,917 |
| - | - | - | - | - | - | - | 233,251 |
| - | - | - | - | - | - | - | 421,635 |
| - | 569,089 | 52 | 669,162 | - | - | (6,527,181) | - |
| - | - | 3,960,649 | - | - | - | - | 3,960,649 |
| - | - | 267,191,118 | - | - | - | - | 267,191,118 |
| - | 16,785 | 85,618,003 | - | - | 228 | - | 86,386,698 |
| - | - | 101,240,000 | - | - | - | - | 101,240,000 |
| 487,532 | - | - | - | - | - | - | 2,423,220 |
| <u>487,532</u> | <u>585,874</u> | <u>458,009,822</u> | <u>669,162</u> | <u>-</u> | <u>228</u> | <u>(6,527,181)</u> | <u>462,210,488</u> |
| - | - | 1,205,629,907 | - | - | - | - | 1,205,629,907 |
| <u>487,532</u> | <u>585,874</u> | <u>1,663,639,729</u> | <u>669,162</u> | <u>-</u> | <u>228</u> | <u>(6,527,181)</u> | <u>1,667,840,395</u> |
| - | - | 4,971,687 | - | - | - | - | 4,971,687 |
| - | - | 4,971,687 | - | - | - | - | 4,971,687 |
| - | - | - | - | - | - | - | 699,649 |
| 6,626,660 | 5,118,055 | 252,098,185 | 2,913,150 | 51,066,117 | 222,433 | - | 492,583,687 |
| 601,023 | (569,089) | 21,648,909 | (669,162) | - | - | - | 16,744,689 |
| <u>\$7,227,683</u> | <u>\$4,548,966</u> | <u>\$ 273,747,094</u> | <u>\$2,243,988</u> | <u>\$51,066,117</u> | <u>\$222,433</u> | <u>\$ -</u> | <u>\$ 510,028,025</u> |

| | Operating Fund | BHCF | CIF | DWSRLF | ED/SM | LGPF |
|--|-----------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| Operating Revenue | | | | | | |
| Interest on loans | \$ - | \$ 35,437 | \$ - | \$ 1,419,195 | \$ 25,736 | \$ - |
| Administrative fees revenue | 260,561 | - | - | 265,469 | - | - |
| Interest on investments | 46,944 | 53,982 | 25,376 | 1,948,153 | 70,965 | 72,309 |
| Total Operating Revenue | 307,505 | 89,419 | 25,376 | 3,632,817 | 96,701 | 72,309 |
| Operating Expenses | | | | | | |
| Bond interest expense | - | - | - | - | - | - |
| Grants to others | - | - | 9,360,805 | 7,633,385 | - | 1,825,003 |
| Loan financing pass-through | - | - | - | - | - | - |
| Salaries and benefits | 163,251 | 47,624 | 226,104 | 183,410 | 99,950 | 212,475 |
| Bond issuance costs | - | - | - | - | - | - |
| Professional services | 86,266 | 29,928 | 166,499 | 69,239 | 18,949 | 23,627 |
| Other operating costs | 41,123 | 32,998 | 42,201 | 62,452 | 13,417 | 28,151 |
| Provision for loan losses | - | 46,343 | - | - | (660,166) | - |
| Interest expense | - | - | - | - | - | - |
| Rent and utilities | 9,413 | 224 | 17,817 | 26,423 | 7,160 | 16,701 |
| Depreciation expense | 66,289 | - | - | - | - | - |
| Total Operating Expenses | 366,342 | 157,117 | 9,813,426 | 7,974,909 | (520,690) | 2,105,957 |
| Net Operating (Loss) Income | (58,837) | (67,698) | (9,788,050) | (4,342,092) | 617,391 | (2,033,648) |
| Non-operating Revenue (Expenses) | | | | | | |
| Appropriation revenue | - | - | - | 1,800,000 | - | - |
| Federal grant revenue | - | - | - | 11,588,018 | - | - |
| Transfers from the State | - | - | 10,179,660 | - | - | - |
| Intra-fund transfers | 21,469,621 | - | - | - | - | 3,000,000 |
| Transfers to the State | - | - | - | - | - | - |
| Increase (Decrease) in Net Position | 21,410,784 | (67,698) | 391,610 | 9,045,926 | 617,391 | 966,352 |
| Net position, beginning of year | 7,059,672 | 2,073,075 | 1,692,152 | 154,214,556 | 2,199,065 | 3,733,224 |
| Net Position, End of Year | \$ 28,470,456 | \$ 2,005,377 | \$ 2,083,762 | \$ 163,260,482 | \$ 2,816,456 | \$ 4,699,576 |

NEW MEXICO FINANCE AUTHORITY
Combined Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

| NMTC | PCCF | PPRF | SSBCI | WPF | Other Programs | Total |
|---------------------|---------------------|-----------------------|---------------------|----------------------|-------------------|-----------------------|
| \$ - | \$ 57,960 | \$ 49,959,774 | \$ 86,220 | \$ - | \$ - | \$ 51,584,322 |
| 2,883,884 | - | 2,832,905 | 88,973 | 64,803 | - | 6,396,595 |
| 13,475 | 73,231 | 5,067,487 | 3,341 | 540,770 | 3,901 | 7,919,934 |
| 2,897,359 | 131,191 | 57,860,166 | 178,534 | 605,573 | 3,901 | 65,900,851 |
| - | - | 47,690,534 | - | - | - | 47,690,534 |
| - | - | - | - | 15,285,528 | - | 34,104,721 |
| - | - | 12,943,547 | - | - | - | 12,943,547 |
| 387,294 | 52,555 | 2,772,036 | 96,444 | 446,081 | - | 4,687,224 |
| - | - | 1,640,333 | - | - | - | 1,640,333 |
| 413,773 | 4,515 | 1,541,623 | 7,828 | 273,593 | - | 2,635,840 |
| 69,932 | 60,129 | 640,029 | 12,869 | 67,527 | 966 | 1,071,794 |
| - | 75,188 | (291,231) | (19,716) | - | - | (849,582) |
| - | - | 266,620 | - | - | - | 266,620 |
| 30,408 | 3,803 | 210,725 | 7,419 | 34,293 | - | 364,386 |
| - | - | - | - | - | - | 66,289 |
| 901,407 | 196,190 | 67,414,216 | 104,844 | 16,107,022 | 966 | 104,621,706 |
| 1,995,952 | (64,999) | (9,554,050) | 73,690 | (15,501,449) | 2,935 | (38,720,855) |
| - | - | 37,153,352 | - | 4,000,000 | - | 42,953,352 |
| - | - | - | - | - | - | 11,588,018 |
| - | - | - | - | 9,685,850 | - | 19,865,510 |
| (10) | - | (24,503,118) | 88,973 | - | (55,466) | - |
| - | - | (4,000,000) | (398,004) | - | - | (4,398,004) |
| 1,995,942 | (64,999) | (903,816) | (235,341) | (1,815,599) | (52,531) | 31,288,021 |
| 7,227,683 | 4,548,966 | 273,747,094 | 2,243,988 | 51,066,117 | 222,433 | 510,028,025 |
| <u>\$ 9,223,625</u> | <u>\$ 4,483,967</u> | <u>\$ 272,843,278</u> | <u>\$ 2,008,647</u> | <u>\$ 49,250,518</u> | <u>\$ 169,902</u> | <u>\$ 541,316,046</u> |

| | Operating Fund | BHCF | CIF | DWSRLF | ED/SM | LGPF |
|--|-----------------------|--------------------|---------------------|----------------------|--------------------|--------------------|
| Operating Revenue | | | | | | |
| Interest on loans | \$ - | \$ 24,944 | \$ - | \$ 1,442,318 | \$ 13,390 | \$ - |
| Administrative fees revenue | 310,409 | - | - | 318,900 | - | - |
| Interest on investments | 2,482 | 26,688 | 10,187 | 580,754 | 28,498 | 59,118 |
| Total Operating Revenue | 312,891 | 51,632 | 10,187 | 2,341,972 | 41,888 | 59,118 |
| Operating Expenses | | | | | | |
| Bond interest expense | - | - | - | - | - | - |
| Grants to others | - | - | 14,178,540 | 10,384,187 | - | 2,211,199 |
| Loan financing pass-through | - | - | - | - | - | - |
| Salaries and benefits | (159,648) | 14,861 | 285,118 | 111,473 | 31,878 | 370,180 |
| Bond issuance costs | - | - | - | - | - | - |
| Professional services | 79,422 | 12,241 | 170,818 | 3,430 | 35,914 | 43,166 |
| Other operating costs | 55,328 | 20,814 | 45,415 | 39,321 | 3,269 | 46,036 |
| Provision for loan losses | - | 526,058 | - | - | (119,614) | - |
| Interest expense | - | - | - | - | - | - |
| Rent and utilities | 14,442 | 1,654 | 23,269 | 37,208 | 2,454 | 33,044 |
| Depreciation expense | 51,674 | - | - | - | - | - |
| Total Operating Expenses | 41,218 | 575,628 | 14,703,160 | 10,575,619 | (46,099) | 2,703,625 |
| Net Operating Income (Loss) | 271,673 | (523,996) | (14,692,973) | (8,233,647) | 87,987 | (2,644,507) |
| Non-operating Revenue (Expenses) | | | | | | |
| Appropriation revenue | - | - | - | 1,800,000 | - | - |
| Federal grant revenue | - | - | - | 14,138,074 | - | - |
| Transfers from the State | - | - | 15,061,949 | - | - | - |
| Intra-fund transfers | 1,467,750 | - | - | - | - | - |
| Transfers to the State | - | - | - | - | - | - |
| Increase (Decrease) in Net Position | 1,739,423 | (523,996) | 368,976 | 7,704,427 | 87,987 | (2,644,507) |
| Net position, beginning of year | 5,320,249 | 2,597,071 | 1,323,176 | 146,510,129 | 2,111,078 | 6,377,731 |
| Net Position, End of Year | \$ 7,059,672 | \$2,073,075 | \$ 1,692,152 | \$154,214,556 | \$2,199,065 | \$3,733,224 |

NEW MEXICO FINANCE AUTHORITY
Combined Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2018

| NMTC | PCCF | PPRF | SSBCI | WPF | Other Programs | Total |
|---------------------|--------------------|-----------------------|--------------------|---------------------|-------------------|-----------------------|
| - | 69,387.00 | 51,079,532.00 | 102,514.00 | - | - | 52,732,085.00 |
| 1,356,852.00 | - | 3,382,652.00 | - | 91,881.00 | - | 5,460,694.00 |
| 3,677.00 | 25,676.00 | 2,032,165.00 | 18,633.00 | 167,479.00 | 8,844.00 | 2,964,201.00 |
| <u>1,360,529</u> | <u>95,063</u> | <u>56,494,349</u> | <u>121,147</u> | <u>259,360</u> | <u>8,844</u> | <u>61,156,980</u> |
| - | - | 45,522,536 | - | - | - | 45,522,536 |
| - | - | - | - | 9,369,941 | - | 36,143,867 |
| - | - | 7,059,254 | - | - | - | 7,059,254 |
| 387,181 | 21,718 | 2,547,977 | 97,564 | 479,892 | (77,269) | 4,110,925 |
| - | - | 1,971,304 | - | - | - | 1,971,304 |
| 150,565 | 1,853 | 1,490,006 | 10,489 | 177,873 | (20,749) | 2,155,028 |
| 171,396 | 66,469 | 506,587 | 13,751 | 67,266 | (17,598) | 1,018,054 |
| - | - | 190,138 | (61,968) | - | - | 534,614 |
| - | - | 331,022 | - | - | - | 331,022 |
| 30,564 | 1,610 | 207,536 | 9,097 | 40,960 | (7,846) | 393,992 |
| - | - | - | - | - | - | 51,674 |
| <u>739,706</u> | <u>91,650</u> | <u>59,826,360</u> | <u>68,933</u> | <u>10,135,932</u> | <u>(123,462)</u> | <u>99,292,270</u> |
| 620,823 | 3,413 | (3,332,011) | 52,214 | (9,876,572) | 132,306 | (38,135,290) |
| - | - | 30,663,733 | - | 4,000,000 | - | 36,463,733 |
| - | - | - | - | - | - | 14,138,074 |
| - | - | - | - | 11,389,715 | - | 26,451,664 |
| - | - | (1,527,250) | - | - | 59,500 | - |
| - | - | (28,200,000) | (4,621,640) | - | (1,507,828) | (34,329,468) |
| 620,823 | 3,413 | (2,395,528) | (4,569,426) | 5,513,143 | (1,316,022) | 4,588,713 |
| <u>6,606,860</u> | <u>4,545,553</u> | <u>276,142,622</u> | <u>6,813,414</u> | <u>45,552,974</u> | <u>1,538,455</u> | <u>505,439,312</u> |
| <u>\$ 7,227,683</u> | <u>\$4,548,966</u> | <u>\$ 273,747,094</u> | <u>\$2,243,988</u> | <u>\$51,066,117</u> | <u>\$ 222,433</u> | <u>\$ 510,028,025</u> |

| | Operating Fund | BHCF | CIF | DWSRLF | ED/SM | LGPF |
|--|----------------------|---------------------|------------------------|----------------------|---------------------|-----------------------|
| Cash Flows from Operating Activities | | | | | | |
| Cash paid for employee services | \$ (146,859) | \$ - | \$ (226,104) | \$ (183,410) | \$ - | \$ (212,475) |
| Cash paid to vendors for services | (234,502) | (151,908) | (226,517) | (81,206) | - | (68,479) |
| Loan payments received | - | 89,543 | 274,352 | 5,550,543 | 701,807 | - |
| Loans funded | - | - | (818,855) | (6,543,664) | - | - |
| Grants to local governments | - | - | (9,360,805) | (7,633,385) | - | (1,825,003) |
| Cash received from Federal capitalization grant | - | - | - | 11,588,018 | - | - |
| Interest on loans | - | 35,543 | - | 1,426,528 | 25,736 | - |
| Administrative fees received (paid) | 3,138,637 | - | (1,031,953) | 222,940 | - | - |
| Net Cash Provided (Used) by Operating Activities | 2,757,276 | (26,822) | (11,389,882) | 4,346,364 | 727,543 | (2,105,957) |
| Cash Flows from Non-capital Financing Activities | | | | | | |
| Appropriations from the State | - | - | - | 2,500,000 | - | - |
| Cash transfers from the State | - | - | 10,179,660 | - | - | - |
| Cash transfers to the State | - | - | - | - | - | - |
| Intra-program transfers | 21,469,621 | - | - | - | - | 3,000,000 |
| 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 | 21,469,621 | - | 10,179,660 | 2,500,000 | - | 3,000,000 |
| Cash Flows from Investing Activities | | | | | | |
| Sale (purchase) of investments | - | (1,053,663) | - | 4,744,916 | (1,609,762) | (2,326,838) |
| Interest received on investments | 46,944 | 53,982 | 25,376 | 1,948,153 | 70,965 | 72,309 |
| Capital assets | (420,759) | - | - | - | - | - |
| Net Cash Provided (Used) by Investing Activities | (373,815) | (999,681) | 25,376 | 6,693,069 | (1,538,797) | (2,254,529) |
| Net increase (decrease) in cash and cash equivalents | 23,853,082 | (1,026,503) | (1,184,846) | 13,539,433 | (811,254) | (1,360,486) |
| Cash and cash equivalents, beginning of year | 1,022,305 | 2,170,325 | 1,184,846 | 27,077,564 | 2,542,443 | 3,733,224 |
| Cash and Cash Equivalents, End of Year | \$ 24,875,387 | \$ 1,143,822 | \$ - | \$ 40,616,997 | \$ 1,731,189 | \$ 2,372,738 |
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | | |
| Net operating income (loss) | \$ (58,837) | \$ (67,698) | \$ (9,788,050) | \$ (4,342,092) | \$ 617,391 | \$ (2,033,648) |
| Adjustments to Change in Net Position | | | | | | |
| Deferred revenue | - | - | - | (700,000) | - | - |
| Depreciation | 66,289 | - | - | - | - | - |
| Amortization on bond premiums | - | - | - | - | - | - |
| Provision for loan losses | - | 46,343 | - | - | (660,166) | - |
| Interest on investments | (46,944) | (53,982) | (25,376) | (1,948,153) | (70,965) | (72,309) |
| Bond interest paid | - | - | - | - | - | - |
| Loan financing pass-through to borrowers | - | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - | - |
| Cash received from Federal grants | - | - | - | 11,588,018 | - | - |
| Interest expense | - | - | - | - | - | - |
| Changes in Assets and Liabilities | | | | | | |
| Interest receivable | - | 106 | - | 7,333 | - | - |
| Grants, prepaid expenses and other receivables | 195,805 | - | - | - | - | - |
| Due from other programs | 2,492,147 | - | - | - | - | - |
| Administrative fees receivable | 47,343 | - | - | (42,529) | - | - |
| Loans receivable, net of allowance | - | 89,543 | (544,503) | (1,066,325) | 701,807 | - |
| Accounts payable | 52,812 | - | - | - | - | - |
| Accrued payroll | (23,449) | - | - | - | - | - |
| Compensated absences | 39,841 | - | - | - | - | - |
| Due to other programs | - | (41,134) | (1,031,953) | 70,412 | 139,476 | - |
| Undisbursed loan proceeds | - | - | - | - | - | - |
| Advanced loan payments | - | - | - | 73,205 | - | - |
| Other liabilities | (7,731) | - | - | 706,495 | - | - |
| Net Cash Provided (Used) by Operating Activities | \$ 2,757,276 | \$ (26,822) | \$ (11,389,882) | \$ 4,346,364 | \$ 727,543 | \$ (2,105,957) |

NEW MEXICO FINANCE AUTHORITY
Combined Statement of Cash Flows
For the Year Ended June 30, 2019

| NMTC | PCCF | PPRF | SSBCI | WPF | Other Programs | Intra- Program Eliminations | Total |
|--------------|--------------|-----------------|------------|-----------------|-------------------|-----------------------------------|-----------------|
| \$ - | \$ (52,555) | \$ (2,772,036) | \$ - | \$ (446,081) | \$ - | \$ - | \$ (4,039,520) |
| (888,605) | (68,447) | (2,392,382) | - | (375,413) | (966) | - | (4,488,425) |
| - | 265,127 | 231,780,389 | 394,313 | 1,973,829 | (228) | - | 241,029,675 |
| - | - | (293,521,594) | - | (878,329) | - | - | (301,762,442) |
| - | - | - | - | (15,285,528) | - | - | (34,104,721) |
| - | - | - | - | - | - | - | 11,588,018 |
| - | 57,005 | 48,994,919 | 86,220 | - | - | - | 50,625,951 |
| 1,583,332 | (563,319) | 3,178,099 | (88,973) | 66,486 | - | - | 6,505,249 |
| 694,727 | (362,189) | (14,732,605) | 391,560 | (14,945,036) | (1,194) | - | (34,646,215) |
| - | - | 37,153,352 | - | 4,000,000 | - | - | 43,653,352 |
| - | - | - | - | 9,685,850 | - | - | 19,865,510 |
| - | - | (4,000,000) | (398,004) | - | - | - | (4,398,004) |
| - | - | (24,503,128) | 88,973 | - | (55,466) | - | - |
| - | - | 269,452,691 | - | - | - | - | 269,452,691 |
| - | - | (150,105,000) | - | - | - | - | (150,105,000) |
| - | - | (1,640,333) | - | - | - | - | (1,640,333) |
| - | - | (57,138,659) | - | - | - | - | (57,138,659) |
| - | - | 34,500,000 | - | - | - | - | 34,500,000 |
| - | - | (34,500,000) | - | - | - | - | (34,500,000) |
| - | - | (12,943,547) | - | - | - | - | (12,943,547) |
| - | - | 56,275,376 | (309,031) | 13,685,850 | (55,466) | - | 106,746,010 |
| (29,268) | - | (48,871,722) | (58,537) | 2,247,275 | (87,805) | - | (47,045,404) |
| 13,475 | 73,231 | 5,067,487 | 3,341 | 540,770 | 3,901 | - | 7,919,934 |
| - | - | - | - | - | - | - | (420,759) |
| (15,793) | 73,231 | (43,804,235) | (55,196) | 2,788,045 | (83,904) | - | (39,546,229) |
| 678,934 | (288,958) | (2,261,464) | 27,333 | 1,528,859 | (140,564) | - | 32,553,566 |
| 6,423,242 | 3,361,904 | 205,285,319 | 32,749 | 7,957,980 | 222,661 | - | 261,014,562 |
| \$ 7,102,176 | \$ 3,072,946 | \$ 203,023,855 | \$ 60,082 | \$ 9,486,839 | \$ 82,097 | \$ - | \$ 293,568,128 |
| \$ 1,995,952 | \$ (64,999) | \$ (9,554,050) | \$ 73,690 | \$ (15,501,449) | \$ 2,935 | \$ - | \$ (38,720,855) |
| - | - | - | - | - | - | - | (700,000) |
| - | - | - | - | - | - | - | 66,289 |
| - | - | (8,917,797) | - | - | - | - | (8,917,797) |
| - | 75,188 | (291,231) | (19,716) | - | - | - | (849,582) |
| (13,475) | (73,231) | (5,067,487) | (3,341) | (540,770) | (3,901) | - | (7,919,934) |
| - | - | 56,632,955 | - | - | - | - | 56,632,955 |
| - | - | 12,943,547 | - | - | - | - | 12,943,547 |
| - | - | 1,640,333 | - | - | - | - | 1,640,333 |
| - | - | - | - | - | - | - | 11,588,018 |
| - | - | 266,620 | - | - | - | - | 266,620 |
| - | (955) | (698,235) | - | - | - | - | (691,751) |
| (637) | - | (71) | - | (673) | - | - | 194,424 |
| (1,101,216) | - | - | - | - | - | (1,390,931) | - |
| (198,710) | - | 345,255 | (88,973) | 2,357 | - | - | 64,743 |
| - | 265,127 | (94,525,988) | 394,313 | 1,095,499 | - | - | (93,590,527) |
| - | - | - | - | - | - | - | 52,812 |
| - | - | - | - | - | - | - | (23,449) |
| - | - | - | - | - | - | - | 39,841 |
| - | (563,319) | - | 35,587 | - | - | 1,390,931 | - |
| - | - | 22,750,493 | - | - | - | - | 22,750,493 |
| - | - | 9,743,057 | - | - | (228) | - | 9,816,034 |
| 12,813 | - | (6) | - | - | - | - | 711,571 |
| \$ 694,727 | \$ (362,189) | \$ (14,732,605) | \$ 391,560 | \$ (14,945,036) | \$ (1,194) | \$ - | \$ (34,646,215) |

| | Operating Fund | BHCF | CIF | DWSRLF | ED/SM | LGPF |
|--|-----------------------|--------------------|------------------------|---------------------|--------------------|-----------------------|
| Cash Flows from Operating Activities | | | | | | |
| Cash paid for employee services | \$ 265,827 | \$ - | \$ - | \$ (111,473) | \$ - | \$ (370,180) |
| Cash paid to vendors for services | (345,398) | (18,760) | - | (100,630) | - | (122,246) |
| Loan payments received | - | 68,875 | 361,871 | 6,385,818 | 633,666 | - |
| Loans funded | - | - | (881,750) | (7,120,040) | - | - |
| Grants to local governments | - | - | (14,178,540) | (10,384,187) | - | (2,211,199) |
| Cash received from Federal capitalization grant | - | - | - | 14,138,074 | - | - |
| Interest on loans | - | 27,191 | - | 1,442,235 | 13,390 | 59,118 |
| Proceeds from line of credit | - | - | - | - | - | - |
| Payments on line of credit | - | - | - | - | - | - |
| Administrative fees received (paid) | (1,041,502) | - | - | 224,090 | - | - |
| Net Cash Provided (Used) by Operating Activities | (1,121,073) | 77,306 | (14,698,419) | 4,473,887 | 647,056 | (2,644,507) |
| Cash Flows from Non-capital Financing Activities | | | | | | |
| Appropriations from the State | - | - | - | 1,800,000 | - | - |
| Cash transfers from the State | - | - | 15,061,949 | - | - | - |
| Cash transfers to the State | - | - | - | - | - | - |
| Intra-program transfers | 1,467,750 | - | - | 1,800,000 | - | - |
| Proceeds from the sale of bonds | - | - | - | - | - | - |
| Payment of bonds | - | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - | - |
| Bond interest expense paid | - | - | - | - | - | - |
| Loan financing pass-through to borrower | - | - | - | - | - | - |
| Net Cash Provided (Used) by Non-capital Financing Activities | 1,467,750 | - | 15,061,949 | 3,600,000 | - | - |
| Cash Flows from Investing Activities | | | | | | |
| Sale (purchase) of investments | - | 1,541,806 | - | 1,308,002 | 1,541,806 | - |
| Interest received on investments | 2,482 | 26,688 | 10,187 | 786,233 | 28,498 | - |
| Capital assets | (134,729) | - | - | - | - | - |
| Net Cash Provided (Used) by Investing Activities | (132,247) | 1,568,494 | 10,187 | 2,094,235 | 1,570,304 | - |
| Net increase (decrease) in cash and cash equivalents | 214,430 | 1,645,800 | 373,717 | 10,168,122 | 2,217,360 | (2,644,507) |
| Cash and cash equivalents, beginning of year | 807,875 | 524,525 | 811,129 | 16,909,442 | 325,083 | 6,377,731 |
| Cash and Cash Equivalents, End of Year | \$ 1,022,305 | \$2,170,325 | \$ 1,184,846 | \$27,077,564 | \$2,542,443 | \$ 3,733,224 |
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | | |
| Net operating income (loss) | \$ 271,673 | \$ (523,996) | \$ (14,692,973) | \$ (8,233,647) | \$ 87,987 | \$ (2,644,507) |
| Adjustments to Change in Net Position | | | | | | |
| Deferred revenue | - | - | - | (1,800,000) | - | - |
| Depreciation | 51,674 | - | - | - | - | - |
| Amortization on bond premiums | - | - | - | - | - | - |
| Provision for loan losses | - | 526,058 | - | - | (119,614) | - |
| Interest on investments | (2,482) | (26,688) | (10,187) | (580,754) | (28,498) | - |
| Bond interest paid | - | - | - | - | - | - |
| Loan financing pass-through to borrowers | - | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - | - |
| Cash received from Federal grants | - | - | - | 14,138,074 | - | - |
| Interest expense | - | - | - | - | - | - |
| Changes in Assets and Liabilities | | | | | | |
| Interest receivable | - | 2,247 | - | (83) | - | - |
| Grants, prepaid expenses and other receivables | (342,491) | - | - | - | - | - |
| Due from other programs | (941,469) | - | - | (94,810) | - | - |
| Administrative fees receivable | (67,952) | - | - | - | - | - |
| Loans receivable, net of allowance | - | 594,933 | (519,879) | (695,116) | 633,666 | - |
| Accounts payable | 84,422 | - | - | - | - | - |
| Accrued payroll | 23,392 | - | - | - | - | - |
| Compensated absences | 82,787 | - | - | - | - | - |
| Due to other programs | - | (495,248) | 524,620 | (24,414) | 73,515 | - |
| Undisbursed loan proceeds | - | - | - | - | - | - |
| Advanced loan payments | - | - | - | (39,106) | - | - |
| Line of credit | - | - | - | - | - | - |
| Other liabilities | (280,627) | - | - | 1,803,743 | - | - |
| Net Cash Provided (Used) by Operating Activities | \$ (1,121,073) | \$ 77,306 | \$ (14,698,419) | \$ 4,473,887 | \$ 647,056 | \$ (2,644,507) |

NEW MEXICO FINANCE AUTHORITY
Combined Statement of Cash Flows
For the Year Ended June 30, 2018

| NMTC | PCCF | PPRF | SSBCI | WPF | Other Programs | Intra-Program Eliminations | Total |
|---------------------|---------------------|-----------------------|---------------------|------------------------|-----------------------|-----------------------------------|-----------------------|
| \$ - | \$ (21,718) | \$ (3,469,561) | \$ - | \$ (479,892) | \$ - | \$ - | \$ (4,186,997) |
| (120,655) | (42,420) | (2,288,440) | - | (1,052,089) | 62,312 | - | (4,028,326) |
| - | 1,398,895 | 192,543,836 | 1,421,714 | 3,142,743 | - | - | 205,957,418 |
| - | - | (211,862,717) | (182,354) | (3,039,968) | - | - | (223,086,829) |
| - | - | - | - | (9,369,941) | - | - | (36,143,867) |
| - | - | - | - | - | - | - | 14,138,074 |
| - | 72,682 | 48,433,775 | 102,514 | - | - | - | 50,150,905 |
| - | - | 26,700,000 | - | - | - | - | 26,700,000 |
| - | - | (26,700,000) | - | - | - | - | (26,700,000) |
| 898,772 | - | 3,625,929 | - | 92,945 | - | - | 3,800,234 |
| <u>778,117</u> | <u>1,407,439</u> | <u>26,982,822</u> | <u>1,341,874</u> | <u>(10,706,202)</u> | <u>62,312</u> | <u>-</u> | <u>6,600,612</u> |
| - | - | 30,663,733 | - | 4,000,000 | - | - | 36,463,733 |
| - | - | - | - | 11,389,715 | - | - | 26,451,664 |
| - | - | (28,200,000) | (4,621,640) | - | (1,507,828) | - | (34,329,468) |
| - | - | (3,823,446) | (150,794) | 765,990 | (59,500) | - | - |
| - | - | 305,982,111 | - | - | - | - | 305,982,111 |
| - | - | (284,100,000) | - | - | - | - | (284,100,000) |
| - | - | (1,971,304) | - | - | - | - | (1,971,304) |
| - | - | (55,885,612) | - | - | - | - | (55,885,612) |
| - | - | (7,059,254) | - | - | - | - | (7,059,254) |
| - | - | <u>(44,393,772)</u> | <u>(4,772,434)</u> | <u>16,155,705</u> | <u>(1,567,328)</u> | <u>-</u> | <u>(14,448,130)</u> |
| - | - | 22,161,789 | 3,444,676 | (5,696,470) | 385,451 | - | 24,687,060 |
| 3,677 | 25,676 | 2,016,828 | 18,633 | 222,800 | 8,844 | - | 3,150,546 |
| - | - | - | - | - | - | - | (134,729) |
| <u>3,677</u> | <u>25,676</u> | <u>24,178,617</u> | <u>3,463,309</u> | <u>(5,473,670)</u> | <u>394,295</u> | <u>-</u> | <u>27,702,877</u> |
| 781,794 | 1,433,115 | 6,767,667 | 32,749 | (24,167) | (1,110,721) | - | 19,855,359 |
| <u>5,641,448</u> | <u>1,928,789</u> | <u>198,517,652</u> | <u>-</u> | <u>7,982,147</u> | <u>1,333,382</u> | <u>-</u> | <u>241,159,203</u> |
| <u>\$ 6,423,242</u> | <u>\$ 3,361,904</u> | <u>\$ 205,285,319</u> | <u>\$ 32,749</u> | <u>\$ 7,957,980</u> | <u>\$ 222,661</u> | <u>\$ -</u> | <u>\$ 261,014,562</u> |
| \$ 620,823 | \$ 3,413 | \$ (3,332,011) | \$ 52,214 | \$ (9,876,572) | \$ 132,306 | \$ - | \$ (38,135,290) |
| - | - | - | - | - | - | - | (1,800,000) |
| - | - | - | - | - | - | - | 51,674 |
| - | - | (9,311,387) | - | - | - | - | (9,311,387) |
| - | - | 190,138 | (61,968) | - | - | - | 534,614 |
| (3,677) | (25,676) | (2,091,283) | (18,633) | (167,479) | (8,844) | - | (2,964,201) |
| - | - | 54,774,863 | - | - | - | - | 54,774,863 |
| - | - | 7,059,254 | - | - | - | - | 7,059,254 |
| - | - | 1,971,304 | - | - | - | - | 1,971,304 |
| - | - | - | - | - | - | - | 14,138,074 |
| - | - | 331,022 | - | - | - | - | 331,022 |
| - | 3,295 | (2,586,639) | - | - | - | - | (2,581,180) |
| (2,746) | - | - | - | - | - | - | (345,237) |
| 620,328 | - | 1,046,809 | - | - | 942 | (631,800) | - |
| (455,334) | - | (1,138,238) | - | 1,064 | - | - | (1,660,460) |
| - | 1,398,895 | (60,761,094) | 1,177,392 | 102,775 | - | - | (58,068,428) |
| (94,848) | - | 61,522 | - | - | - | - | 51,096 |
| - | - | (33,580) | - | - | - | - | (10,188) |
| - | - | 10,000 | - | - | - | - | 92,787 |
| - | 27,512 | (164,664) | 192,869 | (765,990) | - | 631,800 | - |
| - | - | 40,652,976 | - | - | (62,092) | - | 40,590,884 |
| - | - | 117,024 | - | - | - | - | 77,918 |
| - | - | - | - | - | - | - | - |
| 93,571 | - | 186,806 | - | - | - | - | 1,803,493 |
| <u>\$ 778,117</u> | <u>\$ 1,407,439</u> | <u>\$ 26,982,822</u> | <u>\$ 1,341,874</u> | <u>\$ (10,706,202)</u> | <u>\$ 62,312</u> | <u>\$ -</u> | <u>\$ 6,600,612</u> |

NEW MEXICO FINANCE AUTHORITY
Agency Funds – Statement of Assets and Liabilities
For the Year Ended June 30, 2019

| | Balance June 30, 2018 | Increase | Decrease | Balance June 30, 2019 |
|--|--------------------------------------|----------------------|----------------------|--------------------------------------|
| Fund 322 NMDOT Revenue Bonds, Series 2006 | | | | |
| Cash and investments | \$ 44,470 | \$ 465,842 | \$ 510,000 | \$ 312 |
| Total assets | <u>\$ 44,470</u> | <u>\$ 465,842</u> | <u>\$ 510,000</u> | <u>\$ 312</u> |
| Deposit held in trust for others | \$ 44,470 | \$ 465,842 | \$ 510,000 | \$ 312 |
| Total liabilities | <u>\$ 44,470</u> | <u>\$ 465,842</u> | <u>\$ 510,000</u> | <u>\$ 312</u> |
| Fund 326 NMDOT Refunding Revenue Bonds, Series 2008 | | | | |
| Cash and investments | \$ 4,355,514 | \$ 4,600 | \$ 4,132,844 | \$ 227,270 |
| Total assets | <u>\$ 4,355,514</u> | <u>\$ 4,600</u> | <u>\$ 4,132,844</u> | <u>\$ 227,270</u> |
| Deposit held in trust for others | \$ 4,355,514 | \$ 4,600 | \$ 4,132,844 | \$ 227,270 |
| Total liabilities | <u>\$ 4,355,514</u> | <u>\$ 4,600</u> | <u>\$ 4,132,844</u> | <u>\$ 227,270</u> |
| Fund 328 NMDOT Refunding Revenue Bonds, Series 2010A | | | | |
| Cash and investments | \$ 45,700 | \$ 1,063,022 | \$ 1,099,651 | \$ 9,071 |
| Total assets | <u>\$ 45,700</u> | <u>\$ 1,063,022</u> | <u>\$ 1,099,651</u> | <u>\$ 9,071</u> |
| Deposit held in trust for others | \$ 45,700 | \$ 1,063,022 | \$ 1,099,651 | \$ 9,071 |
| Total liabilities | <u>\$ 45,700</u> | <u>\$ 1,063,022</u> | <u>\$ 1,099,651</u> | <u>\$ 9,071</u> |
| Fund 329 NMDOT Refunding Revenue Bonds, Series 2010B | | | | |
| Cash and investments | \$ 740,559 | \$ 89,770,542 | \$ 90,154,908 | \$ 356,193 |
| Total assets | <u>\$ 740,559</u> | <u>\$ 89,770,542</u> | <u>\$ 90,154,908</u> | <u>\$ 356,193</u> |
| Deposit held in trust for others | \$ 740,559 | \$ 89,770,542 | \$ 90,154,908 | \$ 356,193 |
| Total liabilities | <u>\$ 740,559</u> | <u>\$ 89,770,542</u> | <u>\$ 90,154,908</u> | <u>\$ 356,193</u> |
| Fund 330 NMDOT Refunding Revenue Bonds, Series 2011A | | | | |
| Cash and investments | \$ 7,548,915 | \$ - | \$ 7,548,915 | \$ - |
| Total assets | <u>\$ 7,548,915</u> | <u>\$ -</u> | <u>\$ 7,548,915</u> | <u>\$ -</u> |
| Deposit held in trust for others | \$ 7,548,915 | \$ - | \$ 7,548,915 | \$ - |
| Total liabilities | <u>\$ 7,548,915</u> | <u>\$ -</u> | <u>\$ 7,548,915</u> | <u>\$ -</u> |
| Fund 332 NMDOT Refunding Revenue Bonds, Series 2012 | | | | |
| Cash and investments | \$ 112,655 | \$ 7,314,599 | \$ 7,393,872 | \$ 33,382 |
| Total assets | <u>\$ 112,655</u> | <u>\$ 7,314,599</u> | <u>\$ 7,393,872</u> | <u>\$ 33,382</u> |
| Deposit held in trust for others | \$ 112,655 | \$ 7,314,599 | \$ 7,393,872 | \$ 33,382 |
| Total liabilities | <u>\$ 112,655</u> | <u>\$ 7,314,599</u> | <u>\$ 7,393,872</u> | <u>\$ 33,382</u> |
| Fund 333 and 334 NMDOT Refunding Revenue Bonds, Series 2014 | | | | |
| Cash and investments | \$ 15,029,210 | \$ 7,906,486 | \$ 16,269,323 | \$ 6,666,373 |
| Total assets | <u>\$ 15,029,210</u> | <u>\$ 7,906,486</u> | <u>\$ 16,269,323</u> | <u>\$ 6,666,373</u> |
| Deposit held in trust for others | \$ 15,029,210 | \$ 7,906,486 | \$ 16,269,323 | \$ 6,666,373 |
| Total liabilities | <u>\$ 15,029,210</u> | <u>\$ 7,906,486</u> | <u>\$ 16,269,323</u> | <u>\$ 6,666,373</u> |
| Fund 335 NMDOT Refunding Revenue Bonds, Series 2018 | | | | |
| Cash and investments | \$ 126,668 | \$ 9,660,774 | \$ 9,741,629 | \$ 45,813 |
| Total assets | <u>\$ 126,668</u> | <u>\$ 9,660,774</u> | <u>\$ 9,741,629</u> | <u>\$ 45,813</u> |
| Deposit held in trust for others | \$ 126,668 | \$ 9,660,774 | \$ 9,741,629 | \$ 45,813 |
| Total liabilities | <u>\$ 126,668</u> | <u>\$ 9,660,774</u> | <u>\$ 9,741,629</u> | <u>\$ 45,813</u> |

NEW MEXICO FINANCE AUTHORITY
Agency Funds – Statement of Assets and Liabilities
For the Year Ended June 30, 2018

| | | Balance June 30, 2017 | Increase | Decrease | Balance June 30, 2018 |
|--|-------------------|-----------------------------|----------------------|----------------------|-----------------------------|
| Fund 322 NMDOT Revenue Bonds, Series 2006 | | | | | |
| Cash and investments | | \$ 9,221 | \$ 48,087 | \$ 12,838 | \$ 44,470 |
| | Total assets | <u>\$ 9,221</u> | <u>\$ 48,087</u> | <u>\$ 12,838</u> | <u>\$ 44,470</u> |
| Deposit held in trust for others | | \$ 9,221 | \$ 48,087 | \$ 12,838 | \$ 44,470 |
| | Total liabilities | <u>\$ 9,221</u> | <u>\$ 48,087</u> | <u>\$ 12,838</u> | <u>\$ 44,470</u> |
| Fund 326 NMDOT Refunding Revenue Bonds, Series 2008 | | | | | |
| Cash and investments | | \$ 1,406,628 | \$ 3,268,361 | \$ 319,475 | \$ 4,355,514 |
| | Total assets | <u>\$ 1,406,628</u> | <u>\$ 3,268,361</u> | <u>\$ 319,475</u> | <u>\$ 4,355,514</u> |
| Deposit held in trust for others | | \$ 1,406,628 | \$ 3,268,361 | \$ 319,475 | \$ 4,355,514 |
| | Total liabilities | <u>\$ 1,406,628</u> | <u>\$ 3,268,361</u> | <u>\$ 319,475</u> | <u>\$ 4,355,514</u> |
| Fund 327 NMDOT Refunding Revenue Bonds, Series 2009 | | | | | |
| Cash and investments | | \$ 22,061 | \$ - | \$ 22,061 | \$ - |
| | Total assets | <u>\$ 22,061</u> | <u>\$ -</u> | <u>\$ 22,061</u> | <u>\$ -</u> |
| Deposit held in trust for others | | \$ 22,061 | \$ - | \$ 22,061 | \$ - |
| | Total liabilities | <u>\$ 22,061</u> | <u>\$ -</u> | <u>\$ 22,061</u> | <u>\$ -</u> |
| Fund 328 NMDOT Refunding Revenue Bonds, Series 2010A | | | | | |
| Cash and investments | | \$ 34,465 | \$ 1,435,328 | \$ 1,424,093 | \$ 45,700 |
| | Total assets | <u>\$ 34,465</u> | <u>\$ 1,435,328</u> | <u>\$ 1,424,093</u> | <u>\$ 45,700</u> |
| Deposit held in trust for others | | \$ 34,465 | \$ 1,435,328 | \$ 1,424,093 | \$ 45,700 |
| | Total liabilities | <u>\$ 34,465</u> | <u>\$ 1,435,328</u> | <u>\$ 1,424,093</u> | <u>\$ 45,700</u> |
| Fund 329 NMDOT Refunding Revenue Bonds, Series 2010B | | | | | |
| Cash and investments | | \$ 196,192 | \$ 87,688,034 | \$ 87,143,667 | \$ 740,559 |
| | Total assets | <u>\$ 196,192</u> | <u>\$ 87,688,034</u> | <u>\$ 87,143,667</u> | <u>\$ 740,559</u> |
| Deposit held in trust for others | | \$ 196,192 | \$ 87,688,034 | \$ 87,143,667 | \$ 740,559 |
| | Total liabilities | <u>\$ 196,192</u> | <u>\$ 87,688,034</u> | <u>\$ 87,143,667</u> | <u>\$ 740,559</u> |
| Fund 330 NMDOT Refunding Revenue Bonds, Series 2011A | | | | | |
| Cash and investments | | \$ 1,962,438 | \$ 6,482,287 | \$ 895,810 | \$ 7,548,915 |
| | Total assets | <u>\$ 1,962,438</u> | <u>\$ 6,482,287</u> | <u>\$ 895,810</u> | <u>\$ 7,548,915</u> |
| Deposit held in trust for others | | \$ 1,962,438 | \$ 6,482,287 | \$ 895,810 | \$ 7,548,915 |
| | Total liabilities | <u>\$ 1,962,438</u> | <u>\$ 6,482,287</u> | <u>\$ 895,810</u> | <u>\$ 7,548,915</u> |
| Fund 332 NMDOT Refunding Revenue Bonds, Series 2012 | | | | | |
| Cash and investments | | \$ 58,272 | \$ 5,058,746 | \$ 5,004,363 | \$ 112,655 |
| | Total assets | <u>\$ 58,272</u> | <u>\$ 5,058,746</u> | <u>\$ 5,004,363</u> | <u>\$ 112,655</u> |
| Deposit held in trust for others | | \$ 58,272 | \$ 5,058,746 | \$ 5,004,363 | \$ 112,655 |
| | Total liabilities | <u>\$ 58,272</u> | <u>\$ 5,058,746</u> | <u>\$ 5,004,363</u> | <u>\$ 112,655</u> |
| Fund 333 & 334 NMDOT Refunding Revenue Bonds, Series 2014 | | | | | |
| Cash and investments | | \$ 27,916,066 | \$ 4,122,464 | \$ 17,009,321 | \$ 15,029,209 |
| | Total assets | <u>\$ 27,916,066</u> | <u>\$ 4,122,464</u> | <u>\$ 17,009,321</u> | <u>\$ 15,029,209</u> |
| Deposit held in trust for others | | \$ 27,916,066 | \$ 4,122,464 | \$ 17,009,321 | \$ 15,029,209 |
| | Total liabilities | <u>\$ 27,916,066</u> | <u>\$ 4,122,464</u> | <u>\$ 17,009,321</u> | <u>\$ 15,029,209</u> |
| Fund 335 NMDOT Refunding Revenue Bonds, Series 2018 | | | | | |
| Cash and investments | | \$ - | \$ 126,668 | \$ - | \$ 126,668 |
| | Total assets | <u>\$ -</u> | <u>\$ 126,668</u> | <u>\$ -</u> | <u>\$ 126,668</u> |
| Deposit held in trust for others | | \$ - | \$ 126,668 | \$ - | \$ 126,668 |
| | Total liabilities | <u>\$ -</u> | <u>\$ 126,668</u> | <u>\$ -</u> | <u>\$ 126,668</u> |

NEW MEXICO FINANCE AUTHORITY
Schedules of Pledged Collateral
June 30, 2019 and 2018

As of June 30, 2019

| | Bank Accounts: | Wells Fargo | Wells Fargo |
|--|----------------|-------------|-------------|
| Deposit account | | \$ 450,573 | \$ 11,012 |
| Repurchase agreements | | - | 255,154 |
| Total amount of deposits (bank balances) | | 450,573 | 266,166 |
| FDIC Coverage | | (250,000) | (250,000) |
| Total uninsured public funds | | \$ 200,573 | \$ 255,154 |
| Collateral requirement @ 50% | | \$ 100,287 | \$ - |
| Collateral requirement @ 102% | | \$ - | \$ 260,257 |

As of June 30, 2018

| | Bank Accounts: | Wells Fargo | Wells Fargo |
|--|----------------|-------------|-------------|
| Deposit account | | \$ 828,551 | \$ 6,658 |
| Repurchase agreements | | | 275,477 |
| Total amount of deposits (bank balances) | | 828,551 | 282,135 |
| FDIC Coverage | | (250,000) | (250,000) |
| Total uninsured public funds | | \$ 578,551 | \$ 275,477 |
| Collateral requirement @ 50% | | \$ 289,275 | \$ - |
| Collateral requirement @ 102% | | \$ - | \$ 280,987 |

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, 2019 and 2018, 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, 2019

| <u>Grantor / Program Title</u> | <u>Federal Catalog Number</u> | <u>Loan Balance as of 6/30/2018</u> | <u>Federal Expenditures FY 2019</u> | <u>Federal Awards Provided to Subrecipients</u> | <u>Loans & Loan Guarantees</u> | <u>Total</u> |
|--|---------------------------------------|---|---|---|--|----------------------|
| Environmental Protection Agency | | | | | | |
| Capitalization Grants for Drinking Water State Revolving Funds - Cluster | 66.468 | \$ 87,250,756 | \$ 508,385 | \$ 4,535,969 | \$ 6,543,664 | \$ 11,588,018 |
| Total expenditures of federal awards | | <u>\$ 87,250,756</u> | <u>\$ 508,385</u> | <u>\$ 4,535,969</u> | <u>\$ 6,543,664</u> | <u>\$ 11,588,018</u> |

See Notes to Schedule of Expenditures of Federal Awards

NEW MEXICO FINANCE AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

1) General

The accompanying Supplemental Schedule of Expenditures of Federal Awards presents the activities of all federal awards of NMFA and is presented using the accrual basis of accounting, which is described in Note 1 to NMFA's basic Financial Statements. 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 under Uniform Guidance.

NMFA administers loans under the DWSRF Program (Federal Catalog Number 66.468). The outstanding balance on the loans as of June 30, 2019 and 2018 was \$88,317,081 and \$87,250,756, respectively. Because the Schedule presents only a selected portion of the operations of NMFA, it is not intended to and does not present the net position, or changes in net position of NMFA. The information in this Schedule is presented in accordance with the 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"). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

2) Subrecipients, Including Loans Outstanding

| Subrecipient Name | Pass-Through Funds |
|---|-------------------------------|
| <u>State Revolving Fund</u> | |
| Albuquerque Bernalillo County WUA | \$ 1,018,231 |
| Angel Fire, Village | 121,760 |
| Belen, City | 13,940 |
| Cimarron, Village | 63,324 |
| Doña Ana MDWCA | 1,237,729 |
| Eagle Nest, Village | 47,085 |
| Eldorado Area WSD | 535,597 |
| Estancia, Town | 410 |
| Farmington, City | 2,728,574 |
| Galisteo MDWCA | 33,076 |
| Las Vegas, City | 1,007,852 |
| Los Lunas, Village | 58,782 |
| Lower Des Montes MDWCA | 10,537 |
| Lower Rio Grande PWWA | 576,240 |
| Magdalena, Village | 207,931 |
| North Star MDWCA | 176,658 |
| Red River, Town | 1,196,967 |
| Roswell, City | 39,417 |
| Santa Clara, Village | 5,337 |
| NMED Drinking Water Bureau | 2,000,186 |
| Total Expenditures of Federal Awards | \$ 11,079,633 |

NEW MEXICO FINANCE AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019

Prior Audit Findings

The fiscal year 2018 audit resulted in no findings.

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
and
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 agency fund for New Mexico Finance Authority (NMFA), a component unit of the State of New Mexico, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise NMFA's basic financial statements, and have issued our report thereon dated October 31, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mess Adams LLP

Albuquerque, New Mexico
October 31, 2019

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Governing Board
New Mexico Finance Authority
and
Brian S. Colón, Esq.
New Mexico Office of the State Auditor
Santa Fe, New Mexico

Report on Compliance for Each 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 NMFA's major federal program for the year ended June 30, 2019. 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 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 its major federal program for the year ended June 30, 2019.

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.

Mess Adams LLP

Albuquerque, New Mexico
October 31, 2019

NEW MEXICO FINANCE AUTHORITY
Schedule of Findings and Questioned Costs
June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Federal Programs

| <i>CFDA Numbers</i> | <i>Name of Federal Program or Cluster</i> | <i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i> |
|---------------------|--|---|
| 66.468 | Capitalization Grants for Drinking Water State Revolving Funds | Unmodified |

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

NEW MEXICO FINANCE AUTHORITY
EXIT CONFERENCE
JUNE 30, 2019

An exit conference was conducted on October 24, 2019, in which the contents of this report were discussed. The following individuals attended this meeting:

New Mexico Finance Authority:

John Gasparich, Interim CEO
Oscar Rodriguez, CFO
Katherine Miller, NMFA Board Chair
William Fulginiti, NMFA Board Vice Chair
Steve Kopelman, NMFA Board Secretary
Matthew Lovato, NMFA Board Member Designee
Jennifer Pruet, NMFA Board Member Designee
Debbie Romero, NMFA Board Member Designee
Martin Abran Suazo, NMFA Board Member
Jon Clark, NMFA Board Member Designee
Andrew Burke, NMFA Board Member
David Martinez, NMFA Board Member
Leslie Nathanson Juris, NMFA Board Member
Dan Opperman, General Counsel
Bryan Otero, Assistant General Counsel
Heather Boone, Chief Compliance Officer
Marquita Russel, Chief of Programs

Moss Adams LLP:

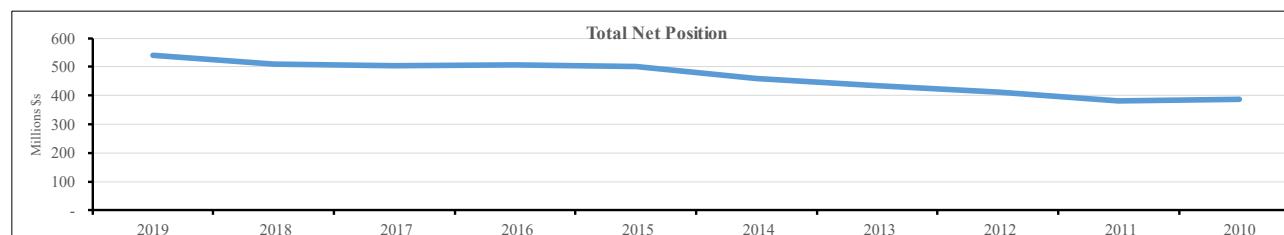
Aaron Hamilton, CPA, Senior Manager

**Statistical
Section
(Unaudited)**



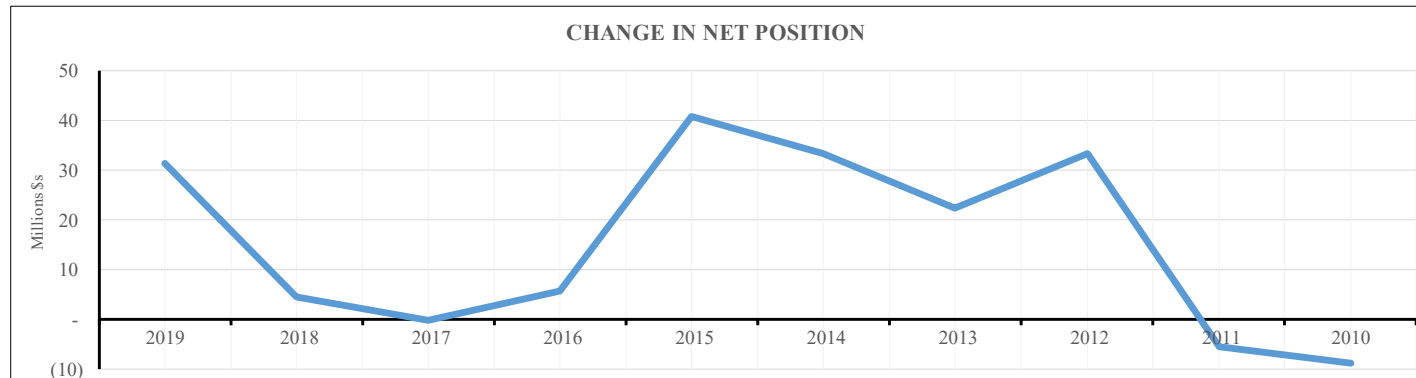
Net Position at June 30, 2019-2010

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Assets | | | | | | | | | | |
| Current Assets | | | | | | | | | | |
| Cash and cash equivalents | | | | | | | | | | |
| Unrestricted | \$ 28,057,865 | \$ 23,271,873 | \$ 22,761,512 | \$ 15,433,532 | \$ 21,656,317 | \$ 19,792,613 | \$ 116,073,324 | \$ 80,351,262 | \$ 119,475,379 | \$ 120,385,376 |
| Restricted | 265,510,262 | 237,742,689 | 218,397,691 | 135,135,587 | 113,366,876 | 112,880,142 | 109,965,262 | 106,424,138 | 135,349,071 | 269,106,450 |
| Interest receivable | 8,643,831 | 7,952,079 | 5,370,899 | 8,505,073 | 6,657,501 | 7,431,412 | 8,307,828 | 8,452,919 | 9,077,480 | 9,798,410 |
| Grants and other receivables | 21,292 | 358,508 | 13,271 | 890,213 | 950,402 | 2,640,545 | 2,539,414 | 2,539,291 | 3,758,591 | 4,429,088 |
| Prepaid Expenses | 162,281 | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 | 19,500 | - |
| Administrative fees receivable | 2,041,715 | 2,106,456 | 445,996 | 190,938 | 191,034 | 186,043 | 212,343 | 302,606 | 402,664 | 560,875 |
| Loans receivable, net of allowance | 164,921,253 | 148,575,374 | 115,007,192 | 103,129,270 | 102,634,676 | 100,725,825 | 104,299,277 | 97,952,218 | 90,934,160 | 222,428,715 |
| Total current assets | <u>469,358,500</u> | <u>420,026,479</u> | <u>362,016,061</u> | <u>263,304,113</u> | <u>245,476,306</u> | <u>243,676,080</u> | <u>341,416,948</u> | <u>296,041,934</u> | <u>359,016,845</u> | <u>626,708,914</u> |
| Non-current assets | | | | | | | | | | |
| Restricted investments | 408,804,384 | 361,758,979 | 385,451,491 | 332,151,402 | 280,161,230 | 183,692,467 | 131,565,455 | 125,496,887 | 119,189,886 | - |
| Loans receivable, net of allowance | 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 | 1,272,261,370 | 1,177,536,039 |
| Capital assets, net of accumulated depreciation | 1,054,119 | 699,649 | 616,594 | 278,916 | 4,867 | 104,378 | 220,772 | 239,589 | 187,411 | 273,500 |
| Deferred cost, net of accumulated amortization | - | - | - | - | - | - | 10,165,480 | 10,760,208 | 10,614,067 | 10,919,313 |
| Total Assets | <u>2,356,581,290</u> | <u>2,182,046,397</u> | <u>2,123,145,190</u> | <u>1,844,349,847</u> | <u>1,707,895,738</u> | <u>1,624,062,386</u> | <u>1,735,575,970</u> | <u>1,782,294,032</u> | <u>1,761,269,579</u> | <u>1,815,437,766</u> |
| Deferred Outflows of Resources | | | | | | | | | | |
| Deferred loss on refunding | 743,687 | 793,710 | 843,732 | 823,233 | 184,242 | 1,191,181 | - | - | - | - |
| Total Deferred Outflows of Resources | <u>743,687</u> | <u>793,710</u> | <u>843,732</u> | <u>823,233</u> | <u>184,242</u> | <u>1,191,181</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Liabilities | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | |
| Accounts payable | 406,729 | 353,917 | 302,821 | 307,297 | 244,901 | 292,954 | 473,039 | 199,643 | 286,162 | 2,666,783 |
| Accrued payroll | 209,802 | 233,251 | 243,439 | 176,438 | 112,716 | 91,540 | 84,120 | 94,751 | 110,991 | 161,996 |
| Compensated absences | 461,476 | 421,635 | 328,848 | 332,213 | 285,923 | 273,440 | 274,077 | 276,994 | 295,994 | 210,339 |
| Funds held for others | - | - | - | - | - | - | 80,263 | 385,495 | 620,825 | 116,283,533 |
| Bond interest payable | 4,072,142 | 3,960,649 | 4,183,050 | 3,525,287 | 3,482,270 | 3,625,714 | 3,961,874 | 4,287,863 | 4,303,121 | 4,402,934 |
| Undisbursed loan proceeds | 289,941,611 | 267,191,118 | 226,600,234 | 135,624,986 | 71,940,001 | 28,744,630 | 45,485,533 | 73,864,493 | 74,534,357 | - |
| Advanced loan payments | 96,202,732 | 86,386,698 | 86,308,780 | 83,008,008 | 74,332,049 | 72,189,707 | 68,380,111 | 70,884,890 | 76,070,383 | 65,371,000 |
| Line of credit | - | - | - | - | - | 12,006,298 | - | - | - | - |
| Bonds payable, net | 117,215,000 | 101,240,000 | 123,840,000 | 78,040,000 | 75,943,000 | 70,430,000 | 84,400,000 | 81,431,000 | 72,569,000 | 72,521,339 |
| Cost of loan issuance payable | - | - | - | - | - | - | 750,663 | 984,567 | - | - |
| Other liabilities | 3,134,793 | 2,423,220 | 619,727 | 532,591 | 771,924 | 574,632 | 205,415 | 1,148,847 | 2,162,546 | 120,817 |
| Total current liabilities | <u>511,644,285</u> | <u>462,210,488</u> | <u>442,426,899</u> | <u>301,546,820</u> | <u>227,112,784</u> | <u>188,228,915</u> | <u>204,095,095</u> | <u>233,558,543</u> | <u>230,953,379</u> | <u>261,738,741</u> |
| Non-current Liabilities | | | | | | | | | | |
| Bonds payable | 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 | 1,150,473,042 | 1,168,349,390 |
| Total Liabilities | <u>1,811,729,087</u> | <u>1,667,840,395</u> | <u>1,612,886,082</u> | <u>1,337,955,538</u> | <u>1,208,073,458</u> | <u>1,165,940,266</u> | <u>1,300,100,612</u> | <u>1,369,245,842</u> | <u>1,381,426,421</u> | <u>1,430,088,131</u> |
| Deferred Inflows of Resources | | | | | | | | | | |
| Deferred gain on refunding | 4,279,845 | 4,971,687 | 5,663,528 | 1,575,177 | - | - | - | - | - | - |
| Total Deferred Inflows of Resources | <u>4,279,845</u> | <u>4,971,687</u> | <u>5,663,528</u> | <u>1,575,177</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Position | | | | | | | | | | |
| Net investment in capital assets | 1,054,119 | 699,649 | 616,594 | 278,916 | 4,867 | 104,378 | 220,772 | 239,589 | 187,411 | 273,500 |
| Restricted for program commitments | 515,633,478 | 492,583,687 | 486,992,135 | 495,576,466 | 483,282,743 | 445,061,112 | 211,361,534 | 270,853,544 | 260,507,707 | 265,252,985 |
| Unrestricted | 24,628,450 | 16,744,689 | 17,830,583 | 9,786,983 | 16,718,912 | 14,147,811 | 223,893,052 | 141,955,057 | 119,148,040 | 119,823,150 |
| Total Net Position | <u>\$ 541,316,046</u> | <u>\$ 510,028,025</u> | <u>\$ 505,439,312</u> | <u>\$ 505,642,365</u> | <u>\$ 500,006,522</u> | <u>\$ 459,313,301</u> | <u>\$ 435,475,358</u> | <u>\$ 413,048,190</u> | <u>\$ 379,843,158</u> | <u>\$ 385,349,635</u> |
| Total Liabilities and Net Position | <u>\$ 2,348,765,288</u> | <u>\$ 2,172,896,733</u> | <u>\$ 2,112,661,866</u> | <u>\$ 1,842,022,726</u> | <u>\$ 1,708,079,980</u> | <u>\$ 1,625,253,567</u> | <u>\$ 1,735,575,970</u> | <u>\$ 1,782,294,032</u> | <u>\$ 1,761,269,579</u> | <u>\$ 1,815,437,766</u> |



Revenue, Expenses and Changes in Net Position for Year Ending June 30, 2019-2010

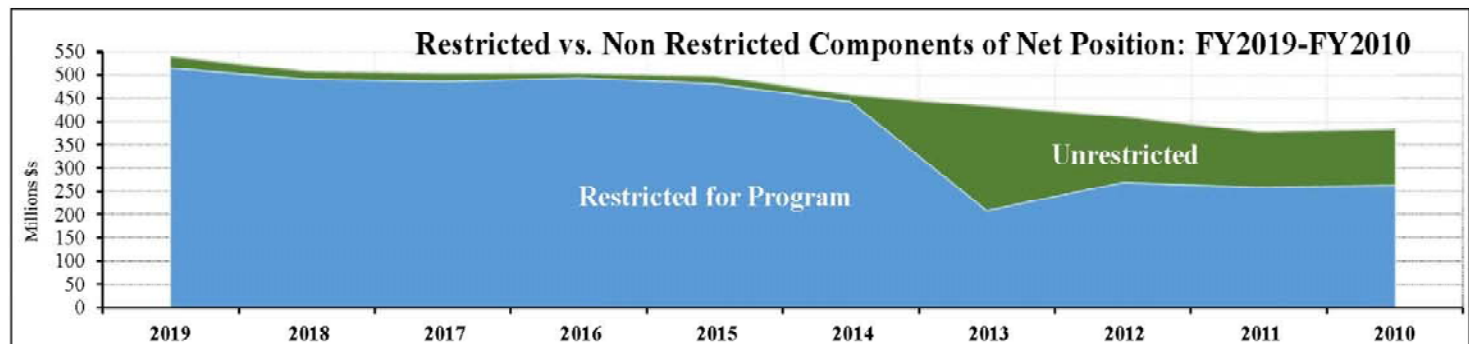
| | 2019 | 2018 | 2017 | 2016 | 2015 | (restated) 2014 | 2013 | 2012 | 2011 | 2010 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating Revenue | | | | | | | | | | |
| Interest on loans | \$ 51,584,322 | \$ 52,732,085 | \$ 47,865,124 | \$ 51,736,376 | \$ 48,645,757 | \$ 48,723,703 | \$ 52,942,880 | \$ 54,459,612 | \$ 55,572,510 | \$ 56,663,765 |
| Administrative fees revenue | 6,396,594 | 5,460,694 | 5,701,200 | 7,049,654 | 3,197,684 | 3,589,843 | 3,395,491 | 7,352,753 | 6,808,876 | 8,621,728 |
| Interest on investments | 7,919,934 | 2,964,201 | 946,513 | 2,195,762 | 925,910 | 488,741 | 139,403 | 436,387 | 805,923 | 8,101,838 |
| Total Operating Revenue | <u>65,900,850</u> | <u>61,156,980</u> | <u>54,512,837</u> | <u>60,981,792</u> | <u>52,769,351</u> | <u>52,802,287</u> | <u>56,477,774</u> | <u>62,248,752</u> | <u>63,187,309</u> | <u>73,387,331</u> |
| Operating Expenses | | | | | | | | | | |
| Bond interest expense | 47,690,534 | 45,522,536 | 51,088,846 | 45,756,069 | 37,761,525 | 54,319,247 | 53,026,726 | 55,005,184 | 56,305,515 | 55,256,988 |
| Grants to others | 34,104,721 | 36,143,867 | 51,299,208 | 47,888,370 | 54,240,349 | 50,824,441 | 48,828,884 | 42,063,551 | 53,887,305 | 60,106,858 |
| Loan financing pass-through | 12,943,547 | 7,059,254 | 17,476,331 | 21,455,228 | 8,945,997 | - | - | - | - | - |
| Salaries and benefits | 4,687,223 | 4,110,925 | 4,463,828 | 4,515,210 | 4,361,363 | 4,284,392 | 3,926,740 | 3,976,586 | 4,184,572 | 3,808,883 |
| Bond issuance costs | 1,640,333 | 1,971,304 | 2,847,995 | 1,525,161 | 1,243,632 | 674,398 | 752,792 | 1,272,046 | 697,665 | 1,840,185 |
| Professional services | 2,635,841 | 2,155,028 | 2,570,063 | 2,389,037 | 2,146,157 | 2,189,377 | 2,651,079 | 2,520,763 | 2,212,384 | 4,367,170 |
| Other operating costs | 1,071,792 | 1,018,054 | 1,349,403 | 1,586,001 | 1,271,083 | 1,396,268 | 1,236,524 | 1,436,871 | 1,099,929 | 1,050,222 |
| Provision for loan losses | (849,582) | 534,614 | 458,701 | 2,241 | (2,370,845) | (822,108) | 2,321,946 | (1,501,594) | 2,458,456 | 445,867 |
| Interest expense | 266,620 | 331,022 | 395,624 | 296,138 | 489,859 | 298,359 | 277,596 | 114,479 | 376,341 | 365,239 |
| Rent and utilities | 364,386 | 393,992 | 389,092 | 374,327 | 361,467 | 360,975 | 429,381 | 114,479 | 376,526 | 360,072 |
| Administrative fees | - | - | - | 87,289 | 134,365 | 189,383 | 202,713 | 199,650 | 271,317 | 217,298 |
| Depreciation expense | 66,289 | 51,674 | 3,240 | 2,191 | 102,187 | 116,394 | 168,246 | 146,719 | 110,011 | 197,828 |
| Total Operating Expenses | <u>104,621,704</u> | <u>99,292,270</u> | <u>132,342,331</u> | <u>125,877,262</u> | <u>108,687,139</u> | <u>113,831,126</u> | <u>113,822,627</u> | <u>105,348,734</u> | <u>121,980,021</u> | <u>128,016,610</u> |
| Net Operating Loss | <u>(38,720,854)</u> | <u>(38,135,290)</u> | <u>(77,829,494)</u> | <u>(64,895,470)</u> | <u>(55,917,788)</u> | <u>(61,028,839)</u> | <u>(57,344,853)</u> | <u>(43,099,982)</u> | <u>(58,792,712)</u> | <u>(54,629,279)</u> |
| Non-operating Revenue (Expenses) | | | | | | | | | | |
| Appropriation revenue | 42,953,352 | 36,463,733 | 34,578,969 | 33,127,879 | 37,157,026 | 43,086,860 | 34,033,130 | 43,146,845 | 34,842,554 | 11,722,377 |
| Grant Revenue | 11,588,018 | 14,138,074 | 8,511,355 | 14,255,306 | 24,735,441 | 12,271,623 | 42,992 | 8,095,888 | 6,566,626 | 4,774,396 |
| Transfers from the State of New Mexico | 19,865,509 | 26,451,664 | 44,943,059 | 42,347,680 | 39,295,779 | 42,953,373 | 48,649,056 | 33,787,328 | 36,358,202 | 37,410,250 |
| Transfers to the State of New Mexico | (4,398,004) | (34,329,468) | (10,406,942) | (19,199,552) | (4,577,237) | (3,931,693) | (2,953,157) | (8,725,047) | (24,481,147) | (8,070,530) |
| Increase (Decrease) in Net Position | <u>31,288,021</u> | <u>4,588,713</u> | <u>(203,053)</u> | <u>5,635,843</u> | <u>40,693,221</u> | <u>33,351,324</u> | <u>22,427,168</u> | <u>33,205,032</u> | <u>(5,506,477)</u> | <u>(8,792,786)</u> |
| Net position, beginning of year | <u>510,028,025</u> | <u>505,439,312</u> | <u>505,642,365</u> | <u>500,006,522</u> | <u>459,313,301</u> | <u>425,961,977</u> | <u>413,048,190</u> | <u>379,843,158</u> | <u>385,349,635</u> | <u>394,142,421</u> |
| Net Position, End of Year | <u>\$ 541,316,046</u> | <u>\$ 510,028,025</u> | <u>\$ 505,439,312</u> | <u>\$ 505,642,365</u> | <u>\$ 500,006,522</u> | <u>\$ 459,313,301</u> | <u>\$ 435,475,358</u> | <u>\$ 413,048,190</u> | <u>\$ 379,843,158</u> | <u>\$ 385,349,635</u> |



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

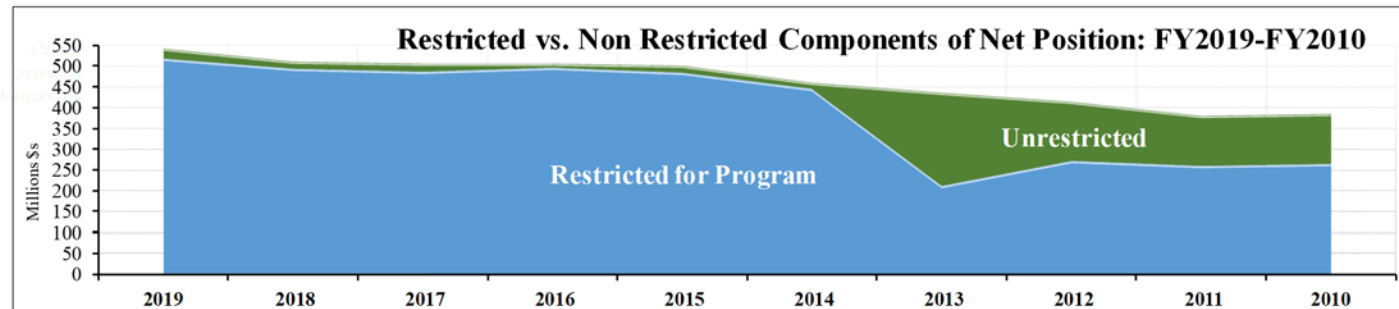
Fund Balance by Component and Fund at June 30, 2019-2010

| <u>Active Funds</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> | <u>2011</u> | <u>2010</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Investment in Capital Assets | | | | | | | | | | |
| NMFA Operating Fund | \$ 1,054,119 | \$ 699,649 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public Project Revolving Fund | - | - | 616,594 | 244,840 | (29,209) | 70,302 | 186,696 | 205,513 | 187,411 | 273,500 |
| All Other Funds | - | - | - | 34,076 | 34,076 | 34,076 | 34,076 | 34,076 | - | - |
| Subtotal | <u>1,054,119</u> | <u>699,649</u> | <u>616,594</u> | <u>278,916</u> | <u>4,867</u> | <u>104,378</u> | <u>220,772</u> | <u>239,589</u> | <u>187,411</u> | <u>273,500</u> |
| Restricted for Program Commitments | | | | | | | | | | |
| NMFA Operating Fund | 2,541,369 | 5,338,137 | - | - | - | - | - | - | - | - |
| Behavioral Health Fund | 2,323,172 | 2,432,004 | 2,925,190 | 1,094 | - | 597,025 | 194,051 | 235,524 | 262,936 | 303,506 |
| Colonias Infrastructure Fund | 4,300,046 | 4,940,389 | 4,046,793 | 2,782,677 | 1,550,806 | 748,984 | - | - | - | - |
| Drinking Water State Revolving Loan Fund | 163,628,581 | 154,512,243 | 146,832,230 | 139,947,130 | 129,295,623 | 113,786,463 | 65,277,093 | 91,630,972 | 64,773,311 | 66,271,067 |
| Smart Money | 4,339,957 | 3,583,090 | 3,421,588 | 3,640,408 | 3,503,700 | 1,484,587 | 727,918 | 2,443,917 | 2,699,905 | 5,910,611 |
| Local Government Planning | 4,699,576 | 3,733,224 | 6,377,731 | 5,259,656 | 3,772,689 | 2,008,414 | - | - | 19,871 | 179,799 |
| New Markets Tax Credits | 7,516,786 | 6,626,660 | 5,380,909 | 4,925,437 | 1,106,244 | 943,048 | - | - | - | - |
| Primary Care Capital Fund | 4,489,737 | 5,118,055 | 5,087,130 | 5,058,321 | 5,034,374 | 5,019,197 | 3,875,916 | - | 4,724,857 | 7,593,233 |
| Public Project Revolving Fund | 269,660,436 | 252,098,185 | 258,208,608 | 281,401,983 | 287,259,542 | 272,672,623 | 122,050,527 | 148,769,888 | 153,993,052 | 131,031,943 |
| State Small Business Collateral Initiative | 2,713,397 | 2,913,150 | 7,502,469 | 8,047,723 | 12,782,087 | 7,952,315 | 1,687,667 | - | - | - |
| Water Projects / Water Trust Board Fund | 49,250,518 | 51,066,117 | 45,552,974 | 43,016,131 | 37,485,323 | 37,720,991 | 14,787,301 | 27,898,358 | 20,228,117 | 16,188,834 |
| 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) | 13,922,888 | 37,773,992 |
| Subtotal | <u>515,633,477</u> | <u>492,583,687</u> | <u>486,992,135</u> | <u>495,576,466</u> | <u>483,282,743</u> | <u>445,061,112</u> | <u>211,361,534</u> | <u>270,853,544</u> | <u>260,624,937</u> | <u>265,252,985</u> |
| Unrestricted | | | | | | | | | | |
| NMFA Operating Fund | 24,874,974 | 1,021,892 | - | - | - | - | - | - | - | - |
| Behavioral Health Fund | (317,795) | (358,929) | (328,119) | (287,441) | (270,365) | (13,515) | 398,036 | 355,008 | 310,593 | 266,126 |
| Colonias 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 | - | 21,095,526 | 12,012,602 |
| Smart Money | (1,523,501) | (1,384,025) | (1,310,510) | (1,239,027) | (1,203,957) | (1,152,754) | - | - | - | - |
| Local Government Planning | - | - | - | - | - | - | 341,987 | (4,740) | 305,107 | - |
| New Markets Tax Credits | 1,706,839 | 601,023 | 1,225,951 | 422,426 | 852,227 | 836,435 | 570,580 | (252,228) | (212,577) | (24,634) |
| Primary Care Capital Fund | (5,770) | (569,089) | (541,577) | (516,710) | (474,819) | (386,271) | 809,070 | 4,716,138 | 14,720 | 406 |
| 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 | 97,060,132 | 103,250,340 |
| State Small Business Collateral Initiative | (704,750) | (669,162) | (689,055) | (1,126,631) | (710,826) | (545,545) | 2,303,098 | 4,281,378 | - | - |
| Water Projects / Water Trust Board Fund | - | - | - | - | - | - | 17,803,788 | - | 201,508 | - |
| All Other Funds (net) | - | - | (118,058) | (447,743) | (207,247) | (17,648) | 125,269 | 6,919,110 | 255,801 | 4,318,310 |
| Subtotal | <u>24,628,450</u> | <u>16,744,689</u> | <u>17,830,583</u> | <u>9,786,983</u> | <u>16,718,912</u> | <u>14,147,811</u> | <u>223,893,052</u> | <u>141,955,057</u> | <u>119,030,810</u> | <u>119,823,150</u> |
| Total Fund Balance | \$ 541,316,046 | \$ 510,028,025 | \$ 505,439,312 | \$ 505,642,365 | \$ 500,006,522 | \$ 459,313,301 | \$ 435,475,358 | \$ 413,048,190 | \$ 379,843,158 | \$ 385,349,635 |



Fund Balance by Component and Fund at June 30, 2019-2010

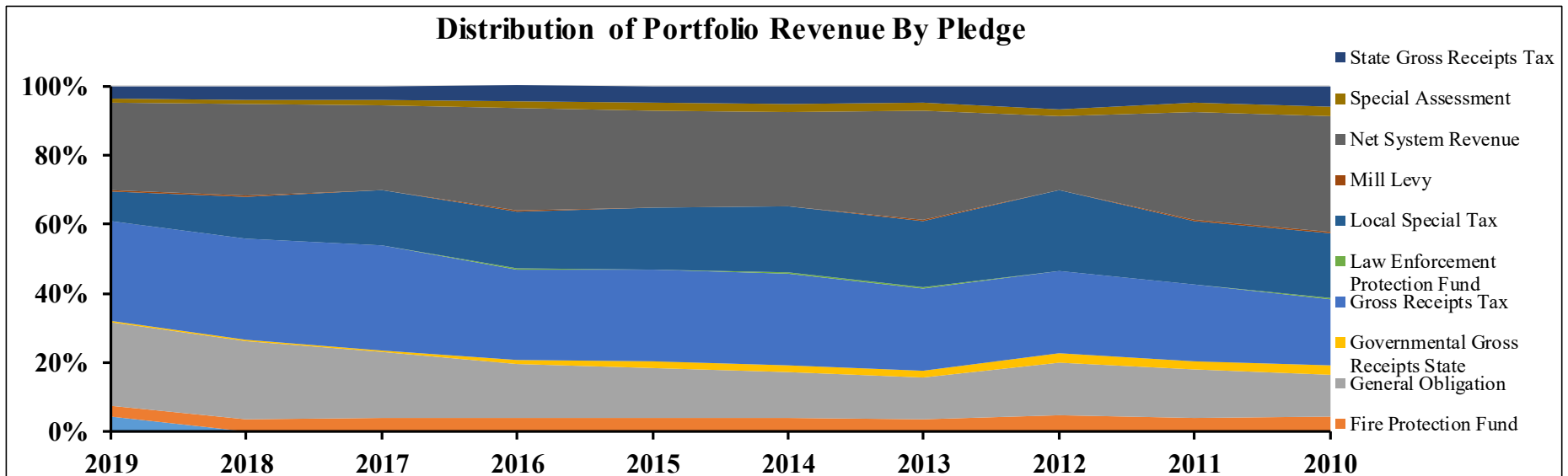
| <u>Active Funds</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net Investment in Capital Assets | | | | | | | | | | |
| NMFA Operating Fund | \$ 1,054,119 | \$ 699,649 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public Project Revolving Fund | - | - | 616,594 | 244,840 | (29,209) | 70,302 | 186,696 | 205,513 | 187,411 | 273,500 |
| All Other Funds | - | - | - | 34,076 | 34,076 | 34,076 | 34,076 | 34,076 | - | - |
| Subtotal | <u>1,054,119</u> | <u>699,649</u> | <u>616,594</u> | <u>278,916</u> | <u>4,867</u> | <u>104,378</u> | <u>220,772</u> | <u>239,589</u> | <u>187,411</u> | <u>273,500</u> |
| Restricted for Program Commitments | | | | | | | | | | |
| NMFA Operating Fund | 2,541,369 | 5,338,137 | - | - | - | - | - | - | - | - |
| Behavioral Health Fund | 2,323,172 | 2,432,004 | 2,925,190 | 1,094 | - | 597,025 | 194,051 | 235,524 | 262,936 | 303,506 |
| Colonias Infrastructure Fund | 4,300,046 | 4,940,389 | 4,046,793 | 2,782,677 | 1,550,806 | 748,984 | - | - | - | - |
| Drinking Water State Revolving Loan Fund | 163,628,581 | 154,512,243 | 146,832,230 | 139,947,130 | 129,295,623 | 113,786,463 | 65,277,093 | 91,630,972 | 64,773,311 | 66,271,067 |
| Smart Money | 4,339,957 | 3,583,090 | 3,421,588 | 3,640,408 | 3,503,700 | 1,484,587 | 727,918 | 2,443,917 | 2,699,905 | 5,910,611 |
| Local Government Planning | 4,699,576 | 3,733,224 | 6,377,731 | 5,259,656 | 3,772,689 | 2,008,414 | - | - | 19,871 | 179,799 |
| New Markets Tax Credits | 7,516,786 | 6,626,660 | 5,380,909 | 4,925,437 | 1,106,244 | 943,048 | - | - | - | - |
| Primary Care Capital Fund | 4,503,907 | 5,118,055 | 5,087,130 | 5,058,321 | 5,034,374 | 5,019,197 | 3,875,916 | - | 4,724,857 | 7,593,233 |
| Public Project Revolving Fund | 269,646,264 | 252,098,185 | 258,208,608 | 281,401,983 | 287,259,542 | 272,672,623 | 122,050,527 | 148,769,888 | 153,993,052 | 131,031,943 |
| State Small Business Collateral Initiative | 2,713,397 | 2,913,150 | 7,502,469 | 8,047,723 | 12,782,087 | 7,952,315 | 1,687,667 | - | - | - |
| Water Projects / Water Trust Board Fund | 49,250,518 | 51,066,117 | 45,552,974 | 43,016,131 | 37,485,323 | 37,720,991 | 14,787,301 | 27,898,358 | 20,228,117 | 16,188,834 |
| 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) | 13,922,888 | 37,773,992 |
| Subtotal | <u>515,633,478</u> | <u>492,583,687</u> | <u>486,992,135</u> | <u>495,576,466</u> | <u>483,282,743</u> | <u>445,061,112</u> | <u>211,361,534</u> | <u>270,853,544</u> | <u>260,624,937</u> | <u>265,252,985</u> |
| Unrestricted | | | | | | | | | | |
| NMFA Operating Fund | 24,874,974 | 1,021,891 | - | - | - | - | - | - | - | - |
| Behavioral Health Fund | (317,795) | (358,929) | (328,119) | (287,441) | (270,365) | (13,515) | 398,036 | 355,008 | 310,593 | 266,126 |
| Colonias 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 | - | 21,095,526 | 12,012,602 |
| Smart Money | (1,523,501) | (1,384,025) | (1,310,510) | (1,239,027) | (1,203,957) | (1,152,754) | - | - | - | - |
| Local Government Planning | - | - | - | - | - | - | 341,987 | (4,740) | 305,107 | - |
| New Markets Tax Credits | 1,706,839 | 601,023 | 1,225,951 | 422,426 | 852,227 | 836,435 | 570,580 | (252,228) | (212,577) | (24,634) |
| Primary Care Capital Fund | (5,770) | (569,089) | (541,577) | (516,710) | (474,819) | (386,271) | 809,070 | 4,716,138 | 14,720 | 406 |
| 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 | 97,060,132 | 103,250,340 |
| State Small Business Collateral Initiative | (704,750) | (669,162) | (689,055) | (1,126,631) | (710,826) | (545,545) | 2,303,098 | 4,281,378 | - | - |
| Water Projects / Water Trust Board Fund | - | - | - | - | - | - | 17,803,788 | - | 201,508 | - |
| All Other Funds (net) | - | - | (118,058) | (447,743) | (207,247) | (17,648) | 125,269 | 6,919,110 | 255,801 | 4,318,310 |
| Subtotal | <u>24,628,450</u> | <u>16,744,689</u> | <u>17,830,583</u> | <u>9,786,983</u> | <u>16,718,912</u> | <u>14,147,811</u> | <u>223,893,052</u> | <u>141,955,057</u> | <u>119,030,810</u> | <u>119,823,150</u> |
| Total Fund Balance | <u>\$541,316,046</u> | <u>\$510,028,025</u> | <u>\$505,439,312</u> | <u>\$505,642,365</u> | <u>\$500,006,522</u> | <u>\$459,313,301</u> | <u>\$435,475,358</u> | <u>\$413,048,190</u> | <u>\$379,843,158</u> | <u>\$385,349,635</u> |



Public Project Revolving Fund Pledged Revenue

Percent Distribution by Pledge Type at June 30: 2019-2010

| <u>Type of Pledge</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> | <u>2011</u> | <u>2010</u> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Appropriation Loan | 4.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Fire Protection Fund | 3.2% | 3.6% | 3.8% | 3.8% | 4.0% | 4.1% | 3.7% | 4.8% | 4.1% | 4.2% |
| General Obligation | 24.2% | 22.4% | 19.2% | 15.7% | 14.3% | 13.1% | 12.1% | 15.2% | 14.0% | 12.3% |
| Governmental Gross Receipts State | 0.4% | 0.4% | 0.5% | 1.3% | 1.8% | 1.9% | 1.8% | 2.5% | 2.1% | 2.5% |
| Gross Receipts Tax | 28.8% | 29.2% | 30.3% | 26.1% | 26.6% | 26.6% | 23.9% | 23.7% | 22.4% | 19.4% |
| Law Enforcement Protection Fund | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% | 0.1% |
| Local Special Tax | 8.6% | 12.2% | 15.8% | 16.4% | 17.8% | 19.2% | 19.2% | 23.4% | 18.2% | 19.0% |
| Mill Levy | 0.4% | 0.3% | 0.2% | 0.3% | 0.2% | 0.2% | 0.1% | 0.1% | 0.1% | 0.2% |
| Net System Revenue | 25.1% | 26.3% | 24.3% | 29.8% | 27.8% | 27.3% | 31.9% | 21.5% | 31.5% | 33.6% |
| Special Assessment | 1.1% | 1.5% | 1.6% | 2.1% | 2.4% | 2.4% | 2.3% | 2.0% | 2.4% | 2.7% |
| State Gross Receipts Tax | 3.8% | 3.9% | 4.1% | 4.4% | 4.9% | 5.0% | 4.8% | 6.6% | 5.0% | 6.0% |



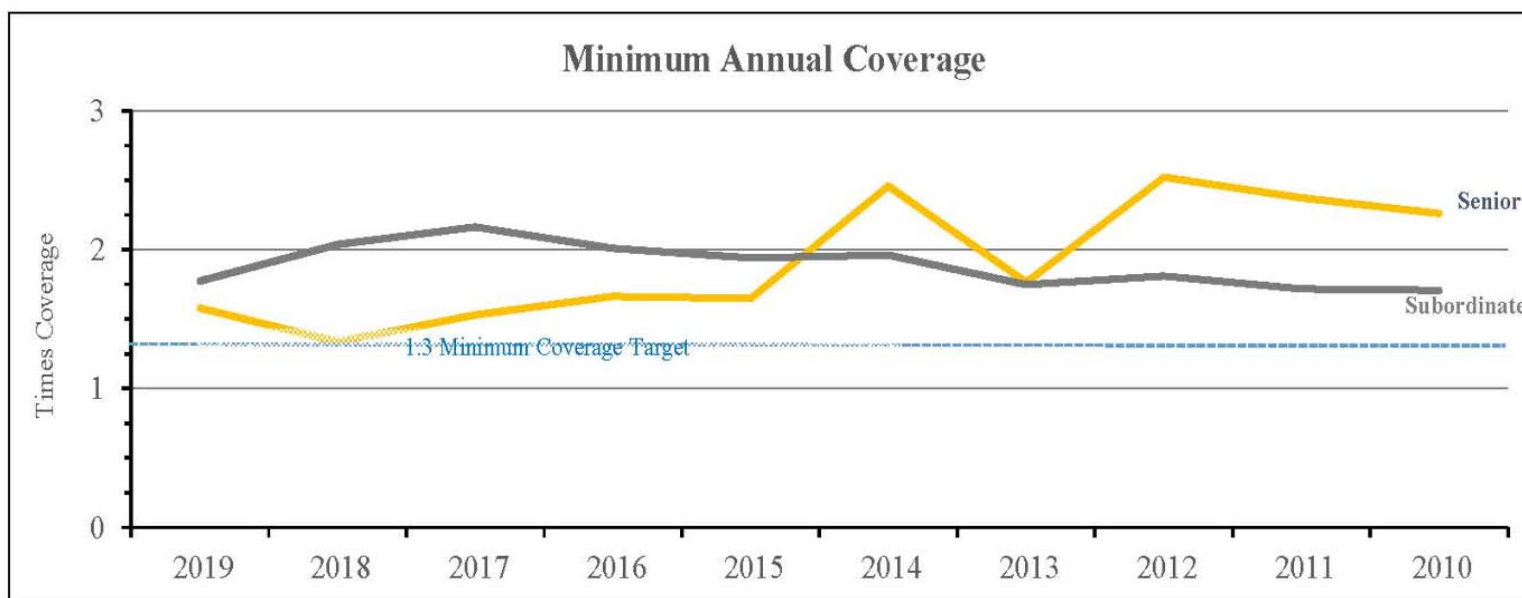
Debt Burden

Original vs. Outstanding Bond Principal at June 30, 2019

| | | Original | Outstanding |
|----------------------|----------------------------------|---------------|---------------|
| | Consolidated All PPRF Bonds | 3,117,365,000 | 1,271,365,000 |
| | Consolidated Senior Lien | 2,270,990,000 | 912,025,000 |
| | Consolidated Sub Lien | 846,375,000 | 359,340,000 |
| 2019A Exempt Bonds | A – Subordinate | 37,145,000 | 36,895,000 |
| 2019B Exempt Bonds | B – Senior | 43,870,000 | 43,870,000 |
| 2019C1 Exempt Bonds | C1 – Subordinate | 18,930,000 | 18,930,000 |
| 2019C2 Taxable Bond | C2 – Subordinate | 12,480,000 | 12,480,000 |
| 2018A Exempt Bonds | A – Senior | 124,330,000 | 114,835,000 |
| 2018B Exempt Bonds | B – Senior | 22,530,000 | 20,420,000 |
| 2018C1 Exempt Bonds | C1 – Subordinate | 19,400,000 | 19,200,000 |
| 2018C2 Taxable Bonds | C2 – Subordinate | 13,175,000 | 12,740,000 |
| 2018D Exempt Bonds | D – Senior | 53,310,000 | 51,940,000 |
| 2018E Taxable Bonds | E – Subordinate | 70,205,000 | 69,530,000 |
| 2017A Exempt Bonds | A – Senior | 60,265,000 | 53,965,000 |
| 2017B Exempt Bonds | B – Subordinate | 68,015,000 | 44,495,000 |
| 2017C Exempt Bonds | C – Senior | 37,675,000 | 28,455,000 |
| 2017D Exempt Bonds | D – Subordinate | 41,395,000 | 33,825,000 |
| 2017E Exempt Bonds | E – Senior | 40,190,000 | 35,710,000 |
| 2017F Taxable Bonds | F – Subordinate | 19,315,000 | 15,325,000 |
| 2016A Exempt Bonds | A – Senior | 52,070,000 | 38,520,000 |
| 2016B Taxable Bonds | B – Subordinate | 8,950,000 | 3,085,000 |
| 2016C Exempt Bonds | C – Senior | 67,540,000 | 62,670,000 |
| 2016D Exempt Bonds | D – Senior | 116,485,000 | 99,015,000 |
| 2016E Exempt Bonds | E – Senior | 40,870,000 | 30,585,000 |
| 2016F Exempt Bonds | F – Senior | 38,575,000 | 31,305,000 |
| 2015A Exempt Bonds | A – Sub Lien | 63,390,000 | 49,675,000 |
| 2015B Exempt Bonds | B – Senior | 45,325,000 | 34,560,000 |
| 2015C Exempt Bonds | C – Senior | 45,475,000 | 44,235,000 |
| 2015D Exempt Bonds | D – Sub Lien | 29,355,000 | 21,715,000 |
| 2014A Taxable Bonds | A2 – Sub Lien | 16,805,000 | 9,145,000 |
| 2014A Exempt Bonds | A1 – Sub Lien | 15,135,000 | 12,300,000 |
| 2014B Exempt Bonds | B – Senior | 58,235,000 | 36,200,000 |
| 2013A Exempt Bonds | A – Senior | 44,285,000 | 24,865,000 |
| 2013B Exempt Bonds | B – Senior | 16,360,000 | 9,425,000 |
| 2013C Taxable Bonds | C2 – Sub Lien | 10,550,000 | - |
| 2013C Exempt Bonds | C1 – Sub Lien | 3,745,000 | - |
| 2012A Exempt Bonds | A – Senior | 24,340,000 | 16,210,000 |
| 2011A AMT Bonds | A – Senior | 15,375,000 | - |
| 2011B Taxable Bonds | B2 – Senior | 14,545,000 | 8,075,000 |
| 2011B Exempt Bonds | B1 – Senior | 42,735,000 | 17,825,000 |
| 2011C Exempt Bonds | C – Senior | 53,400,000 | 28,200,000 |
| 2010A Taxable Bonds | A2 – Senior | 13,795,000 | 10,350,000 |
| 2010A Exempt Bonds | A1 – Senior | 15,170,000 | 3,725,000 |
| 2010B Taxable Bonds | B2 – Senior | 17,600,000 | 16,400,000 |
| 2010B Exempt Bonds | B1 – Senior | 38,610,000 | 16,800,000 |
| 2009A Exempt Bonds | A – Senior | 18,435,000 | - |
| 2009B Exempt Bonds | B – Senior | 30,225,000 | - |
| 2009C Exempt Bonds | C – Senior | 55,810,000 | 33,865,000 |
| 2009D Taxable Bonds | D2 – Senior | 38,845,000 | - |
| 2009D Exempt Bonds | D1 – Senior | 13,570,000 | - |
| 2009E Exempt Bonds | E – Senior | 35,155,000 | - |

PPRF Senior and Subordinate Lien Debt Service Coverage

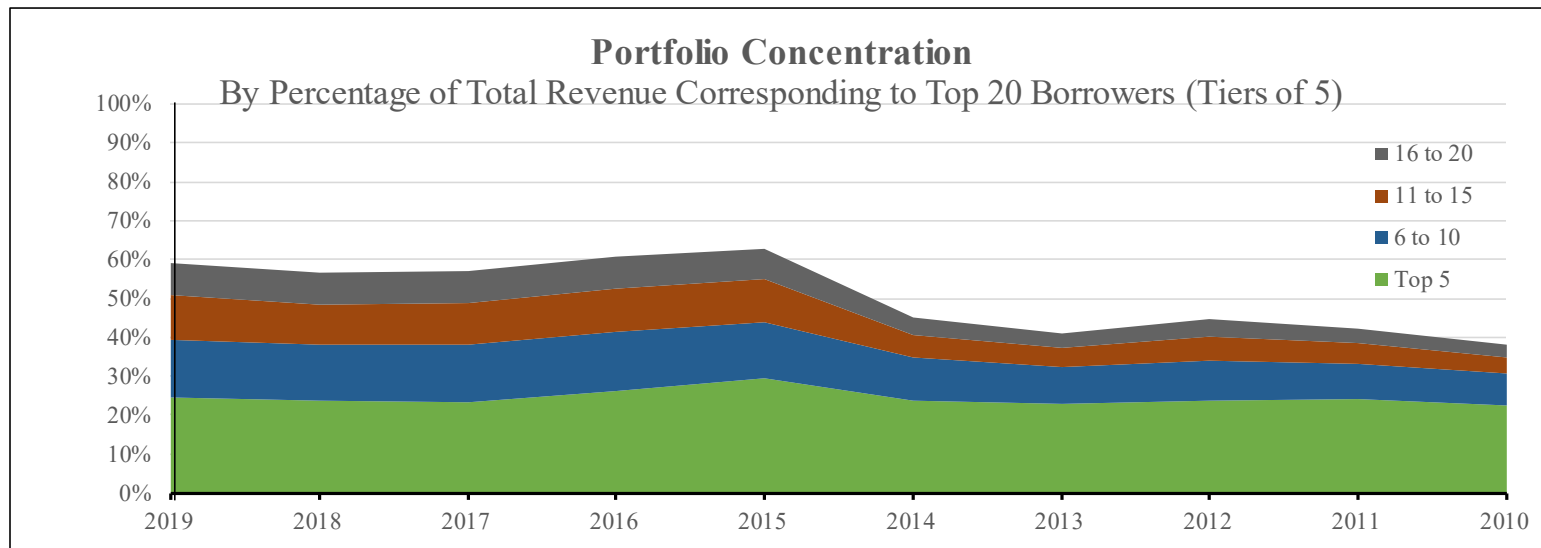
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Senior Lien Bonds | | | | | | | | | | |
| Annual Coverage at June 30 | 1.35 | 1.32 | 1.32 | 1.46 | 1.48 | 1.65 | 1.32 | 1.38 | 1.37 | 1.28 |
| Subordinate Lien Bonds | | | | | | | | | | |
| Annual Coverage at June 30 | 1.77 | 2.04 | 2.39 | 2.08 | 2.26 | 2.38 | 2.03 | 2.20 | 2.06 | 2.03 |



Public Project Revolving Fund Concentration

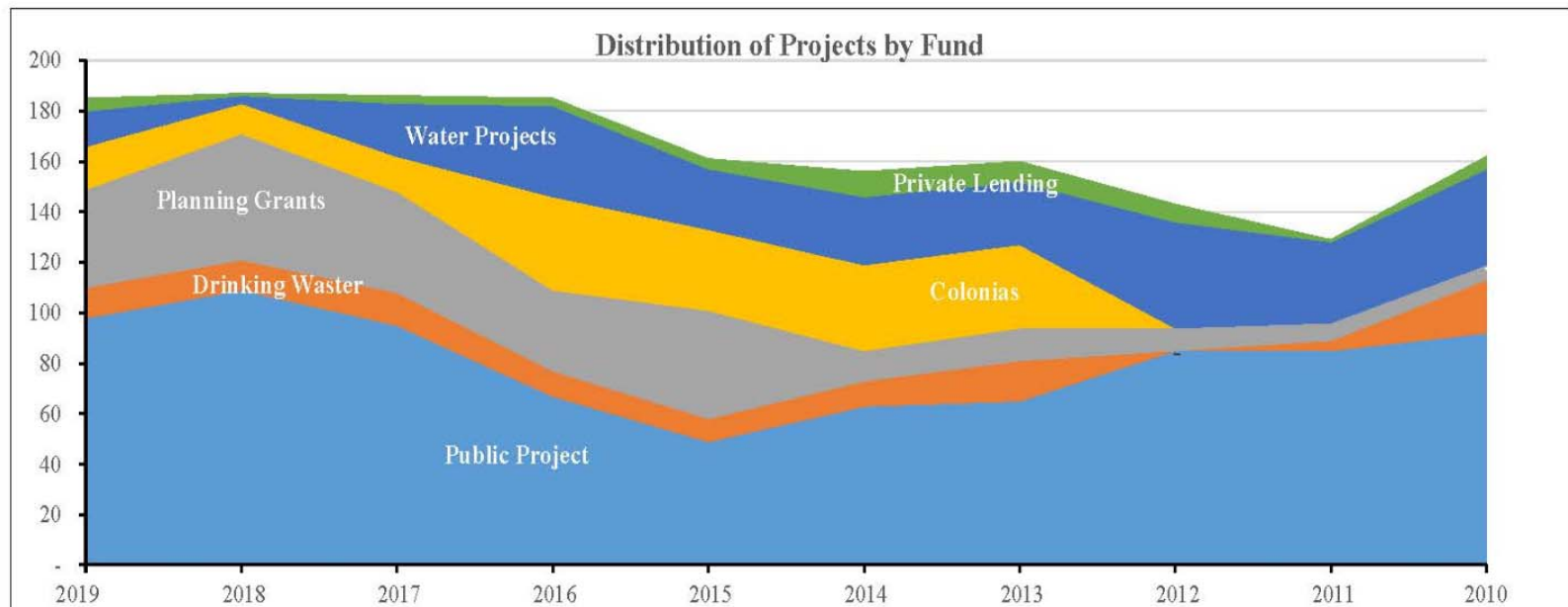
Distribution of Portfolio Revenue Among the Top 20 Borrowers at June 30: FY2019-2010

| Top 4 Tiers of Borrowers | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Top 5 | 24.6% | 23.9% | 23.1% | 26.3% | 29.4% | 23.8% | 23.0% | 23.8% | 24.0% | 22.5% |
| 6 to 10 | 14.7% | 14.3% | 15.2% | 15.1% | 14.5% | 10.9% | 9.3% | 10.2% | 9.1% | 8.3% |
| 11 to 15 | 11.5% | 10.3% | 10.7% | 11.2% | 10.9% | 6.0% | 5.0% | 6.0% | 5.2% | 4.2% |
| 16 to 20 | 8.2% | 8.2% | 8.2% | 8.0% | 8.1% | 4.2% | 3.7% | 4.8% | 3.7% | 3.2% |
| Remainder of Portfolio | 41.0% | 43.3% | 42.8% | 39.4% | 37.0% | 55.1% | 59.0% | 55.2% | 58.0% | 61.8% |



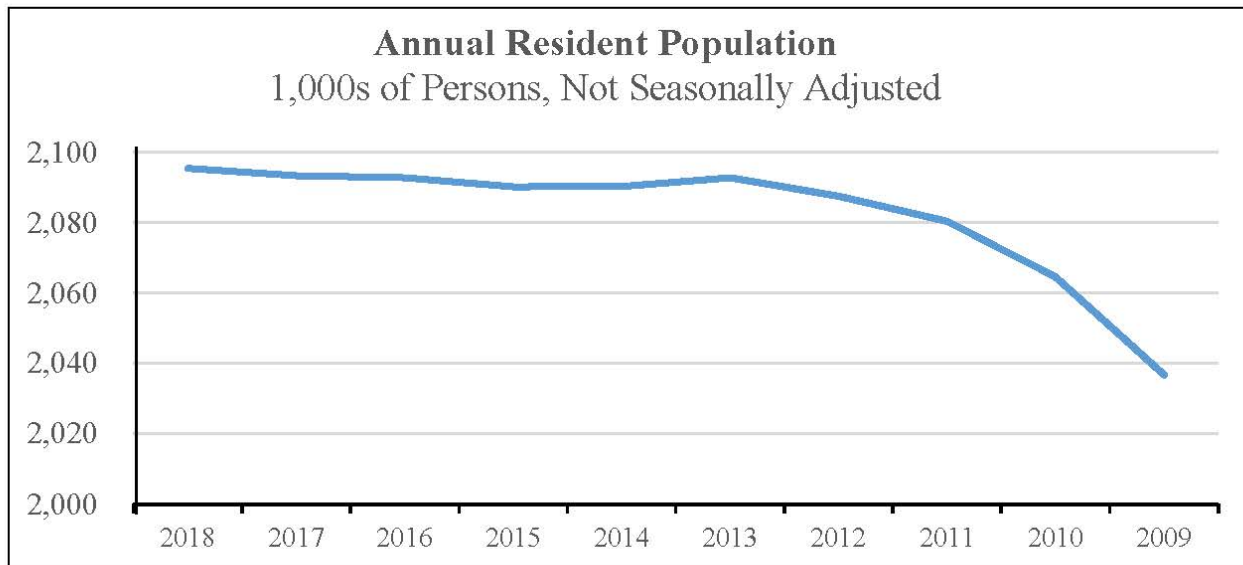
Number of New Projects by Fund: 2019-2010

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Public Lending | | | | | | | | | | |
| Public Project Revolving Fund | 98 | 109 | 95 | 67 | 49 | 63 | 65 | 85 | 85 | 92 |
| Drinking Water State Revolving Loan Fund | 12 | 12 | 13 | 10 | 9 | 10 | 16 | - | 4 | 21 |
| Local Government Planning Fund | 39 | 50 | 40 | 32 | 43 | 12 | 13 | 9 | 7 | 6 |
| Colonias Infrastructure Fund | 17 | 12 | 14 | 37 | 32 | 34 | 33 | - | - | - |
| Water Project Fund | 14 | 3 | 21 | 36 | 24 | 27 | 25 | 42 | 32 | 38 |
| Private Lending | | | | | | | | | | |
| Behavioral Health Capital Fund | 1 | - | - | - | - | 1 | - | - | - | 1 |
| New Markets Tax Credits | 4 | 1 | 3 | 1 | - | 3 | 2 | 4 | 1 | 3 |
| Economic Development/Smart Money | - | - | - | - | - | - | 2 | - | - | 1 |
| Primary Care Capital Fund | - | - | - | - | 1 | - | - | 1 | - | - |
| State Small Business Collateral Initiative | - | - | - | 2 | 3 | 6 | 4 | 2 | - | - |
| Total | 185 | 187 | 186 | 185 | 161 | 156 | 160 | 143 | 129 | 162 |



New Mexico Resident Population

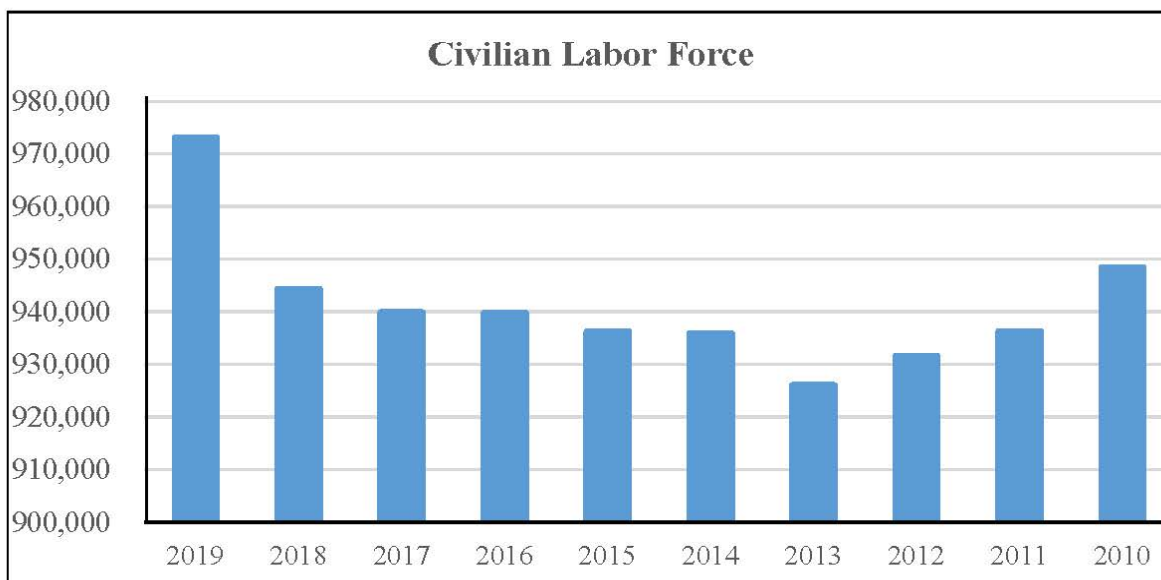
| Observation Date (January 1) | 1,000s of Persons, Annual, Not Seasonally Adjusted |
|---|---|
| 2018 | 2,095 |
| 2017 | 2,093 |
| 2016 | 2,093 |
| 2015 | 2,090 |
| 2014 | 2,090 |
| 2013 | 2,093 |
| 2012 | 2,088 |
| 2011 | 2,080 |
| 2010 | 2,065 |
| 2009 | 2,037 |



Federal Reserve Economic Data
Link: <https://fred.stlouisfed.org>
Federal Reserve Bank of St. Louis
Updated: Feb 15, 2019

Civilian Labor Force in New Mexico Persons, Not Seasonally Adjusted

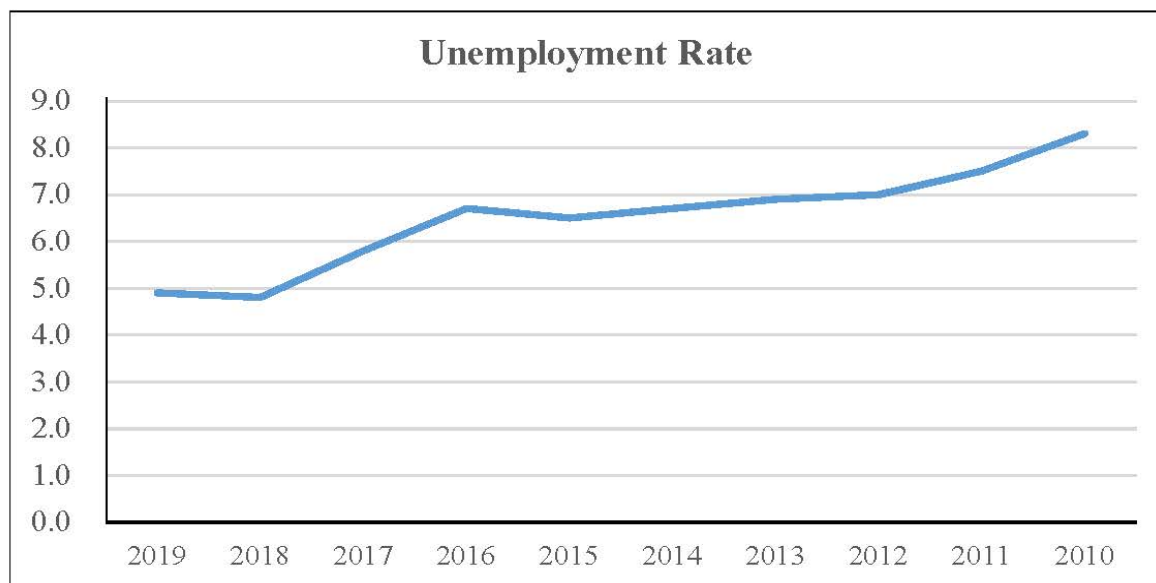
| Observation Date (July 1) | Civilian Labor Force |
|------------------------------|-------------------------|
| 2019 | 973,041 |
| 2018 | 944,247 |
| 2017 | 939,847 |
| 2016 | 939,676 |
| 2015 | 936,140 |
| 2014 | 935,834 |
| 2013 | 925,970 |
| 2012 | 931,480 |
| 2011 | 936,226 |
| 2010 | 948,303 |



Federal Reserve Economic Data
 Link: <https://fred.stlouisfed.org>
 Federal Reserve Bank of St. Louis
 Updated: Aug 19, 2019

Unemployment Rate in New Mexico Percent, Monthly, Seasonally Adjusted

| Observation Date (July 1) | % Unemployed |
|--------------------------------------|---------------------|
| 2019 | 4.9 |
| 2018 | 4.8 |
| 2017 | 5.8 |
| 2016 | 6.7 |
| 2015 | 6.5 |
| 2014 | 6.7 |
| 2013 | 6.9 |
| 2012 | 7.0 |
| 2011 | 7.5 |
| 2010 | 8.3 |

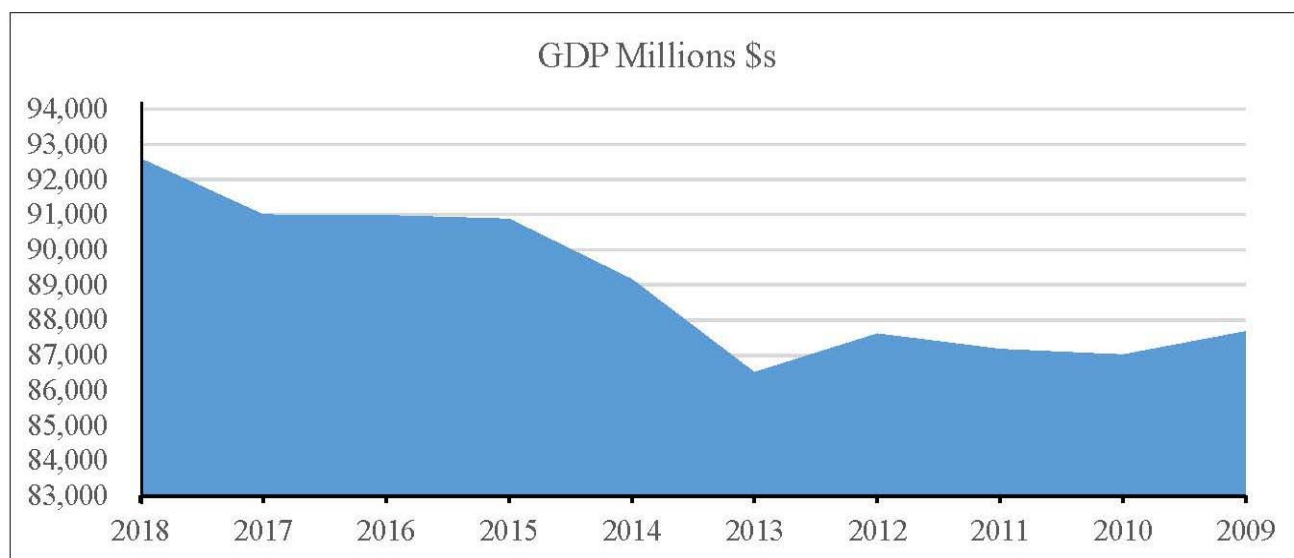


Link: <https://fred.stlouisfed.org>
Economic Research Division
Federal Reserve Bank of St. Louis
Updated: Aug 19, 2019

Annual Real Total Gross Domestic Product for New Mexico

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

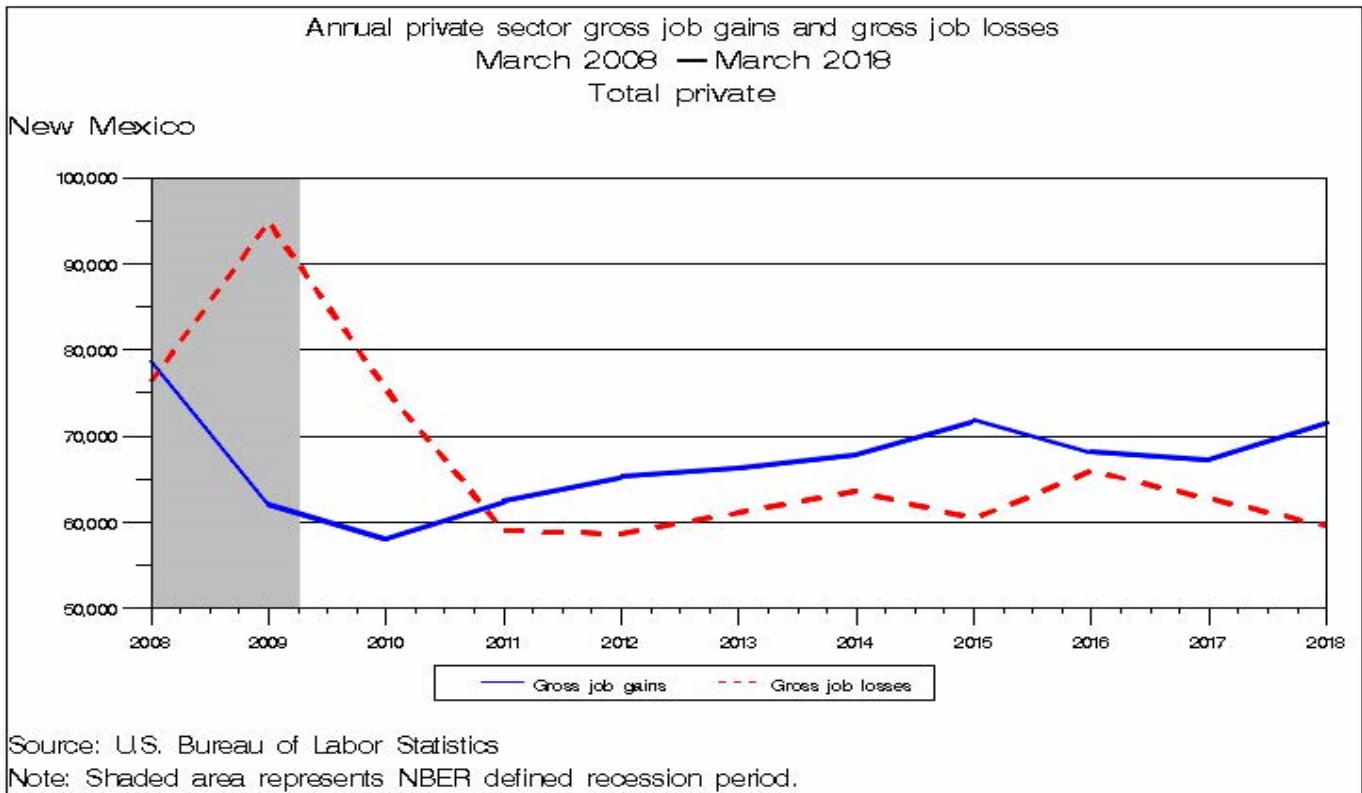
| <u>Observation Date (January 1)</u> | <u>GDP Millions \$s</u> |
|---|-------------------------|
| 2018 | 92,591 |
| 2017 | 90,989 |
| 2016 | 90,970 |
| 2015 | 90,868 |
| 2014 | 89,151 |
| 2013 | 86,506 |
| 2012 | 87,602 |
| 2011 | 87,166 |
| 2010 | 87,004 |
| 2009 | 87,667 |



Link: <https://fred.stlouisfed.org>
Economic Research Division
Federal Reserve Bank of St. Louis
Updated: May 31, 2019

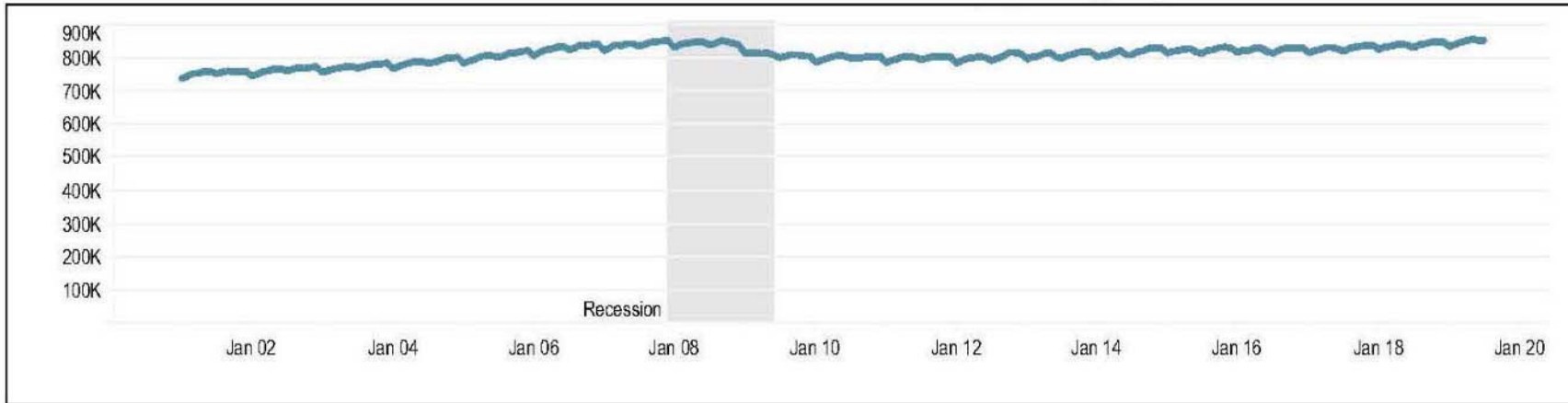
New Mexico Job Gains & Losses

Annual, Private Sector

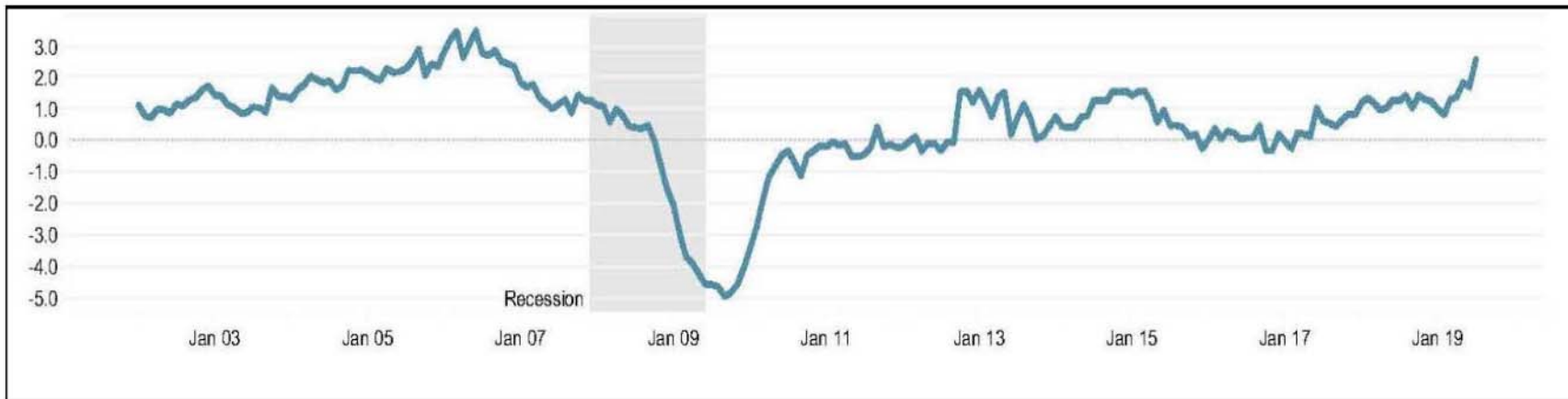


https://www.bls.gov/web/cewbd/nm_annchr1.gif

New Mexico Historical Total Nonfarm Employment



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

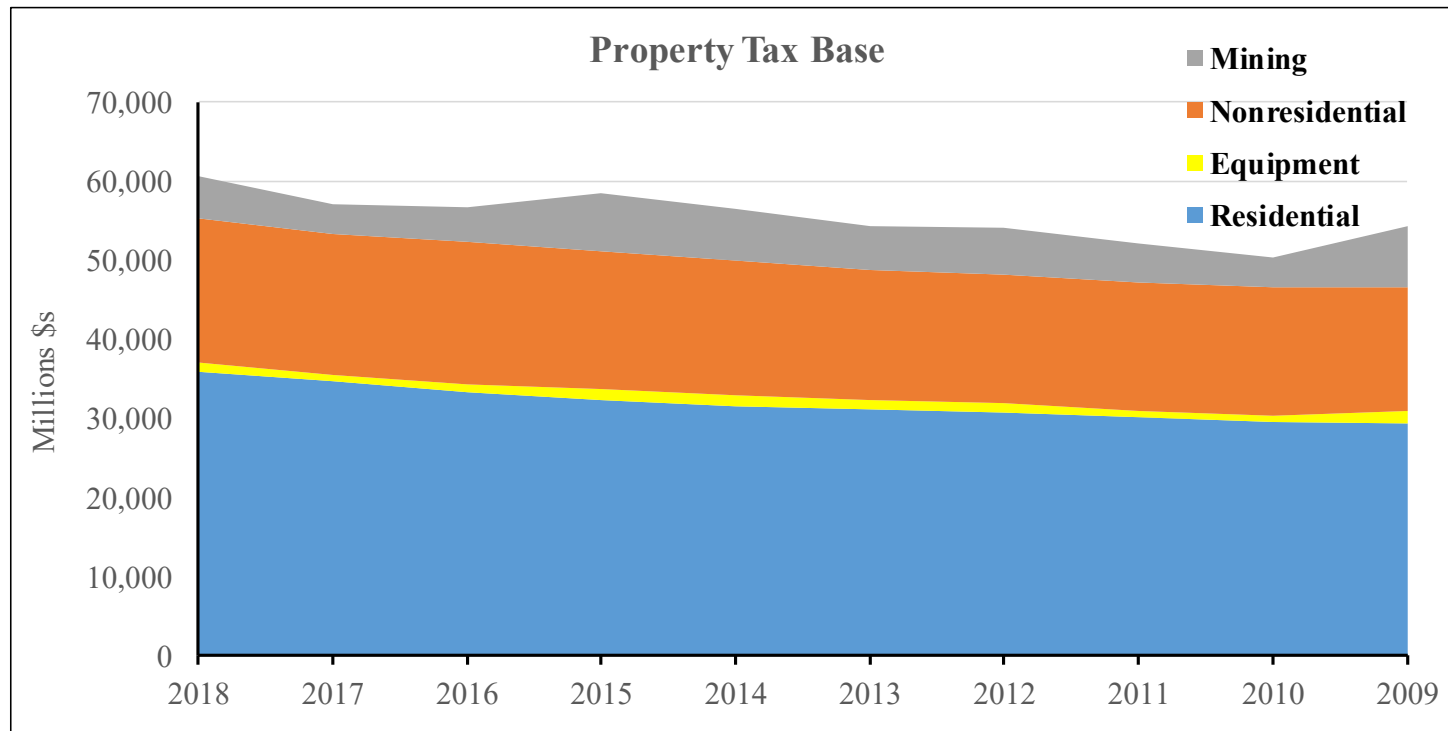


<https://www.dws.state.nm.us/en-us/Researchers/Data/Employment-Industry>



Property Tax Base

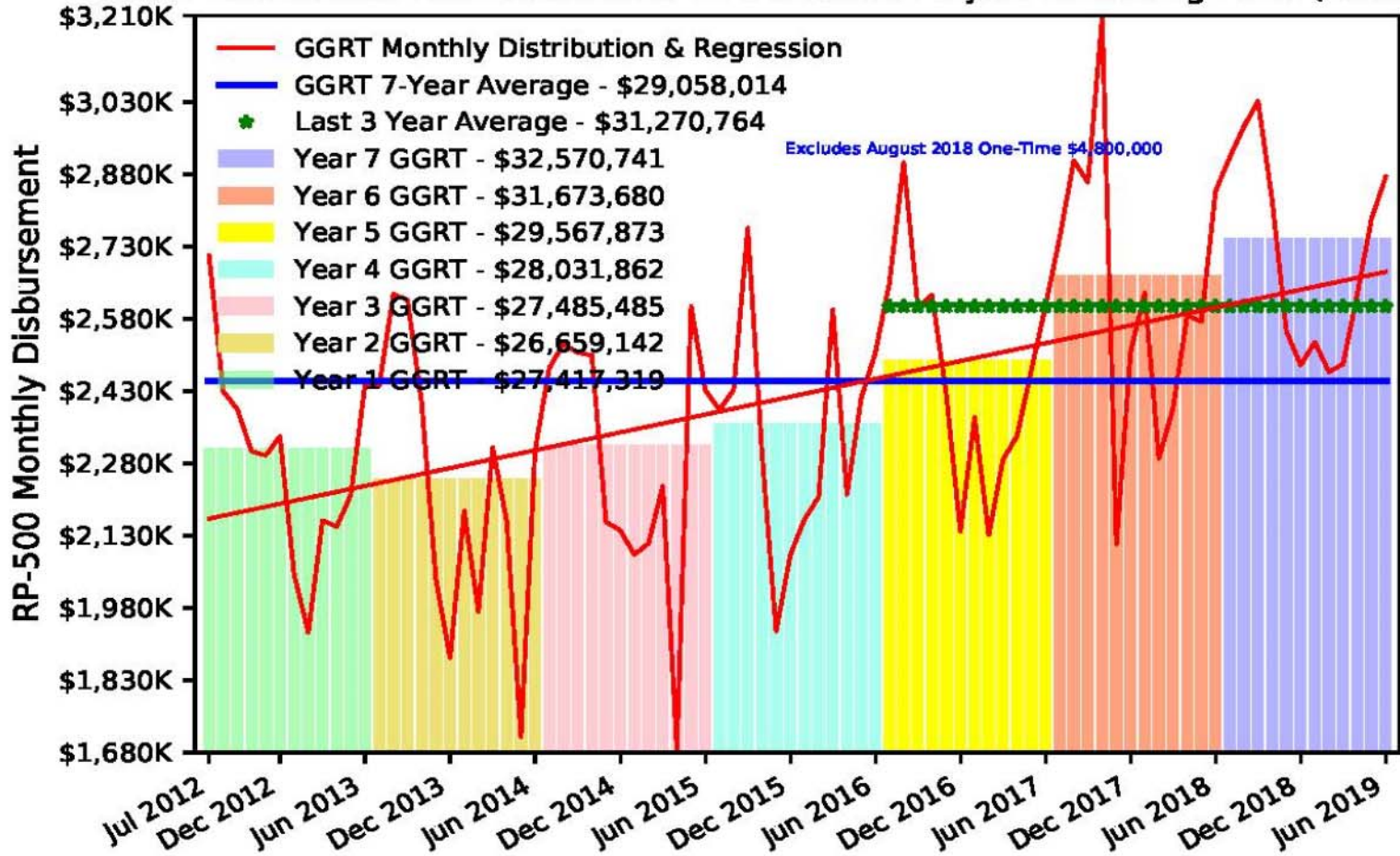
| Statewide | | | | | |
|-----------|----------------|----------------|---------------|---------------|----------------|
| Total | Residential | Nonresidential | Mining | Equipment | Total |
| 2018 | 35,934,821,015 | 18,226,388,446 | 5,313,419,682 | 1,224,319,528 | 60,698,948,671 |
| 2017 | 34,681,545,958 | 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 |
| 2010 | 29,595,678,898 | 16,146,309,860 | 3,926,738,925 | 755,154,174 | 50,423,881,857 |
| 2009 | 29,371,674,961 | 15,821,459,909 | 7,710,160,482 | 1,496,295,445 | 54,399,590,797 |



**Other
Information
(Unaudited)**



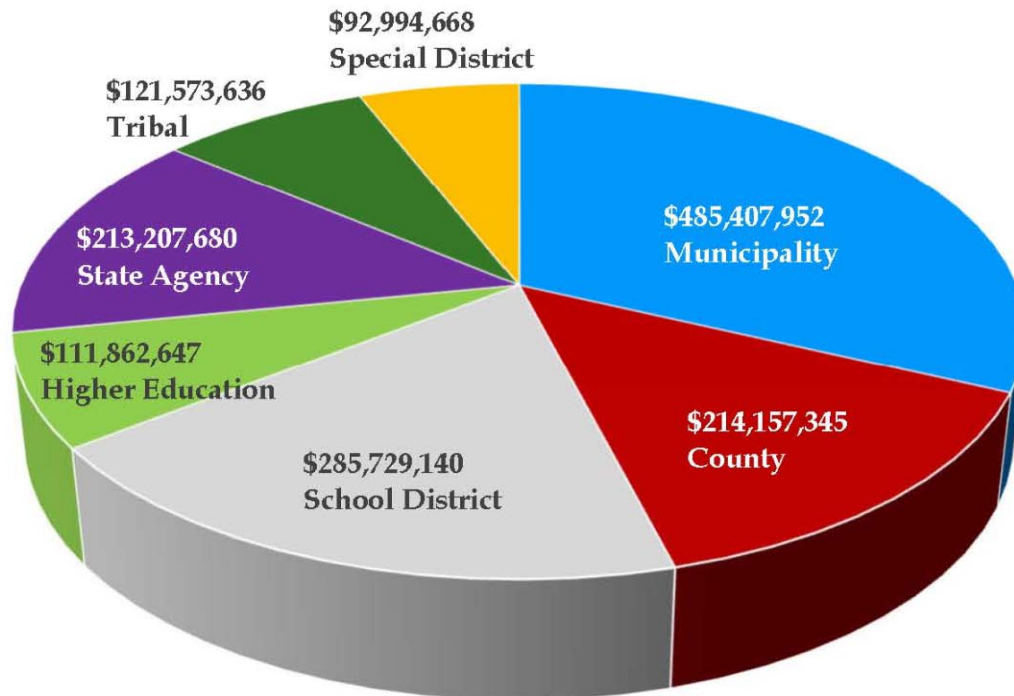
GGRT Normalized Distributions for NMFA Public Project Revolving Fund (CRSPPR)



Tax & Rev Distributions for NMFA PPRF GGRT Share Last 84 Months Thru Jun 2019

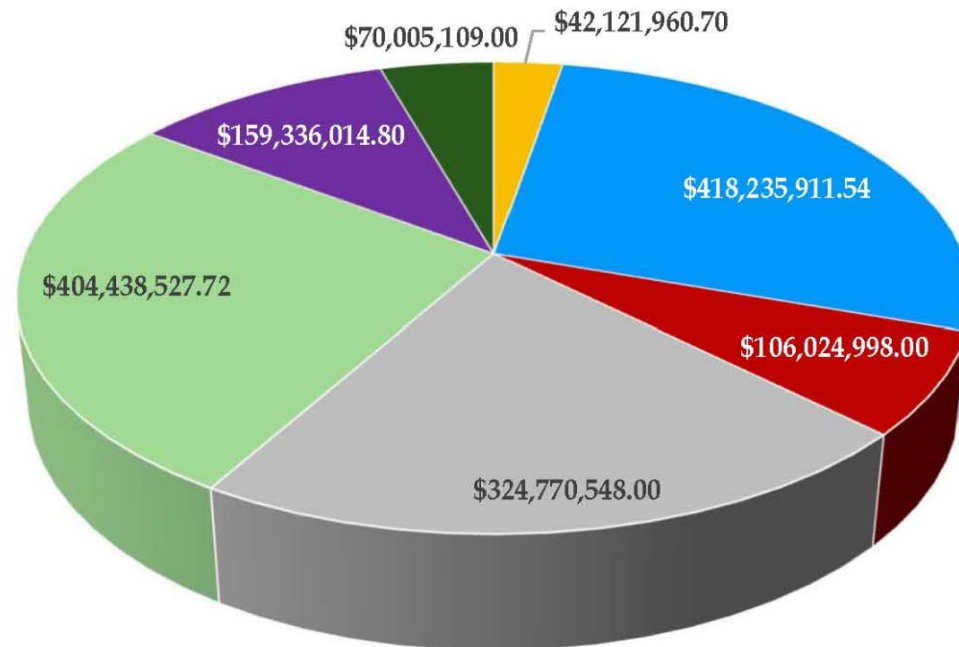


PPRF Outstanding Portfolio by Client Type





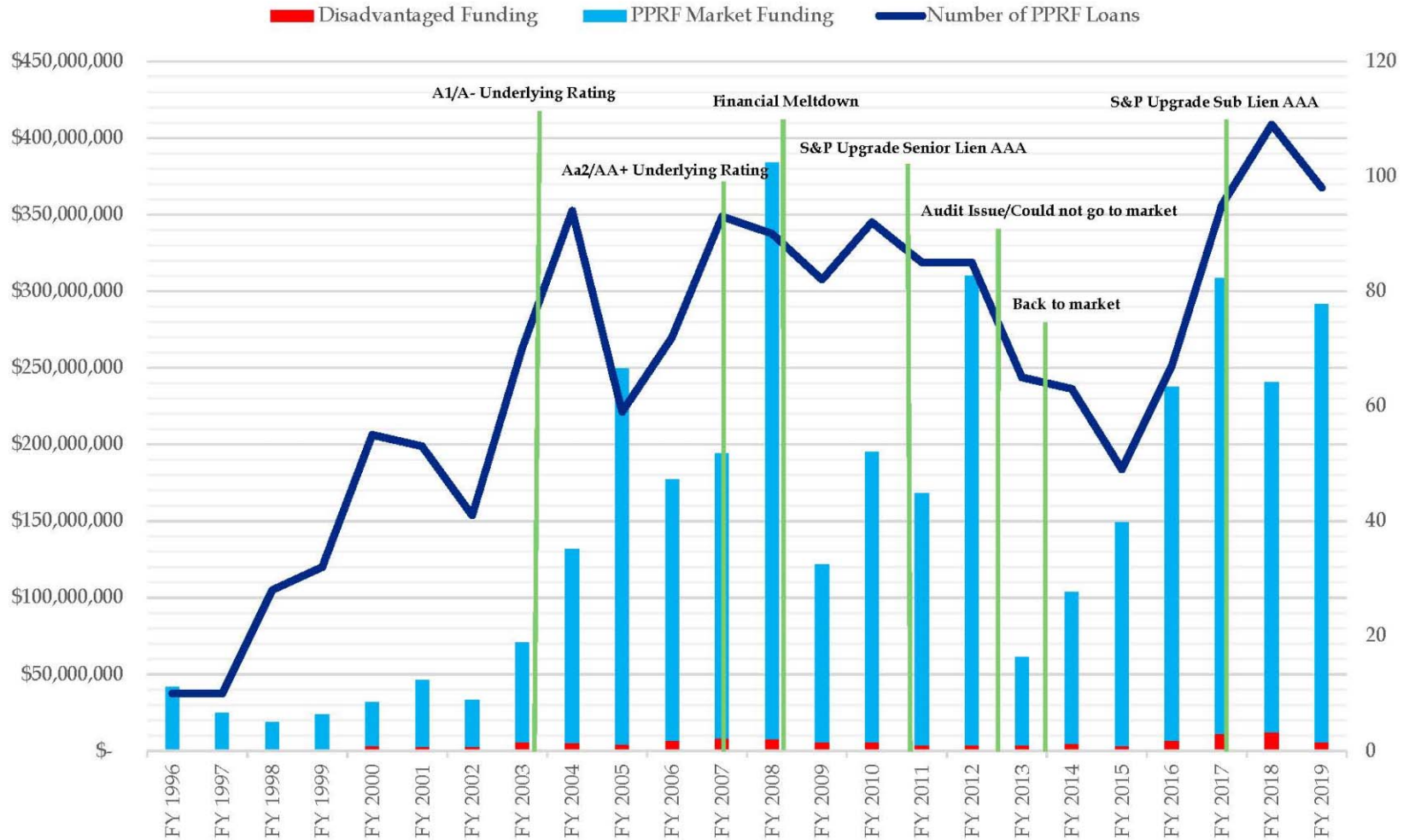
PPRF Outstanding Portfolio by Revenue Type



- Fire and Law Protection
- Gross Receipts Tax
- State Gross Receipts Tax
- General Obligation
- Enterprise System Revenue
- Local Special Tax
- Appropriation



PPRF Loans Since Inception





PPRF Disadvantaged Funding

