



*REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS*

FOR

NEW MEXICO FINANCE AUTHORITY

June 30, 2017

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New Mexico Finance Authority
Official Roster
June 30, 2017 and 2016



NEW MEXICO
FINANCE AUTHORITY

BOARD MEMBERS

John E. McDermott, *Chair*

Chief Executive Officer
McDermott Advisory Services, LLC

William Fulginiti, *Vice-Chair*

Executive Director
New Mexico Municipal League

Ken McQueen, *Secretary*

Cabinet Secretary
New Mexico Energy, Minerals & Natural Resources Department

Katherine Ulibarri, *Treasurer*

Vice President for Finance & Operations
Central New Mexico Community College

Matt Geisel, *Member*

Cabinet Secretary Designate
New Mexico Economic Development Department

Dorothy “Duffy” Rodriguez, *Member*

Cabinet Secretary
New Mexico Department of Finance & Administration

Blake Curtis, *Member*

Chief Executive Officer
Curtis & Curtis Seed & Supply

Butch Tongate, *Member*

Cabinet Secretary
New Mexico Environment Department

Steve Kopelman, *Member*

Executive Director
New Mexico Association of Counties

(2 vacant positions)

Chief Executive Officer

Robert P. Coalter

Chief Financial Officer

Oscar S. Rodríguez



Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the New Mexico Finance Authority (the “NMFA”), a component unit of the State of New Mexico, as of and for the year ended June 30, 2017, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the New Mexico Finance Authority as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Financial Statements

The financial statements of the New Mexico Finance Authority as of June 30, 2016, were audited by other auditors whose report dated November 16, 2016, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 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 an opinion on the Authority's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2017 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
October 27, 2017

New Mexico Finance Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

Overview of the Financial Statements

The New Mexico State Legislature created the New Mexico Finance Authority (NMFA) in 1992 to facilitate the raising of public and private capital to finance infrastructure and economic development projects in the state.

This section of the annual financial report presents Management's discussion and analysis of NMFA's financial performance and position for the fiscal year ended June 30, 2017.

NMFA's basic financial statements are comprised of the following:

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

NMFA's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting in accordance with generally accepted accounting principles. The accompanying notes to the financial statements provide additional information that is essential to fully understanding the data provided in the financial statements. They can be found immediately following the financial statements.

Financial Highlights

Statement of Net Position

- ◆ NMFA's overall financial position changed slightly from June 30, 2016 to June 30, 2017. The key indicator of this movement, Total Net Position, decreased by \$203,053 or less than 0.1% over the net position of \$505.6 million at the end of last fiscal year.
- ◆ Unrestricted cash increased \$7.3 million or 47.5%. Restricted cash increased by \$83.3 million or 61.6% to \$218.4 million. Restricted investments increased by \$53.3 million or 16.1% to \$385.5 million.
- ◆ The total assets of NMFA increased by \$278.8 million or 15.0% to \$2.1 billion. The biggest contributors to these increases were a higher volume of Public Project Revolving Fund (PPRF) loan closings and cash generated from bonds issuances.
- ◆ Net loans receivable increased by \$138.3 million or 10.2%. Long-term net loan receivables

New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2017 and 2016

constituted \$126.4 million or 91.4% of the increase with a balance of \$1.4 billion. Short-term net loan receivables increased by \$11.9 million or 11.5% to \$115.0 million.

- ◆ Bonds payable increased by \$179.9 million or 16.1%, the net result of issuing of \$407.2 million in new bonds, principal payments on outstanding bonds of \$216.1 million, and amortization of bond premium of \$11.3 million.
- ◆ Undisbursed loan proceeds increased by \$91.0 million or 67.1% due to the timing of a bond issuances in comparison to draw-downs from the associated loans.

Statement of Revenue and Expense

- ◆ Net operating loss increased by \$13 million or 20%. The increased loss was primarily due to a \$6.5 million decrease in operating revenues and a \$6.5 million increase in operating expenses.
- ◆ Appropriation revenue rose by \$1.5 million by the end of fiscal year 2017, representing an increase of 4.4%.
- ◆ Administrative fee income fell \$1.3 million or 19.1% from \$7.0 million to \$5.7 million. This decrease mainly represents a return to normal levels after an extraordinary increase of \$3.9 million in 2016.
- ◆ Operating expenses went up \$6.4 million 5.1% from \$125.9 million. The main factor leading to this result was an increase in bond interest expense (\$5.3 million).
- ◆ Federal grant revenue and State transfers combined for a net decrease of \$3.1 million or 5.6%.
- ◆ Reversions and transfers to the State decreased \$8.8 million or 45.8% as NMFA transferred \$10.4 million of flow-through Government Gross Receipts Tax (GGRT) to the State General Fund as required by State budget legislation.

Statement of Cash Flow

- ◆ Net cash and cash equivalents increased to \$241.2 million, 90.1% above the \$15.5 million mark at the end of fiscal year 2016, primarily as a result of \$165.5 million growth in bond sales.

Statement of Net Position

The table on the following page presents in a condensed fashion the combined statement of net position as of June 30, 2017, 2016, and 2015 and the corresponding dollar amount and percentage changes from June 30, 2016 to June 30, 2017.

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Management's Discussion and Analysis
June 30, 2017 and 2016

Assets

During FY 2017, total loans receivable increased by \$138.3 million or 10.3%. NMFA closed 187 new loans and grants, totaling \$366.5 million.

The Statement of Net Position reflects net investments, with an unrealized loss of \$1.2 million, in keeping with the Governmental Accounting Standards Board (GASB) Statement No. 72 (Fair Value Measurement and Application). The main factor leading to this result was the increase in interest rates in the last quarters of the year, which has had the effect of lowering the market value of the investments in NMFA's portfolio. See Note 3 to the financial statements for more information.

Condensed Statement of Net Position

	2017	2016	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2015
Assets					
Cash and equivalents					
Unrestricted	\$ 22,761,512	\$ 15,433,532	\$ 7,327,980	47.48%	\$ 21,656,317
Restricted	218,397,691	135,135,587	83,262,104	61.61%	113,366,876
Investments – restricted	385,451,491	332,151,402	53,300,089	16.05%	280,161,230
Total Loans receivable, net	1,490,068,236	1,351,744,686	138,323,550	10.23%	1,284,888,011
Other receivables	5,830,166	9,586,224	(3,756,058)	-39.18%	7,798,937
Capital assets	616,594	278,916	337,678	121.07%	4,867
Other assets	19,500	19,500	-	-	19,500
Total assets	<u>2,123,145,190</u>	<u>1,844,349,847</u>	<u>278,795,343</u>	<u>15.1%</u>	<u>1,707,895,738</u>
Deferred Outflows of Resources					
Deferred loss on refunding	843,732	823,233	20,499	2.5%	184,242
Total deferred outflows of resources	<u>843,732</u>	<u>823,233</u>	<u>20,499</u>	<u>2.5%</u>	<u>184,242</u>
Liabilities					
Bonds payable, net	1,294,299,183	1,114,448,718	179,850,465	16.14%	1,056,903,674
Undisbursed loan proceeds	226,600,234	135,624,986	90,975,248	67.08%	71,940,001
Advanced loan payments	86,308,780	83,008,008	3,300,772	3.98%	74,332,049
Accounts payable, accrued payroll and compensated absences	875,108	815,948	59,160	7.25%	643,540
Other liabilities	4,802,777	4,057,878	744,899	18.4%	4,254,194
Total liabilities	<u>1,612,886,082</u>	<u>1,337,955,538</u>	<u>274,930,544</u>	<u>20.5%</u>	<u>1,208,073,458</u>
Deferred Inflows of Resources					
Deferred gain on refunding	5,663,528	1,575,177	4,088,351	259.5%	-
Total deferred inflows of resources	<u>5,663,528</u>	<u>1,575,177</u>	<u>4,088,351</u>	<u>259.5%</u>	<u>-</u>
Net Position					
Invested in capital assets	616,594	278,916	337,678	121.07%	4,867
Restricted for program commitments	486,992,135	495,576,466	(8,584,331)	-1.73%	483,282,743
Unrestricted	17,830,583	9,786,983	8,043,600	82.2%	16,718,912
Total net position	<u>\$ 505,439,312</u>	<u>\$ 505,642,365</u>	<u>\$ (203,053)</u>	<u>0.0%</u>	<u>\$ 500,006,522</u>

New Mexico Finance Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

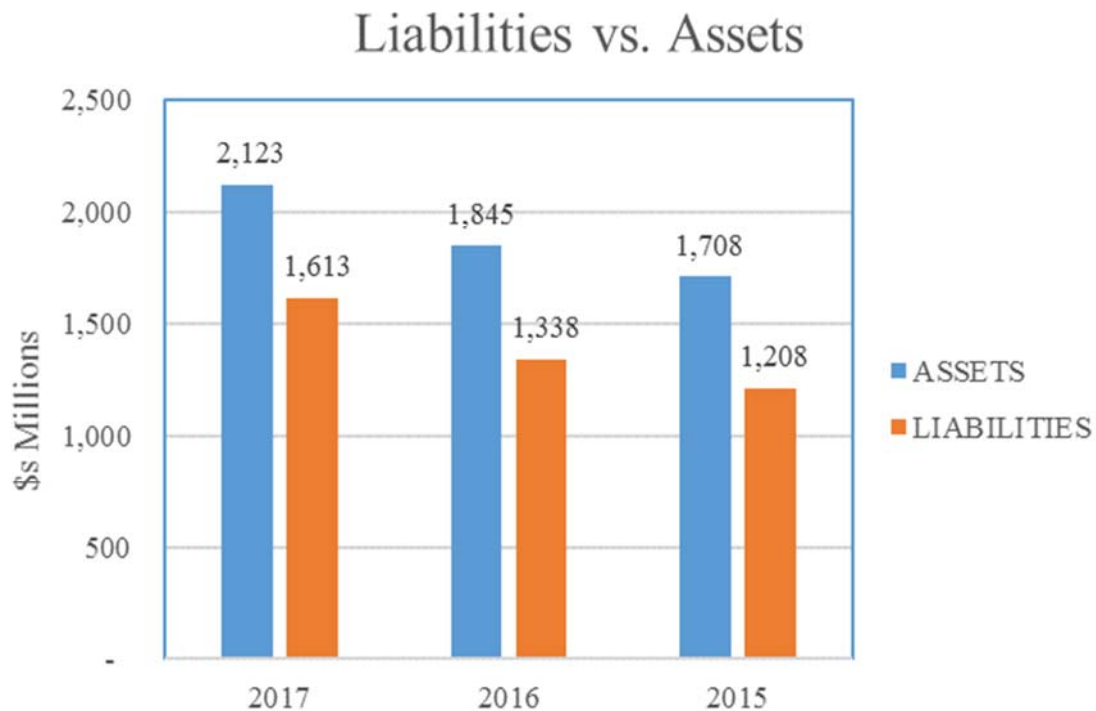
Total cash and investments increased 29.8%, going from \$482.7 million to \$626.6 million primarily due to the inflow of cash from bonds issued toward the end of FY 2017. Restricted cash, which accounts for 90.1% of all cash, was the fastest growing component of this total. It went up by \$83.2 million or 61.6%, also due in large part to the timing of the bond at the end of the fiscal year.

Liabilities

During FY 2017, total bonds payable increased by \$179.9 million or 16.1% to keep up with the demand for capital financing in the state. This marks an acceleration of the trend noted last year when bonds payable increased by \$57.5 million or 5.4%. A total of \$407.2 million in new bonds were issued last year.

Undisbursed loan proceeds increased by \$91.0 million or 67.1 %, also due the timing of bond issues close to the end of the fiscal year. Advanced loan payments rose by \$3.3 million or 4.0% to a total of \$86.3 million as the result of re-financings and payoffs by borrowers.

NMFA's *debt to asset ratio* decreased from 27% to 24% or \$6.7 million. The change is commensurate with the experience last year when it went from 29% to 27%. The chart below illustrates the trend over the past three years:



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Management's Discussion and Analysis
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Statement of Revenue, Expenses and Changes in Net Position

The table below presents in a condensed fashion the *combined statement of revenue, expenses and changes in net position* for 2017, 2016, and 2015 fiscal years and the corresponding net dollar amount and percentage changes from the 2016 to 2017 fiscal year.

Condensed Combined Revenue and Expense Statement

	2017	2016	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2015
Operating Revenues					
Administrative and processing fees	\$ 5,701,200	\$ 7,049,654	\$ (1,348,454)	-19.1%	\$ 3,197,684
Interest on loans	47,865,124	51,736,376	(3,871,252)	-7.5%	48,645,757
Interest on investments	946,513	2,195,762	(1,249,249)	-57%	925,910
Total operating revenues	54,512,837	60,981,792	(6,468,955)	-11%	52,769,351
Expenses					
Grants to others	\$ 51,299,208	47,888,370	3,410,838	7.1%	\$ 54,240,349
Bond interest expense	51,088,846	45,756,067	5,332,779	11.7%	37,761,525
Loan refinancing pass-through	17,476,331	21,455,228	(3,978,897)	-18.5%	8,945,997
Salaries and benefits	4,463,828	4,515,210	(51,382)	-1.1%	4,361,363
Other operating costs	1,626,062	1,960,328	(334,266)	-17.1%	1,632,550
Professional services	2,570,063	2,389,037	181,026	7.6%	2,146,157
Bond issuance costs	2,847,995	1,525,161	1,322,834	86.7%	1,243,632
Interest expense	395,624	296,138	99,486	33.6%	489,859
Administrative fees	112,433	87,289	25,144	28.8%	134,365
Provision for loan losses	458,701	2,241	456,460	N/A	(2,370,845)
Depreciation expense	3,240	2,191	1,049	47.9%	102,187
Total operating expenses	132,342,331	125,877,260	6,465,071	5%	108,687,139
Net operating Revenue	(77,829,494)	(64,895,468)	(12,934,026)	20%	(55,917,788)
Nonoperating Revenues (Expenses)					
Appropriation revenue	34,578,969	33,127,879	1,451,090	4.4%	37,157,026
Grant revenue and transfers from State	53,454,414	56,602,986	(3,148,572)	-5.6%	64,031,220
Reversions and transfers to State	(10,406,942)	(19,199,552)	8,792,610	-45.8%	(4,577,237)
Net-Nonoperating Revenue	77,626,441	70,531,313	7,095,128	10.1%	96,611,009
Increase in net position	(203,053)	5,635,845	(5,838,898)	-103.6%	40,693,221
Net position, beginning of year, as restated	505,642,367	500,006,522	5,635,845	1.1%	459,313,301
Net position, end of year	\$ 505,439,314	\$ 505,642,367	\$ (203,053)	0.0%	\$ 500,006,522

Operating Revenue went down \$6.5 million or 11% in 2017. All of the components of Operating Revenue contributed to this result. Interest on Loans dropped by 7.5%, Administrative Fees by \$19.1%, and Interest on Investments 57%.

Net Non-operating revenue increased \$7.1 million or 10.1% and went from \$70.5 million to \$77.6 million. A \$3.1 million decrease in Grant Revenue and transfers from the State is primarily in the Drinking Water Program and a decrease of \$8.8 million in Transfers to the State represents the biggest change in this rubric.

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Net Operating Expenses went up \$6.5 million or 5.1% from \$125.9 million to \$132.3 million. A \$5.3 million increase in Bond Interest Expense, \$3.4 million increase in Grants to Others, and a \$1.3 million increase in Bond Issuance Costs are the biggest factors leading to this result, despite a \$4.0 million decrease in Loan Refinancing Pass-through.

The decrease in Operating Revenue and the increase in Operating Expenses resulted in a \$12.9 million or 19.9% increase in the Net Operating Loss, which stood at \$77.8 million at the end of FY 2017. When combined with net Non-operating Revenues, the change in Net Position dropped \$5.8 million and amounted to a loss of \$0.2 million.

Long-Term Debt

NMFA's long-term debt consists of outstanding bond issues related principally to the Public Project Revolving Fund (PPRF). At the end of fiscal year 2017, the total principal outstanding was \$1.3 billion (excluding the GRIP bonds administered for the Department of Transportation, but are not a direct liability of NMFA). More detailed information about NMFA's long-term debt is presented in Note 7 to the financial statements.

During the fiscal year, NMFA issued \$361.9 million in PPRF bonds, primarily to directly fund loans and to reimburse the PPRF loan fund for loans already made. This represents an increase of \$120.2 million from last year.

Programs

NMFA accounts for each of its programs separately, each with its own assets, liabilities, net position, income and expense. The Public Project Revolving Fund (PPRF) is highlighted in the following discussion because of its prominence in NMFA's financial statements. For example, the assets corresponding to the PPRF are 76% of NMFA's total assets.

Public Project Revolving Fund

NMFA was designed as the vehicle to administer the PPRF. The mission 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 counties, municipalities and school districts are eligible to borrow from PPRF.

Since 1993, 1,390 loans totaling \$3.1 billion have been made to qualified entities and the State of New Mexico through the PPRF.

Loan Volume

	FY2017	FY2016	Since Inception
Amount of loans made	\$312.0 million	\$236.9 million	\$3.1 billion
Number of loans made	96	67	1,390
Refunding Loans (included above)	\$152.3 million	\$110.2 million	
Average loan size	\$3.2 million	\$3.6 million	\$2.1 million

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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 precise matching of loan and bond interest rates.

NMFA operates, in many respects, in the same manner as a bank or other lending institution. 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.

Public Project Revolving Fund Statements of Net Position at June 30

	2017	2016	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2015
Assets					
Cash and equivalents					
Unrestricted	\$ 22,761,512	\$ 15,433,532	\$ 7,327,980	47.5%	\$ 21,129,169
Restricted	167,257,534	84,062,466	83,195,068	99.0%	74,239,292
Restricted investments	328,814,510	281,248,545	47,565,965	16.9%	231,414,125
Accounts receivable and other	5,363,136	8,428,979	(3,065,843)	-36.4%	6,462,198
Loans receivable, net	1,358,863,694	1,223,898,419	134,965,275	11.0%	1,058,275,504
State loans receivable	143,608,412	87,790,000	55,818,412	63.6%	96,135,000
Capital assets	616,594	244,840	371,754	151.8%	(29,209)
Other assets	4,991,302	14,147,904	(9,156,602)	-64.7%	7,824,918
Total assets	<u>2,032,276,694</u>	<u>1,715,254,685</u>	<u>317,022,009</u>	<u>18.5%</u>	<u>1,495,450,997</u>
Deferred Outflows of Resources					
Deferred loss on refunding	843,732	823,233	20,499	2.49%	20,499
Total deferred outflows of resources	<u>843,732</u>	<u>823,233</u>	<u>20,499</u>	<u>2.5%</u>	<u>20,499</u>
Liabilities					
Accounts payable and accrued payroll liabilities	854,984	5,505,656	(4,650,672)	-84.5%	1,445,741
Undisbursed loan proceeds	226,538,142	135,562,894	90,975,248	67.1%	71,877,909
Borrowers' debt service and reserve deposits	90,299,211	86,097,863	4,201,348	4.9%	77,563,762
Bonds payable, net	1,294,299,183	1,113,198,718	181,100,465	16.27%	1,048,093,351
Total liabilities	<u>1,611,991,520</u>	<u>1,340,365,131</u>	<u>271,626,389</u>	<u>20.3%</u>	<u>1,198,980,763</u>
Deferred Inflows of Resources					
Deferred gain on refunding	5,663,528	1,575,177	4,088,351	259.55%	-
Total deferred inflows of resources	<u>5,663,528</u>	<u>1,575,177</u>	<u>4,088,351</u>	<u>100.0%</u>	<u>-</u>
Net Position					
Invested in capital assets	616,594	244,840	371,754	151.8%	(29,209)
Restricted for program commitments	248,512,939	270,669,238	(22,156,299)	-8.2%	276,556,622
Unrestricted	22,727,433	15,433,532	7,293,901	47.26%	20,127,063
Total net position	<u>\$ 271,856,966</u>	<u>\$ 286,347,610</u>	<u>\$ (14,490,644)</u>	<u>-5.1%</u>	<u>\$ 296,654,476</u>

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

	2017	2016	Net Increase/ (Decrease)	Percentage Increase/ (Decrease)	2015
Interest Income					
Loans	\$ 46,131,464	\$ 49,650,131	\$ (3,518,667)	-7.1%	\$ 46,430,667
Investments	265,819	1,472,865	(1,207,046)	-82.0%	504,597
Total interest income	46,397,283	51,122,996	(4,725,713)	-9.2%	46,935,264
Interest Expense					
Bonds and Interest Expense	51,331,442	46,107,174	5,224,268	11.3%	37,375,570
Loan refinancing pass-through	17,476,331	21,455,228	(3,978,897)	-18.5%	8,945,997
Short-term borrowing	316,667	190,972	125,695	65.8%	359,592
Total interest expense	69,124,440	67,753,374	1,371,066	2.0%	46,681,159
Net Interest Income (Loss)					
Interest income (loss)	(22,727,157)	(16,630,378)	(6,096,779)	36.7%	254,105
Provision for loan losses	120,313	58,043	62,270	107.3%	62,215
Net interest loss after provision for loan losses	(22,606,844)	(16,572,335)	(6,034,509)	36.4%	316,320
Noninterest Income					
Loan administration fees	2,789,804	1,928,785	861,019	44.6%	1,819,441
Appropriation revenues	28,574,088	28,619,027	(44,939)	-0.2%	24,267,401
Total noninterest income	31,363,892	30,547,812	816,080	2.7%	26,086,842
Noninterest Expense					
Salaries and benefits	2,630,129	2,358,936	271,193	11.5%	2,322,032
Professional services	1,455,711	982,975	472,736	-6.3%	1,048,599
Bond issuance costs	2,847,410	1,525,161	1,322,249	-18.1%	1,243,632
Other	1,176,130	1,305,235	(129,105)	99.5%	908,102
Total noninterest expense	8,109,380	6,172,307	1,937,073	11.8%	5,522,365
Excess of revenues over expenditures	647,668	7,803,170	(7,155,502)	-91.7%	20,880,797
Transfers to other funds or agencies	(15,138,312)	(18,110,036)	(15,076,974)	497.1%	(3,033,062)
Inc. (dec.) in net position	(14,490,644)	(10,306,866)	(22,232,476)	215.7%	17,847,735
Net position, beginning of year	286,347,610	296,654,476	17,847,735	6.0%	278,806,741
Net position, end of year	\$ 271,856,966	\$ 286,347,610	\$ (4,384,741)	-1.5%	\$ 296,654,476

Net Interest Income

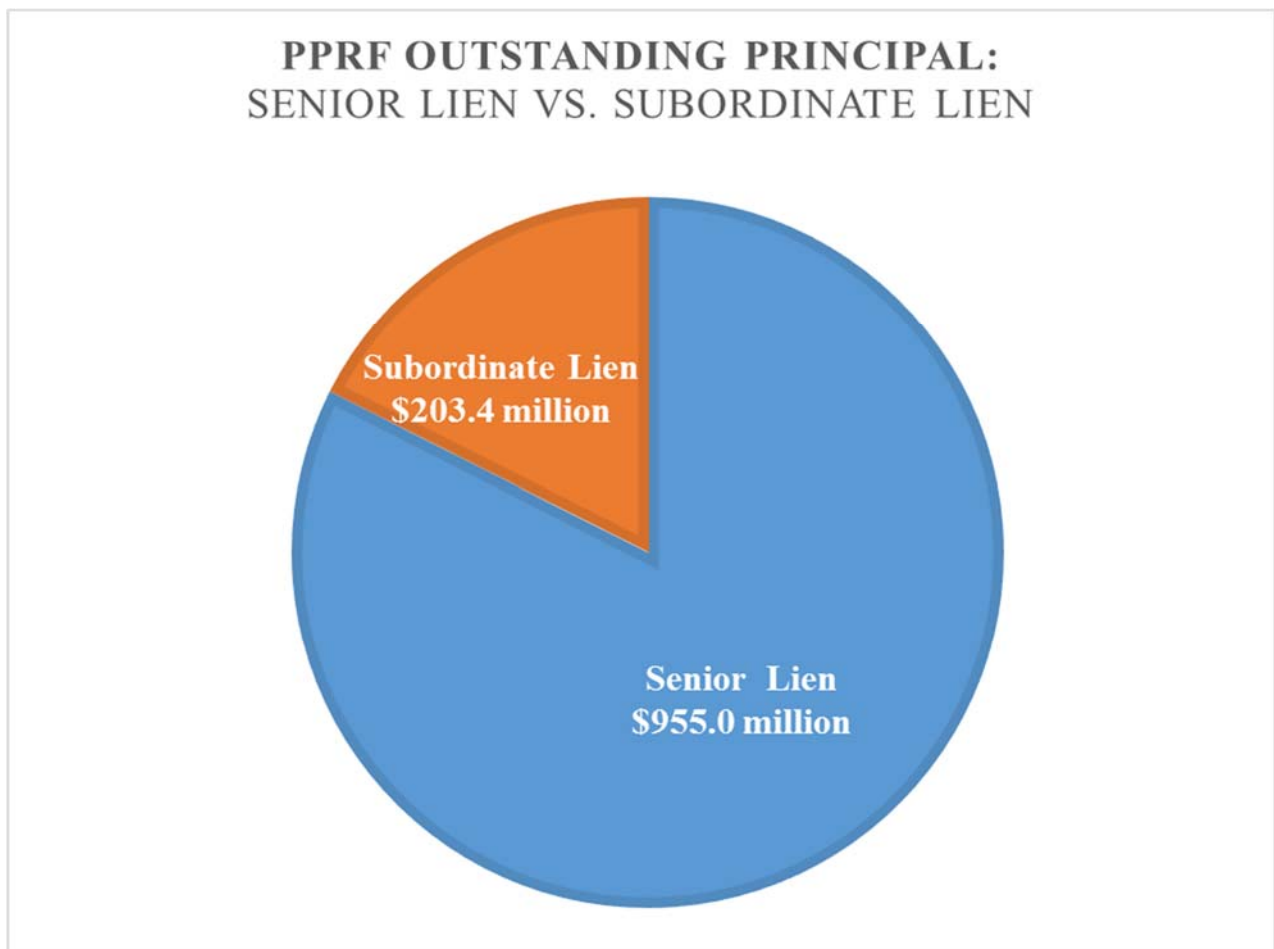
As a not-for-profit lender, NMFA attempts to pass on to its borrowers the same rates paid on the bonds issued to provide loaned funds. To accomplish this, it attempts to achieve a zero net interest income in the PPRF in its planning and management processes. In fiscal year 2017, the PPRF had net interest loss of \$22.6 million, compared to net loss of \$16.6 million in 2016. This is a result of NMFA having exercised early bond call provisions and issued new bonds and

**New Mexico Finance Authority
Management's Discussion and Analysis
June 30, 2017 and 2016**

passed on the savings on refinancing to the borrowers. Most of the resulting loss is the loan refinancing pass-through expense of \$17.5 million.

PPRF Indentures

The PPRF maintains a General Indenture of Trust (Senior Lien) and a Subordinated Indenture of Trust (Subordinate Lien). At the end of Fiscal Year 2017, there were 693 loans totaling \$1.4 billion outstanding. This represents an increase of 11% from \$1.1 billion in 2016 primarily as a result of increased bond issuances and loan closings. Most (75%) of the revenue from the PPRF loans are pledged to the Senior Lien Indenture, with the balance (25%) pledged to the Subordinate Lien Indenture. In terms of outstanding principal, the Senior Lien Indenture loans comprise 82.4% of the total.

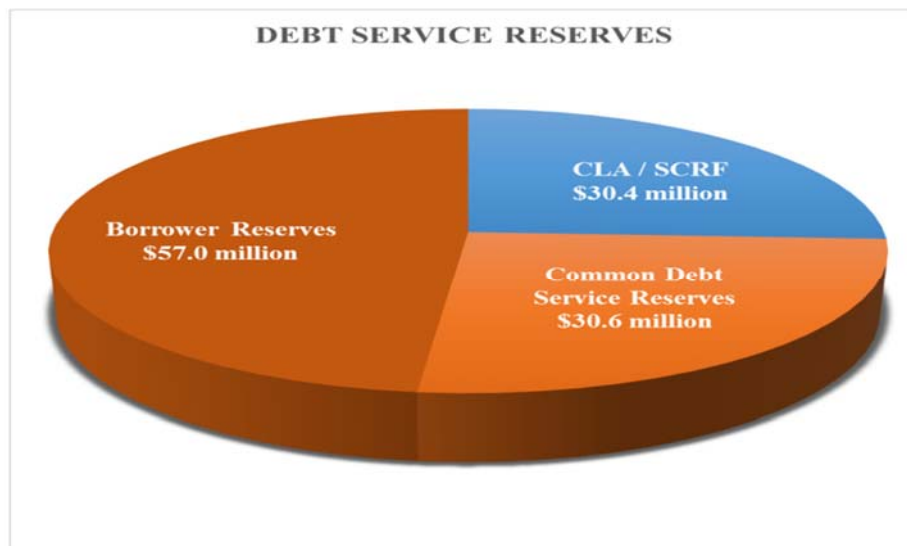


New Mexico Finance Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

As of October 15, 2017, the Senior Lien is rated AAA and the Subordinate Lien is rated AAA by Standard & Poor's, and the Senior Lien is rated Aa1 by Moody's and the Subordinate Lien is rated Aa2 by Moody's. 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 Supplemental Credit Reserve Fund is subject to the Subordinated Indenture governing the subordinate lien. Borrower reserves are pledged to the individual loans. On July 5, 2017, the Contingent Liquidity Account was deactivated and the funds were transferred to the Trustee to establish the Supplemental Credit Reserve Fund. On July 28, 2017, Standard & Poor's upgraded the subordinate lien from AA/Stable to AAA/Stable.



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 \$29.4 million in 2017, up 4.5% from 2016. This total includes amounts appropriated from the PPRF by the Legislature that are not needed for payments under the Indenture and Subordinated Indenture in order to fund various legislative initiatives. The GGRT funds are used:

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

New Mexico Finance Authority
Management’s Discussion and Analysis
June 30, 2017 and 2016

Other Programs

The PPRF accounts for a large portion of total NMFA activity. At June 30, 2017, the relationships were as follows:

	PPRF	Total NMFA	% PPRF
Total assets	\$1.9 billion	\$2.1 billion	90.5
Net position	\$271.9 million	\$505.4 million	53.8
Revenues	\$77.8 million	\$97.6 million	79.7

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

The Drinking Water Revolving Loan Fund program received \$5.7 million less in grant revenues and expenses than in Fiscal Year 2016. This decrease was due to the slower rate of requisitions on grant subsidies awarded for qualifying drinking water facility projects in New Mexico. This decrease was partially offset by a \$0.7 million increase in the Colonias Infrastructure (CIF) program grant activity in Fiscal Year 2017. The number of approved CIF projects increases as more funding is available.

Since 2010, a for-profit limited liability company operated by NMFA (FNM LLC) was awarded a total of \$246 million through the allocation of New Markets Tax Credits by the U.S. Treasury Department. Under this program, FNM LLC provides federal income tax credits to incentivize businesses to create jobs and otherwise contribute to the economic development of the State. During Fiscal Year 2017, FNM LLC made three awards totaling \$19.4 million, bringing the total awards made to \$178.5 million through 17 projects. The tax credits have no impact on the financial statements of NMFA as they are held by Finance New Mexico, LLC (FNMLLC). NMFA does incur certain expenses to administer the program. Fees charged to applicants and recipients of the credits are minimal. In Fiscal Year 2017, NMFA received \$0.9 million in fees charged to the projects in this program. Fees charged to applicants and recipients of the credits are minimal.

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. 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, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash and cash equivalents		
Unrestricted	\$ 22,761,512	\$ 15,433,532
Restricted	218,397,691	135,135,587
Interest receivable	5,370,899	8,505,073
Grants and other receivable	13,271	890,213
Prepaid rent	19,500	19,500
Administrative fees receivable	445,996	190,938
Loans receivable, net of allowance	<u>115,007,192</u>	<u>103,129,270</u>
Total current assets	362,016,061	263,304,113
Noncurrent assets		
Restricted investments	385,451,491	332,151,402
Loans receivable, net of allowance	1,375,061,044	1,248,615,416
Capital assets, net of accumulated depreciation	<u>616,594</u>	<u>278,916</u>
Total assets	<u>2,123,145,190</u>	<u>1,844,349,847</u>
Deferred Outflows of Resources		
Deferred loss on refunding	<u>843,732</u>	823,233
Total deferred outflows of resources	<u>843,732</u>	<u>823,233</u>
Liabilities		
Current liabilities		
Accounts payable	302,821	307,297
Accrued payroll	243,439	176,438
Compensated absences	328,848	332,213
Bond interest payable	4,183,050	3,525,287
Undisbursed loan proceeds	226,600,234	135,624,986
Advanced loan payments	86,308,780	83,008,008
Bonds payable, net	123,840,000	78,040,000
Other liabilities	<u>619,727</u>	<u>532,591</u>
Total current liabilities	442,426,899	301,546,820
Noncurrent liabilities		
Bonds payable	<u>1,170,459,183</u>	1,036,408,718
Total liabilities	<u>1,612,886,082</u>	<u>1,337,955,538</u>
Deferred Inflows of Resources		
Deferred gain on refunding	<u>5,663,528</u>	1,575,177
Total deferred inflows of resources	<u>5,663,528</u>	<u>1,575,177</u>
Net Position		
Net investment in capital assets	616,594	278,916
Restricted for program commitments	486,992,135	495,576,466
Unrestricted	<u>17,830,583</u>	<u>9,786,983</u>
Total net position	<u>\$ 505,439,312</u>	<u>\$ 505,642,365</u>

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

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

	2017	2016
Operating Revenues		
Interest on loans	\$ 47,865,124	\$ 51,736,376
Administrative fees revenue	5,701,200	7,049,654
Interest on investments	946,513	2,195,762
Total operating revenues	54,512,837	60,981,792
Operating Expenses		
Bond interest expense	51,088,846	45,756,069
Grants to others	51,299,208	47,888,370
Loan refinancing pass-through	17,476,331	21,455,228
Salaries and benefits	4,463,828	4,515,210
Bond issuance costs	2,847,995	1,525,161
Professional services	2,570,063	2,389,037
Other operating costs	1,236,970	1,586,001
Provision for loan losses	458,701	2,241
Interest expense	395,624	296,138
Rent and utilities	389,092	374,327
Administrative fees	112,433	87,289
Depreciation expense	3,240	2,191
Total operating expenses	132,342,331	125,877,262
Net operating loss	(77,829,494)	(64,895,470)
Nonoperating Revenues (Expenses)		
Appropriation revenue	34,578,969	33,127,879
Federal Grant Revenue	8,511,355	14,255,306
Transfers from the State of New Mexico	44,943,059	42,347,680
Transfers to the State of New Mexico	(10,406,942)	(19,199,552)
Increase (Decrease) in net position	(203,053)	5,635,843
Net position, beginning of year	505,642,365	500,006,522
Net position, end of year	\$ 505,439,312	\$ 505,642,365

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

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

	2017	2016
Cash flows from operating activities		
Cash paid for employee services	\$ (3,748,240)	\$ (3,687,143)
Cash paid to vendors for services	(4,000,907)	(5,484,958)
Loan payments received	202,654,868	204,461,979
Loans funded	(247,161,099)	(199,124,937)
Grants to local governments	(51,299,208)	(47,888,370)
Cash received from federal government for revolving loan funds	8,511,355	14,255,306
Interest on loans	50,999,298	49,888,804
Administrative fees received	5,701,200	7,049,750
Net cash provided (used) by operating activities	(38,342,733)	19,470,431
Cash flows from noncapital financing activities		
Appropriations received from the State of New Mexico	34,578,969	33,127,879
Cash transfers from the State of New Mexico	44,943,059	42,347,680
Cash transfers to the State of New Mexico	(10,406,942)	(19,199,552)
Proceeds from the sale of bonds, including premiums	407,221,842	241,738,642
Payment of bonds	(216,100,000)	(168,518,000)
Bond issuance costs	(2,847,995)	(1,525,161)
Bond interest expense paid	(57,638,425)	(60,370,113)
Loan refinancing pass-through to borrowers	(17,476,331)	(21,455,228)
Net cash provided by noncapital financing activities	182,274,177	46,146,147
Cash flows from investing activities		
Purchase of investments	(308,018,209)	(306,642,740)
Sale of investments	253,470,040	255,299,434
Interest received on investments	1,547,727	1,548,894
Capital assets	(340,918)	(276,240)
Net cash used in investing activities	(53,341,360)	(50,070,652)
Net increase in cash and cash equivalents	90,590,084	15,545,926
Cash and cash equivalents, beginning of year	150,569,119	135,023,193
Cash and cash equivalents, end of year	\$ 241,159,203	\$ 150,569,119
Reconciliation of cash and cash equivalents		
Unrestricted cash and cash equivalents	\$ 22,761,512	\$ 15,545,926
Restricted cash and cash equivalents	218,397,691	135,023,193
Total cash and cash equivalents	\$ 241,159,203	\$ 150,569,119

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

NEW MEXICO FINANCE AUTHORITY
Statement of Cash Flows - continued
For the Years Ended June 30

	2017	2016
Reconciliation of net operating loss to net cash provided by (used in) operating activities		
Net operating loss	\$ (77,829,494)	\$ (64,895,470)
Adjustments to change in net position		
Depreciation	3,240	2,191
Amortization on bond premiums	(11,271,377)	(15,675,598)
Provision for loan losses	458,701	2,241
Interest on investments	(946,513)	(2,195,762)
Bond interest paid	62,156,581	61,042,768
Loan refinancing pass-through to borrowers	17,476,331	21,455,228
Bond issuance costs	2,847,995	1,525,161
Cash received from federal grants	8,511,355	14,255,306
Interest expense	395,624	296,138
Changes in assets and liabilities		
Interest receivable	3,134,174	(1,847,572)
Grants and other receivable	876,942	60,189
Administrative fees receivable	(255,058)	96
Loans receivable, net of allowance	(138,323,550)	(66,848,505)
Accounts payable	(4,476)	62,396
Accrued payroll	67,001	63,722
Compensated absences	(3,365)	46,290
Undisbursed loan proceeds	90,975,248	63,684,986
Advanced loan payments	3,300,772	8,675,959
Other liabilities	87,136	(239,333)
Net cash provided by (used in) operating activities	\$ (38,342,733)	\$ 19,470,431

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

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

	2017	2016
Assets		
Cash held by Trustee	<u>31,605,343</u>	<u>58,118,533</u>
Total assets	<u>\$ 31,605,343</u>	<u>\$ 58,118,533</u>
Liabilities		
Debt service payable	\$ 3,889,860	\$ 1,522,990
Program funds held for the NM Department of Transportation	<u>27,715,483</u>	<u>56,595,543</u>
Total liabilities	<u>\$ 31,605,343</u>	<u>\$ 58,118,533</u>

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

1) Nature of Organization

The New Mexico Finance Authority (“NMFA”), a component unit of the State of New Mexico (the “State”), is a public body politic and corporate, separate and apart from the state constituting a governmental instrumentality, organized and existing pursuant to the New Mexico Finance Authority Act (the “Act”) created by the Laws of 1992 Chapter 61, as amended. 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 is composed of eleven members. The Secretary of the Department of Finance and Administration; the Secretary of the Economic Development Department; the Secretary of the Energy, Minerals and Natural Resources Department; and the Secretary of the Environment Department; the Executive Director of the New Mexico Municipal League; and the Executive Director of the New Mexico Association of Counties are ex-officio members of the board with voting privileges. The Governor, with the advice and consent of the Senate, appoints to the NMFA Board. The Board’s membership must include the Chief Financial Officer of a New Mexico institution of higher education and four other members who are residents of the State. The appointed members serve at the pleasure of the Governor.

NMFA issues loans to entities pursuant to the rules and regulations governing the Public Projects Revolving Fund Program (PPRF). The PPRF provides low cost financing to local government entities for a variety of infrastructure projects throughout the State. The PPRF Program receives 75 percent of the Governmental Gross Receipts Tax collected by the State of New Mexico pursuant to section 7-1-6.1 NMSA, 1978. NMFA may issue bonds in amounts deemed necessary to provide sufficient money for the purposes set forth by the Act. During fiscal years 2017 and 2016, NMFA transferred \$10,000,000, and \$10,500,000 respectively, from collections of NMFA’s portion of the Governmental Gross Receipts Tax not needed for payments under the General Indenture and Subordinated Indenture to the state’s general fund for purposes permitted by law. Bonds are issued under a Master Indenture as well as individual Series Indentures, proceeds and covenants of which are administered through a trust relationship established by contract with a trust company or bank bearing trust powers (Trustee) and 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 Program (DWRLF) and the Water Trust Board Program (WTB).

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

The DWRLF 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 WTB 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 WTB program are reflected as Transfers from the State of New Mexico in the amount of \$30,527,900 and \$28,645,725 at June 30, 2017 and 2016, respectively.

Other significant programs and financing administered by NMFA include:

- ◆ The New Markets Tax Credit Program (NMTC) ,whereby NMFA acts as managing member in Finance New Mexico, LLC, a subsidiary for-profit company which has received allocations of federal tax credits under the New Markets Tax Credit Program.
- ◆ The Economic Development Program (ED) provides comprehensive financing tools to stimulate economic development projects statewide.
- ◆ The Primary Care Capital Fund (PCC) 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 provide 20 percent annual loan forgiveness if the borrower provides to a contract-for-services to provide medical care free or at reduced prices to sick and indigent clients.
- ◆ The Local Government Planning Fund Program (LGPF) provides grants to qualified entities on a per project basis for water and wastewater related studies, long-term water management plans, economic development plans, and infrastructure plans.
- ◆ The State Loans fund several capital projects for the State. NMFA issues bonds, secured by authorized distributions of cigarette excise taxes, state gross receipts tax or court facilities fees, for the purpose of designing, constructing, equipping and furnishing additions and improvements to state facilities.
- ◆ The Colonias Infrastructure Act appropriates to NMFA 4.5% of the senior lien severance tax bond proceeds for loans and grants to certain communities in southern New Mexico that lack basic infrastructure for water and wastewater, solid waste disposal, flood and drainage control, and roads. In the accompanying statements, the receipts of funds for Colonias are reflected as Transfers from the State of New Mexico in the amount of \$14,415,159 and \$13,701,955 at June 30, 2017 and 2016, 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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

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.

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 on-going operations. Primary operating revenues include financing income and fees charged to program borrowers. Operating expenses include interest expense, program support, as well as funds granted to others in the form of loan forgiveness and other subsidies to governmental entities.

Non-operating items consist primarily of governmental gross receipts, other tax distributions, including cigarette tax, and WTB designations, are reported as appropriations, grant revenue, and transfers-out for excess distributions and reversions of prior year appropriated revenue.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

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

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

In fiscal year 2016, NMFA implemented GASB 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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

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

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

Deferred Outflows/Inflows of Resources

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

Bond Discounts and Premiums

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

Loan Refinancing Pass-Through

Loan Refinancing pass-through expenses are bond premiums associated with certain refinanced loans passed through by 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 refinancing pass-through expense to NMFA. For fiscal years 2017 and 2016, loan refinancing pass-through expenses were \$17,476,331 and \$21,455,228, respectively

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

Compensated Absences

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

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

Undisbursed Loan Proceeds

Undisbursed loan proceeds represent loan amounts awaiting disbursement to loan recipients. Funds are not automatically disbursed in their entirety when a loan closes. Proceeds are disbursed as the related project costs are incurred. The 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 which 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 which earns interest and the interest is credited to the borrower. These funds are held by the trustee and in accounts at the State Treasurer's office. The balance of advanced loan payments was \$86,308,780 and \$83,008,008 at June 30, 2017 and 2016.

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 which is associated with capital assets less outstanding capital asset related debt. The net of related debt is the debt less the outstanding liquid assets and any associated unamortized cost. NMFA has no capital asset related debt.

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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
DWRLF	6-21A-4 NMSA 1978; EPA Capitalization Grant Agreements
WTB	72-4A-9 NMSA 1978
NMTC	6-25-6.1 NMSA 1978; NMTC Allocation Agreement
ED	6-25-1 NMSA 1978
PCC	24-1C-4 NMSA 1978
LGPF	6-21-6.4 NMSA 1978
COLONIAS	6-30-1.0 NMSA 1978
SSBCI	6-25-13 NMSA 1978; SSBCI Allocation Agreement

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 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 revenues, expenses and changes in net position were reclassified to conform with the current year's presentation.

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

Except where prohibited by statute, trust indenture, 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, in order of priority, of investment activity shall be safety, liquidity and yield.

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

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

Credit Risk

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.

The New Mexico State Treasurer pools are not rated.

FNMLLC cash balances are maintained in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, FNMLLC has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances at June 30, 2017 and 2016.

New Mexico Finance Authority
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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.

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

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should refer to the separate audit report for the New Mexico State Treasurer's Office for the fiscal years ended June 30, 2017 and 2016.

State General Fund Investment Pool

NMFA, as required by Section 24-1C-4, NMSA 1978, administers the Primary Care Capital Fund (PCC Fund), which was created as a revolving fund in the State Treasurer's Office (STO). PCC Funds are deposited into the State General Fund Investment Pool (SGFIP), as are funds of state agencies, and as of fiscal year 2017 and 2016 totaled \$1,284,081 and \$927,896, respectively, representing less than 1% of total NMFA funds.

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

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Notes to Financial Statements
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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
A Direct and general U.S. Government Obligations (Treasury Bills, Treasury Notes, Treasury Bonds)	100%
B U.S. Government Agencies (any federal agency or instrumentality notes, bonds, debentures, with implicit guarantee of the United States of America)	75%
C SEC-registered money market funds with total assets at time of deposit in excess of \$100,000,000 ²	100%
E Certificates of deposits and bank deposits ³	20%
F Commercial paper issued by corporations organized and operating on the United States and rated A1 P1 or equivalent by two or more rating services.	10%
G Bonds or notes issued by any municipality, county or school district of the State	10%
H Overnight repurchase agreements ⁴	25%
I Investment contracts (guaranteed investment contracts (GIC's) and flexible repurchase agreements) ¹	N/A
J State Treasurer's 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 GIC or flexible repurchase agreement without regard to the investment allocation ranges set forth in the investment policy, if the GIC or repurchase agreement provides for disbursement upon request of 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 Standards & Poor and in compliance with the diversification, quality and maturity requirements 2a-7 of the U.S. Securities and Exchange Commission applicable to money markets with no sales load or deferred sales charge.

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

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

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Cash and equivalents at June 30, 2017 and 2016 were as follows:

Description	Balance at June 30, 2017	Rated	Percentage of NMFA Funds ¹
Bank deposits	\$ -	N/A	-
FNMLLC cash equivalents	5,589,385	N/A	<1%
Wells Fargo deposit account	286,899	N/A	<1%
Wells Fargo Repurchase agreement -fully secured ²	520,567	N/A	<1%
Government Money Market Funds	233,478,271	AAA	37%
PCC funds held with the SGFIP	<u>1,284,081</u>	N/A	<1%
Total Cash and Equivalents	<u>\$ 241,159,203</u>		
Cash held in agency fund ³	<u>\$ 31,605,343</u>		

Description	Balance at June 30, 2016	Rated	Percentage of NMFA Funds
Bank deposits	\$ 279,043	N/A	<1%
FNMLLC cash equivalents	4,471,961	N/A	<1%
Wells Fargo deposit account	428,167	N/A	<1%
Wells Fargo Repurchase agreement -fully secured ²	271,882	N/A	<1%
Government Money Market Funds	144,190,170	AAA	30%
PCC funds held with the SGFIP	<u>927,896</u>	N/A	<1%
Total Cash and Equivalents	<u>\$ 150,569,119</u>		
Cash held in agency fund ³	<u>\$ 58,118,533</u>		

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 less from date of purchase.

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

² Wells Fargo accounts FDIC insured for \$250,000. Remaining 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.

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

New Mexico Finance Authority
Notes to Financial Statements
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Investments consist of bond proceeds which are restricted to uses specified in the related bond indentures. Such restricted investments at June 30, 2017 and 2016 are comprised of the following:

Description	Fair Value Level 1 at June 30, 2017	Average Years to Maturity	Percentage of NMFA Funds
U.S. Treasury notes	\$ 321,722,370	1.08	51%
Federal Home Loan Mortgage Corporation Bonds	63,729,121	1.78	10%
Total restricted investments	<u>\$ 385,451,491</u>		
Description	Fair Value Level 1 at June 30, 2016	Average Years to Maturity	Percentage of NMFA Funds
U.S. Treasury notes	<u>\$ 332,151,402</u>	1.06	69%
Total restricted investments	<u>\$ 332,151,402</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, 2017 and 2016, NMFA's investments are classified as Level 1.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

4) Loans Receivable

Loans receivable activity for the fiscal year ending June 30, 2017 and 2016, respectively, were as follows:

Program Description	Term (Years)	Rates	2016	Increases	Decreases	2017
Public Projects Revolving Fund Loans	1 to 30	0% to 6%	\$ 1,227,266,976	\$ 323,167,993	\$ 190,380,704	\$ 1,360,054,265
Drinking Water State Revolving Loans	1 to 30	0% to 4%	84,866,760	4,972,147	4,396,010	\$ 85,442,897
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	1,168,531	-	55,788	\$ 1,112,743
Primary Care Capital Fund Loans	10 to 20	3%	3,501,848	-	334,089	\$ 3,167,759
Water Projects Fund Loan Grants	10 to 20	0%	27,501,675	7,620,899	3,344,307	\$ 31,778,267
Smart Money Participation Loans	3 to 20	2% to 5%	3,786,054	-	63,052	\$ 3,723,002
Behavioral Health Care Loans	15	3%	-	-	-	\$ -
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	912,070	-	57,348	\$ 854,722
Colinias Infrastructure Fund Loans	10 to 20	0%	2,272,268	1,261,662	298,266	\$ 3,235,664
SSBCI Loans	10 to 20	3%	3,575,329	1,113,646	417,614	\$ 4,271,361
Child Care Revolving Loans	8	3%	6,918	-	6,918	-
			<u>1,354,858,429</u>	<u>338,136,347</u>	<u>199,354,096</u>	<u>1,493,640,680</u>
Less allowance for loan losses			<u>3,113,743</u>	<u>458,701</u>	<u>-</u>	<u>3,572,444</u>
Totals			<u>\$ 1,351,744,686</u>	<u>\$ 337,677,646</u>	<u>\$ 199,354,096</u>	<u>\$ 1,490,068,236</u>

Program Description	Term (Years)	Rates	2015	Increases	Decreases	2016
Public Projects Revolving Fund Loans	1 to 30	0% to 6%	\$ 1,165,380,200	\$ 245,252,159	\$ 183,365,383	\$ 1,227,266,976
Drinking Water State Revolving Loans	1 to 30	0% to 4%	81,627,122	9,618,985	6,379,347	84,866,760
Drinking Water State Revolving Loans-ARRA	1 to 20	1%	1,235,615	-	67,084	1,168,531
Primary Care Capital Fund Loans	10 to 20	3%	3,879,778	-	377,930	3,501,848
Water Projects Fund Loan Grants	10 to 20	0%	24,930,441	5,810,763	3,239,529	27,501,675
Smart Money Participation Loans	3 to 20	2% to 5%	3,852,811	-	66,757	3,786,054
Behavioral Health Care Loans	15	3%	-	-	-	-
Cigarette Tax - Behavioral Health Care Capital Loans	15	3%	973,309	-	61,239	912,070
Pooled Equipment Certificates of Participation Loans	5 to 20	4% to 6.4%	28,000	-	28,000	-
Colinias Infrastructure Fund Loans	10 to 20	0%	1,550,806	986,461	264,999	2,272,268
SSBCI Loans	10 to 20	3%	4,527,971	976,568	1,929,210	3,575,329
Child Care Revolving Loans	8	3%	13,460	-	6,542	6,918
			<u>1,287,999,513</u>	<u>262,644,936</u>	<u>195,786,020</u>	<u>1,354,858,429</u>
Less allowance for loan losses			<u>3,111,502</u>	<u>2,241</u>	<u>-</u>	<u>3,113,743</u>
Totals			<u>\$ 1,284,888,011</u>	<u>\$ 262,642,695</u>	<u>\$ 195,786,020</u>	<u>\$ 1,351,744,686</u>

New Mexico Finance Authority
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The following is a summary of scheduled payments to be collected on loans receivable as of June 30, 2017:

	Principal	Interest	Total
Fiscal year ending June 30			
2018	\$ 115,007,192	\$ 48,869,349	\$ 163,876,541
2019	124,865,491	46,003,642	170,869,133
2020	112,795,437	42,926,962	155,722,399
2021	112,250,485	39,581,680	151,832,165
2022	101,381,936	36,165,237	137,547,173
2023-2027	418,931,138	135,710,378	554,641,516
2028-2032	292,954,507	69,973,179	362,927,686
2033-2037	168,931,485	23,944,135	192,875,620
2038-2042	35,667,669	4,011,473	39,679,142
2043-2047	10,855,340	784,533	11,639,873
Subtotals	1,493,640,680	\$ 447,970,568	\$ 1,941,611,248
Less allowance for loan losses	3,572,444		
Loans receivable, net	\$ 1,490,068,236		

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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 during the year ended June 30, 2017 and 2016, respectively. These loans are included in the PPRF loans above.

State Entity	Revenue Pledge	Rates	Maturity	2016	Increases	Decreases	2017	Due in One Year
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	\$ 27,805,000	\$ -	\$ 2,480,000	\$ 25,325,000	\$ 2,600,000
NM Department of Health	Cigarette excise tax	3.77% to 5.00%	6/1/2037	22,888,200	-	1,324,200	21,564,000	1,304,200
NM Cultural Affairs	State special tax	3.06% to 3.82%	2/1/2023	1,155,753	-	162,281	993,472	168,421
University of New Mexico Health Sciences Center	Cigarette excise tax	4.91%	6/1/2025	23,480,000	-	2,010,000	21,470,000	1,965,000
NM General Services Department	State Gross Receipts tax	1.27% to 5.15%	6/1/2039	75,185,354	-	2,463,899	72,721,455	2,530,023
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	2,298,299	-	763,814	1,534,485	765,443
			Totals	<u>\$ 152,812,606</u>	<u>\$ -</u>	<u>\$ 9,204,194</u>	<u>\$ 143,608,412</u>	<u>\$ 9,333,087</u>

State Entity	Revenue Pledge	Rates	Maturity	2015	Increases	Decreases	2016	Due in One Year
Administrative Office of the Courts	Court Facilities fees	1.25% to 5.0%	6/15/2025	\$ 30,195,000	\$ -	\$ 2,390,000	\$ 27,805,000	\$ 2,480,000
NM Department of Health	Cigarette excise tax	3.77% to 5.00%	6/1/2037	24,232,400	-	1,344,200	22,888,200	1,324,200
NM Cultural Affairs	State special tax	3.06% to 3.82%	2/1/2023	1,319,187	-	163,434	1,155,753	162,281
University of New Mexico Health Sciences Center	Cigarette excise tax	2.25% to 5.00%	Paid	6,895,000	-	6,895,000	-	-
University of New Mexico Health Sciences Center	Cigarette excise tax	3.88% to 5.00%	Paid	23,320,000	-	23,320,000	-	-
University of New Mexico Health Sciences Center	Cigarette excise tax	4.91%	6/1/2025	-	26,200,000	2,720,000	23,480,000	2,010,000
NM General Services Department	State Gross Receipts tax	4.25% to 5.00%	Paid	42,620,000	-	42,620,000	-	-
NM General Services Department	State Gross Receipts tax	1.27% to 5.15%	6/1/2039	36,966,300	40,109,054	1,890,000	75,185,354	2,463,899
University of New Mexico Health Sciences Center	Cigarette excise tax	2.13% to 3.94%	4/1/2019	3,062,483	-	764,184	2,298,299	763,814
			Totals	<u>\$ 168,610,370</u>	<u>\$ 66,309,054</u>	<u>\$ 82,106,818</u>	<u>\$ 152,812,606</u>	<u>\$ 9,204,194</u>

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Notes to Financial Statements
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5) Capital Assets

A summary of changes in capital assets during the fiscal year 2017 and 2016, respectively, was as follows:

	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017
Capital assets not being depreciated				
Construction in progress	\$ 276,240	\$ 129,326	\$ -	\$ 405,566
Capital assets being depreciated				
Furniture and fixtures	28,665	17,368	-	46,033
Computer hardware and software	734,293	194,224	-	928,517
Leasehold improvement	8,241	-	-	8,241
	<u>1,047,439</u>	<u>340,918</u>	<u>-</u>	<u>1,388,357</u>
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(731,617)	(3,240)	-	(734,857)
Leasehold improvement	(8,241)	-	-	(8,241)
	<u>(768,523)</u>	<u>(3,240)</u>	<u>-</u>	<u>(771,763)</u>
Net total	<u>\$ 278,916</u>	<u>\$ 337,678</u>	<u>\$ -</u>	<u>\$ 616,594</u>
	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 276,240	\$ -	\$ 276,240
Capital assets being depreciated				
Furniture and fixtures	28,665	-	-	28,665
Computer hardware and software	734,293	-	-	734,293
Leasehold improvement	8,241	-	-	8,241
	<u>771,199</u>	<u>276,240</u>	<u>-</u>	<u>1,047,439</u>
Accumulated depreciation				
Furniture and fixtures	(28,665)	-	-	(28,665)
Computer hardware and software	(729,426)	(2,191)	-	(731,617)
Leasehold improvement	(8,241)	-	-	(8,241)
	<u>(766,332)</u>	<u>(2,191)</u>	<u>-</u>	<u>(768,523)</u>
Net total	<u>\$ 4,867</u>	<u>\$ 274,049</u>	<u>\$ -</u>	<u>\$ 278,916</u>

Depreciation expense for the fiscal year ending June 30, 2017 and 2016, respectively, was \$3,240 and \$2,191.

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6) Bonds Payable

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

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

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Bonds payable consist of the following at June 30, 2017 and 2016:

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount	
				June 30, 2017	June 30, 2016
Public Project Revolving Fund Revenue Bonds - Senior Lien Debt					
2006 B	4.000% to 5.000%	Paid	\$ 38,260,000	\$ -	\$ 22,730,000
2007 E	4.000% to 5.000%	Paid	61,945,000	-	34,085,000
2008 A	3.250% to 5.000%	June 1, 2018 to June 1, 2038	158,965,000	113,065,000	119,080,000
2008 B	4.000% to 5.000%	June 1, 2018 to June 1, 2035	36,545,000	20,725,000	22,520,000
2008 C	3.250% to 6.000%	June 1, 2018 to June 1, 2033	29,130,000	10,305,000	11,490,000
2009 A	2.000% to 5.000%	June 1, 2018 to June 1, 2038	18,435,000	11,370,000	12,310,000
2009 C	2.500% to 5.000%	June 1, 2018 to June 1, 2029	55,810,000	38,975,000	41,355,000
2009 D-1	3.000% to 4.000%	June 1, 2018 to June 1, 2030	13,570,000	6,455,000	7,430,000
2009 D-2	1.810% to 6.070%	June 1, 2018 to June 1, 2036	38,845,000	34,145,000	34,890,000
2009 E	3.000% to 4.500%	June 1, 2018 to June 1, 2019	35,155,000	8,610,000	12,585,000
2010 A-1	2.000% to 4.500%	June 1, 2018 to June 1, 2034	13,795,000	5,060,000	5,670,000
2010 A-2	3.777% to 5.880%	June 1, 2018 to June 1, 2039	15,170,000	12,145,000	12,990,000
2010 B-1	2.000% to 5.000%	June 1, 2018 to June 1, 2035	38,610,000	21,540,000	23,795,000
2010 B-2	2.230% to 4.740%	June 1, 2018 to June 1, 2035	17,600,000	16,775,000	16,950,000
2011 B-1	0.220% to 4.000%	June 1, 2018 to June 1, 2036	42,735,000	23,065,000	25,905,000
2011 B-2	2.000% to 4.450%	June 1, 2018 to June 1, 2031	14,545,000	9,800,000	10,630,000
2011 C	3.000% to 5.000%	June 1, 2018 to June 1, 2036	53,400,000	35,855,000	39,410,000
2012 A	1.500% to 5.500%	June 1, 2018 to June 1, 2038	24,340,000	18,780,000	20,015,000
2013 A	2.000% to 5.000%	June 1, 2018 to June 1, 2038	44,285,000	31,200,000	34,570,000
2013 B	2.000% to 5.000%	June 1, 2018 to June 1, 2036	16,360,000	11,865,000	12,925,000
2014 B	2.000% to 5.000%	June 1, 2018 to June 1, 2035	58,235,000	45,535,000	50,080,000
2015 B	2.250% to 5.000%	June 1, 2018 to June 1, 2045	45,325,000	39,905,000	42,595,000
2015 C	3.000% to 5.000%	June 1, 2018 to June 1, 2035	45,475,000	44,945,000	45,300,000
2016 A	2.500% to 5.000%	June 1, 2018 to June 1, 2036	52,070,000	45,290,000	49,170,000
2016 C	2.000% to 5.000%	June 1, 2018 to June 1, 2046	67,540,000	65,415,000	66,725,000
2016 D	2.000% to 5.000%	June 1, 2018 to June 1, 2046	116,485,000	112,820,000	-
2016 E	3.000% to 5.000%	June 1, 2018 to June 1, 2046	40,870,000	36,525,000	-
2016 F	3.375% to 5.000%	June 1, 2018 to June 1, 2046	38,575,000	38,330,000	-
2017A	3.000% to 5.000%	June 1, 2018 to June 1, 2046	60,265,000	58,825,000	-
2017 C	3.000% to 5.000%	June 1, 2018 to June 1, 2030	37,675,000	37,675,000	-
			1,330,015,000	955,000,000	775,205,000

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

Bond Series	Rate	Maturities	Original Amount	Outstanding Amount	
				June 30, 2017	June 30, 2016
Public Project Revolving Fund Revenue Bonds - Subordinate Lien Debt					
2006 C	4.000% to 5.000%	Paid	39,860,000	-	24,330,000
2007 A	4.000% to 5.000%	Paid	34,010,000	-	13,115,000
2007 B	4.750% to 5.000%	June 15, 2018 to June 15, 2034	38,475,000	18,195,000	20,495,000
2007 C	4.250% to 5.250%	June 15, 2018 to June 15, 2027	131,860,000	37,500,000	82,485,000
2013 C-1	2.000% to 4.000%	June 15, 2018 to June 15, 2028	3,745,000	2,540,000	2,890,000
2013 C-2	2.900% to 5.000%	June 15, 2018 to June 15, 2029	10,550,000	6,915,000	8,020,000
2014 A-1	2.000% to 5.000%	June 15, 2018 to June 15, 2033	15,135,000	13,490,000	14,055,000
2014 A-2	4.432% to 4.491%	June 15, 2018 to June 15, 2034	16,805,000	12,240,000	13,775,000
2015 A	3.000% to 5.000%	June 15, 2018 to June 15, 2035	63,390,000	56,325,000	59,940,000
2015 D	4.000% to 5.000%	June 15, 2018 to June 15, 2027	29,355,000	25,440,000	27,170,000
2016 B	5.000%	June 15, 2018 to June 15, 2021	8,950,000	6,045,000	7,415,000
2017 B	2.250% to 5.000%	June 15, 2018 to June 15, 2046	68,015,000	62,240,000	-
			<u>460,150,000</u>	<u>240,930,000</u>	<u>273,690,000</u>
		Subtotal - PPRF Bonds	<u>1,790,165,000</u>	<u>1,195,930,000</u>	<u>1,048,895,000</u>
Cigarette Tax Revenue Bonds - Behavioral Health Projects					
2006	5.51%	Paid	2,500,000	-	1,250,000
		Total bonds outstanding	<u>\$ 1,792,665,000</u>	1,195,930,000	1,050,145,000
		Add net unamortized premium		98,369,183	64,303,718
		Total bonds payable, net		1,294,299,183	1,114,448,718
		Less current portion of bonds payable		(123,840,000)	(78,040,000)
		Noncurrent portion of bonds payable		<u>\$ 1,170,459,183</u>	<u>\$ 1,036,408,718</u>

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

Maturities of bonds payable and interest are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2018	\$ 123,840,000	\$ 52,767,555	\$ 176,607,555
2019	91,595,000	49,025,830	140,620,830
2020	91,805,000	45,062,617	136,867,617
2021	95,410,000	40,695,059	136,105,059
2022	85,590,000	36,119,234	121,709,234
2023-2027	342,975,000	124,447,660	467,422,660
2028-2032	192,825,000	59,550,349	252,375,349
2033-2037	131,295,000	21,145,792	152,440,792
2038-2042	31,160,000	4,195,678	35,355,678
2043-2047	9,435,000	722,850	10,157,850
	<u>1,195,930,000</u>	<u>\$ 433,732,624</u>	<u>\$ 1,629,662,624</u>
Add unamortized premium	98,369,183		
Bonds payable, net	<u>\$ 1,294,299,183</u>		

The bonds payable activity is as follows:

Activity for Fiscal Year 2017

	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017	Due within One Year
Bonds payable	\$ 1,050,145,000	\$ 361,885,000	\$ 216,100,000	\$ 1,195,930,000	\$ 123,840,000
Add unamortized premium	64,303,718	45,336,842	11,271,377	98,369,183	-
Total	<u>\$ 1,114,448,718</u>	<u>\$ 407,221,842</u>	<u>\$ 227,371,377</u>	<u>\$ 1,294,299,183</u>	<u>\$ 123,840,000</u>

Activity for Fiscal Year 2016

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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

Current and Advance Refunding of Debt

During the fiscal year ended June 30, 2017, the PPRF Revenue Refunding Bonds Senior Lien 2017C series, issued in the total par amount of \$37,675,000, refunded the outstanding portion of the PPRF Revenue Bonds Senior Lien 2007E series in the amount of \$34,672,636. The refunding resulted in debt service savings over 1 to 15 years of \$7,299,799 and a Net Present Value (NPV) savings of \$5,755,633.

Additionally, during the fiscal year ended June 30, 2017, the PPRF Revenue Refunding Bonds Senior Lien 2016E series, issued in the total par amount of \$40,870,000, refunded the outstanding portion of the PPRF Revenue Bonds Senior Lien 2006B series in the amount of \$24,589,330. The refunding resulted in debt service savings over 13 to 20 years of \$7,945,508 and a Net Present Value (NPV) savings of \$5,954,249.

During the fiscal year ended June 30, 2016, the PPRF Revenue Refunding Bonds Senior Lien 2016C series, issued in the total par amount of \$67,540,000, refunded the outstanding portion of the PPRF Revenue Bonds Senior Lien 2006D series in the amount of \$45,045,908. The refunding resulted in debt service savings over 15 to 20 years of \$12,603,391 and a NPV savings to the State of New Mexico of \$9,337,876 for the State Buildings Projects.

Additionally, during the fiscal year ended June 30, 2016, the PPRF Revenue Refunding Bonds Senior Lien 2016A series, issued in the total par amount of \$52,070,000, refunded the outstanding portions of the 2004A Cigarette Tax Bonds and the PPRF Revenue Bonds 2005E series in the amount of \$31,396,723. The refunding resulted in debt service savings over the remaining 10 to 15 years of \$5,505,790 and NPV savings of \$5,002,352.

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 Public Project Revolving Fund 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, 2017, was 1.22%. NMFA pays a 25 basis point fee on the unused portion of the facility. For fiscal year 2017 and 2016, the line of credit has no activity and the balance at year end was zero.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

8) Operating Lease Commitment

NMFA is committed under various lease agreements for office space and office equipment. These leases are classified as operating leases. Lease expenditures for the years ended June 30, 2017 and 2016, were \$389,092 and \$374,327. Future minimum lease payments are as follows:

Fiscal year ending June 30	
2018	376,274
2019	383,800
2020	259,255
2021	-
2022	-
Total	\$ 1,019,329

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 voluntary contributions. Employee contributions are 100% vested, and NMFA 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, 2017 and 2016, respectively, were \$524,015 and \$487,766. Additionally, employee contributions for the retirement plan for the year ended June 30, 2017 and 2016, respectively, were \$169,633 and \$151,004. Substantially all full-time employees participate in this plan.

NMFA maintains a retirement plan in accordance with an “eligible deferred compensation plan” pursuant to Section 457 of the Internal Revenue Code for its highly compensated employees. Employer contributions are limited by IRS Code Section 457(e)(15)(A). The employee is fully vested at all times. The executive plan was in effect for the years ended June 30, 2017 and 2016.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

10) Compensated Absences

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

2017	
Balance at June 30, 2016	\$ 332,213
Additions	323,227
Deletions	(326,592)
Balance at June 30, 2017	<u>328,848</u>
Due within one year	<u><u>\$ 328,848</u></u>
2016	
Balance at June 30, 2015	\$ 285,923
Additions	315,644
Deletions	(269,354)
Balance at June 30, 2016	<u>332,213</u>
Due within one year	<u><u>\$ 332,213</u></u>

11) Agency Transactions

NMFA was authorized in 2003 to issue bonds as agent for the New Mexico Department of Transportation (NMDOT). Approximately \$1.2 billion and \$1.3 billion of such bonds are outstanding at June 30, 2017 and 2016, respectively.

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

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.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

Management and legal counsel believe the outcomes will not have a materially adverse impact on the financial position of NMFA.

Loan Prepayment and Bond Call Provisions

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

If interest rates at the time of prepayment are lower than the rates on the related bonds, as is currently the case, both loan substitution and defeasance will result in NMFA earning less on the substituted loan or the defeasance escrow than it will pay on the related bond, resulting in a negative cash flow. NMFA has other funding sources available to pay the shortfall, including the proceeds of the loan payoff, reserve funds, and operating cash. Management does not believe this condition will have a material adverse impact on the financial statements. The variance in prepayment and call periods was eliminated through a Board resolution in 2008 so that this condition is eliminated by 2018. The variance in prepayment and call periods at June 30, 2017 includes the PPRF 2007B and 2008A bonds outstanding in the amount of \$131 million and 27 PPRF loans outstanding in the amount of \$104.4 million pledged to these bonds of which 24 loans in the amount of \$42.5 million had prepayment provisions. Additionally, at June 30, 2017, 44 loans outstanding in the amount of \$33.5 million were originally pledged to now retired bonds with prepayment and call period variances.

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.

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

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 members of NMFA's Board of Directors. Additionally, a representative serving on the Board holds a position as Cabinet Secretary of the New Mexico Environmental Department in which NMFA assists the Department in the administration of the State's Drinking Water federal program pursuant to a Memorandum of Understanding.

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

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

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

In 2015, management re-evaluated 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

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

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 the FNMLLC's financial statement amounts within NMFA's New Market Tax Credit program. The condensed component unit information for FNMLLC and subsidiaries, for the year ended June 30, 2017 and 2016 were as follows:

	2017	2016
<u>Statements of Net Position</u>		
Assets		
Cash	\$ 5,589,385	\$ 4,471,961
Asset management fee receivable	214,999	844,694
Investment in Limited Liability Companies	13,271	14,819
Total assets	\$ 5,817,655	\$ 5,331,474
Liabilities		
Accrued Expenses	\$ 94,848	\$ 90,095
Due to affiliate	488,441	1,279,941
Total liabilities	583,289	1,370,036
Net Position		
Unrestricted	5,234,366	3,961,438
Total liabilities and net position	\$ 5,817,655	\$ 5,331,474

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

<u>Statements Revenues, Expenses and Changes in Net Position</u>	2017	2016
Operating Income		
Interest income	\$ 1,698	\$ 372
Sponsor fee income	582,120	232,500
Exit fee	764,281	3,382,250
Asset management fee income	719,517	666,409
Total operating income	<u>2,067,616</u>	<u>4,281,531</u>
Operating Expense		
Sponsor fee expense	533,731	213,173
Management fee expense	-	584,795
Professional fees	83,450	59,900
Gross receipt tax	166,741	352,913
Miscellaneous administrative expenses	11,488	9,479
Total operating expenses	<u>795,410</u>	<u>1,220,260</u>
Net operating income	1,272,206	3,061,271
Nonoperating Income		
Share of income from investment in limited liability companies	722	131
Increase in net position	1,272,928	3,061,402
Net position, beginning of year	3,961,438	900,036
Net position, end of year	<u>\$ 5,234,366</u>	<u>\$ 3,961,438</u>

New Mexico Finance Authority
Notes to Financial Statements
June 30, 2017 and 2016

<u>Statement of Cash Flows</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase in net position	\$ 1,272,928	\$ 3,061,402
Adjustments to reconcile net income to net cash provided by operating activities		
Share of income from investment in limited liability companies	(722)	(131)
Decrease in assets		
Asset Management Fee Receivable	629,695	90,651
Increase in liabilities		
Accounts payable	4,753	31,017
Net cash provided by operating activities	<u>1,906,654</u>	<u>3,182,939</u>
Cash flows from noncapital financing activities		
Advance (Repayment) of loan to affiliate	<u>(791,500)</u>	632,748
Net cash provided (used) by noncapital financing activities	<u>(791,500)</u>	632,748
Cash flows from investing activities		
Distributions from (net investments in) limited liability companies	<u>2,270</u>	(1,182)
Net cash provided (used) by investing activities	<u>2,270</u>	(1,182)
Net increase in cash	1,117,424	3,814,505
Cash, beginning of year	<u>4,471,961</u>	657,456
Cash, end of year	<u>\$ 5,589,385</u>	<u>\$ 4,471,961</u>

Supplementary Schedules

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Assets					
Current assets					
Cash and equivalents					
Unrestricted	\$ 22,761,512	\$ -	\$ -	\$ -	\$ -
Restricted	167,257,534	-	-	56,194	524,525
Interest receivable	5,143,303	-	4,138	-	-
Grants and other receivable	-	-	-	-	-
Due from other funds	4,971,802	-	-	-	-
Prepaid rent	19,500	-	-	-	-
Administrative fees receivable	219,833	-	-	-	-
Notes receivable	-	-	-	-	-
Loans receivable, net of allowance	105,371,191	-	-	-	97,087
Total current assets	<u>305,744,675</u>	<u>-</u>	<u>4,138</u>	<u>56,194</u>	<u>621,612</u>
Noncurrent assets					
Restricted investments	328,814,510	-	-	-	1,541,806
Loans receivable, net of allowance	1,253,492,503	-	-	-	757,634
Capital assets, net of accumulated depreciation	616,594	-	-	-	-
Total assets	<u>1,888,668,282</u>	<u>-</u>	<u>4,138</u>	<u>56,194</u>	<u>2,921,052</u>
Deferred Outflows of Resources					
Deferred loss on refunding	843,732	-	-	-	-
Total deferred outflows of resources	<u>843,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts payable	207,745	-	-	-	-
Accrued payroll	243,439	-	-	-	-
Compensated absences	328,848	-	-	-	-
Due to other funds	74,952	89,713	328,119	120,979	-
Bond interest payable	4,168,396	-	-	-	-
Undisbursed loan proceeds	226,538,142	-	-	62,092	-
Advanced loan payments	85,905,049	-	-	-	-
Line of credit	-	-	-	-	-
Bonds payable, net	123,840,000	-	-	-	-
Other liabilities	225,766	-	-	-	-
Total current liabilities	<u>441,532,337</u>	<u>89,713</u>	<u>328,119</u>	<u>183,071</u>	<u>-</u>
Noncurrent liabilities					
Bonds payable	1,170,459,183	-	-	-	-
Total liabilities	<u>1,611,991,520</u>	<u>89,713</u>	<u>328,119</u>	<u>183,071</u>	<u>-</u>
Deferred Inflows of Resources					
Deferred gain on refunding	5,663,528	-	-	-	-
Total deferred inflows of resources	<u>5,663,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Net investment in capital assets	616,594	-	-	-	-
Restricted for program commitments	248,512,939	-	4,138	(5,898)	2,921,052
Unrestricted	22,727,433	(89,713)	(328,119)	(120,979)	-
Total net position	<u>\$ 271,856,966</u>	<u>\$ (89,713)</u>	<u>\$ (323,981)</u>	<u>\$ (126,877)</u>	<u>\$ 2,921,052</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Net Position
June 30, 2017

DWSRF	Primary Care	Local Road Program	New Market Tax Credits	Energy Efficiency	UNM Health Sciences	Worker's Comp Financing Program	State Capitol Imprv Financing
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,909,442	1,928,789	274,115	5,641,448	-	46,253	-	164,072
216,091	7,367	-	-	-	-	-	-
-	-	-	13,271	-	-	-	-
-	-	-	1,225,951	-	-	-	-
-	-	-	-	-	-	-	-
375	-	-	214,999	-	-	-	-
-	-	-	-	-	-	-	-
5,372,963	489,270	-	-	-	-	-	-
22,498,871	2,425,426	274,115	7,095,669	-	46,253	-	164,072
43,941,470	-	-	-	-	-	-	-
81,182,677	2,678,489	-	-	-	-	-	-
-	-	-	-	-	-	-	-
147,623,018	5,103,915	274,115	7,095,669	-	46,253	-	164,072
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	94,848	-	-	228	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
322,101	541,577	475	-	51	-	-	-
-	-	-	-	-	14,654	-	-
-	-	-	-	-	-	-	-
790,788	16,785	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	393,961	-	-	-	-
1,112,889	558,362	475	488,809	51	14,654	228	-
-	-	-	-	-	-	-	-
1,112,889	558,362	475	488,809	51	14,654	228	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
146,832,230	5,087,130	274,115	5,380,909	-	31,599	(228)	164,072
(322,101)	(541,577)	(475)	1,225,951	(51)	-	-	-
\$ 146,510,129	\$ 4,545,553	\$ 273,640	\$ 6,606,860	\$ (51)	\$ 31,599	\$ (228)	\$ 164,072

	State Office Building Bonding Program	Water Trust Board	Water/Waste Water	Emergency Drought Water Program	Local Government Planning Fund
Assets					
Current assets					
Cash and equivalents					
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	9,260,228	7,982,147	549,985	111	6,377,731
Interest receivable	-	-	-	-	-
Grants and other receivable	-	-	-	-	-
Due from other funds	-	-	1,147	-	-
Prepaid rent	-	-	-	-	-
Administrative fees receivable	-	10,789	-	-	-
Notes receivable	-	-	-	-	-
Loans receivable, net of allowance	-	2,076,197	-	-	-
Total current assets	9,260,228	10,069,133	551,132	111	6,377,731
Noncurrent assets					
Restricted investments	-	5,781,772	-	-	-
Loans receivable, net of allowance	-	29,702,069	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-
Total assets	9,260,228	45,552,974	551,132	111	6,377,731
Deferred Outflows of Resources					
Deferred loss on refunding	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Liabilities					
Current liabilities					
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Compensated absences	-	-	-	-	-
Due to other funds	-	-	-	-	-
Bond interest payable	-	-	-	-	-
Undisbursed loan proceeds	-	-	-	-	-
Advanced loan payments	(403,842)	-	-	-	-
Line of credit	-	-	-	-	-
Bonds payable, net	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total current liabilities	(403,842)	-	-	-	-
Noncurrent liabilities					
Bonds payable	-	-	-	-	-
Total liabilities	(403,842)	-	-	-	-
Deferred Inflows of Resources					
Deferred gain on refunding	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Net Position					
Invested in capital assets	-	-	-	-	-
Restricted for program commitments	9,664,070	45,552,974	549,985	111	6,377,731
Unrestricted	-	-	1,147	-	-
Total net position	\$ 9,664,070	\$ 45,552,974	\$ 551,132	\$ 111	\$ 6,377,731

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Net Position — continued
June 30, 2017

Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Intra Program Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,761,512
325,083	247,911	-	811,129	40,994	-	218,397,691
-	-	-	-	-	-	5,370,899
-	-	-	-	-	-	13,271
-	2,249	-	-	-	(6,201,149)	-
-	-	-	-	-	-	19,500
-	-	-	-	-	-	445,996
-	-	-	-	-	-	-
175,134	-	1,268,134	157,216	-	-	115,007,192
500,217	250,160	1,268,134	968,345	40,994	(6,201,149)	362,016,061
1,541,806	385,451	3,444,676	-	-	-	385,451,491
1,379,565	-	2,789,659	3,078,448	-	-	1,375,061,044
-	-	-	-	-	-	616,594
3,421,588	635,611	7,502,469	4,046,793	40,994	(6,201,149)	2,123,145,190
-	-	-	-	-	-	843,732
-	-	-	-	-	-	843,732
-	-	-	-	-	-	302,821
-	-	-	-	-	-	243,439
-	-	-	-	-	-	328,848
1,310,510	-	689,055	2,723,617	-	(6,201,149)	-
-	-	-	-	-	-	4,183,050
-	-	-	-	-	-	226,600,234
-	-	-	-	-	-	86,308,780
-	-	-	-	-	-	-
-	-	-	-	-	-	123,840,000
-	-	-	-	-	-	619,727
1,310,510	-	689,055	2,723,617	-	(6,201,149)	442,426,899
-	-	-	-	-	-	1,170,459,183
1,310,510	-	689,055	2,723,617	-	(6,201,149)	1,612,886,082
-	-	-	-	-	-	5,663,528
-	-	-	-	-	-	5,663,528
-	-	-	-	-	-	616,594
3,421,588	633,362	7,502,469	4,046,793	40,994	-	486,992,135
(1,310,510)	2,249	(689,055)	(2,723,617)	-	-	17,830,583
\$ 2,111,078	\$ 635,611	\$ 6,813,414	\$ 1,323,176	\$ 40,994	\$ -	\$ 505,439,312

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Assets					
Current assets					
Cash and equivalents					
Unrestricted	\$ 15,433,532	\$ -	\$ -	\$ -	\$ -
Restricted	84,062,466	-	-	48,755	828,828
Interest receivable	8,271,551	-	1,094	-	-
Grants and other receivable	-	-	-	-	-
Due from other funds	11,602,801	-	-	-	-
Prepaid rent	19,500	-	-	-	-
Administrative fees receivable	157,428	-	-	-	-
Notes receivable	2,525,603	-	-	-	-
Loans receivable, net of allowance	94,184,330	-	-	6,917	88,806
Total current assets	216,257,211	-	1,094	55,672	917,634
Noncurrent assets					
Restricted investments	281,248,545	-	-	-	1,438,575
Loans receivable, net of allowance	1,129,714,089	-	-	-	823,263
Capital assets, net of accumulated depreciation	244,840	34,076	-	-	-
Total assets	1,627,464,685	34,076	1,094	55,672	3,179,472
Deferred Outflows of Resources					
Deferred loss on refunding	823,233	-	-	-	-
Total deferred outflows of resources	823,233	-	-	-	-
Liabilities					
Current liabilities					
Accounts payable	216,972	-	-	-	-
Accrued payroll	176,438	-	-	-	-
Compensated absences	332,213	-	-	-	-
Due to other funds	4,552,729	315,970	287,441	120,855	-
Bond interest payable	3,492,374	-	-	-	11,479
Undisbursed loan proceeds	135,562,894	-	-	62,092	-
Advanced loan payments	82,505,492	-	-	-	-
Notes payable	227,304	-	-	-	-
Line of credit	-	-	-	-	-
Bonds payable, net	78,040,000	-	-	-	-
Other liabilities	99,997	-	-	-	-
Total current liabilities	305,206,413	315,970	287,441	182,947	11,479
Noncurrent liabilities					
Bonds payable	1,035,158,718	-	-	-	1,250,000
Total liabilities	1,340,365,131	315,970	287,441	182,947	1,261,479
Deferred Inflows of Resources					
Deferred gain on refunding	1,575,177	-	-	-	-
Total deferred inflows of resources	1,575,177	-	-	-	-
Net Position					
Net investment in capital assets	244,840	34,076	-	-	-
Restricted for program commitments	270,669,238	-	1,094	6,917	1,917,993
Unrestricted	15,433,532	(315,970)	(287,441)	(134,192)	-
Total net position	\$ 286,347,610	\$ (281,894)	\$ (286,347)	\$ (127,275)	\$ 1,917,993

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Net Position
June 30, 2016

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

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

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Net Position — continued
June 30, 2016

Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Intra Program Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,433,532
5,479,990	476,875	174,302	1,282,913	510,409	40,695	-	135,135,587
-	-	-	-	-	-	-	8,505,073
-	-	-	-	-	-	-	890,213
-	-	2,248	-	-	-	(12,027,875)	-
-	-	-	-	-	-	-	19,500
-	-	-	-	-	-	-	190,938
-	-	-	-	-	-	(2,525,603)	-
-	173,244	-	176,636	84,114	-	-	103,129,270
5,479,990	650,119	176,550	1,459,549	594,523	40,695	(14,553,478)	263,304,113
-	1,242,196	455,471	3,368,247	-	-	-	332,151,402
-	1,748,093	-	3,219,927	2,188,154	-	-	1,248,615,416
-	-	-	-	-	-	-	278,916
5,479,990	3,640,408	632,021	8,047,723	2,782,677	40,695	(14,553,478)	1,844,349,847
-	-	-	-	-	-	-	823,233
-	-	-	-	-	-	-	823,233
-	-	-	-	-	-	-	307,297
-	-	-	-	-	-	-	176,438
-	-	-	-	-	-	-	332,213
220,334	1,239,027	-	1,126,631	2,225,804	-	(12,027,875)	-
-	-	-	-	-	-	-	3,525,287
-	-	-	-	-	-	-	135,624,986
-	-	-	-	-	-	-	83,008,008
-	-	-	-	-	-	(2,525,603)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	78,040,000
-	-	-	-	-	-	-	532,591
220,334	1,239,027	-	1,126,631	2,225,804	-	(14,553,478)	301,546,820
-	-	-	-	-	-	-	1,036,408,718
220,334	1,239,027	-	1,126,631	2,225,804	-	(14,553,478)	1,337,955,538
-	-	-	-	-	-	-	1,575,177
-	-	-	-	-	-	-	1,575,177
-	-	-	-	-	-	-	278,916
5,259,656	3,640,408	629,773	8,047,723	2,782,677	40,695	-	495,576,466
-	(1,239,027)	2,248	(1,126,631)	(2,225,804)	-	-	9,786,983
\$ 5,259,656	\$ 2,401,381	\$ 632,021	\$ 6,921,092	\$ 556,873	\$ 40,695	\$ -	\$ 505,642,365

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Operating Revenues					
Administrative fees revenue	\$ 2,789,804	\$ 543,943	\$ -	\$ -	\$ -
Exit fee	-	-	-	-	-
Interest on loans	46,131,464	-	3,044	84	26,249
Interest on investments	265,819	-	-	438	11,914
Total operating revenues	<u>49,187,087</u>	<u>543,943</u>	<u>3,044</u>	<u>522</u>	<u>38,163</u>
Operating Expenses					
Grants to others	250,000	-	-	-	-
Bond issuance costs	2,847,410	585	-	-	-
Administrative fees	112,433	-	-	-	-
Professional services	1,455,711	102,183	4,620	8	-
Salaries and benefits	2,630,129	157,336	29,976	89	-
Other operating costs	810,457	91,658	6,082	27	17,497
Depreciation expense	3,240	-	-	-	-
Bond interest expense	51,090,816	-	-	-	(1,970)
Loan refinancing pass-through	17,476,331	-	-	-	-
Provision for loan losses	120,313	-	-	-	-
Interest expense	316,667	-	-	-	-
Total operating expenses	<u>77,113,507</u>	<u>351,762</u>	<u>40,678</u>	<u>124</u>	<u>15,527</u>
Net operating income (loss)	(27,926,420)	192,181	(37,634)	398	22,636
Nonoperating Revenues (Expenses)					
Appropriation revenue	28,574,088	-	-	-	1,038,297
Federal grant revenue	-	-	-	-	-
Transfers from the State of New Mexico	-	-	-	-	-
Inter-fund transfers	(6,066,374)	-	-	-	(57,874)
Transfers to the State of New Mexico	(9,071,938)	-	-	-	-
Increase (decrease) in net position	(14,490,644)	192,181	(37,634)	398	1,003,059
Net position, beginning of year	286,347,610	(281,894)	(286,347)	(127,275)	1,917,993
Net position, end of year	<u>\$ 271,856,966</u>	<u>\$ (89,713)</u>	<u>\$ (323,981)</u>	<u>\$ (126,877)</u>	<u>\$ 2,921,052</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

DWSRF	Primary Care	Local Road Program	New Market Tax Credits	Energy Efficiency	UNM Health Sciences	Workers Comp Financing Program
\$ 203,999	\$ -	\$ -	\$ 2,065,918	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,345,594	84,534	-	-	-	85,737	-
326,404	10,688	2,283	2,924	-	383	2
<u>1,875,997</u>	<u>95,222</u>	<u>2,283</u>	<u>2,068,842</u>	<u>-</u>	<u>86,120</u>	<u>2</u>
5,155,506	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
98,662	1,961	185	178,741	-	-	-
54,000	19,167	562	371,189	-	-	-
91,659	70,557	129	259,915	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	78,957	-
<u>5,399,827</u>	<u>91,685</u>	<u>876</u>	<u>809,845</u>	<u>-</u>	<u>78,957</u>	<u>-</u>
(3,523,830)	3,537	1,407	1,258,997	-	7,163	2
-	-	-	-	-	-	-
8,511,355	-	-	-	-	-	-
-	-	-	-	-	-	-
1,800,000	-	-	-	-	1,324,248	-
-	405	-	-	1,042	(1,324,248)	-
<u>6,787,525</u>	<u>3,942</u>	<u>1,407</u>	<u>1,258,997</u>	<u>1,042</u>	<u>7,163</u>	<u>2</u>
<u>139,722,604</u>	<u>4,541,611</u>	<u>272,233</u>	<u>5,347,863</u>	<u>(1,093)</u>	<u>24,436</u>	<u>(230)</u>
<u>\$ 146,510,129</u>	<u>\$ 4,545,553</u>	<u>\$ 273,640</u>	<u>\$ 6,606,860</u>	<u>\$ (51)</u>	<u>\$ 31,599</u>	<u>\$ (228)</u>

	State Capitol Imprv Financing	State Office Building Bonding Program	Water Trust Board	Water/Waste Water
Operating Revenues				
Administrative fees revenue	\$ -	\$ -	\$ 97,536	\$ -
Exit fee	-	-	-	-
Interest on loans	-	-	-	-
Interest on investments	1,359	82,086	135,047	4,553
Total operating revenues	<u>1,359</u>	<u>82,086</u>	<u>232,583</u>	<u>4,553</u>
Operating Expenses				
Grants to others	-	-	31,127,259	-
Bond issuance costs	-	-	-	-
Administrative fees	-	-	-	-
Professional services	-	-	475,687	-
Salaries and benefits	-	-	501,741	-
Other operating costs	-	-	118,953	-
Depreciation expense	-	-	-	-
Bond interest expense	-	-	-	-
Loan refinancing pass-through	-	-	-	-
Provision for loan losses	-	-	-	-
Interest expense	-	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>32,223,640</u>	<u>-</u>
Net operating income (loss)	1,359	82,086	(31,991,057)	4,553
Nonoperating Revenues (Expenses)				
Appropriation revenue	-	966,584	4,000,000	-
Federal grant revenue	-	-	-	-
Transfers from the State of New Mexico	-	-	30,527,900	-
Inter-fund transfers	-	-	-	-
Transfers to the State of New Mexico	-	(12,203)	-	-
Increase (decrease) in net position	1,359	1,036,467	2,536,843	4,553
Net position, beginning of year	162,713	8,627,603	43,016,131	546,579
Net position, end of year	<u>\$ 164,072</u>	<u>\$ 9,664,070</u>	<u>\$ 45,552,974</u>	<u>\$ 551,132</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements Revenues, Expenses and Changes in Net Position - continued
For the Year Ended June 30, 2017

Emergency Drought Water Program	Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,701,200
-	-	-	-	-	-	-	-
-	-	74,311	-	114,107	-	-	47,865,124
<u>1</u>	<u>62,491</u>	<u>10,455</u>	<u>3,590</u>	<u>23,323</u>	<u>2,454</u>	<u>299</u>	<u>946,513</u>
<u>1</u>	<u>62,491</u>	<u>84,766</u>	<u>3,590</u>	<u>137,430</u>	<u>2,454</u>	<u>299</u>	<u>54,512,837</u>
-	1,612,946	-	-	-	13,153,497	-	51,299,208
-	-	-	-	-	-	-	2,847,995
-	-	-	-	-	-	-	112,433
-	46,079	20,884	-	15,855	169,487	-	2,570,063
-	238,174	40,172	-	160,022	261,271	-	4,463,828
-	47,217	10,427	-	34,429	67,055	-	1,626,062
-	-	-	-	-	-	-	3,240
-	-	-	-	-	-	-	51,088,846
-	-	-	-	-	-	-	17,476,331
-	-	303,586	-	34,802	-	-	458,701
-	-	-	-	-	-	-	395,624
-	<u>1,944,416</u>	<u>375,069</u>	<u>-</u>	<u>245,108</u>	<u>13,651,310</u>	<u>-</u>	<u>132,342,331</u>
1	(1,881,925)	(290,303)	3,590	(107,678)	(13,648,856)	299	(77,829,494)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	34,578,969
-	-	-	-	-	-	-	8,511,355
-	-	-	-	-	14,415,159	-	44,943,059
-	3,000,000	-	-	-	-	-	-
-	-	-	-	-	-	-	(10,406,942)
<u>1</u>	<u>1,118,075</u>	<u>(290,303)</u>	<u>3,590</u>	<u>(107,678)</u>	<u>766,303</u>	<u>299</u>	<u>(203,053)</u>
<u>110</u>	<u>5,259,656</u>	<u>2,401,381</u>	<u>632,021</u>	<u>6,921,092</u>	<u>556,873</u>	<u>40,695</u>	<u>505,642,365</u>
<u>\$ 111</u>	<u>\$ 6,377,731</u>	<u>\$ 2,111,078</u>	<u>\$ 635,611</u>	<u>\$ 6,813,414</u>	<u>\$ 1,323,176</u>	<u>\$ 40,994</u>	<u>\$ 505,439,312</u>

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Operating Revenues					
Administrative fees revenue	\$ 1,928,785	\$ 451,992	\$ -	\$ -	\$ -
Exit fee	-	-	-	-	-
Interest on loans	49,650,131	-	1,093	310	26,453
Interest on investments	1,472,865	-	-	299	15,440
Total operating revenues	<u>53,051,781</u>	<u>451,992</u>	<u>1,093</u>	<u>609</u>	<u>41,893</u>
Operating Expenses					
Grants to others	500,000	-	-	-	-
Bond issuance costs	1,525,161	-	-	-	-
Administrative fees	36,931	-	-	-	-
Professional services	982,975	455,188	1,478	37	-
Salaries and benefits	2,358,936	158,111	13,037	573	-
Other operating costs	766,111	86,868	2,560	110	17,854
Depreciation expense	2,191	-	-	-	-
Bond interest expense	45,991,090	-	-	-	74,616
Loan refinancing pass-through	21,455,228	-	-	-	-
Provision for loan losses	58,043	-	-	-	-
Interest expense	190,972	-	-	-	-
Total operating expenses	<u>73,867,638</u>	<u>700,167</u>	<u>17,075</u>	<u>720</u>	<u>92,470</u>
Net operating income (loss)	(20,815,857)	(248,175)	(15,982)	(111)	(50,577)
Nonoperating Revenues (Expenses)					
Appropriation revenue	28,619,027	-	-	-	-
Federal grant revenue	-	-	-	-	-
Transfers from the State of New Mexico	-	-	-	-	-
Inter-fund transfers	(6,463,001)	-	-	-	480,122
Transfers to the State of New Mexico	(11,647,035)	-	-	-	-
Increase (decrease) in net position	(10,306,866)	(248,175)	(15,982)	(111)	429,545
Net position, beginning of year	296,654,476	(33,719)	(270,365)	(127,164)	1,488,448
Net position, end of year	<u>\$ 286,347,610</u>	<u>\$ (281,894)</u>	<u>\$ (286,347)</u>	<u>\$ (127,275)</u>	<u>\$ 1,917,993</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2016

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

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

NEW MEXICO FINANCE AUTHORITY
Combining Statements Revenues, Expenses and Changes in Net Position - continued
For the Year Ended June 30, 2016

Emergency Drought Water Program	Local Government Planning Fund	Economic Development Program	Local Transportation Program	SSBCI	Colonias	BioMass Dairy	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,049,654
-	-	-	-	-	-	-	-
-	-	115,590	-	158,726	-	-	51,736,376
1	37,042	12,947	4,953	59,276	300	234	2,195,762
1	37,042	128,537	4,953	218,002	300	234	60,981,792
-	1,361,601	-	-	-	12,715,493	-	47,888,370
-	-	-	-	-	-	-	1,525,161
-	-	-	-	-	-	-	87,289
-	37,938	2,577	28	43,626	246,612	-	2,389,037
-	119,707	25,199	238	298,372	260,933	-	4,515,210
-	30,829	7,293	43	73,805	81,079	-	1,960,328
-	-	-	-	-	-	-	2,191
-	-	-	-	-	-	-	45,756,069
-	-	-	-	-	-	-	21,455,228
-	-	(8,170)	-	(47,632)	-	-	2,241
-	-	-	-	-	-	-	296,138
-	1,550,075	26,899	309	368,171	13,304,117	-	125,877,262
1	(1,513,033)	101,638	4,644	(150,169)	(13,303,817)	234	(64,895,470)
-	-	-	-	-	-	-	33,127,879
-	-	-	-	-	-	-	14,255,306
-	-	-	-	-	13,701,955	-	42,347,680
-	3,000,000	-	-	-	-	-	-
-	-	-	-	(5,000,000)	-	-	(19,199,552)
1	1,486,967	101,638	4,644	(5,150,169)	398,138	234	5,635,843
109	3,772,689	2,299,743	627,377	12,071,261	158,735	40,461	500,006,522
\$ 110	\$ 5,259,656	\$ 2,401,381	\$ 632,021	\$ 6,921,092	\$ 556,873	\$ 40,695	\$ 505,642,365

	PPRF	GRIP	Behavioral Health	Child Care	Cigarette Tax
Cash flows from operating activities					
Cash paid for employee services	\$ (2,406,633)	\$ (157,336)	\$ -	\$ -	\$ -
Cash paid to vendors for services	(303,922)	(386,022)	-	-	(17,497)
Loan payments received	193,780,261	-	-	6,917	57,348
Loans funded	(232,192,745)	-	-	-	-
Grants to local governments	(250,000)	-	-	-	-
Cash received from federal government for revolving loan funds	-	-	-	-	-
Interest on loans	49,259,712	-	-	84	26,249
Administrative fees received	2,982,457	543,943	-	-	-
Net cash provided by (used in) operating activities	<u>10,869,130</u>	<u>585</u>	<u>-</u>	<u>7,001</u>	<u>66,100</u>
Cash flows from noncapital financing activities					
Appropriations received from the State of New Mexico	28,574,088	-	-	-	1,038,297
Cash transfers from the State of New Mexico	-	-	-	-	-
Cash transfers to the State of New Mexico	(9,071,938)	-	-	-	-
Intra program transfers	(6,066,374)	-	-	-	(57,874)
Proceeds from the sale of bonds	407,221,842	-	-	-	-
Payment of bonds	(214,850,000)	-	-	-	(1,250,000)
Bond issuance costs	(2,847,410)	(585)	-	-	-
Bond interest expense paid	(57,543,179)	-	-	-	(9,509)
Loan refinancing pass-through to borrower	(17,476,331)	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>127,940,698</u>	<u>(585)</u>	<u>-</u>	<u>-</u>	<u>(279,086)</u>
Cash flows from investing activities					
Sale (Purchase) of investments	(48,725,067)	-	-	-	(105,746)
Interest received on investments	779,205	-	-	438	14,429
Capital assets	(340,918)	-	-	-	-
Net cash provided by (used in) investing activities	<u>(48,286,780)</u>	<u>-</u>	<u>-</u>	<u>438</u>	<u>(91,317)</u>
Net increase (decrease) in cash and cash equivalents	90,523,048	-	-	7,439	(304,303)
Cash and cash equivalents, beginning of year	99,495,998	-	-	48,755	828,828
Cash and cash equivalents, end of year	<u>\$ 190,019,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,194</u>	<u>\$ 524,525</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities					
Net operating income (loss)	\$ (27,926,420)	\$ 192,181	\$ (37,634)	\$ 398	\$ 22,636
Adjustments to change in net position					
Depreciation	3,240	-	-	-	-
Amortization on bond premiums	(11,271,377)	-	-	-	-
Provision for loan losses	120,313	-	-	-	-
Interest on investments	(265,819)	-	-	(438)	(11,914)
Bond interest paid	62,158,551	-	-	-	(1,970)
Loan refinancing pass-through to borrowers	17,476,331	-	-	-	-
Bond issuance costs	2,847,410	585	-	-	-
Cash received from federal grants	-	-	-	-	-
Interest expense	316,667	-	-	-	-
Changes in assets and liabilities					
Interest receivable	3,128,248	-	(3,044)	-	-
Grants and other receivables	-	-	-	-	-
Due from other programs	6,629,851	-	-	-	-
Administrative fees receivable	(62,405)	-	-	-	-
Loans receivable, net of allowance	(132,328,588)	-	-	6,917	57,348
Accounts payable	(9,229)	-	-	-	-
Accrued payroll	67,001	-	-	-	-
Compensated absences	(3,365)	-	-	-	-
Due to other programs	(4,511,853)	(192,181)	40,678	124	-
Undisbursed loan proceeds	90,975,248	-	-	-	-
Advanced loan payments	3,399,557	-	-	-	-
Other liabilities	125,769	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 10,869,130</u>	<u>\$ 585</u>	<u>\$ -</u>	<u>\$ 7,001</u>	<u>\$ 66,100</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Cash Flows
For the Year Ended June 30, 2017

DWSRF	Primary Care	Local Road Fund	New Market Tax Credits	Energy Efficiency	UNM Health Sciences	Worker's Comp Financing Program	State Capitol Imprv Financing
\$ (54,000)	\$ (19,167)	\$ -	\$ (371,189)	\$ -	\$ -	\$ -	\$ -
(102,140)	(47,651)	-	(389,726)	(1,042)	-	-	-
4,757,260	333,684	-	-	-	-	-	-
(4,972,147)	-	-	-	-	-	-	-
(5,155,506)	-	-	-	-	-	-	-
8,511,355	-	-	-	-	-	-	-
1,355,546	83,552	-	-	-	85,737	-	-
233,289	-	-	1,850,919	-	-	-	-
<u>4,573,657</u>	<u>350,418</u>	<u>-</u>	<u>1,090,004</u>	<u>(1,042)</u>	<u>85,737</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	405	-	-	1,042	(1,324,248)	-	-
1,800,000	-	-	-	-	1,324,248	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(85,737)	-	-
-	-	-	-	-	-	-	-
<u>1,800,000</u>	<u>405</u>	<u>-</u>	<u>-</u>	<u>1,042</u>	<u>(85,737)</u>	<u>-</u>	<u>-</u>
(4,870,643)	-	-	-	-	-	-	-
394,818	10,688	2,283	2,924	-	383	-	1,359
-	-	-	-	-	-	-	-
<u>(4,475,825)</u>	<u>10,688</u>	<u>2,283</u>	<u>2,924</u>	<u>-</u>	<u>383</u>	<u>-</u>	<u>1,359</u>
1,897,832	361,511	2,283	1,092,928	-	383	-	1,359
15,011,610	1,567,278	271,832	4,548,520	-	45,870	-	162,713
<u>\$ 16,909,442</u>	<u>\$ 1,928,789</u>	<u>\$ 274,115</u>	<u>\$ 5,641,448</u>	<u>\$ -</u>	<u>\$ 46,253</u>	<u>\$ -</u>	<u>\$ 164,072</u>
\$ (3,523,830)	\$ 3,537	\$ 1,407	\$ 1,258,997	\$ -	\$ 7,163	\$ 2	\$ 1,359
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(326,404)	(10,688)	(2,283)	(2,924)	-	(383)	(2)	(1,359)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,511,355	-	-	-	-	-	-	-
-	-	-	-	-	78,957	-	-
-	-	-	-	-	-	-	-
9,952	(982)	-	-	-	-	-	-
-	-	-	876,942	-	-	-	-
-	-	401	(803,526)	-	-	-	-
29,290	-	-	(214,999)	-	-	-	-
(520,349)	334,089	-	-	-	-	-	-
-	-	-	4,753	-	-	-	-
-	-	-	-	-	-	-	-
97,575	24,867	475	-	(1,042)	-	-	-
-	-	-	-	-	-	-	-
305,462	(405)	-	-	-	-	-	-
(9,394)	-	-	(29,239)	-	-	-	-
<u>\$ 4,573,657</u>	<u>\$ 350,418</u>	<u>\$ -</u>	<u>\$ 1,090,004</u>	<u>\$ (1,042)</u>	<u>\$ 85,737</u>	<u>\$ -</u>	<u>\$ -</u>

	State Office Building Bonding Program	Water Trust Board	Water/Waste Water	Emergency Drought	Local Government Planning Fund
Cash flows from operating activities					
Cash paid for employee services	\$ -	\$ (501,741)	\$ -	\$ -	\$ (238,174)
Cash paid to vendors for services	-	(1,791,395)	-	-	(313,630)
Loan payments received	(403,842)	3,344,308	-	-	-
Loans funded	-	(7,620,899)	-	-	-
Grants to local governments	-	(31,127,259)	-	-	(1,612,946)
Cash received from federal government for revolving loan funds	-	-	-	-	-
Interest on loans	-	-	-	-	-
Administrative fees received	-	90,592	-	-	-
Net cash provided by (used in) operating activities	(403,842)	(37,606,394)	-	-	(2,164,750)
Cash flows from noncapital financing activities					
Appropriations received from the State of New Mexico	966,584	4,000,000	-	-	-
Cash transfers from the State of New Mexico	-	30,527,900	-	-	-
Cash transfers to the State of New Mexico	(12,203)	-	-	-	-
Intra program transfers	-	-	-	-	3,000,000
Proceeds from the sale of bonds	-	-	-	-	-
Payment of bonds	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Bond interest expense paid	-	-	-	-	-
Loan refinancing pass-through to borrower	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	954,381	34,527,900	-	-	3,000,000
Cash flows from investing activities					
Sale (Purchase) of investments	-	(531,838)	-	-	-
Interest received on investments	82,086	144,240	3,406	1	62,491
Capital assets	-	-	-	-	-
Net cash provided by (used in) investing activities	82,086	(387,598)	3,406	1	62,491
Net increase (decrease) in cash and cash equivalents	632,625	(3,466,092)	3,406	1	897,741
Cash and cash equivalents, beginning of year	8,627,603	11,448,239	546,579	110	5,479,990
Cash and cash equivalents, end of year	\$ 9,260,228	\$ 7,982,147	\$ 549,985	\$ 111	\$ 6,377,731
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities					
Net operating income (loss)	\$ 82,086	\$ (31,991,057)	\$ 4,553	\$ 1	\$ (1,881,925)
Adjustments to change in net assets	-	-	-	-	-
Depreciation	-	-	-	-	-
Amortization on bond premiums	-	-	-	-	-
Provision for loan losses	-	-	-	-	-
Interest on investments	(82,086)	(135,047)	(4,553)	(1)	(62,491)
Bond interest paid	-	-	-	-	-
Loan refinancing pass-through to borrowers	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Cash received from federal grants	-	-	-	-	-
Interest expense	-	-	-	-	-
Changes in assets and liabilities	-	-	-	-	-
Interest receivable	-	-	-	-	-
Grants and other receivables	-	-	-	-	-
Due from other programs	-	-	-	-	-
Administrative fees receivable	-	(6,944)	-	-	-
Loans receivable, net of allowance	-	(4,276,591)	-	-	-
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Compensated absences	-	-	-	-	-
Due to other programs	-	(1,196,755)	-	-	(220,334)
Undisbursed loan proceeds	-	-	-	-	-
Advanced loan payments	(403,842)	-	-	-	-
Other liabilities	-	-	-	-	-
Net cash provided by (used in) operating activities	\$ (403,842)	\$ (37,606,394)	\$ -	\$ -	\$ (2,164,750)

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Cash Flows — continued
For the Year Ended June 30, 2017

Economic Development Program	Local Government Transportation	SSBCI	Colonias	BioMass Dairy	Intra Program Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,748,240)
-	-	(647,882)	-	-	-	(4,000,907)
63,052	-	417,614	298,266	-	-	202,654,868
-	-	(1,113,646)	(1,261,662)	-	-	(247,161,099)
-	-	-	(13,153,497)	-	-	(51,299,208)
-	-	-	-	-	-	8,511,355
74,311	-	114,107	-	-	-	50,999,298
-	-	-	-	-	-	5,701,200
<u>137,363</u>	<u>-</u>	<u>(1,229,807)</u>	<u>(14,116,893)</u>	<u>-</u>	<u>-</u>	<u>(38,342,733)</u>
-	-	-	-	-	-	34,578,969
-	-	-	14,415,159	-	-	44,943,059
-	-	-	-	-	-	(10,406,942)
-	-	-	-	-	-	-
-	-	-	-	-	-	407,221,842
-	-	-	-	-	-	(216,100,000)
-	-	-	-	-	-	(2,847,995)
-	-	-	-	-	-	(57,638,425)
-	-	-	-	-	-	(17,476,331)
<u>-</u>	<u>-</u>	<u>-</u>	<u>14,415,159</u>	<u>-</u>	<u>-</u>	<u>182,274,177</u>
(301,781)	69,223	(82,317)	-	-	-	(54,548,169)
12,626	4,386	29,211	2,454	299	-	1,547,727
-	-	-	-	-	-	(340,918)
<u>(289,155)</u>	<u>73,609</u>	<u>(53,106)</u>	<u>2,454</u>	<u>299</u>	<u>-</u>	<u>(53,341,360)</u>
(151,792)	73,609	(1,282,913)	300,720	299	-	90,590,084
476,875	174,302	1,282,913	510,409	40,695	-	150,569,119
<u>\$ 325,083</u>	<u>\$ 247,911</u>	<u>\$ -</u>	<u>\$ 811,129</u>	<u>\$ 40,994</u>	<u>\$ -</u>	<u>\$ 241,159,203</u>
\$ (290,303)	\$ 3,590	\$ (107,678)	\$ (13,648,856)	\$ 299	\$ -	\$ (77,829,494)
-	-	-	-	-	-	3,240
-	-	-	-	-	-	(11,271,377)
303,586	-	34,802	-	-	-	458,701
(10,455)	(3,590)	(23,323)	(2,454)	(299)	-	(946,513)
-	-	-	-	-	-	62,156,581
-	-	-	-	-	-	17,476,331
-	-	-	-	-	-	2,847,995
-	-	-	-	-	-	8,511,355
-	-	-	-	-	-	395,624
-	-	-	-	-	-	-
-	-	-	-	-	-	3,134,174
-	-	-	-	-	-	876,942
-	-	-	-	-	(5,826,726)	-
-	-	-	-	-	-	(255,058)
63,052	-	(696,032)	(963,396)	-	-	(138,323,550)
-	-	-	-	-	-	(4,476)
-	-	-	-	-	-	67,001
-	-	-	-	-	-	(3,365)
71,483	-	(437,576)	497,813	-	5,826,726	-
-	-	-	-	-	-	90,975,248
-	-	-	-	-	-	3,300,772
-	-	-	-	-	-	87,136
<u>\$ 137,363</u>	<u>\$ -</u>	<u>\$ (1,229,807)</u>	<u>\$ (14,116,893)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,342,733)</u>

	PPRF	GRIP	Behavioral Health	Child Care
Cash flows from operating activities				
Cash paid for employee services	\$ (2,248,924)	\$ (158,111)	\$ -	\$ (1)
Cash paid to vendors for services	(5,214,426)	(293,881)	-	-
Loan payments received	184,182,247	-	-	6,542
Loans funded	(181,732,159)	-	-	-
Grants to local governments	(500,000)	-	-	-
Cash received from federal government for revolving loan funds	-	-	-	-
Interest on loans	47,691,110	-	-	310
Proceeds from line of credit	-	-	-	-
Payments of line of credit	-	-	-	-
Administrative fees received	1,922,847	451,992	-	-
Net cash provided by (used in) operating activities	<u>44,100,695</u>	<u>-</u>	<u>-</u>	<u>6,851</u>
Cash flows from noncapital financing activities				
Appropriations received from the State of New Mexico	28,619,027	-	-	-
Cash transfers from the State of New Mexico	-	-	-	-
Cash transfers to the State of New Mexico	(11,647,035)	-	-	-
Intra program transfers	(5,698,817)	-	-	-
Proceeds from the sale of bonds	241,738,642	-	-	-
Payment of bonds	(161,442,001)	-	-	-
Bond issuance costs	(1,525,161)	-	-	-
Bond interest expense paid	(59,924,788)	-	-	-
Loan refinancing pass-through to borrower	(21,455,228)	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>8,664,639</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Sale (Purchase) of investments	(49,283,288)	-	-	-
Interest received on investments	921,731	-	-	299
Capital assets	(276,240)	-	-	-
Net cash provided by (used in) investing activities	<u>(48,637,797)</u>	<u>-</u>	<u>-</u>	<u>299</u>
Net increase (decrease) in cash and cash equivalents	4,127,537	-	-	7,150
Cash and cash equivalents, beginning of year	95,368,461	-	-	41,605
Cash and cash equivalents, end of year	<u>\$ 99,495,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,755</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities				
Net operating income (loss)	\$ (20,815,857)	\$ (248,175)	\$ (15,982)	\$ (111)
Adjustments to change in net position				
Depreciation	2,191	-	-	-
Amortization on bond premiums	(15,163,275)	-	-	-
Provision for loan losses	58,043	-	-	-
Interest on investments	(1,472,865)	-	-	(299)
Bond interest paid	59,953,650	-	-	-
Loan refinancing pass-through to borrowers	21,455,228	-	-	-
Bond issuance costs	1,525,161	-	-	-
Cash received from federal grants	-	-	-	-
Interest expense	190,972	-	-	-
Changes in assets and liabilities				
Interest receivable	(1,960,843)	-	(1,094)	-
Grants and other receivables	-	-	-	-
Due from other programs	(7,303,501)	-	17,076	-
Administrative fees receivable	(5,938)	-	-	-
Notes receivable	980,515	-	-	-
Loans receivable, net of allowance	(69,487,915)	-	-	6,542
Accounts payable	31,149	-	-	-
Accrued payroll	63,722	-	-	-
Compensated absences	46,290	-	-	-
Due to other programs	4,135,085	248,175	-	719
Undisbursed loan proceeds	63,684,986	-	-	-
Advanced loan payments	8,477,870	-	-	-
Notes payable	(216,331)	-	-	-
Other liabilities	(77,642)	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 44,100,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,851</u>

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Cash Flows
For the Year Ended June 30, 2016

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

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

NEW MEXICO FINANCE AUTHORITY
Combining Statements of Cash Flows — continued
For the Year Ended June 30, 2016

Emergency Drought	Local Government Planning Fund	Economic Development Program	Local Government Transportation	SSBCI	Colonias	BioMass Dairy	Intra Program Eliminations	Total
\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ (2)	\$ -	\$ -	\$ (3,687,143)
-	-	1	-	2	-	-	-	(5,484,958)
-	-	66,755	-	1,929,210	264,999	-	-	204,461,979
-	-	-	-	(976,569)	(986,461)	-	-	(199,124,937)
-	(1,361,601)	-	-	-	(12,715,493)	-	-	(47,888,370)
-	-	-	-	-	-	-	-	14,255,306
-	-	115,590	-	158,726	-	-	-	49,888,804
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	7,049,750
-	(1,361,602)	182,346	-	1,111,369	(13,436,957)	-	-	19,470,431
-	-	-	-	-	-	-	-	33,127,879
-	-	-	-	-	13,701,955	-	-	42,347,680
-	-	-	-	(5,000,000)	-	-	-	(19,199,552)
-	3,000,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	241,738,642
-	-	-	-	-	-	-	-	(168,518,000)
-	-	-	-	-	-	-	-	(1,525,161)
-	-	-	-	-	-	-	-	(60,370,113)
-	-	-	-	-	-	-	-	(21,455,228)
-	3,000,000	-	-	(5,000,000)	13,701,955	-	-	46,146,147
-	-	(101,586)	(455,471)	2,978,023	-	-	-	(51,343,306)
1	37,042	10,611	4,953	52,941	300	234	-	1,548,894
-	-	-	-	-	-	-	-	(276,240)
1	37,042	(90,975)	(450,518)	3,030,964	300	234	-	(50,070,652)
1	1,675,440	91,371	(450,518)	(857,667)	265,298	234	-	15,545,926
109	3,804,550	385,504	624,820	2,140,580	245,111	40,461	-	135,023,193
\$ 110	\$ 5,479,990	\$ 476,875	\$ 174,302	\$ 1,282,913	\$ 510,409	\$ 40,695	\$ -	\$ 150,569,119
\$ 1	\$ (1,513,033)	\$ 101,638	\$ 4,644	\$ (150,169)	\$ (13,303,817)	\$ 234	\$ -	\$ (64,895,470)
-	-	-	-	-	-	-	-	2,191
-	-	-	-	-	-	-	-	(15,675,598)
-	-	(8,170)	-	(47,632)	-	-	-	2,241
(1)	(37,042)	(12,947)	(4,953)	(59,276)	(300)	(234)	-	(2,195,762)
-	-	-	-	47,632	-	-	-	61,042,768
-	-	-	-	-	-	-	-	21,455,228
-	-	-	-	-	-	-	-	1,525,161
-	-	-	-	-	-	-	-	14,255,306
-	-	-	-	-	-	-	-	296,138
-	-	-	-	-	-	-	-	(1,847,572)
-	-	-	-	-	-	-	-	60,189
-	-	-	309	-	-	-	6,797,637	-
-	-	-	-	-	-	-	-	96
-	-	-	-	-	-	-	(980,515)	-
-	-	66,755	-	905,009	(721,462)	-	-	(66,848,505)
-	-	-	-	-	-	-	-	62,396
-	-	-	-	-	-	-	-	63,722
-	-	-	-	-	-	-	-	46,290
-	188,473	35,070	-	415,805	588,622	-	(6,797,637)	-
-	-	-	-	-	-	-	-	63,684,986
-	-	-	-	-	-	-	-	8,675,959
-	-	-	-	-	-	-	980,515	-
-	-	-	-	-	-	-	-	(239,333)
\$ -	\$ (1,361,602)	\$ 182,346	\$ -	\$ 1,111,369	\$ (13,436,957)	\$ -	\$ -	\$ 19,470,431

NEW MEXICO FINANCE AUTHORITY
Agency Funds - Statement of Changes Assets and Liabilities
For the Year Ended June 30, 2017

	Balance June 30, 2016	Increase	Decrease	Balance June 30, 2017
Fund 322 Department of Transportation Revenue Bonds, Series 2006				
Assets				
Cash and investments	\$ 5,874	\$ 4,495,496	\$ 4,492,149	\$ 9,221
Total assets	<u>\$ 5,874</u>	<u>\$ 4,495,496</u>	<u>\$ 4,492,149</u>	<u>\$ 9,221</u>
Liabilities				
Deposit held in trust for others	\$ 5,874	\$ 4,495,496	\$ 4,492,149	\$ 9,221
Total liabilities	<u>\$ 5,874</u>	<u>\$ 4,495,496</u>	<u>\$ 4,492,149</u>	<u>\$ 9,221</u>
Fund 326 Department of Transportation Refunding Revenue Bonds, Series 2008				
Assets				
Cash and investments	\$ 713,050	\$ 6,408,247	\$ 5,714,669	\$ 1,406,628
Total assets	<u>\$ 713,050</u>	<u>\$ 6,408,247</u>	<u>\$ 5,714,669</u>	<u>\$ 1,406,628</u>
Liabilities				
Deposit held in trust for others	\$ 713,050	\$ 6,408,247	\$ 5,714,669	\$ 1,406,628
Total liabilities	<u>\$ 713,050</u>	<u>\$ 6,408,247</u>	<u>\$ 5,714,669</u>	<u>\$ 1,406,628</u>
Fund 327 Department of Transportation Refunding Revenue Bonds, Series 2009				
Assets				
Cash and investments	\$ 9,688	\$ 5,175,784	\$ 5,163,411	\$ 22,061
Total assets	<u>\$ 9,688</u>	<u>\$ 5,175,784</u>	<u>\$ 5,163,411</u>	<u>\$ 22,061</u>
Liabilities				
Deposit held in trust for others	\$ 9,688	\$ 5,175,784	\$ 5,163,411	\$ 22,061
Total liabilities	<u>\$ 9,688</u>	<u>\$ 5,175,784</u>	<u>\$ 5,163,411</u>	<u>\$ 22,061</u>
Fund 328 Department of Transportation Refunding Revenue Bonds, Series 2010A				
Assets				
Cash and investments	\$ 22,792	\$ 14,321,834	\$ 14,310,161	\$ 34,465
Total assets	<u>\$ 22,792</u>	<u>\$ 14,321,834</u>	<u>\$ 14,310,161</u>	<u>\$ 34,465</u>
Liabilities				
Deposit held in trust for others	\$ 22,792	\$ 14,321,834	\$ 14,310,161	\$ 34,465
Total liabilities	<u>\$ 22,792</u>	<u>\$ 14,321,834</u>	<u>\$ 14,310,161</u>	<u>\$ 34,465</u>
Fund 329 Department of Transportation Refunding Revenue Bonds, Series 2010B				
Assets				
Cash and investments	\$ 13,402	\$ 82,857,469	\$ 82,674,679	\$ 196,192
Total assets	<u>\$ 13,402</u>	<u>\$ 82,857,469</u>	<u>\$ 82,674,679</u>	<u>\$ 196,192</u>
Liabilities				
Deposit held in trust for others	\$ 13,402	\$ 82,857,469	\$ 82,674,679	\$ 196,192
Total liabilities	<u>\$ 13,402</u>	<u>\$ 82,857,469</u>	<u>\$ 82,674,679</u>	<u>\$ 196,192</u>
Fund 330 Department of Transportation Refunding Revenue Bonds, Series 2011A				
Assets				
Cash and investments	\$ 523,813	\$ 12,451,089	\$ 11,012,464	\$ 1,962,438
Total assets	<u>\$ 523,813</u>	<u>\$ 12,451,089</u>	<u>\$ 11,012,464</u>	<u>\$ 1,962,438</u>
Liabilities				
Deposit held in trust for others	\$ 523,813	\$ 12,451,089	\$ 11,012,464	\$ 1,962,438
Total liabilities	<u>\$ 523,813</u>	<u>\$ 12,451,089</u>	<u>\$ 11,012,464</u>	<u>\$ 1,962,438</u>
Fund 332 Department of Transportation Refunding Revenue Bonds, Series 2012				
Assets				
Cash and investments	\$ 42,852	\$ 7,784,668	\$ 7,769,248	\$ 58,272
Total assets	<u>\$ 42,852</u>	<u>\$ 7,784,668</u>	<u>\$ 7,769,248</u>	<u>\$ 58,272</u>
Liabilities				
Deposit held in trust for others	\$ 42,852	\$ 7,784,668	\$ 7,769,248	\$ 58,272
Total liabilities	<u>\$ 42,852</u>	<u>\$ 7,784,668</u>	<u>\$ 7,769,248</u>	<u>\$ 58,272</u>
Fund 333 and 334 Department of Transportation Refunding Revenue Bonds, Series 2014				
Assets				
Cash and investments	\$ 56,787,062	\$ 3,959,031	\$ 32,830,027	\$ 27,916,066
Total assets	<u>\$ 56,787,062</u>	<u>\$ 3,959,031</u>	<u>\$ 32,830,027</u>	<u>\$ 27,916,066</u>
Liabilities				
Deposit held in trust for others	\$ 56,787,062	\$ 3,959,031	\$ 32,830,027	\$ 27,916,066
Total liabilities	<u>\$ 56,787,062</u>	<u>\$ 3,959,031</u>	<u>\$ 32,830,027</u>	<u>\$ 27,916,066</u>

NEW MEXICO FINANCE AUTHORITY
Agency Funds - Statement of Changes Assets and Liabilities - continued
For the Year Ended June 30, 2016

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

NEW MEXICO FINANCE AUTHORITY
Agency Funds - Statement of Changes Assets and Liabilities - continued
For the Year Ended June 30, 2016

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

New Mexico Finance Authority
Schedule of Pledged Collateral
June 30, 2017 and 2016

2017			
Bank Accounts		Wells Fargo	Wells Fargo
Deposit account	\$	592,925	\$ -
Repurchase agreements		-	272,637
Total amount of deposits (bank balances)		592,925	272,637
FDIC Coverage		(250,000)	-
Total uninsured public funds	\$	342,925	\$ 272,637
Collateral requirement @ 50%	\$	171,463	\$ -
Collateral requirement @ 102%	\$	-	\$ 278,090

2016				
Bank Accounts		Wells Fargo	Wells Fargo	Bank of America
Deposit account	\$	672,101	\$ -	\$ 279,043
Repurchase agreements		-	271,882	-
Total amount of deposits (bank balances)		672,101	271,882	279,043
FDIC Coverage		(250,000)	-	(250,000)
Total uninsured public funds	\$	422,101	\$ 271,882	\$ 29,043
Collateral requirement @ 50%	\$	211,051	\$ -	\$ 14,522
Collateral requirement @ 102%	\$	-	\$ 277,320	\$ -

Additional deposits not covered by the FDIC including those of NMFA are collateralized, along with the deposits of the State of New Mexico, in accordance with applicable New Mexico State Statutes. As of June 30, 2017 and 2016, the value of collateral pledged on behalf of the State of New Mexico held at Wells Fargo was compliant with state statute.

Single Audit

New Mexico Finance Authority
Schedule of Expenditures of Federal Awards
June 30, 2017

Grantor / Program Title	Federal Catalog Number	Federal Expenditures FY 2017	Federal Awards Provided to Subrecipients	Loans and Loan Guarantees	Total
Environmental Protection Agency					
Capitalization Grants for Drinking Water State Revolving Funds	66.468	\$ 534,605	\$ 3,004,603	\$4,972,147	\$8,511,355
Total expenditures of federal awards		<u>\$ 534,605</u>	<u>\$ 3,004,603</u>	<u>\$4,972,147</u>	<u>\$8,511,355</u>

New Mexico Finance Authority
Notes to Schedule of Expenditures of Federal Awards
June 30, 2017

1) General

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

Basis of Accounting

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

NMFA administers loans under the DWSRF Program (Federal Catalog Number 66.468). The outstanding balance on the loans at June 30, 2017 is \$86,555,640. Only the value of new loans disbursed during the fiscal year is included in the accompanying schedule.

2) Subrecipients, including loans outstanding

Subrecipient Name	Pass-Through Funds
<u>State Revolving Fund</u>	
Alamogordo, City of	\$ 1,035,163
Bluewater WSD	287,083
Carlsbad, City of	324,364
Clayton, Town of	657,775
Dona Ana MDWCA	1,799,166
Eldorado Area WSD	50,145
Estancia, Town of	42,117
Lower Des Montes MDWCA	199,409
Lower Rio Grande Public Works Authority	32,676
Ojo Caliente MDWCA	373,764
Rainsville WSD	170,092
Red River, Town of	111,714
Roswell, City of	47,861
Ruidoso, Village of	172,558
San Jon, Village of	39,377
Santa Clara, Village of	110,776
Tucumcari, City of	515,564
Upper Arroyo Hondo MDWCA	14,447
Upper La Plata MDWUA	336,907
NMED Drinking Water Bureau	1,655,792
Total expenditures of federal awards	\$ 7,976,750

New Mexico Finance Authority
Schedule of Prior Year Findings
June 30, 2017

<u>Finding #</u>	<u>Description</u>	<u>Status</u>
2016-001	Financial Statement Adjustments	Repeated
2016-002	Completeness of Cash	Resolved

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
Mr. Timothy Keller
New Mexico Office of the State Auditor
Santa Fe, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the of the New Mexico Finance Authority (the "NMFA"), a component unit of the State of New Mexico, as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2017.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

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*.

Authority's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 27, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the New Mexico Finance Authority's (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, 2017. 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 program.

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 Each Major Federal Program

In our opinion, NMFA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-002. Our opinion on the major federal program is not modified with respect to these matters.

NMFA's response to the noncompliance finding identified in our audit is described in the accompanying, schedule of findings and questioned cost. NMFA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002 that we consider to be significant deficiencies.

NMFA's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. NMFA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 27, 2017

NEW MEXICO FINANCE AUTHORITY
(A Component Unit of the State of New Mexico)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

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
(A Component Unit of the State of New Mexico)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

Section II – Financial Statement Findings

FINDING 2017-001 (2016-001) Financial Statement Adjustments (Significant Deficiency)

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

Condition: During our audit, we noted a significant amount of adjusting entries made to correct data entry errors that occurred over the course of the year in the general ledger. These entries totaled \$11,205,659.

Cause: The general ledger is maintained through manual reconciliations and journal entries. The processes in place to reconcile the loan servicing software against the general ledger are tedious and duplicative.

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

Auditor's Recommendations: Develop processes, including enhanced technology and meaningful reconciliations in order to simplify data entry and minimize errors.

Views of responsible officials and planned corrective actions: Accepted. Data entry errors are what lead to the high number of adjusting entries in the general ledger (GL). The most significant factor driving this error rate is the requirement for redundant entries into the loan servicing and accounting systems. Management is implementing new software that will provide for a more efficient data entry processes and facilitate a more effective effort to prevent and detect future errors. The new software will integrate the loan servicing function with the GL function, which will have eliminated the requirement to enter data into two systems. This will help prevent most common data entry errors. It will also allow for more automated and more frequent staff reviews and reconciliations. Implementation of this technology is expected by June 30, 2018. In the meantime, new reconciliation processes have already been introduced that includes daily reconciliations of key balances and parallel reconciliations of all balances.

NEW MEXICO FINANCE AUTHORITY
(A Component Unit of the State of New Mexico)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

Section III – Federal Award Findings and Questioned Costs

FINDING 2017-002 Capitalization Grants for Drinking Water State Revolving Funds - Sub-Recipient Monitoring
Significant Deficiency in Internal Control and Noncompliance

Federal Agency: Environmental Protection Agency
Program Name: Capitalization Grants for Drinking Water State Revolving Funds
CFDA No.: 66.468
Fiscal Program Award Year Ended: 2017
Questioned Costs: None

Criteria: Under Title 2 U.S. Code of Federal Regulations Part 200.331 requirements for pass-through entities, all sub awards must ensure they have all required information. Further, the Authority should verify that every sub-recipient is audited as required by Subpart F-Audit Requirements of this part when it is expected that the sub-recipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in section 200.501.

Condition/Context: For two out of four sub-recipients tested for the Capitalization Grants for Drinking Water State Revolving Funds, none contained the required elements under Title 2 U.S. Code Federal Regulation Requirements, which includes: the sub-recipient agreement including the CFDA title or number, award name and number.

Three out of nine sub-recipients tested did not report the Capitalization Grants for Drinking Water State Revolving Funds on their schedule of expenditures of federal awards.

Cause: The Authority personnel concluded that the loan agreements provided sufficient federal information since they were being reviewed by legal counsel. Also the Authority personnel has a tracking system for pass through entities and whether audit reports were filed and contained findings, however the Schedule of Federal Expenditures within the report were not reviewed to determine proper reporting of the federal funds.

Effect: The Authority's sub-recipients may not be following the requirements under Title 2 U.S. Code of Federal Regulations, resulting in noncompliance of the Capitalization Grants for Drinking Water State Revolving Funds. Failure to monitor sub-recipients could result in decreased federal funding for the Authority.

Recommendation: We recommend internal controls be reviewed and updated to ensure that the Authority is in compliance with the Title 2 U.S. Code of Federal Regulation requirements and all sub-recipients be notified of changes to the required wording in the grants. In addition, the Authority personnel should be comparing reported amounts in each sub-recipient's schedule of expenditures of federal awards to the Authority's records to determine that proper reporting of federal funds has occurred.

NEW MEXICO FINANCE AUTHORITY
(A Component Unit of the State of New Mexico)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2017

FINDING 2017-002 Capitalization Grants for Drinking Water State Revolving Funds - Sub-Recipient Monitoring Significant Deficiency in Internal Control and Noncompliance (Continued)

Views of responsible officials and planned corrective actions: Accepted. In an environment where every audit is tightly controlled by the State, it is a challenge to ensure our sub-recipients' properly disclose in their annual financial reports all of the required detail related to the federal funds they receive through NMFA (i.e. the Catalogue of Federal Domestic Assistance (CFDA) title and number and award name and number), as well as the grant amounts. Until now, NMFA has relied on the sub-recipients' annual audits, which are required and prescribed by statute, to identify any disclosure and/or material shortcomings and focused on the independent auditors' findings and observations to see if any follow up action by NMFA was necessary. Staff will now go beyond this level of oversight and both formally notify all of the interested parties of these federal disclosure requirements and review every interested sub-recipient's annual reports to check for compliance. The new review process has already been implemented as a practice. After it has been in place through the audit season, the practice will be reviewed and formally promulgated through a written policy and training session with the responsible staff, both to be completed by March 31, 2018.

New Mexico Finance Authority
Corrective Action Plan
June 30, 2017



NEW MEXICO
FINANCE AUTHORITY

<i>Audit Finding</i>	Management's <i>Corrective Action Plan</i>	Employee Person <i>Responsible</i>	Timeline and Estimated Completion <i>Date</i>
2017 – 001 Data entry errors	Management is in the final stages of implementing new software (EnAble) that will provide for a more efficient data entry processes that will eliminate many common errors. In the meantime, new reconciliation processes are being introduced that includes daily reconciliations of key balances and parallel reconciliations of all balances.	CFO	June 30, 2018
2017 – 002 Sub-recipient disclosure of required loan information	Management has begun to institute a new review process to ensure compliance with federal disclosure requirements: (1) notifying all of the interested parties of the federal disclosure requirements, (2) checking the affected sub-recipient's annual reports to check for compliance and (3) inserting a standard notice in the loan closing packet that highlights the federal disclosure requirements, and (4) attaching a reminder notice to the statements NMFA sends to the sub-recipients' auditors to confirm loan activity and balances. This practice will be promulgated in a formal written policy with the benefit of experience during the peak season from the sub-recipient's audit process.	CFO	March 31, 2018

New Mexico Finance Authority
Exit Conference
June 30, 2017

An exit conference was conducted on October 27, 2017, in which the contents of this report were discussed with the following:

New Mexico Finance Authority:

Robert P. Coalter, CEO
Stephanie Schardin Clarke, Audit Committee Member Designee
Ken McQueen, Audit Committee Member
Katherine Ulibarri, Audit Committee Member
Santiago Chavez, Audit Committee Member Designee
Oscar S. Rodriguez, CFO
Heather Boone, CCO
Joanne Johnson, Accountant
Floyd J. Trujillo, Director of IT
Bryan Agustin Otero, Asst. General Counsel
Daniel C. Opperman, General Counsel

Moss Adams:

Amy Carter, CPA
Senior Manager